



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2010
OF THE CONDITION AND AFFAIRS OF THE
ATLANTIC SOUTHERN INS CO

NAIC Group Code 3787, 3787, NAIC Company Code 61158, Employer's ID Number 66-0175224

Organized under the Laws of PR - Puerto Rico, State of Domicile or Port of Entry Puerto Rico

Country of Domicile US

Incorporated/Organized December 31, 1945, Commenced Business January 31, 1947

Statutory Home Office 1054 Munoz Rivera Avenue, San Juan, Puerto Rico 00927

Main Administrative Office 1054 Munoz Rivera Avenue, San Juan, Puerto Rico 00927, 787-767-9750

Mail Address P.O. Box 362889, San Juan, Puerto Rico 00936-2889

Primary Location of Books and Records 1054 Munoz Rivera, San Juan, Puerto Rico 00927, 787-767-9750

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OFFICERS

- Alexis Gonzalez (President)
Sonia Gonzalez (Secretary)
Nayda L. Garcia (Treasurer)
Hans H. Dahl (Actuary)

OTHER OFFICERS

- Nayda L. Garcia (Vice President)
Jose A. Gonzalez (Vice President)
Angel M. Rivera (Vice President)

DIRECTORS OR TRUSTEES

- Clifton M. Mitchell
Alexis Gonzalez
Antonio J. Colorado
Erick G. Negrón
Robert D. Tips

State of \_\_\_\_\_ }
County of \_\_\_\_\_ } SS

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.

Alexis Gonzalez
President
Subscribed and sworn to before me this
day of \_\_\_\_\_ 2011

Sonia Gonzalez
Secretary

Nayda L. Garcia
Treasurer

- 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<br>Assets  | 2<br>Nonadmitted<br>Assets | 3<br>Net Admitted<br>Assets (Column 1<br>minus Column 2) | 4<br>Net Admitted<br>Assets |
| 1. Bonds (Schedule D) .....   | 11,929,387   |                            | 11,929,387   | 12,694,097                  |
| 2. Stocks (Schedule D):   |              |                            |  |                             |
| 2.1 Preferred stocks .....  |              |                            |  | 10,900                      |
| 2.2 Common stocks .....   | 250,000      |                            | 250,000  |                             |
| 3. Mortgage loans on real estate (Schedule B):  |              |                            |  |                             |
| 3.1 First liens .....   |              |                            |  |                             |
| 3.2 Other than first liens .....  |              |                            |  |                             |
| 4. Real estate (Schedule A):  |              |                            |  |                             |
| 4.1 Properties occupied by the company (less \$ ..... 631,127 encumbrances) .....   | 1,398,671    |                            | 1,398,671  | 1,418,286                   |
| 4.2 Properties held for the production of income (less \$ ..... encumbrances) .....   |              |                            |  |                             |
| 4.3 Properties held for sale (less \$ ..... encumbrances) .....   |              |                            |  |                             |
| 5. Cash (\$ ..... 851,536 , Schedule E - Part 1) , cash equivalents (\$ ..... , Schedule E - Part 2)<br>and short-term investments (\$ ..... 1,216,588 , Schedule DA) ..... | 2,068,124    |                            | 2,068,124  | 2,165,762                   |
| 6. Contract loans (including \$ ..... premium notes) .....  | 179,544      |                            | 179,544  | 133,985                     |
| 7. Derivatives .....  |              |                            |  |                             |
| 8. Other invested assets (Schedule BA) .....  | 500,000      |                            | 500,000  |                             |
| 9. Receivables for securities .....   | 287,656      |                            | 287,656  |                             |
| 10. Securities lending reinvested collateral assets .....   |              |                            |  |                             |
| 11. Aggregate write-ins for invested assets .....   |              |                            |  | 874,849                     |
| 12. Subtotals, cash and invested assets (Line 1 through Line 11) .....  | 16,613,382   |                            | 16,613,382   | 17,297,879                  |
| 13. Title plants less \$ ..... charged off (for Title insurers only) .....  |              |                            |  |                             |
| 14. Investment income due and accrued .....   | 96,494       |                            | 96,494   | 99,322                      |
| 15. Premiums and considerations:  |              |                            |  |                             |
| 15.1 Uncollected premiums and agents' balances in the course of collection .....  | 1,242,553    | 659,260                    | 583,293  | 210,641                     |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due<br>(including \$ ..... earned but unbilled premiums) .....                    | 398,857      |                            | 398,857  | 374,841                     |
| 15.3 Accrued retrospective premiums .....   |              |                            |  |                             |
| 16. Reinsurance:  |              |                            |  |                             |
| 16.1 Amounts recoverable from reinsurers .....  | 785,062      |                            | 785,062  | 1,104,963                   |
| 16.2 Funds held by or deposited with reinsured companies .....  |              |                            |  |                             |
| 16.3 Other amounts receivable under reinsurance contracts .....   | 113,869      |                            | 113,869  | 145,126                     |
| 17. Amounts receivable relating to uninsured plans .....  |              |                            |  |                             |
| 18.1 Current federal and foreign income tax recoverable and interest thereon .....  |              |                            |  |                             |
| 18.2 Net deferred tax asset .....   |              |                            |  |                             |
| 19. Guaranty funds receivable or on deposit .....   | 55,427       | 55,427                     |  |                             |
| 20. Electronic data processing equipment and software .....   | 13,374       |                            | 13,374   | 32,244                      |
| 21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....  | 306,037      | 306,037                    |  |                             |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates .....  |              |                            |  |                             |
| 23. Receivables from parent, subsidiaries and affiliates .....  | 643,641      | 625,000                    | 18,641   | 46,348                      |
| 24. Health care (\$ ..... ) and other amounts receivable .....  |              |                            |  |                             |
| 25. Aggregate write-ins for other than invested assets .....  | 712,204      | 46,590                     | 665,614  |                             |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25) .....  | 20,980,900   | 1,692,314                  | 19,288,586   | 19,311,364                  |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....   |              |                            |  |                             |
| 28. Total (Line 26 and Line 27) .....   | 20,980,900   | 1,692,314                  | 19,288,586   | 19,311,364                  |
| <b>DETAILS OF WRITE-INS</b>   |              |                            |  |                             |
| 1101. Non-qualified Deferred Assets .....   |              |                            |  | 874,849                     |
| 1102. ....  |              |                            |  |                             |
| 1103. ....  |              |                            |  |                             |
| 1198. Summary of remaining write-ins for Line 11 from overflow page .....   |              |                            |  |                             |
| 1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above) .....   |              |                            |  | 874,849                     |
| 2501. Deferred Charges and Prepayments .....  | 45,890       | 45,890                     |  |                             |
| 2502. Accts Rec Others .....  | 9,650        | 700                        | 8,950  |                             |
| 2503. Non-qualified Deferred Assets .....   | 656,664      |                            | 656,664  |                             |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....   |              |                            |  |                             |
| 2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above) .....   | 712,204      | 46,590                     | 665,614  |                             |

**LIABILITIES, SURPLUS AND OTHER FUNDS**

|   | 1<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| 1. Aggregate reserve for life contracts \$ 4,949,002 (Exhibit 5, Line 9999999) less \$ included in Line 6.3 (including \$ Modco Reserve)  | 4,949,002         | 4,658,744       |
| 2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Column 1) (including \$ Modco Reserve)  | 191,537           | 181,276         |
| 3. Liability for deposit-type contracts (Exhibit 7, Line 14, Column 1) (including \$ Modco Reserve)   |                   |                 |
| 4. Contract claims:   |                   |                 |
| 4.1 Life (Exhibit 8, Part 1, Line 4.4, Column 1 less sum of Columns 9, 10 and 11)   | 130,679           | 101,953         |
| 4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Columns 9, 10 and 11)  | 1,451,000         | 1,373,461       |
| 5. Policyholders' dividends \$ and coupons \$ 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 \$ Modco)  |                   | 898             |
| 6.2 Dividends not yet apportioned (including \$ Modco)  |                   |                 |
| 6.3 Coupons and similar benefits (including \$ 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 \$ discount; including \$ 53,087 accident and health premiums (Exhibit 1, Part 1, Column 1, sum of Line 4 and Line 14) | 141,979           | 208,407         |
| 9. Contract liabilities not included elsewhere:   |                   |                 |
| 9.1 Surrender values on cancelled contracts   |                   |                 |
| 9.2 Provision for experience rating refunds, including \$ accident and health experience rating refunds   |                   |                 |
| 9.3 Other amounts payable on reinsurance, including \$ 721,672 assumed and \$ ceded   | 721,672           | 954,942         |
| 9.4 Interest Maintenance Reserve (IMR, Line 6)  | 63,912            | 83,070          |
| 10. Commissions to agents due or accrued-life and annuity contracts \$, accident and health \$ and deposit-type contract funds \$   | 110,184           | 166,088         |
| 11. Commissions and expense allowances payable on reinsurance assumed   |                   |                 |
| 12. General expenses due or accrued (Exhibit 2, Line 12, Column 6)  | 313,768           | 268,767         |
| 13. Transfers to Separate Accounts due or accrued (net) (including \$ 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, Column 5)   | 35,270            | 50,321          |
| 15.1 Current federal and foreign income taxes, including \$ on realized capital gains (losses)  |                   |                 |
| 15.2 Net deferred tax liability   |                   |                 |
| 16. Unearned investment income  | 6,147             | 4,099           |
| 17. Amounts withheld or retained by company as agent or trustee   | 219,625           | 219,749         |
| 18. Amounts held for agents' account, including \$ agents' credit balances  |                   |                 |
| 19. Remittances and items not allocated   | 38,840            | 48,526          |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates  |                   |                 |
| 21. Liability for benefits for employees and agents if not included above   | 1,269,281         | 1,501,949       |
| 22. Borrowed money \$ and interest thereon \$   |                   |                 |
| 23. Dividends to stockholders declared and unpaid   |                   |                 |
| 24. Miscellaneous liabilities:  |                   |                 |
| 24.01 Asset valuation reserve (AVR, Line 16, Column 7)  | 215,336           | 186,499         |
| 24.02 Reinsurance in unauthorized companies   |                   |                 |
| 24.03 Funds held under reinsurance treaties with unauthorized 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 \$ and interest thereon \$  |                   |                 |
| 25. Aggregate write-ins for liabilities   | 530,141           | 573,754         |
| 26. Total liabilities excluding Separate Accounts business (Line 1 to Line 25)  | 10,388,373        | 10,582,503      |
| 27. From Separate Accounts statement  |                   |                 |
| 28. Total liabilities (Line 26 and Line 27)   | 10,388,373        | 10,582,503      |
| 29. Common capital stock  | 2,633,900         | 2,633,900       |
| 30. Preferred capital stock   |                   |                 |
| 31. Aggregate write-ins for other than special surplus funds  |                   |                 |
| 32. Surplus notes   |                   |                 |
| 33. Gross paid in and contributed surplus (Page 3, Line 33, Column 2 plus Page 4, Line 51.1, Column 1)  | 4,886,514         | 4,886,514       |
| 34. Aggregate write-ins for special surplus funds   |                   |                 |
| 35. Unassigned funds (surplus)  | 1,379,799         | 1,208,448       |
| 36. Less treasury stock, at cost:   |                   |                 |
| 36.1 shares common (value included in Line 29 \$ )  |                   |                 |
| 36.2 shares preferred (value included in Line 30 \$ )   |                   |                 |
| 37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$ in Separate Accounts Statement)   | 6,266,313         | 6,094,962       |
| 38. Totals of Lines 29, 30 and 37 (Page 4, Line 55)   | 8,900,213         | 8,728,862       |
| 39. Totals of Lines 28 and 38 (Page 2, Line 28, Column 3)   | 19,288,586        | 19,311,365      |
| <b>DETAILS OF WRITE-INS</b>   |                   |                 |
| 2501. Accumulated dividends to the policyholders  | 530,141           | 573,754         |
| 2502.   |                   |                 |
| 2503.   |                   |                 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page   |                   |                 |
| 2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)   | 530,141           | 573,754         |
| 3101.   |                   |                 |
| 3102.   |                   |                 |
| 3103.   |                   |                 |
| 3198. Summary of remaining write-ins for Line 31 from overflow page   |                   |                 |
| 3199. Totals (Line 3101 through Line 3103 plus Line 3198) (Line 31 above)   |                   |                 |
| 3401.   |                   |                 |
| 3402.   |                   |                 |
| 3403.   |                   |                 |
| 3498. Summary of remaining write-ins for Line 34 from overflow page   |                   |                 |
| 3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)   |                   |                 |

## SUMMARY OF OPERATIONS

|   | 1<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| 1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Column 1, less Column 11)                            | 13,173,624        | 12,158,574      |
| 2. Considerations for supplementary contracts with life contingencies   |                   |                 |
| 3. Net investment income (Exhibit of Net Investment Income, Line 17)  | 820,838           | 978,958         |
| 4. Amortization of Interest Maintenance Reserve (IMR, Line 5)   | 57,019            | 87,752          |
| 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, Column 1)   | 2,307,793         | 3,283,233       |
| 7. Reserve adjustments on reinsurance ceded   |                   |                 |
| 8. Miscellaneous Income:  |                   |                 |
| 8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts   |                   |                 |
| 8.2 Charges and fees for deposit-type contracts   |                   |                 |
| 8.3 Aggregate write-ins for miscellaneous income  | 312,930           | 530,775         |
| 9. Totals (Line 1 to Line 8.3)  | 16,672,204        | 17,039,292      |
| 10. Death benefits  | 417,993           | 178,255         |
| 11. Matured endowments (excluding guaranteed annual pure endowments)  | 17,381            | 6,596           |
| 12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Column 4 plus Column 8)  | 193,022           | 162,870         |
| 13. Disability benefits and benefits under accident and health contracts  | 7,626,077         | 6,727,873       |
| 14. Coupons, guaranteed annual pure endowments and similar benefits   |                   |                 |
| 15. Surrender benefits and withdrawals for life contracts   | 105,032           | 849,064         |
| 16. Group conversions   |                   |                 |
| 17. Interest and adjustments on contract or deposit-type contract funds   |                   |                 |
| 18. Payments on supplementary contracts with life contingencies   |                   |                 |
| 19. Increase in aggregate reserves for life and accident and health contracts   | 300,519           | 135,213         |
| 20. Totals (Line 10 to Line 19)   | 8,660,024         | 8,059,871       |
| 21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Column 1)                     | 2,807,719         | 3,404,829       |
| 22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Column 1)  |                   |                 |
| 23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4)  | 4,674,491         | 4,517,205       |
| 24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Column 1 plus Column 2 plus Column 3)                                      | 405,085           | 411,730         |
| 25. Increase in loading on deferred and uncollected premiums  | (109,548)         | 57,001          |
| 26. Net transfers to or (from) Separate Accounts net of reinsurance   |                   |                 |
| 27. Aggregate write-ins for deductions  |                   |                 |
| 28. Totals (Line 20 to Line 27)   | 16,437,771        | 16,450,636      |
| 29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)  | 234,433           | 588,656         |
| 30. Dividends to policyholders  | 52,320            | 65,601          |
| 31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)   | 182,113           | 523,055         |
| 32. Federal and foreign income taxes incurred (excluding tax on capital gains)  |                   |                 |
| 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)          | 182,113           | 523,055         |
| 34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (excluding taxes of \$ transferred to the IMR) | (10,900)          | (121,935)       |
| 35. Net Income (Line 33 plus Line 34)   | 171,213           | 401,120         |
| <b>CAPITAL AND SURPLUS ACCOUNT</b>  |                   |                 |
| 36. Capital and surplus, December 31, prior year (Page 3, Line 38, Column 2)  | 8,728,862         | 8,529,836       |
| 37. Net income (Line 35)  | 171,213           | 401,120         |
| 38. Change in net unrealized capital gains (losses) less capital gains tax of \$  |                   |                 |
| 39. Change in net unrealized foreign exchange capital gain (loss)   |                   |                 |
| 40. Change in net deferred income tax   |                   |                 |
| 41. Change in nonadmitted assets  | (17,384)          | (212,507)       |
| 42. Change in liability for reinsurance in unauthorized companies   |                   |                 |
| 43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 9999999, Column 4)  |                   |                 |
| 44. Change in asset valuation reserve   | (28,837)          | (7,156)         |
| 45. Change in treasury stock (Page 3, Lines 36.1 and 36.2 Column 2 minus Column 1)  |                   |                 |
| 46. Surplus (contributed to) withdrawn from Separate Accounts during period   |                   |                 |
| 47. Other changes in surplus in Separate Accounts statement   |                   |                 |
| 48. Change in surplus notes   |                   |                 |
| 49. Cumulative effects 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)  |                   | 91,320          |
| 51.3 Transferred from capital   |                   |                 |
| 51.4 Change in surplus as a result of reinsurance   |                   |                 |
| 52. Dividends to stockholders   |                   |                 |
| 53. Aggregate write-ins for gains and losses in surplus   | 46,359            | (73,751)        |
| 54. Net change in capital and surplus for the year (Line 37 through Line 53)  | 171,351           | 199,026         |
| 55. Capital and surplus, December 31, current year (Line 36 plus Line 54) (Page 3, Line 38)   | 8,900,213         | 8,728,862       |
| <b>DETAILS OF WRITE-INS</b>   |                   |                 |
| 08.301. Other income  | 28,494            | 10,301          |
| 08.302. Administration Services Fees  | 284,436           | 520,529         |
| 08.303. Capital Gain or Loss on Sale of Equipment   |                   | (55)            |
| 08.398. Summary of remaining write-ins for Line 8.3 from overflow page  |                   |                 |
| 08.399. Totals (Line 08.301 through Line 08.303 plus Line 08.398) (Line 8.3 above)  | 312,930           | 530,775         |
| 2701.   |                   |                 |
| 2702.   |                   |                 |
| 2703.   |                   |                 |
| 2798. Summary of remaining write-ins for Line 27 from overflow page   |                   |                 |
| 2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)   |                   |                 |
| 5301. Pension Plan Funding  | 46,359            | (73,751)        |
| 5302.   |                   |                 |
| 5303.   |                   |                 |
| 5398. Summary of remaining write-ins for Line 53 from overflow page   |                   |                 |
| 5399. Totals (Line 5301 through Line 5303 plus Line 5398) (Line 53 above)   | 46,359            | (73,751)        |

**CASH FLOW**

|  | 1            | 2          |
|--|--------------|------------|
|  | Current Year | Prior Year |
| <b>Cash from Operations</b>  |              |            |
| 1. Premiums collected net of reinsurance   | 12,588,931   | 15,675,159 |
| 2. Net investment income   | 775,689      | 878,075    |
| 3. Miscellaneous income  | 272,231      | 1,118,982  |
| 4. Total (Line 1 through Line 3)   | 13,636,851   | 17,672,216 |
| 5. Benefit and loss related payments   | 6,141,987    | 6,977,682  |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts                             |              |            |
| 7. Commissions, expenses paid and aggregate write-ins for deductions   | 7,780,896    | 8,378,523  |
| 8. Dividends paid to policyholders   | 96,524       |            |
| 9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)                       |              |            |
| 10. Total (Line 5 through Line 9)  | 14,019,407   | 15,356,205 |
| 11. Net cash from operations (Line 4 minus Line 10)  | (382,556)    | 2,316,011  |
| <b>Cash from Investments</b>   |              |            |
| 12. Proceeds from investments sold, matured or repaid:   |              |            |
| 12.1 Bonds   | 9,794,902    | 5,766,432  |
| 12.2 Stocks  |              | 724,046    |
| 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 (Line 12.1 through Line 12.7)   | 9,794,902    | 6,490,478  |
| 13. Cost of investments acquired (long-term only):   |              |            |
| 13.1 Bonds   | 8,815,037    | 6,017,216  |
| 13.2 Stocks  | 250,000      |            |
| 13.3 Mortgage loans  |              |            |
| 13.4 Real estate   | 82,563       | 74,664     |
| 13.5 Other invested assets   | 281,815      | 12,455     |
| 13.6 Miscellaneous applications  | 38,376       | 179,293    |
| 13.7 Total investments acquired (Line 13.1 through Line 13.6)  | 9,467,791    | 6,283,628  |
| 14. Net increase (decrease) in contract loans and premium notes  | 42,192       | 62,386     |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)  | 284,919      | 144,464    |
| <b>Cash from Financing and Miscellaneous Sources</b>   |              |            |
| 16. Cash provided (applied):   |              |            |
| 16.1 Surplus notes, capital notes  |              |            |
| 16.2 Capital and paid in surplus, less treasury stock  |              | 91,320     |
| 16.3 Borrowed funds  |              |            |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities  |              | (234,327)  |
| 16.5 Dividends to stockholders   |              |            |
| 16.6 Other cash provided (applied)   |              |            |
| 17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) |              | (143,007)  |
| <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 Line 15 plus Line 17)            | (97,637)     | 2,317,468  |
| 19. Cash, cash equivalents and short-term investments:   |              |            |
| 19.1 Beginning of year   | 2,165,763    | (151,705)  |
| 19.2 End of year (Line 18 plus Line 19.1)  | 2,068,126    | 2,165,763  |

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

|        |  |  |
|--------|--|--|
| 20.001 |  |  |
| 20.002 |  |  |
| 20.003 |  |  |
| 20.004 |  |  |
| 20.005 |  |  |
| 20.006 |  |  |
| 20.007 |  |  |
| 20.008 |  |  |
| 20.009 |  |  |
| 20.010 |  |  |

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE ATLANTIC SOUTHERN INS CO

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

|  | 1<br>Total | 2<br>Industrial<br>Life | Ordinary               |                              |                                 | 6<br>Credit Life<br>(Group and<br>Individual) | Group                         |                | Accident and Health |   |             | 12<br>Aggregate of<br>All Other<br>Lines<br>of Business |
|--|------------|-------------------------|------------------------|------------------------------|---------------------------------|---|-------------------------------|----------------|---------------------|---|-------------|---|
|  |            |                         | 3<br>Life<br>Insurance | 4<br>Individual<br>Annuities | 5<br>Supplementary<br>Contracts |   | 7<br>Life<br>Insurance<br>(a) | 8<br>Annuities | 9<br>Group          | 10<br>Credit<br>(Group and<br>Individual) | 11<br>Other |   |
| 1. Premiums and annuity considerations for life and accident and health contracts  | 13,173,625 | 7,496                   | 1,427,232              | 103,623                      |                                 | 120,690                                       | 257,714                       |                | 4,156,248           |   | 7,100,622   |   |
| 2. Considerations for supplementary contracts with life contingencies  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 3. Net investment income   | 820,837    | 34,922                  | 447,002                | 103,726                      |                                 | 36,095  | 8,647                         |                | 86,493              |   | 103,952     |   |
| 4. Amortization of Interest Maintenance Reserve (IMR)  | 57,019     |                         | 57,019                 |                              |                                 |   |                               |                |                     |   |             |   |
| 5. Separate Accounts net gain from operations excluding unrealized gains or losses   |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 6. Commissions and expense allowances on reinsurance ceded   | 2,307,793  |                         | 45,718                 |                              |                                 |   |                               |                | 1,959,652           |   | 302,423     |   |
| 7. Reserve adjustments on reinsurance ceded  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 8. Miscellaneous Income:   |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 8.1 Fees associated with income from 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   | 312,931    | 1,212                   | 15,517                 | 3,601                        |                                 | 1,253   | 300                           |                | 3,003               |   | 3,609       | 284,436   |
| 9. Totals (Line 1 to Line 8.3)   | 16,672,205 | 43,630                  | 1,992,488              | 210,950                      |                                 | 158,038                                       | 266,661                       |                | 6,205,396           |   | 7,510,606   | 284,436   |
| 10. Death benefits   | 417,992    | 8,818                   | 295,657                |                              |                                 | 18,167  | 95,350                        |                |                     |   |             |   |
| 11. Matured endowments (excluding guaranteed annual pure endowments)   | 17,381     | 5,708                   | 11,673                 |                              |                                 |   |                               |                |                     |   |             |   |
| 12. Annuity benefits   | 193,022    |                         |                        | 193,022                      |                                 |   |                               |                |                     |   |             |   |
| 13. Disability benefits and benefits under accident and health contracts   | 7,626,077  |                         |                        |                              |                                 |   |                               |                | 3,954,575           |   | 3,671,502   |   |
| 14. Coupons, guaranteed annual pure endowments and similar benefits  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 15. Surrender benefits and withdrawals for life contracts  | 105,032    | 3,207                   | 101,825                |                              |                                 |   |                               |                |                     |   |             |   |
| 16. Group conversions  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 17. Interest and adjustments on contract or deposit-type contract funds  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 18. Payments on supplementary contracts with life contingencies  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 19. Increase in aggregate reserves for life and accident and health contracts  | 300,519    | (15,380)                | 421,594                | (8,532)                      |                                 | (107,407)                                     |                               |                |                     |   | 10,244      |   |
| 20. Totals (Line 10 to Line 19)  | 8,660,023  | 2,353                   | 830,749                | 184,490                      |                                 | (89,240)                                      | 95,350                        |                | 3,954,575           |   | 3,681,746   |   |
| 21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)   | 2,807,719  | 336                     | 572,398                |                              |                                 | 63,828  | 8,879                         |                | 714,435             |   | 1,447,843   |   |
| 22. Commissions and expense allowances on reinsurance assumed  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 23. General insurance expenses   | 4,674,491  | 37,396                  | 350,587                | 8,414                        |                                 | 65,443  | 130,886                       |                | 1,215,368           |   | 2,608,131   | 258,266   |
| 24. Insurance taxes, licenses and fees, excluding federal income taxes   | 405,085    |                         | 24,765                 | 60                           |                                 | 665   | 31                            |                | 204,066             |   | 175,498     |   |
| 25. Increase in loading on deferred and uncollected premiums   | (109,548)  | (309)                   | (69,338)               |                              |                                 |   |                               |                |                     |   | (39,901)    |   |
| 26. Net transfers to or (from) Separate Accounts net of reinsurance  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 27. Aggregate write-ins for deductions   |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 28. Totals (Line 20 to Line 27)  | 16,437,770 | 39,776                  | 1,709,161              | 192,964                      |                                 | 40,696  | 235,146                       |                | 6,088,444           |   | 7,873,317   | 258,266   |
| 29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)   | 234,435    | 3,854                   | 283,327                | 17,986                       |                                 | 117,342                                       | 31,515                        |                | 116,952             |   | (362,711)   | 26,170  |
| 30. Dividends to policyholders   | 52,320     |                         | 52,320                 |                              |                                 |   |                               |                |                     |   |             |   |
| 31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)  | 182,115    | 3,854                   | 231,007                | 17,986                       |                                 | 117,342                                       | 31,515                        |                | 116,952             |   | (362,711)   | 26,170  |
| 32. Federal income taxes incurred (excluding tax on capital gains)   |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 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) | 182,115    | 3,854                   | 231,007                | 17,986                       |                                 | 117,342                                       | 31,515                        |                | 116,952             |   | (362,711)   | 26,170  |
| <b>DETAILS OF WRITE-INS</b>  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 08.301. Other Income   | 28,495     | 1,212                   | 15,517                 | 3,601                        |                                 | 1,253   | 300                           |                | 3,003               |   | 3,609       | 284,436   |
| 08.302. Administration Services Fees   | 284,436    |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 08.303.  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 08.398. Summary of remaining write-ins for Line 8.3 from overflow page   |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 08.399. Totals (Line 08.301 through Line 08.303 plus Line 08.398) (Line 8.3 above)   | 312,931    | 1,212                   | 15,517                 | 3,601                        |                                 | 1,253   | 300                           |                | 3,003               |   | 3,609       | 284,436   |
| 2701.  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 2702.  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 2703.  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 2798. Summary of remaining write-ins for Line 27 from overflow page  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |

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

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

|   | 1<br>Total | 2<br>Industrial<br>Life | Ordinary               |                              |                                 | 6<br>Credit Life<br>(Group and<br>Individual) | Group                  |                |
|---|------------|-------------------------|------------------------|------------------------------|---------------------------------|---|------------------------|----------------|
|   |            |                         | 3<br>Life<br>Insurance | 4<br>Individual<br>Annuities | 5<br>Supplementary<br>Contracts |   | 7<br>Life<br>Insurance | 8<br>Annuities |
| Involving Life or Disability Contingencies (Reserves)<br>(Net of Reinsurance Ceded)             |            |                         |                        |                              |                                 |   |                        |                |
| 1. Reserve December 31, prior year .....  | 4,658,744  | 261,790                 | 2,708,004              | 1,335,281                    | 9,000                           | 343,908                                       | 761                    |                |
| 2. Tabular net premiums or considerations .....   | 1,194,038  | 3,298                   | 814,488                | 103,623                      |                                 | 40,686  | 231,943                |                |
| 3. Present value of disability claims incurred .....  |            |                         |                        |                              | X X X                           |   |                        |                |
| 4. Tabular interest .....   | 244,322    | 8,598                   | 148,337                | 69,385                       |                                 | 12,749  | 5,253                  |                |
| 5. Tabular less actual reserve released .....   | (5,519)    |                         |                        | (5,519)                      |                                 |   |                        |                |
| 6. Increase in reserve on account of change in valuation basis .....                            |            |                         |                        |                              |                                 |   |                        |                |
| 7. Other increases (net) .....  |            |                         |                        |                              |                                 |   |                        |                |
| 8. Totals (Line 1 to Line 7) .....  | 6,091,585  | 273,686                 | 3,670,829              | 1,502,770                    | 9,000                           | 397,343                                       | 237,957                |                |
| 9. Tabular cost .....   | 783,832    | 14,593                  | 371,440                |                              | X X X                           | 160,588                                       | 237,211                |                |
| 10. Reserves released by death .....  | 28,973     | 3,769                   | 24,947                 | X X X                        | X X X                           | 255   | 2                      | X X X          |
| 11. Reserves released by other terminations (net) .....   | 278,967    | 8,915                   | 113,498                | 156,554                      |                                 |   |                        |                |
| 12. Annuity, supplementary contract, and disability payments involving life contingencies ..... | 50,813     |                         |                        | 50,813                       |                                 |   |                        |                |
| 13. Net transfers to or (from) Separate Accounts .....  |            |                         |                        |                              |                                 |   |                        |                |
| 14. Total deductions (Line 9 to Line 13) .....  | 1,142,585  | 27,277                  | 509,885                | 207,367                      |                                 | 160,843                                       | 237,213                |                |
| 15. Reserve December 31, current year .....   | 4,949,000  | 246,409                 | 3,160,944              | 1,295,403                    | 9,000                           | 236,500                                       | 744                    |                |

**EXHIBIT OF NET INVESTMENT INCOME**

|   | 1                        | 2                     |
|---|--------------------------|-----------------------|
|   | Collected<br>During Year | Earned<br>During Year |
| 1. U. S. Government bonds   | (a) 903,061              | 895,289               |
| 1.1 Bonds exempt from U. S. tax   | (a)                      |                       |
| 1.2 Other bonds (unaffiliated)  | (a)                      |                       |
| 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  | 2,530                    | 2,530                 |
| 3. Mortgage loans   | (c)                      |                       |
| 4. Real estate  | (d)                      | 128,266               |
| 5. Contract loans   |                          | 9,012                 |
| 6. Cash, cash equivalents and short-term investments                      | (e) 11,060               | 15,894                |
| 7. Derivative instruments   | (e) 16,103               |                       |
| 8. Other invested assets  | (f)                      |                       |
| 9. Aggregate write-ins for investment income                              | 28,983                   | 34,137                |
| 10. Total gross investment income   | 961,737                  | 1,085,128             |
| 11. Investment expenses   |                          | (g) 162,112           |
| 12. Investment taxes, licenses and fees, excluding federal income taxes   |                          | (g)                   |
| 13. Interest expense  |                          | (h)                   |
| 14. Depreciation on real estate and other invested assets                 |                          | (i) 102,178           |
| 15. Aggregate write-ins for deductions from investment income             |                          |                       |
| 16. Totals deductions (Line 11 through Line 15)                           |                          | 264,290               |
| 17. Net investment income (Line 10 minus Line 16)                         |                          | 820,838               |
| <b>DETAILS OF WRITE-INS</b>   |                          |                       |
| 0901. ....  |                          |                       |
| 0902. ....  |                          |                       |
| 0903. ....  |                          |                       |
| 0998. Summary of remaining write-ins for Line 9 from overflow page        |                          |                       |
| 0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)  |                          |                       |
| 1501. ....  |                          |                       |
| 1502. ....  |                          |                       |
| 1503. ....  |                          |                       |
| 1598. Summary of remaining write-ins for Line 15 from overflow page       |                          |                       |
| 1599. Totals (Line 1501 through Line 1503 plus Line 1598) (Line 15 above) |                          |                       |

(a) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.  
 (b) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued dividends on purchases.  
 (c) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.  
 (d) Includes \$ ..... for company's occupancy of its own buildings; and excludes \$ ..... interest on encumbrances.  
 (e) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.

(f) Includes \$ ..... accrual of discount less \$ ..... amortization of premium.  
 (g) Includes \$ ..... investment expenses and \$ ..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.  
 (h) Includes \$ ..... interest on surplus notes and \$ ..... interest on capital notes.  
 (i) Includes \$ ..... 102,178 depreciation on real estate and \$ ..... depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

|  | 1   | 2                             | 3   | 4   | 5   |
|--|---|-------------------------------|---|---|---|
|  | Realized Gain<br>(Loss) on Sales<br>or Maturity | Other Realized<br>Adjustments | Total Realized<br>Capital Gain<br>(Loss)<br>(Cols. 1 + 2) | Change in<br>Unrealized<br>Capital Gain<br>(Loss) | Change in<br>Unrealized<br>Foreign Exchange<br>Capital Gain<br>(Loss) |
| 1. U. S. Government bonds  |   |                               |   |   |   |
| 1.1 Bonds exempt from U. S. tax  |   |                               |   |   |   |
| 1.2 Other bonds (unaffiliated)   | 37,861  |                               | 37,861  |   |   |
| 1.3 Bonds of affiliates  |   |                               |   |   |   |
| 2.1 Preferred stocks (unaffiliated)                                      |   | (10,900)                      | (10,900)  |   |   |
| 2.11 Preferred stocks of affiliates                                      |   |                               |   |   |   |
| 2.2 Common stocks (unaffiliated)   |   |                               |   |   |   |
| 2.21 Common stocks of affiliates   |   |                               |   |   |   |
| 3. Mortgage loans  |   |                               |   |   |   |
| 4. Real estate   |   |                               |   |   |   |
| 5. Contract loans  |   |                               |   |   |   |
| 6. Cash, cash equivalents and short-term investments                     |   |                               |   |   |   |
| 7. Derivative instruments  |   |                               |   |   |   |
| 8. Other invested assets   |   |                               |   |   |   |
| 9. Aggregate write-ins for capital gains (losses)                        |   |                               |   |   |   |
| 10. Total capital gains (losses)   | 37,861  | (10,900)                      | 26,961  |   |   |
| <b>DETAILS OF WRITE-INS</b>  |   |                               |   |   |   |
| 0901. ....   |   |                               |   |   |   |
| 0902. ....   |   |                               |   |   |   |
| 0903. ....   |   |                               |   |   |   |
| 0998. Summary of remaining write-ins for Line 9 from overflow page       |   |                               |   |   |   |
| 0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above) |   |                               |   |   |   |

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

|  | 1          | 2               | Ordinary       |                      | 5                                  | Group          |           | Accident and Health |                               |           | 11                                       |
|--|------------|-----------------|----------------|----------------------|------------------------------------|----------------|-----------|---------------------|-------------------------------|-----------|--|
|  |            |                 | 3              | 4                    |                                    | 6              | 7         | 8                   | 9                             | 10        |  |
|  | Total      | Industrial Life | Life Insurance | Individual Annuities | Credit Life (Group and Individual) | Life Insurance | Annuities | Group               | Credit (Group and Individual) | Other     | Aggregate of All Other Lines of Business |
| <b>FIRST YEAR (other than single)</b>                                |            |                 |                |                      |                                    |                |           |                     |                               |           |  |
| 1. Uncollected   | 77,655     |                 | 9,048          |                      |                                    |                |           |                     |                               | 68,607    |  |
| 2. Deferred and accrued  | 208,663    |                 | 208,663        |                      |                                    |                |           |                     |                               |           |  |
| 3. Deferred, accrued and uncollected:                                |            |                 |                |                      |                                    |                |           |                     |                               |           |  |
| 3.1 Direct   | 286,317    |                 | 217,710        |                      |                                    |                |           |                     |                               | 68,607    |  |
| 3.2 Reinsurance assumed  |            |                 |                |                      |                                    |                |           |                     |                               |           |  |
| 3.3 Reinsurance ceded  |            |                 |                |                      |                                    |                |           |                     |                               |           |  |
| 3.4 Net (Line 1 plus Line 2)   | 286,318    |                 | 217,711        |                      |                                    |                |           |                     |                               | 68,607    |  |
| 4. Advance   | 11,750     |                 | 8,412          |                      |                                    |                |           |                     |                               | 3,338     |  |
| 5. Line 3.4 minus Line 4   | 274,568    |                 | 209,299        |                      |                                    |                |           |                     |                               | 65,269    |  |
| 6. Collected during year:  |            |                 |                |                      |                                    |                |           |                     |                               |           |  |
| 6.1 Direct   | 2,259,910  |                 | 512,657        | 29,287               |                                    | 27,607         |           | 263,923             |                               | 1,426,436 |  |
| 6.2 Reinsurance assumed  |            |                 |                |                      |                                    |                |           |                     |                               |           |  |
| 6.3 Reinsurance ceded  | 30,431     |                 | 5,118          |                      |                                    |                |           |                     |                               | 25,313    |  |
| 6.4 Net  | 2,229,479  |                 | 507,539        | 29,287               |                                    | 27,607         |           | 263,923             |                               | 1,401,123 |  |
| 7. Line 5 plus Line 6.4  | 2,504,047  |                 | 716,838        | 29,287               |                                    | 27,607         |           | 263,923             |                               | 1,466,392 |  |
| 8. Prior year (uncollected plus deferred and accrued minus advance)  | 469,625    |                 | 365,404        |                      |                                    |                |           |                     |                               | 104,221   |  |
| 9. First year premiums and considerations:                           |            |                 |                |                      |                                    |                |           |                     |                               |           |  |
| 9.1 Direct   | 2,064,853  |                 | 356,551        | 29,287               |                                    | 27,607         |           | 263,923             |                               | 1,387,485 |  |
| 9.2 Reinsurance assumed  |            |                 |                |                      |                                    |                |           |                     |                               |           |  |
| 9.3 Reinsurance ceded  | 30,431     |                 | 5,118          |                      |                                    |                |           |                     |                               | 25,313    |  |
| 9.4 Net (Line 7 minus Line 8)  | 2,034,422  |                 | 351,434        | 29,287               |                                    | 27,607         |           | 263,923             |                               | 1,362,171 |  |
| <b>SINGLE</b>  |            |                 |                |                      |                                    |                |           |                     |                               |           |  |
| 10. Single premiums and considerations:                              |            |                 |                |                      |                                    |                |           |                     |                               |           |  |
| 10.1 Direct  | 120,690    |                 |                |                      | 120,690                            |                |           |                     |                               |           |  |
| 10.2 Reinsurance assumed   |            |                 |                |                      |                                    |                |           |                     |                               |           |  |
| 10.3 Reinsurance ceded   |            |                 |                |                      |                                    |                |           |                     |                               |           |  |
| 10.4 Net   | 120,690    |                 |                |                      | 120,690                            |                |           |                     |                               |           |  |
| <b>RENEWAL</b>   |            |                 |                |                      |                                    |                |           |                     |                               |           |  |
| 11. Uncollected  | 10,470     | 40              | 22,235         |                      |                                    |                |           | (136,746)           |                               | 124,941   |  |
| 12. Deferred and accrued   | 696,023    | 3,479           | 692,544        |                      |                                    |                |           |                     |                               |           |  |
| 13. Deferred, accrued and uncollected:                               |            |                 |                |                      |                                    |                |           |                     |                               |           |  |
| 13.1 Direct  | 1,703,003  | 3,519           | 714,780        |                      |                                    |                |           | 785,432             |                               | 199,272   |  |
| 13.2 Reinsurance assumed   |            |                 |                |                      |                                    |                |           |                     |                               |           |  |
| 13.3 Reinsurance ceded   | 996,509    |                 |                |                      |                                    |                |           | 922,178             |                               | 74,331    |  |
| 13.4 Net (Line 11 plus Line 12)                                      | 706,493    | 3,519           | 714,779        |                      |                                    |                |           | (136,746)           |                               | 124,941   |  |
| 14. Advance  | 130,228    | 348             | 80,131         |                      |                                    |                |           |                     |                               | 49,749    |  |
| 15. Line 13.4 minus Line 14  | 576,265    | 3,171           | 634,648        |                      |                                    |                |           | (136,746)           |                               | 75,192    |  |
| 16. Collected during year:   |            |                 |                |                      |                                    |                |           |                     |                               |           |  |
| 16.1 Direct  | 18,627,441 | 4,123           | 1,984,305      | 74,336               |                                    | 230,108        |           | 11,843,424          |                               | 4,491,145 |  |
| 16.2 Reinsurance assumed   | 2,494,497  |                 |                |                      |                                    |                |           |                     |                               | 2,494,497 |  |
| 16.3 Reinsurance ceded   | 10,664,917 |                 | 822,402        |                      |                                    |                |           | 8,536,075           |                               | 1,306,440 |  |
| 16.4 Net   | 10,457,021 | 4,123           | 1,161,903      | 74,336               |                                    | 230,108        |           | 3,307,349           |                               | 5,679,202 |  |
| 17. Line 15 plus Line 16.4   | 11,033,286 | 7,294           | 1,796,551      | 74,336               |                                    | 230,108        |           | 3,170,603           |                               | 5,754,394 |  |
| 18. Prior year (uncollected plus deferred and accrued minus advance) | 14,772     | (202)           | 720,754        |                      |                                    |                |           | (721,723)           |                               | 15,943    |  |
| 19. Renewal premiums and considerations:                             |            |                 |                |                      |                                    |                |           |                     |                               |           |  |
| 19.1 Direct  | 20,185,446 | 7,496           | 1,898,201      | 74,336               |                                    | 230,108        |           | 13,350,579          |                               | 4,624,726 |  |
| 19.2 Reinsurance assumed   | 2,494,496  |                 |                |                      |                                    |                |           |                     |                               | 2,494,496 |  |
| 19.3 Reinsurance ceded   | 11,661,426 |                 | 822,402        |                      |                                    |                |           | 9,458,253           |                               | 1,380,771 |  |
| 19.4 Net (Line 17 minus Line 18)                                     | 11,018,514 | 7,496           | 1,075,797      | 74,336               |                                    | 230,108        |           | 3,892,326           |                               | 5,738,451 |  |
| <b>TOTAL</b>   |            |                 |                |                      |                                    |                |           |                     |                               |           |  |
| 20. Total premiums and annuity considerations:                       |            |                 |                |                      |                                    |                |           |                     |                               |           |  |
| 20.1 Direct  | 22,370,989 | 7,496           | 2,254,752      | 103,623              | 120,690                            | 257,715        |           | 13,614,502          |                               | 6,012,211 |  |
| 20.2 Reinsurance assumed   | 2,494,496  |                 |                |                      |                                    |                |           |                     |                               | 2,494,496 |  |
| 20.3 Reinsurance ceded   | 11,691,857 |                 | 827,520        |                      |                                    |                |           | 9,458,253           |                               | 1,406,084 |  |
| 20.4 Net (Lines 9.4 plus 10.4 plus 19.4)                             | 13,173,626 | 7,496           | 1,427,231      | 103,623              | 120,690                            | 257,715        |           | 4,156,249           |                               | 7,100,622 |  |

**EXHIBIT 1 - PART 2 - DIVIDENDS AND COUPONS APPLIED, REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES AND COMMISSIONS INCURRED (Direct Business Only)**

|  | 1<br>Total | 2<br>Industrial Life | Ordinary            |                           | 5<br>Credit Life (Group and Individual) | Group               |                | Accident and Health |                                    |             | 11<br>Aggregate of All Other Lines of Business |
|--|------------|----------------------|---------------------|---------------------------|---|---------------------|----------------|---------------------|------------------------------------|-------------|--|
|  |            |                      | 3<br>Life Insurance | 4<br>Individual Annuities |   | 6<br>Life Insurance | 7<br>Annuities | 8<br>Group          | 9<br>Credit (Group and Individual) | 10<br>Other |  |
| <b>DIVIDENDS AND COUPONS APPLIED (included in Part 1)</b>      |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 21. To pay renewal premiums .....                              | 2,030      |                      | 2,030               |                           |   |                     |                |                     |                                    |             |  |
| 22. All other .....  | 6,890      |                      | 6,890               |                           |   |                     |                |                     |                                    |             |  |
| <b>REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED</b> |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 23. First year (other than single):                            |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 23.1 Reinsurance ceded .....                                   |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 23.2 Reinsurance assumed .....                                 |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 23.3 Net ceded less assumed .....                              |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 24. Single:  |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 24.1 Reinsurance ceded .....                                   |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 24.2 Reinsurance assumed .....                                 |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 24.3 Net ceded less assumed .....                              |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 25. Renewal:   |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 25.1 Reinsurance ceded .....                                   | 2,307,793  |                      | 45,718              |                           |   |                     |                | 1,959,652           |                                    | 302,423     |  |
| 25.2 Reinsurance assumed .....                                 |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 25.3 Net ceded less assumed .....                              | 2,307,793  |                      | 45,718              |                           |   |                     |                | 1,959,652           |                                    | 302,423     |  |
| 26. Totals:  |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 26.1 Reinsurance ceded (Page 6, Line 6) .....                  | 2,307,793  |                      | 45,718              |                           |   |                     |                | 1,959,652           |                                    | 302,423     |  |
| 26.2 Reinsurance assumed (Page 6, Line 22) .....               |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 26.3 Net ceded less assumed .....                              | 2,307,793  |                      | 45,718              |                           |   |                     |                | 1,959,652           |                                    | 302,423     |  |
| <b>COMMISSIONS INCURRED (direct business only)</b>             |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 27. First year (other than single) .....                       | 1,271,866  |                      | 396,664             |                           |   |                     |                | 36,444              |                                    | 838,758     |  |
| 28. Single .....   | 36,330     |                      |                     |                           | 36,330                                  |                     |                |                     |                                    |             |  |
| 29. Renewal .....  | 1,499,522  | 336                  | 175,734             |                           | 27,498                                  | 8,879               |                | 677,990             |                                    | 609,085     |  |
| 30. Deposit-type contract funds .....                          |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 31. Totals (to agree with Page 6, Line 21) .....               | 2,807,718  | 336                  | 572,398             |                           | 63,828                                  | 8,879               |                | 714,434             |                                    | 1,447,843   |  |

**EXHIBIT 2 - GENERAL EXPENSES**

|  | Insurance |                       |                |                                  | 5<br>Investment | 6<br>Total |
|--|-----------|-----------------------|----------------|----------------------------------|-----------------|------------|
|  | 1<br>Life | Accident and Health   |                | 4<br>All Other Lines of Business |                 |            |
|  |           | 2<br>Cost Containment | 3<br>All Other |                                  |                 |            |
| 1. Rent  | 26,113    | 168,441               |                | 11,378                           |                 | 205,932    |
| 2. Salaries and wages  | 228,598   | 1,474,566             |                | 99,606                           |                 | 1,802,770  |
| 3.11 Contributions for benefit plans for employees                                 | 25,627    | 165,305               |                | 11,166                           |                 | 202,098    |
| 3.12 Contributions for benefit plans for agents                                    |           |                       |                |                                  |                 |            |
| 3.21 Payments to employees under non-funded benefit plans                          | 1,266     | 8,168                 |                | 552                              |                 | 9,986      |
| 3.22 Payments to agents under non-funded benefit plans                             | 748       | 4,825                 |                | 326                              |                 | 5,899      |
| 3.31 Other employee welfare  |           |                       |                |                                  |                 |            |
| 3.32 Other agent welfare   |           |                       |                |                                  |                 |            |
| 4.1 Legal fees and expenses  | 3,257     | 21,010                |                | 1,419                            |                 | 25,686     |
| 4.2 Medical examination fees   | 1,966     | 12,680                |                | 857                              |                 | 15,503     |
| 4.3 Inspection report fees   | 1,274     | 8,216                 |                | 555                              |                 | 10,045     |
| 4.4 Fees of public accountants and consulting actuaries                            | 10,242    | 66,067                |                | 4,463                            |                 | 80,772     |
| 4.5 Expense of investigation and settlement of policy claims                       | 845       | 5,453                 |                | 368                              |                 | 6,666      |
| 5.1 Traveling expenses   | 8,160     | 52,638                |                | 3,556                            |                 | 64,354     |
| 5.2 Advertising  | 19,634    | 126,651               |                | 8,555                            |                 | 154,840    |
| 5.3 Postage, express, telegraph and telephone                                      | 24,043    | 155,086               |                | 10,476                           |                 | 189,605    |
| 5.4 Printing and stationery  | 12,415    | 80,083                |                | 5,410                            |                 | 97,908     |
| 5.5 Cost or depreciation of furniture and equipment                                | 13,567    | 87,514                |                | 5,912                            |                 | 106,993    |
| 5.6 Rental of equipment  | 4,737     | 30,555                |                | 2,064                            |                 | 37,356     |
| 5.7 Cost or depreciation of EDP equipment and software                             |           |                       |                |                                  |                 |            |
| 6.1 Books and periodicals  | 1,842     | 11,881                |                | 803                              |                 | 14,526     |
| 6.2 Bureau and association fees  | 1,093     | 7,053                 |                | 476                              |                 | 8,622      |
| 6.3 Insurance, except on real estate   | 5,351     | 34,515                |                | 2,331                            |                 | 42,197     |
| 6.4 Miscellaneous losses   |           |                       |                |                                  |                 |            |
| 6.5 Collection and bank service charges  | 13,710    | 88,438                |                | 5,974                            | 32,325          | 140,447    |
| 6.6 Sundry general expenses  | 6,256     | 40,352                |                | 2,726                            |                 | 49,334     |
| 6.7 Group service and administration fees  | 481       | 3,101                 |                | 209                              |                 | 3,791      |
| 6.8 Reimbursements by uninsured plans  |           |                       |                |                                  |                 |            |
| 7.1 Agency expense allowance   | 3,641     | 23,488                |                | 1,587                            |                 | 28,716     |
| 7.2 Agents' balances charged off (less \$ recovered)                               |           |                       |                |                                  |                 |            |
| 7.3 Agency conferences other than local meetings                                   | 2,643     | 17,050                |                | 1,152                            |                 | 20,845     |
| 9.1 Real estate expenses   |           |                       |                |                                  | 129,787         | 129,787    |
| 9.2 Investment expenses not included elsewhere                                     |           |                       |                |                                  |                 |            |
| 9.3 Aggregate write-ins for expenses   | 175,215   | 1,130,359             |                | 76,346                           |                 | 1,381,920  |
| 10. General expenses incurred  | 592,724   | 3,823,495             |                | 258,267                          | 162,112 (a)     | 4,836,598  |
| 11. General expenses unpaid December 31, prior year                                | 39,202    | 201,684               |                | 27,874                           |                 | 268,760    |
| 12. General expenses unpaid December 31, current year                              | 47,066    | 266,705               |                |                                  |                 | 313,771    |
| 13. Amounts receivable relating to uninsured plans, prior year                     |           |                       |                |                                  |                 |            |
| 14. Amounts receivable relating to uninsured plans, current year                   |           |                       |                |                                  |                 |            |
| 15. General expenses paid during year (Lines 10 + 11 - 12 - 13 + 14)               | 584,860   | 3,758,474             |                | 286,141                          | 162,112         | 4,791,587  |
| <b>DETAILS OF WRITE-INS</b>  |           |                       |                |                                  |                 |            |
| 09.301. Management & consulting Fees   | 105,575   | 681,011               |                | 46,002                           |                 | 832,588    |
| 09.302. Car Lease  | 578       | 3,728                 |                | 252                              |                 | 4,558      |
| 09.303. Reinsurance Assumed Expense  | 69,062    | 445,620               |                | 30,092                           |                 | 544,774    |
| 09.398. Summary of remaining write-ins for Line 9.3 from overflow page             |           |                       |                |                                  |                 |            |
| 09.399. Totals (Line 09.301 through Line 09.303 plus Line 09.398) (Line 9.3 above) | 175,215   | 1,130,359             |                | 76,346                           |                 | 1,381,920  |

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

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

|   | Insurance |                          |                                  | 4<br>Investment | 5<br>Total |
|---|-----------|--------------------------|----------------------------------|-----------------|------------|
|   | 1<br>Life | 2<br>Accident and Health | 3<br>All Other Lines of Business |                 |            |
| 1. Real estate taxes  |           |                          |                                  |                 |            |
| 2. State insurance department licenses and fees                                 | 5,899     | 72,613                   |                                  |                 | 78,512     |
| 3. State taxes on premiums  |           | 65,396                   |                                  |                 | 65,396     |
| 4. Other state taxes, including \$ ..... for employee benefits                  | 6,514     | 80,177                   |                                  |                 | 86,691     |
| 5. U. S. Social Security taxes  | 7,480     | 92,065                   |                                  |                 | 99,545     |
| 6. All other taxes  | 5,631     | 69,311                   |                                  |                 | 74,942     |
| 7. Taxes, licenses and fees incurred  | 25,524    | 379,562                  |                                  |                 | 405,086    |
| 8. Taxes, licenses and fees unpaid December 31, prior year                      | 4,032     | 46,288                   |                                  |                 | 50,320     |
| 9. Taxes, licenses and fees unpaid December 31, current year                    | 2,650     | 32,620                   |                                  |                 | 35,270     |
| 10. Taxes, licenses and fees paid during year (Line 7 plus Line 8 minus Line 9) | 26,906    | 393,230                  |                                  |                 | 420,136    |

**EXHIBIT 4 - DIVIDENDS OR REFUNDS**

|  | 1        | 2                   |
|--|----------|---------------------|
|  | Life     | Accident and Health |
| 1. Applied to pay renewal premiums   | 2,030    |                     |
| 2. Applied to shorten the endowment or premium-paying period                         |          |                     |
| 3. Applied to provide paid-up additions  | 6,890    |                     |
| 4. Applied to provide paid-up annuities  |          |                     |
| 5. Total Line 1 through Line 4   | 8,920    |                     |
| 6. Paid-in cash  | 57,116   |                     |
| 7. Left on deposit   | (13,716) |                     |
| 8. Aggregate write-ins for dividend or refund options                                |          |                     |
| 9. Total Line 5 through Line 8   | 52,320   |                     |
| 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 policies not included in Line 13 |          |                     |
| 15. Total Line 10 through Line 14  |          |                     |
| 16. Total from prior year  |          |                     |
| 17. Total dividends or refunds (Line 9 plus Line 15 minus Line 16)                   | 52,320   |                     |
| <b>DETAILS OF WRITE-INS</b>  |          |                     |
| 0801.  |          |                     |
| 0802.  |          |                     |
| 0803.  |          |                     |
| 0898. Summary of remaining write-ins for Line 8 from overflow page                   |          |                     |
| 0899. Totals (Line 0801 through Line 0803 plus Line 0898) (Line 8 above)             |          |                     |

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

| 1<br>Valuation Standard  | 2<br>Total | 3<br>Industrial | 4<br>Ordinary | 5<br>Credit<br>(Group and Individual) | 6<br>Group |
|--|------------|-----------------|---------------|---------------------------------------|------------|
| (Gross) - Life Insurance   |            |                 |               |                                       |            |
| 1941 SI 3.00% NL   | 1,903      | 1,903           |               |                                       |            |
| 130% 1941 SI 3.00% NL  | 87         | 87              |               |                                       |            |
| 1941 SSI 3.00% NL  | 2,840      | 2,840           |               |                                       |            |
| 1941 SSI 3.00% CRV   | 75,134     | 75,134          |               |                                       |            |
| 130% 1941 SSI 2.50% NL   | 323        | 323             |               |                                       |            |
| 130% 1941 SSI 3.00% NL   | 5,317      | 5,317           |               |                                       |            |
| 1961 CSI 3.50% NL  | 52,677     | 52,677          |               |                                       |            |
| 1961 CSI 3.50% CRV   | 63,736     | 63,736          |               |                                       |            |
| 1961 CIET 3.50% NL   | 40,512     | 40,512          |               |                                       |            |
| 2001 CSO Male ALB 4.00% NL   | 1          |                 |               | 1                                     |            |
| 2001 CSO Male ALB 4.00% CRV  | 25,165     |                 |               | 25,165                                |            |
| 2001 CSO Male NS ALB 4.00% CRV   | 296        |                 |               | 296                                   |            |
| 2001 CSO Male SM ALB 4.00% CRV   | 63         |                 |               | 63                                    |            |
| 2001 CSO-C ALB 4.00% CRV   | 1,350      |                 |               | 1,350                                 |            |
| 2001 CSO Female ALB 4.00% CRV  | 44,316     |                 |               | 44,316                                |            |
| 2001 CSO Female NS ALB 4.00% CRV   | 89         |                 |               | 89                                    |            |
| 1980 CSO Male ALB 4.00% NL   | 16,399     |                 |               | 16,399                                |            |
| 1980 CSO Male ALB 4.00% CRV  | 366,278    |                 |               | 366,278                               |            |
| 1980 CSO Male ALB 4.50% NL   | 489,087    |                 |               | 489,087                               |            |
| 1980 CSO Male ALB 4.50% CRV  | 105,112    |                 |               | 105,112                               |            |
| 1980 CSO Male ALB 5.00% NL   | 175,301    |                 |               | 175,301                               |            |
| 1980 CSO Male ALB 5.50% NL   | 378,127    |                 |               | 378,127                               |            |
| 1980 CSO Male ALB 5.50% CRV  | 526,054    |                 |               | 526,054                               |            |
| 1980 CSO-C ALB 4.00% CRV   | 153,347    |                 |               | 153,347                               |            |
| 1980 CSO-C ALB 4.50% CRV   | 1,245,659  |                 |               | 1,245,659                             |            |
| 1980 CSO-C ALB 5.00% CRV   | 606,537    |                 |               | 606,537                               |            |
| 1980 CSO-C ALB 5.25% CRV   | 2,086,326  |                 |               | 2,086,326                             |            |
| 1980 CSO Female ALB 4.00% NL   | 15,214     |                 |               | 15,214                                |            |
| 1980 CSO Female ALB 4.00% CRV  | 498,122    |                 |               | 498,122                               |            |
| 1980 CSO Female ALB 4.50% NL   | 1,107,030  |                 |               | 1,107,030                             |            |
| 1980 CSO Female ALB 4.50% CRV  | 206,934    |                 |               | 206,934                               |            |
| 1980 CSO Female ALB 5.00% NL   | 497,561    |                 |               | 497,561                               |            |
| 1980 CSO Female ALB 5.50% NL   | 662,580    |                 |               | 662,580                               |            |
| 1980 CSO Female ALB 5.50% CRV  | 82,285     |                 |               | 82,285                                |            |
| 1980 CET-C ALB 4.50% NL  | 14,996     |                 |               | 14,996                                |            |
| 1980 CET-C ALB 5.00% NL  | 7,202      |                 |               | 7,202                                 |            |
| 1980 CET-C ALB 5.25% NL  | 49,268     |                 |               | 49,268                                |            |
| 1941 CSO 2.25% NL  | 16,988     |                 |               | 16,988                                |            |
| 1941 CSO 2.50% NL  | 8,500      |                 |               | 8,500                                 |            |
| 1941 CSO 2.50% CRV   | 6,067      |                 |               | 6,067                                 |            |
| 1941 CSO 3.00% CRV   | 55,549     |                 |               | 55,549                                |            |
| 1941 CSO 3.50% NL  | 136,953    |                 |               | 136,953                               |            |
| 1941 CSO 3.50% CRV   | 114,418    |                 |               | 114,418                               |            |
| 1941 CSO Joint 3.50% NL  | 4,652      |                 |               | 4,652                                 |            |
| 1941 CSO Joint 3.50% CRV   | 8,628      |                 |               | 8,628                                 |            |
| 1958 CSO 2.5% NLP  | 1,844      |                 |               | 1,844                                 |            |
| 1958 CSO 2.75% NL  | 18,525     |                 |               | 18,525                                |            |
| 1958 CSO 2.75% CRV   | 141,510    |                 |               | 141,510                               |            |
| 1958 CSO 3.00% NL  | 15,648     |                 |               | 15,648                                |            |
| 1958 CSO 3.00% CRV   | 390,196    |                 |               | 390,196                               |            |
| 1958 CSO 3.50% NL  | 720,780    |                 |               | 720,780                               |            |
| 1958 CSO 4.00% NL  | 16,572     |                 |               | 16,572                                |            |
| 1958 CSO 4.00% CRV   | 296,020    |                 |               | 296,020                               |            |
| 1958 CET 2.75% NL  | 4,753      |                 |               | 4,753                                 |            |
| 1958 CET 3.00% NL  | 6,514      |                 |               | 6,514                                 |            |
| 1958 CET 3.5% NLP  | 232,776    |                 |               |                                       | 232,776    |
| 1958 CSO ALB 3.50% NL  | 267,715    |                 |               | 267,715                               |            |
| 1958 CSO ALB 3.50% CRV   | 472,402    |                 |               | 472,402                               |            |
| 1958 CSO ALB 4.00% NL  | 77,980     |                 |               | 77,980                                |            |
| 1958 CSO ALB 4.00% CRV   | 183,748    |                 |               | 183,748                               |            |
| 1958 CSO ALB 4.50% NL  | 20,209     |                 |               | 20,209                                |            |
| 1958 CSO ALB 4.50% CRV   | 260,272    |                 |               | 260,272                               |            |
| 1958 CSO Joint ALB 3.50% NL  | 97,194     |                 |               | 97,194                                |            |
| 1958 CSO Joint ALB 3.50% CRV   | 21,380     |                 |               | 21,380                                |            |
| 1958 CSO Joint ALB 4.00% CRV   | 30,677     |                 |               | 30,677                                |            |
| 1980 CSO 6% CRVM   | 3,814,236  |                 |               | 3,814,236                             |            |
| Unearned Premiums  | 3,326      |                 |               | 617                                   | 2,709      |
| American Experience 3.50% NL   | 4,870      |                 |               | 4,870                                 |            |
| American Experience 3.50% CRV  | 7,415      |                 |               | 7,415                                 |            |
| 0199997 - TOTALS (Gross) - Life Insurance  | 17,061,545 | 242,529         | 16,583,531    | 232,776                               | 2,709      |
| 0199998 - Reinsurance ceded - Life Insurance   | 13,564,467 |                 | 13,561,758    |                                       | 2,709      |
| 0199999 - TOTALS (Net) - Life Insurance  | 3,497,078  | 242,529         | 3,021,773     | 232,776                               |            |
| (Gross) - Annuities (excluding supplementary contracts with life contingencies)                  |            |                 |               |                                       |            |
| Premium Paying and paid Up   | 830,318    |                 | 830,318       |                                       |            |
| Deferred Annuities   | 97,211     |                 | 97,211        |                                       |            |
| Annuities in Payment   | 367,874    |                 | 367,874       |                                       |            |
| 0299997 - TOTALS (Gross) - Annuities (excluding supplementary contracts with life contingencies) | 1,295,403  |                 | 1,295,403     |                                       |            |
| 0299999 - TOTALS (Net) - Annuities (excluding supplementary contracts with life contingencies)   | 1,295,403  |                 | 1,295,403     |                                       |            |
| (Gross) - Supplementary Contracts with Life Contingencies  |            |                 |               |                                       |            |
| Supplemental Contracts   | 9,000      |                 | 9,000         |                                       |            |
| 0399997 - TOTALS (Gross) - Supplementary Contracts with Life Contingencies                       | 9,000      |                 | 9,000         |                                       |            |
| 0399999 - TOTALS (Net) - Supplementary Contracts with Life Contingencies                         | 9,000      |                 | 9,000         |                                       |            |
| (Gross) - Accidental Death Benefits  |            |                 |               |                                       |            |
| 1959 ADB 3%  | 26,143     |                 | 26,143        |                                       |            |
| 1958 CSO 3%  | 14,186     |                 | 14,186        |                                       |            |
| 0499997 - TOTALS (Gross) - Accidental Death Benefits   | 40,329     |                 | 40,329        |                                       |            |
| 0499998 - Reinsurance ceded - Accidental Death Benefits  | 33,995     |                 | 33,995        |                                       |            |
| 0499999 - TOTALS (Net) - Accidental Death Benefits   | 6,334      |                 | 6,334         |                                       |            |
| (Gross) - Disability - Active Lives  |            |                 |               |                                       |            |
| 1952 Disability Study  | 12,652     |                 | 12,652        |                                       |            |
| 0599997 - TOTALS (Gross) - Disability - Active Lives   | 12,652     |                 | 12,652        |                                       |            |
| 0599998 - Reinsurance ceded - Disability - Active Lives  | 10,390     |                 | 10,390        |                                       |            |
| 0599999 - TOTALS (Net) - Disability - Active Lives   | 2,262      |                 | 2,262         |                                       |            |
| (Gross) - Disability - Disabled Lives  |            |                 |               |                                       |            |
| 1952 Disability Study  | 285,481    |                 | 274,749       |                                       | 10,732     |
| 0699997 - TOTALS (Gross) - Disability - Disabled Lives   | 285,481    |                 | 274,749       |                                       | 10,732     |
| 0699998 - Reinsurance ceded - Disability - Disabled Lives  | 247,289    |                 | 237,289       |                                       | 10,000     |
| 0699999 - TOTALS (Net) - Disability - Disabled Lives   | 38,192     |                 | 37,460        |                                       | 732        |

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

| 1<br>Valuation Standard  | 2<br>Total | 3<br>Industrial | 4<br>Ordinary | 5<br>Credit<br>(Group and Individual) | 6<br>Group |
|--|------------|-----------------|---------------|---------------------------------------|------------|
| (Gross) - Miscellaneous Reserves   |            |                 |               |                                       |            |
| For excess of valuation net premiums over corresponding gross premiums     | 68,249     |                 | 68,249        |                                       |            |
| For non-deduction of deferred fractional premiums at the death of the insu | 61,831     |                 | 61,831        |                                       |            |
| For surrender values in excess of reserves otherwise required and carried  | 114,520    |                 | 114,520       |                                       |            |
| Additional actuarial reserves  | 4,790      |                 | 4,790         |                                       |            |
| Immediate payment claims reserve   | 162,236    | 3,880           | 154,620       | 3,724                                 | 12         |
| Proceeds on deposit  | 48,424     |                 | 48,424        |                                       |            |
| 0799997 - TOTALS (Gross) - Miscellaneous Reserves                          | 460,050    | 3,880           | 452,434       | 3,724                                 | 12         |
| 0799998 - Reinsurance ceded - Miscellaneous Reserves                       | 359,319    |                 | 359,319       |                                       |            |
| 0799999 - TOTALS (Net) - Miscellaneous Reserves                            | 100,731    | 3,880           | 93,115        | 3,724                                 | 12         |
| 9999999 - TOTALS (Net) - Page 3, Line 1                                    | 4,949,000  | 246,409         | 4,465,347     | 236,500                               | 744        |

**EXHIBIT 5 - INTERROGATORIES**

- 1.1 Has the reporting entity ever issued both participating and non-participating contracts? Yes (X) No ( )
- 1.2 If not, state which kind is issued.  
.....
- 2.1 Does the reporting entity at present issue both participating and non-participating contracts? Yes ( ) No (X)
- 2.2 If not, state which kind is issued.  
Non-Participating
- 3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements?  
If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions. Yes ( ) No (X)
- 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 the 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.  
.....

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

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

NONE

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

|   | 1<br>Total | 2<br>Group<br>Accident and Health | 3<br>Credit Accident<br>and Health<br>(Group and<br>Individual) | 4<br>Collectively<br>Renewable | Other Individual Contracts |                              |  |                             |                   |
|---|------------|-----------------------------------|---|--------------------------------|----------------------------|------------------------------|--|-----------------------------|-------------------|
|   |            |                                   |   |                                | 5<br>Non-Cancelable        | 6<br>Guaranteed<br>Renewable | 7<br>Non-Renewable<br>for Stated<br>Reasons Only | 8<br>Other<br>Accident Only | 9<br>All<br>Other |
| <b>ACTIVE LIFE RESERVE</b>  |            |                                   |   |                                |                            |                              |  |                             |                   |
| 1. Unearned premium reserves  |            |                                   |   |                                |                            |                              |  |                             |                   |
| 2. Additional contract reserves (a)                                 | 168,470    |                                   |   |                                |                            |                              |  |                             | 168,470           |
| 3. Additional actuarial reserves - Asset/Liability analysis         |            |                                   |   |                                |                            |                              |  |                             |                   |
| 4. Reserve for future contingent benefits                           |            |                                   |   |                                |                            |                              |  |                             |                   |
| 5. Reserve for rate credits   |            |                                   |   |                                |                            |                              |  |                             |                   |
| 6. Aggregate write-ins for reserves                                 |            |                                   |   |                                |                            |                              |  |                             |                   |
| 7. Totals (Gross)   | 168,470    |                                   |   |                                |                            |                              |  |                             | 168,470           |
| 8. Reinsurance ceded  |            |                                   |   |                                |                            |                              |  |                             |                   |
| 9. Totals (Net)   | 168,470    |                                   |   |                                |                            |                              |  |                             | 168,470           |
| <b>CLAIM RESERVE</b>  |            |                                   |   |                                |                            |                              |  |                             |                   |
| 10. Present value of amounts not yet due on claims                  |            |                                   |   |                                |                            |                              |  |                             |                   |
| 11. Additional actuarial reserves - Asset/Liability analysis        | 23,069     |                                   |   |                                |                            |                              |  |                             | 23,069            |
| 12. Reserve for future contingent benefits                          |            |                                   |   |                                |                            |                              |  |                             |                   |
| 13. Aggregate write-ins for reserves                                |            |                                   |   |                                |                            |                              |  |                             |                   |
| 14. Totals (Gross)  | 23,069     |                                   |   |                                |                            |                              |  |                             | 23,069            |
| 15. Reinsurance ceded   |            |                                   |   |                                |                            |                              |  |                             |                   |
| 16. Totals (Net)  | 23,069     |                                   |   |                                |                            |                              |  |                             | 23,069            |
| 17. TOTAL (Net)   | 191,539    |                                   |   |                                |                            |                              |  |                             | 191,539           |
| 18. TABULAR FUND INTEREST   |            |                                   |   |                                |                            |                              |  |                             |                   |
| <b>DETAILS OF WRITE-INS</b>   |            |                                   |   |                                |                            |                              |  |                             |                   |
| 0601  |            |                                   |   |                                |                            |                              |  |                             |                   |
| 0602  |            |                                   |   |                                |                            |                              |  |                             |                   |
| 0603  |            |                                   |   |                                |                            |                              |  |                             |                   |
| 0698. Summary of remaining write-ins for Line 6 from overflow page  |            |                                   |   |                                |                            |                              |  |                             |                   |
| 0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)     |            |                                   |   |                                |                            |                              |  |                             |                   |
| 1301  |            |                                   |   |                                |                            |                              |  |                             |                   |
| 1302  |            |                                   |   |                                |                            |                              |  |                             |                   |
| 1303  |            |                                   |   |                                |                            |                              |  |                             |                   |
| 1398. Summary of remaining write-ins for Line 13 from overflow page |            |                                   |   |                                |                            |                              |  |                             |                   |
| 1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)    |            |                                   |   |                                |                            |                              |  |                             |                   |

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

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Exhibit 7, Deposit Type Contracts

**NONE**

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

**PART 1 - Liability End of Current Year**

|                             | 1         | 2               | Ordinary       |                      |                         | 6                                  | Group          |           | Accident and Health |                               |             |
|-----------------------------|-----------|-----------------|----------------|----------------------|-------------------------|------------------------------------|----------------|-----------|---------------------|-------------------------------|-------------|
|                             |           |                 | 3              | 4                    | 5                       |                                    | 7              | 8         | 9                   | 10                            | 11          |
|                             | Total     | Industrial Life | Life Insurance | Individual Annuities | Supplementary Contracts | Credit Life (Group and Individual) | Life Insurance | Annuities | Group               | Credit (Group and Individual) | Other       |
| 1. Due and unpaid:          |           |                 |                |                      |                         |                                    |                |           |                     |                               |             |
| 1.1 Direct                  |           |                 |                |                      |                         |                                    |                |           |                     |                               |             |
| 1.2 Reinsurance assumed     |           |                 |                |                      |                         |                                    |                |           |                     |                               |             |
| 1.3 Reinsurance ceded       |           |                 |                |                      |                         |                                    |                |           |                     |                               |             |
| 1.4 Net                     |           |                 |                |                      |                         |                                    |                |           |                     |                               |             |
| 2. In course of settlement: |           |                 |                |                      |                         |                                    |                |           |                     |                               |             |
| 2.1 Resisted                |           |                 |                |                      |                         |                                    |                |           |                     |                               |             |
| 2.11 Direct                 |           |                 |                |                      |                         |                                    |                |           |                     |                               |             |
| 2.12 Reinsurance assumed    |           |                 |                |                      |                         |                                    |                |           |                     |                               |             |
| 2.13 Reinsurance ceded      |           |                 |                |                      |                         |                                    |                |           |                     |                               |             |
| 2.14 Net                    |           |                 | (b)            | (b)                  |                         | (b)                                | (b)            |           |                     |                               |             |
| 2.2 Other                   | 78,702    | 1,591           | 15,236         |                      |                         |                                    | 61,875         |           |                     |                               |             |
| 2.21 Direct                 | 78,702    | 1,591           | 15,236         |                      |                         |                                    | 61,875         |           |                     |                               |             |
| 2.22 Reinsurance assumed    |           |                 |                |                      |                         |                                    |                |           |                     |                               |             |
| 2.23 Reinsurance ceded      |           |                 |                |                      |                         |                                    |                |           |                     |                               |             |
| 2.24 Net                    | 78,702    | 1,591           | (b) 15,236     | (b)                  |                         | (b)                                | (b) 61,875     |           | (b)                 | (b)                           | (b)         |
| 3. Incurred but unreported: |           |                 |                |                      |                         |                                    |                |           |                     |                               |             |
| 3.1 Direct                  | 1,502,976 | 154             | 45,929         |                      |                         | 273                                | 5,620          |           | 871,000             |                               | 580,000     |
| 3.2 Reinsurance assumed     |           |                 |                |                      |                         |                                    |                |           |                     |                               |             |
| 3.3 Reinsurance ceded       |           |                 |                |                      |                         |                                    |                |           |                     |                               |             |
| 3.4 Net                     | 1,502,976 | 154             | (b) 45,929     | (b)                  |                         | (b) 273                            | (b) 5,620      |           | (b) 871,000         | (b)                           | (b) 580,000 |
| 4. TOTALS                   |           |                 |                |                      |                         |                                    |                |           |                     |                               |             |
| 4.1 Direct                  | 1,581,678 | 1,745           | 61,165         |                      |                         | 273                                | 67,495         |           | 871,000             |                               | 580,000     |
| 4.2 Reinsurance assumed     |           |                 |                |                      |                         |                                    |                |           |                     |                               |             |
| 4.3 Reinsurance ceded       |           |                 |                |                      |                         |                                    |                |           |                     |                               |             |
| 4.4 Net                     | 1,581,678 | (a) 1,745       | (a) 61,165     |                      |                         | 273                                | (a) 67,495     |           | 871,000             |                               | 580,000     |

(a) Including matured endowments (but not guaranteed annual pure endowments) unpaid amounting to \$ ..... in Column 2, \$ ..... in Column 3 and \$ ..... 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 \$ ....., Individual Annuities \$ ....., Credit Life (Group and Individual) \$ ....., and Group Life \$ ....., are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$ ....., Credit (Group and Individual) Accident and Health \$ ..... and Other Accident and Health \$ ..... are included in Page 3, Line 2, (See Exhibit 6, Claim Reserve).

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

|  | 1<br>Total | 2<br>Industrial<br>Life<br>(a) | Ordinary                      |                              |                                 | 6<br>Credit Life<br>(Group and<br>Individual) | Group                         |                | Accident and Health |   |             |
|--|------------|--------------------------------|-------------------------------|------------------------------|---------------------------------|---|-------------------------------|----------------|---------------------|---|-------------|
|  |            |                                | 3<br>Life<br>Insurance<br>(b) | 4<br>Individual<br>Annuities | 5<br>Supplementary<br>Contracts |   | 7<br>Life<br>Insurance<br>(c) | 8<br>Annuities | 9<br>Group          | 10<br>Credit<br>(Group and<br>Individual) | 11<br>Other |
| 1. Settlements during the year:                                  |            |                                |                               |                              |                                 |   |                               |                |                     |   |             |
| 1.1 Direct   | 15,530,557 | 15,873                         | 2,140,481                     | 193,022                      |                                 | 18,082  | 98,000                        |                | 10,334,135          |   | 2,730,964   |
| 1.2 Reinsurance assumed  | 1,844,559  |                                |                               |                              |                                 |   |                               |                |                     |   | 1,844,559   |
| 1.3 Reinsurance ceded  | 9,546,810  |                                | 1,829,235                     |                              |                                 |   |                               |                | 6,945,838           |   | 771,737     |
| 1.4 Net (d)  | 7,828,306  | 15,873                         | 311,246                       | 193,022                      |                                 | 18,082  | 98,000                        |                | 3,388,297           |   | 3,803,786   |
| 2. Liability December 31, current year from Part 1:              |            |                                |                               |                              |                                 |   |                               |                |                     |   |             |
| 2.1 Direct   | 1,581,678  | 1,745                          | 61,165                        |                              |                                 | 273   | 67,495                        |                | 871,000             |   | 580,000     |
| 2.2 Reinsurance assumed  |            |                                |                               |                              |                                 |   |                               |                |                     |   |             |
| 2.3 Reinsurance ceded  |            |                                |                               |                              |                                 |   |                               |                |                     |   |             |
| 2.4 Net  | 1,581,678  | 1,745                          | 61,165                        |                              |                                 | 273   | 67,495                        |                | 871,000             |   | 580,000     |
| 3. Amounts recoverable from reinsurers December 31, current year | 785,062    |                                | 260,171                       |                              |                                 |   |                               |                | 422,734             |   | 102,157     |
| 4. Liability December 31, prior year:                            |            |                                |                               |                              |                                 |   |                               |                |                     |   |             |
| 4.1 Direct   | 1,456,452  | 3,092                          | 28,527                        |                              |                                 | 188   | 70,145                        |                | 704,500             |   | 650,000     |
| 4.2 Reinsurance assumed  | 18,962     |                                |                               |                              |                                 |   |                               |                |                     |   | 18,962      |
| 4.3 Reinsurance ceded  |            |                                |                               |                              |                                 |   |                               |                |                     |   |             |
| 4.4 Net  | 1,475,414  | 3,092                          | 28,527                        |                              |                                 | 188   | 70,145                        |                | 704,500             |   | 668,962     |
| 5. Amounts recoverable from reinsurers December 31, prior year   | 1,104,963  |                                | 223,616                       |                              |                                 |   |                               |                | 822,513             |   | 58,834      |
| 6. Incurred Benefits:  |            |                                |                               |                              |                                 |   |                               |                |                     |   |             |
| 6.1 Direct   | 15,655,783 | 14,526                         | 2,173,119                     | 193,022                      |                                 | 18,167  | 95,350                        |                | 10,500,635          |   | 2,660,964   |
| 6.2 Reinsurance assumed  | 1,825,597  |                                |                               |                              |                                 |   |                               |                |                     |   | 1,825,597   |
| 6.3 Reinsurance ceded  | 9,226,909  |                                | 1,865,790                     |                              |                                 |   |                               |                | 6,546,059           |   | 815,060     |
| 6.4 Net  | 8,254,471  | 14,526                         | 307,329                       | 193,022                      |                                 | 18,167  | 95,350                        |                | 3,954,576           |   | 3,671,501   |

(a) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ 5,708 in Line 1.1, \$ 5,708 in Line 1.4.  
\$ 5,708 in Line 6.1 and \$ 5,708 in Line 6.4.

(b) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ 11,673 in Line 1.1, \$ 11,673 in Line 1.4.  
\$ 11,673 in Line 6.1 and \$ 11,673 in Line 6.4.

(c) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ in Line 1.1, \$ in Line 1.4.  
\$ in Line 6.1 and \$ in Line 6.4.

(d) Includes \$ premiums waived under total and permanent disability benefits.

**EXHIBIT OF NONADMITTED ASSETS**

|   | 1  | 2                                      | 3  |
|---|--|--|--|
|   | Current Year Total<br>Nonadmitted Assets | Prior Year Total<br>Nonadmitted Assets | Change in Total<br>Nonadmitted Assets<br>(Col. 2 - Col. 1) |
| 1. Bonds (Schedule D)   |  |  |  |
| 2. Stocks (Schedule D):   |  |  |  |
| 2.1 Preferred stocks  |  |  |  |
| 2.2 Common stocks   |  |  |  |
| 3. Mortgage loans on real estate (Schedule B):  |  |  |  |
| 3.1 First liens   |  |  |  |
| 3.2 Other than first liens  |  |  |  |
| 4. Real estate (Schedule A):  |  |  |  |
| 4.1 Properties occupied by the company  |  |  |  |
| 4.2 Properties held for the production of income  |  |  |  |
| 4.3 Properties held for sale  |  |  |  |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)            |  |  |  |
| 6. Contract loans   |  |  |  |
| 7. Derivatives  |  |  |  |
| 8. Other invested assets (Schedule BA)  |  |  |  |
| 9. Receivable for securities  |  |  |  |
| 10. Securities lending reinvested collateral assets   |  |  |  |
| 11. Aggregate write-ins for invested assets   |  |  |  |
| 12. Subtotals, cash and invested assets (Line 1 to Line 11)   |  |  |  |
| 13. Title plants (for Title insurers only)  |  |  |  |
| 14. Investment income due and accrued   |  |  |  |
| 15. Premiums and considerations:  |  |  |  |
| 15.1 Uncollected premiums and agents' balances in the course of collection  | 659,260                                  | 1,063,985                              | 404,725  |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due                         |  |  |  |
| 15.3 Accrued retrospective premiums   |  |  |  |
| 16. Reinsurance:  |  |  |  |
| 16.1 Amounts recoverable from reinsurers  |  |  |  |
| 16.2 Funds held by or deposited with reinsured companies  |  |  |  |
| 16.3 Other amounts receivable under reinsurance contracts   |  |  |  |
| 17. Amounts receivable relating to uninsured plans  |  |  |  |
| 18.1 Current federal and foreign income tax recoverable and interest thereon  |  |  |  |
| 18.2 Net deferred tax asset   |  |  |  |
| 19. Guaranty funds receivable or on deposit   | 55,427                                   | 55,427                                 |  |
| 20. Electronic data processing equipment and software   |  |  |  |
| 21. Furniture and equipment, including health care delivery assets  | 306,037                                  | 355,796                                | 49,759   |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates  |  |  |  |
| 23. Receivable from parent, subsidiaries and affiliates   | 625,000                                  | 150,000                                | (475,000)  |
| 24. Health care and other amounts receivable  |  |  |  |
| 25. Aggregate write-ins for other than invested assets  | 46,590                                   | 49,721                                 | 3,131  |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts<br>(Line 12 to Line 25) | 1,692,314                                | 1,674,929                              | (17,385)   |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts   |  |  |  |
| 28. Total (Line 26 and Line 27)   | 1,692,314                                | 1,674,929                              | (17,385)   |
| <b>DETAILS OF WRITE-INS</b>   |  |  |  |
| 1101.   |  |  |  |
| 1102.   |  |  |  |
| 1103.   |  |  |  |
| 1198. Summary of remaining write-ins for Line 11 from overflow page   |  |  |  |
| 1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)   |  |  |  |
| 2501. Account Receivable  | 700                                      | 400                                    | (300)  |
| 2502. Deferred Charges and Prepayment   | 45,890                                   | 49,321                                 | 3,431  |
| 2503.   |  |  |  |
| 2598. Summary of remaining write-ins for Line 25 from overflow page   |  |  |  |
| 2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)   | 46,590                                   | 49,721                                 | 3,131  |

**NOTES TO FINANCIAL STATEMENTS****NOTES TO FINANCIAL STATEMENTS**

## 1. Summary of Significant Accounting Policies

## A. Accounting Practices

The accompanying financial statements have been prepared on the basis of accounting practices prescribed or permitted by the National Association of Insurance Commissioners adopted by the Office of the Commissioner of Insurance of the Commonwealth of Puerto Rico. There was no deviation between the accounting practices prescribed or permitted by the National Association of Insurance Commissioners and the Puerto Rico Insurance Code and Administrative Rules.

## B. Use of Estimated in the Preparation of the Financial Statements

The preparation of financial statements in accordance with statutory accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting 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. Deposits on deposit-type contracts are entered directly as a liability when received. Health premiums are earned ratably over the term of the related insurance and reinsurance contract or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition cost such as sales commission, are charged to operations when incurred.

In addition, the company uses the following accounting policies:

1. Short-term investments are stated at amortized cost. Other investments consist of certificates of deposit with original maturities in excess of one year at the time of purchase.
2. Bonds not backed by other loans are generally stated at amortized cost. Accretion of discount and amortization of premium are recognized as an interest yield adjustment using a method that approximates the interest method.
3. Common stocks are stated at market.
4. Preferred stocks are stated at cost, lower of cost or amortized cost, or fair values depending on the assigned credit rating and whether the preferred stock has mandatory sinking fund provisions.
5. Mortgage loans on real estate are reported at the balance of unpaid principal less valuation allowance.
6. Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair value. Premiums and discounts on loan-backed securities are amortized using a method that approximates the interest method.
7. The accounting policies of the insurer with respect to investment in subsidiaries – Not applicable.
8. The accounting policies of the insurer with respect to investments in joint ventures – Not applicable.
9. The accounting policies for derivatives – Not applicable.
10. The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.

## NOTES TO FINANCIAL STATEMENTS

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11. Liabilities for losses and loss/claim adjustment expenses for accident health contracts are estimated by the Company's valuation actuary using statistical claim development models to develop best estimates of liabilities for medical expense business and using tabular reserves employing mortality/morbidity.
  12. The Company has not modified its capitalization policy from the prior period.
  13. Pharmaceutical rebates receivables – Not Applicable.
2. Accounting Changes and Corrections of Errors
    - A. Correction of Errors : None
  3. Business Combinations and Goodwill
    - A. Statutory Purchase Method – Not Applicable
    - B. Statutory Merger – Not Applicable
    - C. Assumption Reinsurance – Not Applicable
    - D. Impairment Loss – Not Applicable
  4. Discontinued Operations
 

Not Applicable
  5. Investments
    - A. Mortgage Loan – Not Applicable
    - B. Debt Restructuring – Not Applicable
    - C. Reverse Mortgage – Not Applicable
    - D. Loan-Backed Securities
      1. The Company has elected to use the book value as of January 1, 1994 as the cost for applying the retrospective adjustment method to securities purchase prior to that date.
      2. Prepayment assumption for single class and multi-class mortgage-backed/asset-backed securities were obtained from broker dealer survey values.
      3. The Company had no negative yield situations requiring a change from the retrospective to prospective methodology.
    - E. Repurchase Agreements – Not Applicable.
    - F. Real Estate – Not Applicable.
    - G. The Company has no investments in low-income housing tax credits.
  6. Joint Ventures, Partnerships and Limited Liability Companies
    - A. The Company has no investments in joint ventures, partnerships or limited liability companies that exceed 10% of its admitted assets.
    - B. The Company did not recognize any impairment write down for its investments in joint ventures, partnerships and limited liability companies during the statement periods.
  7. Investment Income
    - A. Due and accrued income was excluded from surplus on the following bases:
      1. Bonds: All investment income due and accrued on bonds in or near default or that is over 60 days past due.
    - B. The total amount excluded:
      1. Bonds: \$0

**NOTES TO FINANCIAL STATEMENTS**

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## 8. Derivatives Instruments

Not Applicable

## 9. Income Taxes

- A. The Company does not have deferred income tax or deferred tax liability.
- B. The Company does not have deferred income tax or deferred tax liability.
- C. Disclose the significant components of income taxes incurred – Not Applicable.
- D. Disclose the nature of significant reconciling items – Not Applicable.
- E. The Company is not subject to Federal Income Tax.
- F. The Company is not subject to Federal Income Tax.

## 10. Information concerning Parent, Subsidiaries, and Affiliates

- A. North America Life Insurance Company, a corporation domiciled in Texas, US owns 100% of the outstanding shares of the Company. Also the Company owns 100% of the common stocks of Interamerican Marketing Corporation and International Systems & Service Corporation, these stocks have no statement value.
- B. Effective January 1, 2006, the Company entered into an agreement with North America Holdings (NAH) under which, NAH provides financial consulting services to the Company for an annual fee of \$400,000 payable on a quarterly basis. Total management fees associated with this agreement for the quarter ended **December 31, 2010** amounted to **\$400,000**. On April 1, 2008 the Company entered into a promissory note with NAH which has been subsequently amended in the outstanding amount of \$625,000. The promissory note bears interest 7% and the interest is due by NAH on the first day of each month. The entire principal amount and the accrued interest shall be finally due on April 1, 2013. As of **December 31, 2010**, the interest due was **\$18,641**. During 2008, the company entered into an agreement with NALIC under which the Company provides administration services of NALIC's final expense and preneed insurance business for \$25 per annum per premium-paying policy and \$12 per annum per paid-up policy inforce at the end of each month. This agreement was ended in August 31, 2010.
- C. The Company has not made change in the method of establish each transaction.
- D. The amount due from the Parent company is related to a promissory note accrued interest in the amount of **\$18,641**.
- E. There are no guarantees or undertaking for the benefit of a subsidiary party, other that disclosed in Note 10A.
- F. The Company has a Management and Consulting agreement with the Parent Company as disclosed in Note 10A.
- G. The Company's 99% of outstanding shares are owed by our Parent Company. However, the company operations are autonomous.
- H. Not applicable.
- I. The company does not have investment in an SCA.

## NOTES TO FINANCIAL STATEMENTS

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J. Not applicable.

K. The Company has no investments in foreign insurance subsidiaries.

L. The Company has no investment in downstream noninsurance holding companies.

11. The Company has the following outstanding debenture

Effective June 30, 2004 the company acquired the building occupied as its main offices. The building was formerly owned by the parent's holding company. As part of the transaction the company entered into an agreement with a financial institution to assume a mortgage loan amounting to \$1,132,000. [The outstanding loan balance is \\$631,127 and \\$705,791 as of December 31, 2010 and December 31, 2009 respectively.](#)

The Company does not have any reverse repurchase agreement.

12. Retirement Plan Deferred Compensation, Compensation, Postemployment Benefits, Compensated Absences and Other Postretirement Benefit Plans.

A. Defined Benefit Plan

The Company sponsored until December 31, 2003 a non-contributory defined benefit pension plan covering substantially all of its employees. The Atlantic Southern Insurance Company of Puerto Rico Administrative Employees Retirement Plan was amended to freeze that were participants prior to December 31, 2003 became 100% vested. No new participants are allowed in the plan.

B. Defined Contribution Plans

Effective January 1<sup>st</sup>, 2004 the Company implemented a defined contribution pension plan for the benefits of all administrative employees. The employees are allowed to make deferred tax contributions up to 10% and not to exceed \$9,000. The company matches contributions up to 3% of the annualized salaries provided that the employees have more than one year employed and contribute at least 6% of their annualized salaries to the plan.

C. Multiemployer Plans – Not Applicable.

D. Consolidated/Holding Company Plans – Not Applicable.

E. Postemployment Benefits and Compensated Absences – Not Applicable.

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

1. The Company's capital is common stock, 200,000 shares authorized, \$20 par value each, 131,695 shares issued and outstanding. The par value was increased from \$10 to \$20 increasing the value of the outstanding shares to \$2,633,900. All previously issued shares were cancelled and new shares were issued effective December 31, 2005.
2. The Company does not have any preferred stocks.
3. 4. and 5. Dividends on Company stock are paid as declared by its Board of Directors. Dividends are restricted only to the extent of the accumulated unassigned surplus.
6. There have been no advances to surplus.
7. The Company does not have stock held for especial purposes.

**NOTES TO FINANCIAL STATEMENTS**

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- 8. The Company does not have especial surplus fund.
- 9. The Company does not have cumulative unrealized gains and losses.
- 10. The Company does not issue any surplus notes or debentures or similar obligations.
- 11. and 12. There has been no restatement of surplus due to quasi-reorganizations.
- 12. The Company did not paid dividends this year.

14. Contingencies

- A. Contingent Commitments – Not Applicable
- B. Assessments – Not Applicable
- C. Gain Contingencies – Not Applicable
- D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits – Not Applicable
- E. All Other Contingencies – Not Applicable

15. Leases

- A. Lessee Leasing arrangements.  
The Company leases an automobile under cancelable operating lease that expire through September, 2012. [Rental expense for 2010 and 2009 was \\$4,558 and \\$ 13,509, respectively.](#)

The Company has no sublease or sale-leaseback transactions.

- B. Lessor Leases  
The Company lease is an insignificant part of the business activities. The Company has no leveraged lease transactions.

16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentration of Credit Risk.

- A. Financial Instruments with Off-Balance Sheet risk – Not applicable.
- B. Financial instruments with concentrations of credit risk – Not applicable.

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

Not Applicable

**NOTES TO FINANCIAL STATEMENTS**

## 18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans.

## A. ASO Plans:

The gain from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans was as follow during 2010:

|   | (1)                                | (2)   | (3)                  |
|---|------------------------------------|---|----------------------|
|   | <u>ASO<br/>Uninsured<br/>Plans</u> | <u>Uninsured<br/>Portion of<br/>Partially Insured<br/>Plans</u> | <u>Total<br/>ASO</u> |
| a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expense. | \$26,170                           | \$0   | \$26,170             |
| b. Total net other income or expenses (including interest paid to or received from plans)                     | 0                                  | 0   | 0                    |
| c. Net gain or (loss) from operations   | \$26,170                           | 0   | \$26,170             |
| d. Total claim payment volume   | \$2,769,921                        | \$0   | \$2,769,921          |

## B. ASC Plans – Not Applicable

C. Medicare or Other similarly structured cost based reimbursement contract  
Not Applicable.19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators  
Not Applicable.

## 20. Other Items

- A. Extraordinary Items – Not applicable.
- B. Troubled debt restructuring – Not applicable.
- C. Other disclosures – Not applicable.
- D. Balance that is reasonably possible to be uncollectible – Not applicable.
- E. Noncash transactions – Not applicable.
- F. The Company has no investments in State transferable Tax Credits.
- G. The Company has no deposits admitted under Section 6603 of the Internal Service Code,
- H. The Company has no investments in Hybrid Securities.
- I. The Company has no exposure to subprime mortgage risk.

## 21. Events Subsequent

Type I – Not applicable.

Type II – Not applicable.

## 22. Reinsurance

## A. Ceded Reinsurance Report

## Section 1 – General Interrogatories

1. Are any of the reinsurers, listed in Schedule S as non-affiliated, owed in excess of 10% of controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company? ( ) Yes (X) No
2. Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) which is owed 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 (X) No

**NOTES TO FINANCIAL STATEMENTS**

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

## Section 3 – Ceded Reinsurance Report – Part B

1. What is the estimated amount of the aggregate reduction in surplus, for agreements, not 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 excluded or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts which were in-force or which had existing reserves established by the company as of the effective date of the agreement? ( ) Yes (X ) No

## B. Uncollectible Reinsurance

The Company has not written off any uncollectible reinsurance during the year.

## C. Commutation of reinsurance reflected in Income and Expenses

The Company has not commuted any ceded reinsurance during the year.

## 23. Retrospectively Rated Contracts &amp; Subject to Redetermination

Not Applicable

## 24. Change in Incurred Losses and Loss Adjustments Expenses

Reserves on accident and health contracts for incurred losses and loss adjustment expenses attributable to insured events of prior years developed as anticipated during 2010. See Schedule H – Part 3 and the Five Year Historical Data. Original estimates are increased or decreased as additional information becomes known regarding claims. However, no significant trends or unanticipated events were noted in 2010. None of the Company's accident and health contracts are subject to retrospective rating.

## 25. Intercompany Pooling Arrangements

Not Applicable

## 26. Structured Settlements

The Company has not purchased any structured settlements to fulfill obligations of claimants.

## 27. Health Care Receivable

**NOTES TO FINANCIAL STATEMENTS**

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- A. Pharmaceutical rebate Receivables  
None
- B. Risk Sharing Receivables  
None

28. Participating Policies

For the year ended December 31, 2010, life premium for participating policies were \$29,443.

29. Premium Deficiency Reserves

Not applicable.

30. Reserves for Life Contracts and Annuity Contracts

1. The Company waives deduction of deferred fractional premium upon death of the insured and holds net premium reserves on mortality and interest consistent with the basis of the policies. The Company does not return any portion of the final premium for periods beyond the date of death. Surrender values are not promised in excess of the legally computed reserves.
2. Additional premiums are charged for ordinary life policies issued on substandard lives according to underwriting classification. The corresponding reserves held on such policies are calculated using the same interest rate as standard policies but employing mortality rates which are multiples of standard mortality.
3. As of December 31, 2010, the Company had no material insurance in force for which the gross premiums were less than the net premiums.
4. The Tabular Interest, the Tabular less Actual reserves released, and the Tabular Cost have been determined by formula as describe in the instructions.
5. Tabular Interest has been determined exactly according to amounts credited to each contract.
6. Other reserves changes – Not applicable.

**NOTES TO FINANCIAL STATEMENTS**

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

Withdrawal characteristics of annuity actuarial reserves and deposit-type contract funds and other liabilities without life or disability contingencies.

|    |  | (1)<br>Amount   | (2)<br>% of Total |
|----|--|-----------------|-------------------|
| A. | Subject to discretionary withdrawal:   |                 |                   |
|    | (1) With market value adjustment   |                 |                   |
|    | (2) At book value less current surrender charge of 5% or more                      |                 |                   |
|    | (3) At fair value  |                 |                   |
|    | (4) Total with adjustment or at market value (Total of 1 through 3)                |                 |                   |
|    | (5) At book value without adjustment (minimal or no charge or adjustment)          | \$ 1,304,404.00 | 100%              |
| B. | Not subject to discretionary withdrawal  | 0               |                   |
| C. | Total (gross)  | \$ 1,304,404.00 | 100%              |
| D. | Reinsurance ceded  | 0               |                   |
| E. | Total (net)*(C)-(D)  | \$ 1,304,404.00 | 100%              |
|    | *Reconciliation of total annuity actuarial reserve and deposit fund liabilities.   |                 |                   |
| F. | Life & Accident & Health Annual Statement  |                 |                   |
|    | (1) Exhibit 5, Annuities Section, Total (net)                                      | \$ 1,295,404.00 |                   |
|    | (2) Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total(net) | 9,000.00        |                   |
|    | (3) Exhibit 7, line 14, Column 1   | 0               |                   |
|    | (4) Subtotal   | \$1,304,404.00  |                   |
|    | Separate Accounts Annual Statement   |                 |                   |
|    | (5) Exhibit 3, line 0299999, Column 2  | 0               |                   |
|    | (6) Exhibit 3, line 0399999, Column 2  | 0               |                   |
|    | (7) Page 3, line 2, Column 3   | 0               |                   |
|    | (8) Subtotal   | 0               |                   |
|    | (9) Combined Total   | \$1,304,404.00  |                   |

## 32. Premium and Annuity Considerations Deferred and Unallocated

A. Deferred and uncollected life insurance premiums and annuity considerations as of **December 31, 2010**, were as follows:

|     |                     | (1)<br>Gross   | (2)<br>Net of Loading |
|-----|---------------------|----------------|-----------------------|
| (1) | Industrial          | \$ 3,519.00    | \$ 1,971.00           |
| (2) | Ord. New Business   | 217,710.00     | 61,857.00             |
| (3) | Ordinary Renewal    | 525,856.00     | 349,794.00            |
| (4) | Credit Life         | 27,302.00      | 27,302.00             |
| (5) | Health New Business | 67,586.00      | 27,754.00             |
| (6) | Health Renewal      | 550,391.00     | 513,475.00            |
| (7) | Totals              | \$1,891,093.00 | \$ 982,151.00         |

## 33. Separate Accounts

Not Applicable

**NOTES TO FINANCIAL STATEMENTS**

## 34. Loss/Claim Adjustment Expenses

The activity in the liability for unpaid accident and health claim adjustments expenses is summarized below:

|                           | Year Ended December 31 |              |
|---------------------------|------------------------|--------------|
|                           | 2010                   | 2009         |
| Balance as of January 1   | \$ 1,373,462           | \$ 958,669   |
| Amount incurred:          |                        |              |
| Current year              | 6,092,289              | 5,180,341    |
| Prior years               | 1,533,789              | 1,604,033    |
| Less amount paid:         |                        |              |
| Current year              | 6,014,751              | 4,765,548    |
| Prior years               | 1,533,789              | 1,604,033    |
| Balance as of December 31 | \$ 1,451,000           | \$ 1,373,462 |

**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 ( )
- 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? Puerto Rico
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes ( ) No (X)
- 2.2 If yes, date of change: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008
- 3.2 State the as of date of the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2001
- 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). 02/17/2006
- 3.4 By what department or departments?  
 .....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes (X) No ( ) N/A ( )
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes (X) No ( ) N/A ( )
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes ( ) No (X)  
 4.12 renewals? Yes ( ) No (X)
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes ( ) No (X)  
 4.22 renewals? Yes ( ) No (X)
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes ( ) No (X)
- 5.2 If yes, provide name of the 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<br>Name of Entity | 2<br>NAIC Company Code | 3<br>State of Domicile |
|---------------------|------------------------|------------------------|
| .....               | .....                  | .....                  |
| .....               | .....                  | .....                  |
| .....               | .....                  | .....                  |

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes ( ) No (X)
- 6.2 If yes, give full information:  
 .....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes ( ) No (X)
- 7.2 If yes, ..... %
- 7.21 State the percentage of foreign control;
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g. individual, corporation, government, manager or attorney-in-fact).

| 1<br>Nationality | 2<br>Type of Entity |
|------------------|---------------------|
| .....            | .....               |
| .....            | .....               |
| .....            | .....               |

**GENERAL INTERROGATORIES**

8.1 Is the company a subsidiary of a bank holding company regulated by 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 response to 8.3 is yes, please provide the names and location (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 Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

| 1<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>OTS | 6<br>FDIC | 7<br>SEC |
|---------------------|-----------------------------|----------|----------|----------|-----------|----------|
| .....               | .....                       | .....    | .....    | .....    | .....     | .....    |
| .....               | .....                       | .....    | .....    | .....    | .....     | .....    |

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
 RSMROC & Company  
 Reparto Loyola Calle San Roberto No. 1000 San Juan, PR

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes ( ) No (X)

10.2 If the response to 10.1 is yes, provide information related to this exemption:  
 .....

10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial 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 insurer been granted any exemptions related to the other requirements of the Annual Financial Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes ( ) No (X)

10.6 If the response to 10.5 is yes, provide information related to this exemption:  
 .....

10.7 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes ( ) No (X)

10.8 If the response to 10.7 is no, please explain  
 .....

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
 Hans Dahl  
 1300 Guadalupe, Suite 200 Austin, Texas 78701

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes ( ) No (X)

12.11 Name of real estate holding company  
 .....

12.12 Number of parcels involved  
 .....

12.13 Total book/adjusted carrying value \$ .....

12.2 If yes, provide explanation  
 .....

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
 .....

13.2 Does this statement contain all business transacted for the reporting entity through its United States branch on risks wherever located? Yes ( ) No ( )

13.3 Have there been any changes made to any of the trust indentures during the year? Yes ( ) No ( )

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes ( ) No ( ) N/A (X)

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes (X) No ( )

- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.

14.11 If the response to 14.1 is No, please explain:  
 .....

14.2 Has the code of ethics for senior managers been amended? Yes ( ) No (X)

14.21 If the response to 14.2 is Yes, provide information related to amendment(s).  
 .....

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes ( ) No (X)

14.31 If the response to 14.3 is Yes, provide the nature of any waiver(s).  
 .....

**GENERAL INTERROGATORIES**

**BOARD OF DIRECTORS**

- 15. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes (X) No ( )
- 16. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes (X) No ( )
- 17. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees, or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes (X) No ( )

**FINANCIAL**

- 18. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes ( ) No (X)
- 19.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
 

|  |   |          |
|--|---|----------|
|  | 19.11 To directors or other officers              | \$ ..... |
|  | 19.12 To stockholders not officers                | \$ ..... |
|  | 19.13 Trustees, supreme or grand (Fraternal only) | \$ ..... |
- 19.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
 

|  |   |          |
|--|---|----------|
|  | 19.21 To directors or other officers              | \$ ..... |
|  | 19.22 To stockholders not officers                | \$ ..... |
|  | 19.23 Trustees, supreme or grand (Fraternal only) | \$ ..... |
- 20.1 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 (X)
- 20.2 If yes, state the amount thereof at December 31 of the current year:
 

|  |                            |          |
|--|----------------------------|----------|
|  | 20.21 Rented from others   | \$ ..... |
|  | 20.22 Borrowed from others | \$ ..... |
|  | 20.23 Leased from others   | \$ ..... |
|  | 20.24 Other                | \$ ..... |
- 21.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes ( ) No (X)
- 21.2 If answer is yes:
 

|  |  |          |
|--|--|----------|
|  | 21.21 Amount paid as losses or risk adjustment | \$ ..... |
|  | 21.22 Amount paid as expenses                  | \$ ..... |
|  | 21.23 Other amounts paid                       | \$ ..... |
- 22.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes (X) No ( )
- 22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ ..... 18,641

**INVESTMENT**

- 23.1 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 22.3) Yes (X) No ( )
- 23.2 If no, give full and complete information relating thereto:  
 .....
- 23.3 For the 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 16 where this information is also provided)  
 .....
- 23.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in Risk-Based Capital Instructions? Yes ( ) No ( ) N/A (X)
- 23.5 If answer to 23.4 is YES, report amount of collateral for conforming programs. \$ .....
- 23.6 If answer to 23.4 is NO, report amount of collateral for other programs. \$ .....
- 23.7 Does your security lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes ( ) No ( ) N/A (X)
- 23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes ( ) No ( ) N/A (X)
- 23.9 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)

**GENERAL INTERROGATORIES**

**INVESTMENT**

24.1 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 currently in force? (Exclude securities subject to Interrogatory 20.1 and 23.3)

Yes ( ) No (X)

24.2 If yes, state the amount thereof at December 31 of the current year:

- 24.21 Subject to repurchase agreements \$ .....
- 24.22 Subject to reverse repurchase agreements \$ .....
- 24.23 Subject to dollar repurchase agreements \$ .....
- 24.24 Subject to reverse dollar repurchase agreements \$ .....
- 24.25 Pledged as collateral \$ .....
- 24.26 Placed under option agreements \$ .....
- 24.27 Letter stock or securities restricted as to sale \$ .....
- 24.28 On deposit with state or other regulatory body \$ .....
- 24.29 Other \$ .....

24.3 For category (24.27) provide the following:

| 1<br>Nature of Restriction | 2<br>Description | 3<br>Amount |
|----------------------------|------------------|-------------|
| .....                      | .....            | .....       |
| .....                      | .....            | .....       |
| .....                      | .....            | .....       |

25.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes ( ) No (X)

25.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement. Yes ( ) No ( ) N/A (X)

26.1 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)

26.2 If yes, state the amount thereof at December 31 of the current year. \$ .....

27. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds, and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III General Examination Considerations, F - Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes ( ) No (X)

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

| 1<br>Name of Custodian(s) | 2<br>Custodian's Address |
|---------------------------|--------------------------|
| .....                     | .....                    |
| .....                     | .....                    |
| .....                     | .....                    |

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

| 1<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation (s) |
|--------------|------------------|-------------------------------|
| .....        | .....            | .....                         |
| .....        | .....            | .....                         |
| .....        | .....            | .....                         |

27.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes ( ) No (X)

27.04 If yes, give full and complete information relating thereto:

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|--------------------|--------------------|---------------------|-------------|
| .....              | .....              | .....               | .....       |
| .....              | .....              | .....               | .....       |
| .....              | .....              | .....               | .....       |

27.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

| 1<br>Central Registration Depository Number (s) | 2<br>Name            | 3<br>Address   |
|---|----------------------|--|
| Kovack Securities-7R3-028325 .....              | Rinaldo Diaz .....   | 6451 N Federal Highway Suite 1201 Ft. Lauderdale, FL 33308 ..... |
| Santander Securities - 7CC-113377 .....         | Manuel A. Diaz ..... | B 7 Tabonuco St. STE 1800 Guaynabo, PR .....                     |
| Popular Securities- PSP056545 .....             | Ian Deliz .....      | 209 Munoz Rivera Ave Popular Center San Juan PR .....            |

**GENERAL INTERROGATORIES**

28.1 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)

28.2 If yes, complete the following schedule:

| 1<br>CUSIP#                      | 2<br>Name of Mutual Fund | 3<br>Book/Adjusted Carrying Value |
|----------------------------------|--------------------------|-----------------------------------|
| .....                            | .....                    | .....                             |
| .....                            | .....                    | .....                             |
| .....                            | .....                    | .....                             |
| .....                            | .....                    | .....                             |
| Line 28. 2998 from Overflow page | .....                    | .....                             |
| Line 28. 2999 TOTAL (9999999)    | .....                    | .....                             |

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

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

29. 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<br>Statement (Admitted) Value | 2<br>Fair Value | 3<br>Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
|-----------------------|---------------------------------|-----------------|--|
| 29.1 Bonds            | \$ .....                        | \$ .....        | \$ .....   |
| 29.2 Preferred stocks | \$ .....                        | \$ .....        | \$ .....   |
| 29.3 Totals           | \$ .....                        | \$ .....        | \$ .....   |

29.4 Describe the sources or methods utilized in determining the fair values:  
.....  
.....

30.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes ( ) No (X)

30.2 If the answer to 30.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes ( ) No ( )

30.3 If the answer to 30.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:  
.....  
.....

31.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securities Valuation Office been followed? Yes (X) No ( )

31.2 If no, list exceptions:  
.....  
.....

**GENERAL INTERROGATORIES**

OTHER

32.1 Amount of payments to Trade Associations, service organizations and statistical or Rating Bureaus, if any? \$ .....

32.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

| 1<br>Name | 2<br>Amount Paid |
|-----------|------------------|
| .....     | \$ .....         |
| .....     | \$ .....         |
| .....     | \$ .....         |
| .....     | \$ .....         |

33.1 Amount of payments for legal expenses, if any? \$ ..... 25,687

33.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

| 1<br>Name                  | 2<br>Amount Paid |
|----------------------------|------------------|
| Hodge & Francois .....     | \$ ..... 7,804   |
| Guillermo Nigaglioni ..... | \$ ..... 16,236  |
| .....                      | \$ .....         |
| .....                      | \$ .....         |

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

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

| 1<br>Name | 2<br>Amount Paid |
|-----------|------------------|
| .....     | \$ .....         |
| .....     | \$ .....         |
| .....     | \$ .....         |
| .....     | \$ .....         |

**GENERAL INTERROGATORIES**

**PART 2 - LIFE INTERROGATORIES**

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes ( ) No (X)

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

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

1.31 Reason for excluding:  
 .....

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ .....

1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ .....

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ .....

1.62 Total incurred claims \$ .....

1.63 Number of covered lives .....

All years prior to most current three years:

1.64 Total premium earned \$ .....

1.65 Total incurred claims \$ .....

1.66 Number of covered lives .....

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ .....

1.72 Total incurred claims \$ .....

1.73 Number of covered lives .....

All years prior to most current three years:

1.74 Total premium earned \$ .....

1.75 Total incurred claims \$ .....

1.76 Number of covered lives .....

2. Health Test

|  | 1<br>Current Year   | 2<br>Prior Year     |
|--|---------------------|---------------------|
| 2.1 Premium Numerator                            | \$ ..... 6,492,773  | \$ ..... 5,536,471  |
| 2.2 Premium Denominator                          | \$ ..... 13,173,624 | \$ ..... 12,158,574 |
| 2.3 Premium Ratio (Line 2.1 divided by Line 2.2) | ..... 0.493         | ..... 0.455         |
| 2.4 Reserve Numerator                            | \$ ..... 1,725,436  | \$ ..... 973,462    |
| 2.5 Reserve Denominator                          | \$ ..... 6,621,486  | \$ ..... 6,225,530  |
| 2.6 Reserve Ratio (Line 2.4 divided by Line 2.5) | ..... 0.261         | ..... 0.156         |

3.1 Does this reporting entity have Separate Accounts? Yes ( ) No (X)

3.2 If yes, has a Separate Accounts statement been filed with this Department? Yes ( ) No ( ) N/A (X)

3.3 What portion of capital and surplus funds of the reporting entity covered by assets in the Separate Accounts statement, is not currently distributable from the Separate Accounts to the general account for use by the general account? \$ .....

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 (X)

3.6 Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31? Yes ( ) No (X)

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

4.1 Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)? Yes ( ) No (X)

4.2 Net reimbursement of such expenses between reporting entities:

4.21 Paid \$ .....

4.22 Received \$ .....

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 \$ .....

5.22 Page 4, Line 1 \$ .....

6. For stock reporting entities only:

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

7. Total dividends paid stockholders since organization of the reporting entity:

7.11 Cash \$ .....

7.12 Stock \$ .....

**GENERAL INTERROGATORIES**

**PART 2 - LIFE INTERROGATORIES**

8.1 Does the company reinsure any Workers' Compensation Carve-Out business defined as: Yes ( ) No (X)

Reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death benefits of the occupational illness and accident exposures, but not the employers liability exposures, of business originally written as workers' compensation insurance.

8.2 If yes, has the reporting entity completed the Workers' Compensation Carve-Out Supplement to the Annual Statement? Yes ( ) No (X)

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

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

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

|      | 1<br>Attachment Point | 2<br>Earned Premium | 3<br>Claim Liability<br>and Reserve |
|------|-----------------------|---------------------|-------------------------------------|
| 8.41 | < \$ 25,000           | .....               | .....                               |
| 8.42 | \$ 25,000 - 99,999    | .....               | .....                               |
| 8.43 | \$ 100,000 - 249,999  | .....               | .....                               |
| 8.44 | \$ 250,000 - 999,999  | .....               | .....                               |
| 8.45 | \$ 1,000,000 or more  | .....               | .....                               |

8.5 What portion of earned premium reported in Line 8.31, Column 1 was assumed from pools? \$ .....

9.1 Does the company have variable annuities with guaranteed benefits? Yes ( ) No (X)

9.2 If 9.1 is yes, complete the table for each type of guaranteed benefit.

| Type                             |                                   | 3                           | 4                                    | 5                               | 6                          | 7                      | 8                    | 9                             |
|----------------------------------|-----------------------------------|-----------------------------|--------------------------------------|---------------------------------|----------------------------|------------------------|----------------------|-------------------------------|
| 1<br>Guaranteed<br>Death Benefit | 2<br>Guaranteed<br>Living Benefit | Waiting Period<br>Remaining | Account Value<br>Related to Column 3 | Total Related<br>Account Values | Gross Amount<br>of Reserve | Location of<br>Reserve | Portion<br>Reinsured | Reinsurance<br>Reserve Credit |
| .....                            | .....                             | .....                       | .....                                | .....                           | .....                      | .....                  | .....                | .....                         |
| .....                            | .....                             | .....                       | .....                                | .....                           | .....                      | .....                  | .....                | .....                         |
| .....                            | .....                             | .....                       | .....                                | .....                           | .....                      | .....                  | .....                | .....                         |

10. For reporting entities having sold annuities to another insurer where the insurer purchasing the annuities has obtained a release of liability from the claimant (payee) as the result of the purchase of an annuity from the reporting entity only:

10.1 Amount of loss reserves established by these annuities during the current year? \$ .....

10.2 List the name and location of the insurance company purchasing the annuities and the statement value on the purchase date of the annuities.

| 1                                  | 2  |
|------------------------------------|--|
| P&C Insurance Company and Location | Statement Value<br>on Purchase Date<br>of Annuities<br>(i.e., Present Value) |
| .....                              | .....  |
| .....                              | .....  |
| .....                              | .....  |

11.1 Do you act as a custodian for health savings accounts? Yes ( ) No (X)

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

11.3 Do you act as an administrator for health savings accounts? Yes ( ) No (X)

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

**GENERAL INTERROGATORIES (Continued)**

**Part 2 - LIFE INTERROGATORIES**

**Line 9.2**

| Type                             |                                   | 3                           | 4                                    | 5                               | 6                          | 7                      | 8                    | 9                             |
|----------------------------------|-----------------------------------|-----------------------------|--------------------------------------|---------------------------------|----------------------------|------------------------|----------------------|-------------------------------|
| 1<br>Guaranteed<br>Death Benefit | 2<br>Guaranteed<br>Living Benefit | Waiting Period<br>Remaining | Account Value<br>Related to Column 3 | Total Related<br>Account Values | Gross Amount<br>of Reserve | Location of<br>Reserve | Portion<br>Reinsured | Reinsurance<br>Reserve Credit |

**NONE**

**Line 10.2**

| 1<br>P&C Insurance Company<br>and Location | 2<br>Statement Value<br>on Purchase Date of Annuities<br>(i.e., Present Value) |
|--|--|
|--|--|

**NONE**

## FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i. e., 17.6.  
Show amounts of life insurance in this exhibit in thousands (omit \$000)

|   | 1<br>2010  | 2<br>2009  | 3<br>2008  | 4<br>2007  | 5<br>2006  |
|---|------------|------------|------------|------------|------------|
| <b>Life Insurance in Force</b><br>(Exhibit of Life Insurance)   |            |            |            |            |            |
| 1. Ordinary-whole life and endowment (Line 34, Column 4)  | 88,568     | 99,449     | 102,902    | 106,908    | 104,692    |
| 2. Ordinary-term (Line 21, Column 4, less Line 34, Column 4)  | 3,446      | 4,828      | 4,579      |            | 1          |
| 3. Credit life (Line 21, Column 6)  | 16,867     | 23,028     | 30,013     | 30,073     | 23,570     |
| 4. Group, excluding FEGLI/SGLI (Line 21, Column 9 less Line 43 and Line 44, Column 4)   | 38,608     | 40,008     | 42,768     | 47,925     | 45,469     |
| 5. Industrial (Line 21, Column 2)   | 575        | 621        | 657        | 796        | 814        |
| 6. FEGLI/SGLI (Line 43 and Line 44, Column 4)   |            |            |            |            |            |
| 7. Total (Line 21, Column 10)   | 148,064    | 167,934    | 180,919    | 185,702    | 174,546    |
| <b>New Business Issued</b><br>(Exhibit of Life Insurance)   |            |            |            |            |            |
| 8. Ordinary-whole life and endowment (Line 34, Column 2)  | 15,998     | 21,126     | 23,528     | 18,678     | 10,157     |
| 9. Ordinary-term (Line 2, Column 4, less Line 34, Column 2)   | 490        | 2,143      | 3,399      |            |            |
| 10. Credit life (Line 2, Column 6)  | 2,902      | 3,638      | 8,727      | 13,569     | 14,482     |
| 11. Group (Line 2, Column 9)  | 890        | 130        | 700        | 717        | 3,191      |
| 12. Industrial (Line 2, Column 2)   |            |            |            |            |            |
| 13. Total (Line 2, Column 10)   | 20,280     | 27,037     | 36,354     | 32,964     | 27,830     |
| <b>Premium Income-Lines of Business</b><br>(Exhibit 1 - Part 1)   |            |            |            |            |            |
| 14. Industrial life (Line 20.4, Column 2)   | 7,496      | 8,262      | 10,596     | 12,374     | 15,653     |
| 15.1 Ordinary life insurance (Line 20.4, Column 3)  | 1,427,231  | 1,422,898  | 1,139,859  | 815,400    | 600,270    |
| 15.2 Ordinary individual annuities (Line 20.4, Column 4)  | 103,623    | 97,246     | 88,870     | 100,702    | 110,227    |
| 16. Credit life, (group and individual) (Line 20.4, Column 5)   | 120,690    | 188,235    | 479,459    | 682,877    | 674,657    |
| 17.1 Group life insurance (Line 20.4, Column 6)   | 257,715    | 74,686     | 52,610     | 40,146     | 45,388     |
| 17.2 Group annuities (Line 20.4, Column 7)  |            |            |            | 14,888     |            |
| 18.1 A & H-group (Line 20.4, Column 8)  | 4,156,249  | 4,800,611  | 4,687,041  | 4,565,090  | 4,089,448  |
| 18.2 A & H-credit (group and individual) (Line 20.4, Column 9)  |            |            |            |            |            |
| 18.3 A & H-other (Line 20.4, Column 10)   | 7,100,622  | 5,566,636  | 5,077,535  | 4,645,218  | 3,787,542  |
| 19. Aggregate of all other lines of business (Line 20.4, Column 11)   |            |            |            |            |            |
| 20. Total   | 13,173,626 | 12,158,574 | 11,535,970 | 10,876,695 | 9,323,185  |
| <b>Balance Sheet</b><br>(Pages 2 and 3)   |            |            |            |            |            |
| 21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Column 3)  | 19,288,586 | 19,311,364 | 18,502,379 | 18,133,464 | 18,004,473 |
| 22. Total liabilities excluding Separate Accounts business (Page 3, Line 26)  | 10,388,373 | 10,582,502 | 9,972,543  | 9,926,227  | 9,721,637  |
| 23. Aggregate life reserves (Page 3, Line 1)  | 4,949,002  | 4,658,744  | 4,533,825  | 4,597,861  | 5,210,160  |
| 24. Aggregate A & H reserves (Page 3, Line 2)   | 191,537    | 181,276    | 170,982    | 32,875     | 82,892     |
| 25. Deposit-type contract funds (Page 3, Line 3)  |            |            |            | 984,573    | 1,045,325  |
| 26. Asset valuation reserve (Page 3, Line 24.01)  | 215,336    | 186,499    | 179,343    | 166,899    | 147,000    |
| 27. Capital (Page 3, Line 29 and Line 30)   | 2,633,900  | 2,633,900  | 2,633,900  | 2,633,900  | 2,633,900  |
| 28. Surplus (Page 3, Line 37)   | 6,266,313  | 6,094,962  | 5,895,936  | 5,573,337  | 5,648,936  |
| <b>Cash Flow (Page 5)</b>   |            |            |            |            |            |
| 29. Net cash from operations (Line 11)  | (382,556)  | 2,316,011  | (451,438)  | (525,280)  | 1,037,291  |
| <b>Risk-Based Capital Analysis</b>  |            |            |            |            |            |
| 30. Total adjusted capital  | 9,115,549  | 8,915,362  | 8,709,179  | 8,374,893  | 8,430,690  |
| 31. Authorized control level risk-based capital   | 784,093    | 683,037    | 632,848    | 543,336    | 470,367    |
| <b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b><br>(Page 2, Column 3) (Line No. / Page 2, Line 12, Column 3) x 100.0 |            |            |            |            |            |
| 32. Bonds (Line 1)  | 71.8       | 73.4       | 79.8       | 69.6       | 73.4       |
| 33. Stocks (Line 2.1 and Line 2.2)  | 1.5        | 0.1        | 5.6        | 6.7        | 7.8        |
| 34. Mortgage loans on real estate (Line 3.1 and Line 3.2)   |            |            |            |            |            |
| 35. Real estate (Line 4.1, Line 4.2 and Line 4.3)   | 8.4        | 8.2        | 9.4        | 9.2        | 9.3        |
| 36. Cash, cash equivalents and short-term investments (Line 5)  | 12.4       | 12.5       | (1.0)      | 9.2        | 8.9        |
| 37. Contract loans (Line 6)   | 1.1        | 0.8        | 0.7        | 0.5        | 0.6        |
| 38. Derivatives (Page 2, Line 7)  |            | XXX        | XXX        | XXX        | XXX        |
| 39. Other invested assets (Line 8)  | 3.0        |            |            | 4.8        |            |
| 40. Receivables for securities (Line 9)   | 1.7        |            |            |            |            |
| 41. Securities lending reinvested collateral assets (Line 10)   |            | XXX        | XXX        | XXX        | XXX        |
| 42. Aggregate write-ins for invested assets (Line 11)   |            | 5.1        | 5.6        |            |            |
| 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<br>2010  | 2<br>2009  | 3<br>2008  | 4<br>2007  | 5<br>2006  |
|---|------------|------------|------------|------------|------------|
| <u>Investments in Parent, Subsidiaries and Affiliates</u>   |            |            |            |            |            |
| 44. Affiliated bonds (Schedule D Summary, Line 12, Column 1)  |            |            |            |            |            |
| 45. Affiliated preferred stocks (Schedule D Summary, Line 18, Column 1)   |            |            |            |            |            |
| 46. Affiliated common stocks (Schedule D Summary, Line 24, Column 1)  |            |            |            |            |            |
| 47. Affiliated short-term investments (subtotal included in Schedule DA Verification, Column 5, Line 10)  |            |            |            |            |            |
| 48. Affiliated mortgage loans on real estate  |            |            |            |            |            |
| 49. All other affiliated  |            |            |            |            |            |
| 50. Total of above Line 44 to Line 49   |            |            |            |            |            |
| <u>Total Nonadmitted and Admitted Assets</u>  |            |            |            |            |            |
| 51. Total nonadmitted assets (Page 2, Line 28, Column 2)  | 1,692,314  | 1,674,929  | 1,462,423  | 1,679,621  | 1,497,783  |
| 52. Total admitted assets (Page 2, Line 28, Column 3)   | 19,288,586 | 19,311,364 | 18,502,379 | 18,133,464 | 18,004,473 |
| <u>Investment Data</u>  |            |            |            |            |            |
| 53. Net investment income (Exhibit of Net Investment Income)  | 820,838    | 978,957    | 808,071    | 692,177    | 674,735    |
| 54. Realized capital gains (losses)   |            |            |            |            |            |
| 55. Unrealized capital gains (losses)   |            |            |            |            |            |
| 56. Total of above Lines 53, Line 54 and Line 55  | 820,838    | 978,957    | 808,071    | 692,177    | 674,735    |
| <u>Benefits and Reserve Increase</u><br>(Page 6)  |            |            |            |            |            |
| 57. Total contract benefits - life (Lines 10, 11, 12, 13, 14 and Line 15, Column 1 minus Lines 10, 11, 12, 13, 14 and Line 15, Columns 9, 10 and 11)                      | 733,427    | 1,196,786  | 1,169,298  | 2,007,969  | 1,040,337  |
| 58. Total contract benefits - A and H (Line 13 and Line 14, Columns 9, 10 and 11)   | 7,626,077  | 6,727,874  | 6,000,143  | 4,780,436  | 3,860,387  |
| 59. Increase in life reserves - other than group and annuities (Line 19, Columns 2 and 3)   | 406,214    | 198,178    | 219,749    | 176,416    | 129,184    |
| 60. Increase in A & H Reserves (Line 19, Columns 9, 10 and 11)  | 10,244     | 10,277     | 138,645    | (49,692)   | 2,279      |
| 61. Dividends to policyholders (Line 30, Column 1)  | 52,320     | 65,601     | 67,046     | 71,603     | 70,448     |
| <u>Operating Percentages</u>  |            |            |            |            |            |
| 62. Insurance expense percent (Page 6, Column 1, Line 21, Line 22 and Line 23 less Line 6) / (Page 6, Column 1, Line 1 plus Exhibit 7, Column 2, Line 2) x 100.00         | 39.3       | 38.2       | 39.0       | 43.2       | 45.4       |
| 63. Lapse percent (ordinary only) [ (Exhibit of Life Insurance, Column 4, Line 14 and Line 15) / 1/2 (Exhibit of Life Insurance, Column 4, Line 1 and Line 21) ] x 100.00 | 26.4       | 24.2       | 21.3       | 16.1       | 15.2       |
| 64. A & H loss percent (Schedule H, Part 1, Line 5 and Line 6, Column 2)  | 58.8       | 64.9       | 61.4       | 51.9       | 48.2       |
| 65. A & H cost containment percent (Schedule H, Part 1, Line 4, Column 2)   |            |            |            |            |            |
| 66. A & H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Column 2)   | 31.6       | 39.0       | 44.7       | 53.5       | 56.5       |
| <u>A &amp; H Claim Reserve Adequacy</u>   |            |            |            |            |            |
| 67. Incurred losses on prior years' claims - group health (Schedule H, Part 3, Line 3.1, Column 2)  | 809,278    | 810,200    | 2,752,300  | 2,462,773  | 539,862    |
| 68. Prior years' claim liability and reserve - group health (Schedule H, Part 3, Line 3.2, Column 2)  | 704,500    | 508,669    | 514,335    | 350,518    | 385,179    |
| 69. Incurred losses on prior years' claims - health other than group (Schedule H, Part 3, Line 3.1, Column 1 less Column 2)   | 724,511    | 792,135    | 1,317,386  | 1,239,209  | 208,232    |
| 70. Prior years' claim liability and reserve - health other than group (Schedule H, Part 3, Line 3.2, Column 1 less Column 2)   | 668,961    | 450,000    | 260,000    | 210,000    | 315,868    |
| <u>Net Gains From Operations After Federal Income</u><br><u>Taxes by Lines of Business</u><br>(Page 6, Line 33)   |            |            |            |            |            |
| 71. Industrial life (Column 2)  | 3,854      | 5,207      | 69,583     | 46,878     | 31,994     |
| 72. Ordinary-life (Column 3)  | 231,007    | 438,065    | 442,459    | 329,755    | 377,072    |
| 73. Ordinary-individual annuities (Column 4)  | 17,986     | 22,935     | 48,828     | 280        | (28,378)   |
| 74. Ordinary-supplementary contracts (Column 5)   |            |            |            |            |            |
| 75. Credit life (Column 6)  | 117,342    | 201,938    | 389,584    | 291,700    | 319,652    |
| 76. Group life (Column 7)   | 31,515     | 12,936     | 46,002     | (68,414)   | (18,853)   |
| 77. Group annuities (Column 8)  |            |            |            | (2,692)    |            |
| 78. A & H-group (Column 9)  | 116,952    | 208,929    | (173,065)  | 222,177    | 288,192    |
| 79. A & H-credit (Column 10)  |            |            |            |            |            |
| 80. A & H-other (Column 11)   | (362,711)  | (419,020)  | (360,153)  | (608,332)  | (743,186)  |
| 81. Aggregate of all other lines of business (Column 12)  | 26,170     | 52,053     |            |            |            |
| 82. Total (Column 1)  | 182,115    | 523,043    | 463,238    | 211,352    | 226,493    |

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

Yes ( ) No (X)

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE ATLANTIC SOUTHERN INS CO

EXHIBIT OF LIFE INSURANCE

|   | Industrial                 |                                       | Ordinary                   |                                       | Credit Life (Group and Individual)                                 |                                       | Group         |                   | 10<br>Total<br>Amount<br>of<br>Insurance<br>(a) |                                       |
|---|----------------------------|---------------------------------------|----------------------------|---------------------------------------|--|---------------------------------------|---------------|-------------------|---|---------------------------------------|
|   | 1<br>Number of<br>Policies | 2<br>Amount<br>of<br>Insurance<br>(a) | 3<br>Number of<br>Policies | 4<br>Amount<br>of<br>Insurance<br>(a) | 5<br>Number<br>of Individual<br>Policies and Group<br>Certificates | 6<br>Amount<br>of<br>Insurance<br>(a) | Number of     |                   |   | 9<br>Amount<br>of<br>Insurance<br>(a) |
|   |                            |                                       |                            |                                       |  |                                       | 7<br>Policies | 8<br>Certificates |   |                                       |
| 1. In force end of prior year   | 910                        | 621                                   | 8,343                      | 104,277                               | 3,393  | 23,028                                | 61            | 4,050             | 40,008  | 167,934                               |
| 2. Issued during year   |                            |                                       | 1,284                      | 16,488                                | 650  | 2,902                                 | 6             | 90                | 890   | 20,280                                |
| 3. Reinsurance assumed  |                            |                                       |                            |                                       |  |                                       |               |                   |   |                                       |
| 4. Revived during year  |                            |                                       |                            |                                       |  |                                       |               |                   |   |                                       |
| 5. Increased during year (net)  |                            |                                       | 359                        | 1,353                                 |  |                                       |               | 83                | 1,099   | 2,452                                 |
| 6. Subtotals, Line 2 to Line 5  |                            |                                       | 1,643                      | 17,841                                | 650  | 2,902                                 | 6             | 173               | 1,989   | 22,732                                |
| 7. Additions by dividends during year                                     | X X X                      |                                       | X X X                      |                                       | X X X  |                                       | X X X         | X X X             |   |                                       |
| 8. Aggregate write-ins for increases                                      |                            |                                       |                            |                                       |  |                                       |               |                   |   |                                       |
| 9. Totals (Line 1 and Line 6 to Line 8)                                   | 910                        | 621                                   | 9,986                      | 122,118                               | 4,043  | 25,930                                | 67            | 4,223             | 41,997  | 190,666                               |
| Deductions during year:   |                            |                                       |                            |                                       |  |                                       |               |                   |   |                                       |
| 10. Death   | 12                         | 9                                     | 171                        | 1,961                                 |  |                                       | X X X         |                   |   | 1,970                                 |
| 11. Maturity  | 3                          | 3                                     | 3                          | 8                                     |  |                                       | X X X         |                   |   | 11                                    |
| 12. Disability  |                            |                                       |                            |                                       |  |                                       | X X X         |                   |   |                                       |
| 13. Expiry  | 9                          | 7                                     | 8                          | 193                                   |  |                                       |               |                   |   | 200                                   |
| 14. Surrender   | 5                          | 5                                     | 259                        | 5,998                                 |  |                                       |               |                   |   | 6,003                                 |
| 15. Lapse   |                            |                                       | 1,530                      | 19,894                                | 1,267  | 9,063                                 |               |                   |   | 28,957                                |
| 16. Conversion  |                            |                                       |                            |                                       |  |                                       | X X X         | X X X             | X X X   |                                       |
| 17. Decreased (net)   | 34                         | 22                                    |                            | 2,050                                 |  |                                       | 12            | 323               | 3,389   | 5,461                                 |
| 18. Reinsurance   |                            |                                       |                            |                                       |  |                                       |               |                   |   |                                       |
| 19. Aggregate write-ins for decreases                                     |                            |                                       |                            |                                       |  |                                       |               |                   |   |                                       |
| 20. Totals (Line 10 to Line 19)   | 63                         | 46                                    | 1,971                      | 30,104                                | 1,267  | 9,063                                 | 12            | 323               | 3,389   | 42,602                                |
| 21. In force end of year (Line 9 minus Line 20)                           | 847                        | 575                                   | 8,015                      | 92,014                                | 2,776  | 16,867                                | 55            | 3,900             | 38,608  | 148,064                               |
| 22. Reinsurance ceded end of year   | X X X                      |                                       | X X X                      | 54,553                                | X X X  |                                       | X X X         | X X X             |   | 54,553                                |
| 23. Line 21 minus Line 22   | X X X                      | 575                                   | X X X                      | 37,461                                | X X X  | (b) 16,867                            | X X X         | X X X             | 38,608  | 93,511                                |
| <b>DETAILS OF WRITE-INS</b>   |                            |                                       |                            |                                       |  |                                       |               |                   |   |                                       |
| 0801.   |                            |                                       |                            |                                       |  |                                       |               |                   |   |                                       |
| 0802.   |                            |                                       |                            |                                       |  |                                       |               |                   |   |                                       |
| 0803.   |                            |                                       |                            |                                       |  |                                       |               |                   |   |                                       |
| 0898. Summary of remaining write-ins for Line 8 from overflow page        |                            |                                       |                            |                                       |  |                                       |               |                   |   |                                       |
| 0899. Totals (Line 0801 through Line 0803 plus Line 0898) (Line 8 above)  |                            |                                       |                            |                                       |  |                                       |               |                   |   |                                       |
| 1901.   |                            |                                       |                            |                                       |  |                                       |               |                   |   |                                       |
| 1902.   |                            |                                       |                            |                                       |  |                                       |               |                   |   |                                       |
| 1903.   |                            |                                       |                            |                                       |  |                                       |               |                   |   |                                       |
| 1998. Summary of remaining write-ins for Line 19 from overflow page       |                            |                                       |                            |                                       |  |                                       |               |                   |   |                                       |
| 1999. Totals (Line 1901 through Line 1903 plus Line 1998) (Line 19 above) |                            |                                       |                            |                                       |  |                                       |               |                   |   |                                       |

(a) Amounts of life insurance in this exhibit shall be shown in thousands (omit 000).  
 (b) Group \$ .....; Individual \$ ..... 16,867 .

**EXHIBIT OF LIFE INSURANCE (Continued)**

ADDITIONAL INFORMATION ON INSURANCE IN FORCE END OF YEAR

|                                    | Industrial              |                              | Ordinary                |                              |
|------------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|
|                                    | 1<br>Number of Policies | 2<br>Amount of Insurance (a) | 3<br>Number of Policies | 4<br>Amount of Insurance (a) |
| 24. Additions by dividends .....   | X X X                   |                              | X X X                   |                              |
| 25. Other paid-up insurance .....  |                         | 265                          | 13                      | 36                           |
| 26. Debit ordinary insurance ..... | X X X                   | X X X                        |                         |                              |

ADDITIONAL INFORMATION ON ORDINARY INSURANCE

| Term Insurance Excluding Extended Term Insurance | Issued During Year (included in Line 2) |                              | In Force End of Year (included in Line 21) |                              |
|--|---|------------------------------|--|------------------------------|
|  | 1<br>Number of Policies                 | 2<br>Amount of Insurance (a) | 3<br>Number of Policies                    | 4<br>Amount of Insurance (a) |
| 27. Term policies-decreasing .....               | 5                                       | 490                          | 40   | 3,445                        |
| 28. Term policies-other .....                    |   |                              |  |                              |
| 29. Other term insurance-decreasing .....        | X X X                                   |                              | X X X                                      |                              |
| 30. Other term insurance .....                   | X X X                                   |                              | X X X                                      |                              |
| 31. Totals (Line 27 to Line 30) .....            | 5                                       | 490                          | 40   | 3,445                        |
| Reconciliation to Line 2 and Line 21:            |   |                              |  |                              |
| 32. Term additions .....                         | X X X                                   |                              | X X X                                      |                              |
| 33. Totals, extended term insurance .....        | X X X                                   | X X X                        |  |                              |
| 34. Totals, whole life and endowment .....       | 1,279                                   | 15,998                       | 7,975                                      | 88,568                       |
| 35. Totals (Line 31 to Line 34) .....            | 1,284                                   | 16,488                       | 8,015                                      | 92,013                       |

CLASSIFICATION OF AMOUNT OF INSURANCE (a) BY PARTICIPATING STATUS

|  | Issued During Year (included in Line 2) |                    | In Force End of Year (included in Line 21) |                    |
|--|---|--------------------|--|--------------------|
|  | 1<br>Non-Participating                  | 2<br>Participating | 3<br>Non-Participating                     | 4<br>Participating |
| 36. Industrial .....                         |   |                    | 576  |                    |
| 37. Ordinary .....                           | 16,488                                  |                    | 89,113                                     | 2,900              |
| 38. Credit Life (Group and Individual) ..... | 2,902                                   |                    | 16,868                                     |                    |
| 39. Group .....                              | 890                                     |                    | 38,608                                     |                    |
| 40. Totals (Line 36 to Line 39) .....        | 20,280                                  |                    | 145,165                                    | 2,900              |

ADDITIONAL INFORMATION ON CREDIT LIFE AND GROUP INSURANCE

|  | Credit Life   |                              | Group                       |                              |
|--|---|------------------------------|-----------------------------|------------------------------|
|  | 1<br>Number of Individual Policies and Group Certificates | 2<br>Amount of Insurance (a) | 3<br>Number of Certificates | 4<br>Amount of Insurance (a) |
| 41. Amount of insurance included in Line 2 ceded to other companies .....                              | X X X   |                              | X X X                       |                              |
| 42. Number in force end of year if the number under shared groups is counted on a pro-rata basis ..... |   | X X X                        |                             | X X X                        |
| 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 .....  | 2,776   | 16,868                       | 3,900                       | 38,608                       |

ADDITIONAL ACCIDENTAL DEATH BENEFITS

|   |        |
|---|--------|
| 46. Amount of additional accidental death benefits in force end of year under ordinary policies (a) ..... | 15,665 |
|---|--------|

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) .....   | <b>NONE</b> |

POLICIES WITH DISABILITY PROVISIONS

| Disability Provision        | Industrial              |                              | Ordinary                |                              | Credit                  |                              | Group                       |                              |
|-----------------------------|-------------------------|------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|-----------------------------|------------------------------|
|                             | 1<br>Number of Policies | 2<br>Amount of Insurance (a) | 3<br>Number of Policies | 4<br>Amount of Insurance (a) | 5<br>Number of Policies | 6<br>Amount of Insurance (a) | 7<br>Number of Certificates | 8<br>Amount of Insurance (a) |
| 48. Waiver of Premium ..... |                         |                              | 785                     | 499                          |                         |                              |                             |                              |
| 49. Disability Income ..... |                         |                              | 235                     | 152                          |                         |                              |                             |                              |
| 50. Extended Benefits ..... |                         |                              | X X X                   | X X X                        |                         |                              |                             |                              |
| 51. Other .....             |                         |                              |                         |                              |                         |                              |                             |                              |
| 52. Total .....             |                         | (b)                          | 1,020                   | (b)                          |                         | (b)                          |                             | (b)                          |

(a) Amounts of life insurance in this exhibit shall be shown in thousands (omit 000)

(b) See Paragraph 9 of the Annual Audited Financial Reports in the General section of the annual statement instructions.

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

**SUPPLEMENTARY CONTRACTS**

|                                | Ordinary                          |                                       | Group                             |                                       |
|--------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|---------------------------------------|
|                                | 1<br>Involving Life Contingencies | 2<br>Not Involving Life Contingencies | 3<br>Involving Life Contingencies | 4<br>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 (Line 1 to Line 4)    |                                   |                                       |                                   |                                       |
| <b>NONE</b>                    |                                   |                                       |                                   |                                       |
| Deductions during year:        |                                   |                                       |                                   |                                       |
| 6. Decreased (net)             |                                   |                                       |                                   |                                       |
| 7. Reinsurance ceded           |                                   |                                       |                                   |                                       |
| 8. Totals (Line 6 and Line 7)  |                                   |                                       |                                   |                                       |
| 9. In force end of year        |                                   |                                       |                                   |                                       |
| 10. Amount on deposit          |                                   | (a)                                   |                                   | (a)                                   |
| 11. Income now payable         |                                   |                                       |                                   |                                       |
| 12. Amount of income payable   | (a)                               | (a)                                   | (a)                               | (a)                                   |

**ANNUITIES**

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

**ACCIDENT AND HEALTH INSURANCE**

|                                | Group             |                        | Credit        |                        | Other         |                        |
|--------------------------------|-------------------|------------------------|---------------|------------------------|---------------|------------------------|
|                                | 1<br>Certificates | 2<br>Premiums in Force | 3<br>Policies | 4<br>Premiums in Force | 5<br>Policies | 6<br>Premiums in Force |
| 1. In force end of prior year  | 4,050             | 12,305,920             |               |                        | 18,562        | 7,041,781              |
| 2. Issued during year          | 90                | 182,049                |               |                        | 4,976         |                        |
| 3. Reinsurance assumed         |                   |                        |               |                        |               |                        |
| 4. Increased during year (net) | 83                | X X X                  |               | X X X                  | 366           | X X X                  |
| 5. Totals (Line 1 to Line 4)   | 4,223             | X X X                  |               | X X X                  | 23,904        | X X X                  |
| Deductions during year:        |                   |                        |               |                        |               |                        |
| 6. Conversions                 |                   | X X X                  | X X X         | X X X                  | X X X         | X X X                  |
| 7. Decreased (net)             | 323               | X X X                  |               | X X X                  | 7,803         | X X X                  |
| 8. Reinsurance ceded           |                   | X X X                  |               | X X X                  |               | X X X                  |
| 9. Totals (Line 6 to Line 8)   | 323               | X X X                  |               | X X X                  | 7,803         | X X X                  |
| 10. In force end of year       | 3,900             | (a) 11,731,998         |               | (a)                    | 16,101        | (a) 5,838,560          |

**DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS**

|                                | 1<br>Deposit Funds | 2<br>Dividend Accumulations |
|--------------------------------|--------------------|-----------------------------|
|                                | Contracts          | Contracts                   |
| 1. In force end of prior year  |                    |                             |
| 2. Issued during year          |                    |                             |
| 3. Reinsurance assumed         |                    |                             |
| 4. Increased during year (net) |                    |                             |
| 5. Totals (Line 1 to Line 4)   |                    |                             |
| <b>NONE</b>                    |                    |                             |
| Deductions during year:        |                    |                             |
| 6. Decreased (net)             |                    |                             |
| 7. Reinsurance ceded           |                    |                             |
| 8. Totals (Line 6 and Line 7)  |                    |                             |
| 9. In force end of year        |                    |                             |
| 10. Amount of account balance  | (a)                | (a)                         |

(a) See Paragraph 9 of the Annual Audited Financial Reports in the General section of the annual statement instructions.

**SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS**

Allocated by States and Territories

| States, Etc.   | 1   | Direct Business Only            |                                |  |                              |                                      |                                |
|--|-----|---------------------------------|--------------------------------|--|------------------------------|--------------------------------------|--------------------------------|
|  |     | Life Contracts                  |                                | 4<br>Accident and Health<br>Insurance Premiums,<br>Including Policy,<br>Membership and<br>Other Fees | 5<br>Other<br>Considerations | 6<br>Total<br>Columns<br>2 through 5 | 7<br>Deposit-Type<br>Contracts |
|  |     | 2<br>Life<br>Insurance Premiums | 3<br>Annuity<br>Considerations |  |                              |                                      |                                |
| 1. Alabama   | AL  | N                               |                                |  |                              |                                      |                                |
| 2. Alaska  | AK  | N                               |                                |  |                              |                                      |                                |
| 3. Arizona   | AZ  | N                               |                                |  |                              |                                      |                                |
| 4. Arkansas  | AR  | N                               |                                |  |                              |                                      |                                |
| 5. California  | CA  | N                               |                                |  |                              |                                      |                                |
| 6. Colorado  | CO  | N                               |                                |  |                              |                                      |                                |
| 7. Connecticut   | CT  | N                               |                                |  |                              |                                      |                                |
| 8. Delaware  | DE  | N                               |                                |  |                              |                                      |                                |
| 9. District of Columbia  | DC  | N                               |                                |  |                              |                                      |                                |
| 10. Florida  | FL  | N                               |                                |  |                              |                                      |                                |
| 11. Georgia  | GA  | N                               |                                |  |                              |                                      |                                |
| 12. Hawaii   | HI  | N                               |                                |  |                              |                                      |                                |
| 13. Idaho  | ID  | N                               |                                |  |                              |                                      |                                |
| 14. Illinois   | IL  | N                               |                                |  |                              |                                      |                                |
| 15. Indiana  | IN  | N                               |                                |  |                              |                                      |                                |
| 16. Iowa   | IA  | N                               |                                |  |                              |                                      |                                |
| 17. Kansas   | KS  | N                               |                                |  |                              |                                      |                                |
| 18. Kentucky   | KY  | N                               |                                |  |                              |                                      |                                |
| 19. Louisiana  | LA  | N                               |                                |  |                              |                                      |                                |
| 20. Maine  | ME  | N                               |                                |  |                              |                                      |                                |
| 21. Maryland   | MD  | N                               |                                |  |                              |                                      |                                |
| 22. Massachusetts  | MA  | N                               |                                |  |                              |                                      |                                |
| 23. Michigan   | MI  | N                               |                                |  |                              |                                      |                                |
| 24. Minnesota  | MN  | N                               |                                |  |                              |                                      |                                |
| 25. Mississippi  | MS  | N                               |                                |  |                              |                                      |                                |
| 26. Missouri   | MO  | N                               |                                |  |                              |                                      |                                |
| 27. Montana  | MT  | N                               |                                |  |                              |                                      |                                |
| 28. Nebraska   | NE  | N                               |                                |  |                              |                                      |                                |
| 29. Nevada   | NV  | N                               |                                |  |                              |                                      |                                |
| 30. New Hampshire  | NH  | N                               |                                |  |                              |                                      |                                |
| 31. New Jersey   | NJ  | N                               |                                |  |                              |                                      |                                |
| 32. New Mexico   | NM  | N                               |                                |  |                              |                                      |                                |
| 33. New York   | NY  | N                               |                                |  |                              |                                      |                                |
| 34. North Carolina   | NC  | N                               |                                |  |                              |                                      |                                |
| 35. North Dakota   | ND  | N                               |                                |  |                              |                                      |                                |
| 36. Ohio   | OH  | N                               |                                |  |                              |                                      |                                |
| 37. Oklahoma   | OK  | N                               |                                |  |                              |                                      |                                |
| 38. Oregon   | OR  | N                               |                                |  |                              |                                      |                                |
| 39. Pennsylvania   | PA  | N                               |                                |  |                              |                                      |                                |
| 40. Rhode Island   | RI  | N                               |                                |  |                              |                                      |                                |
| 41. South Carolina   | SC  | N                               |                                |  |                              |                                      |                                |
| 42. South Dakota   | SD  | N                               |                                |  |                              |                                      |                                |
| 43. Tennessee  | TN  | N                               |                                |  |                              |                                      |                                |
| 44. Texas  | TX  | N                               |                                |  |                              |                                      |                                |
| 45. Utah   | UT  | N                               |                                |  |                              |                                      |                                |
| 46. Vermont  | VT  | N                               |                                |  |                              |                                      |                                |
| 47. Virginia   | VA  | N                               |                                |  |                              |                                      |                                |
| 48. Washington   | WA  | N                               |                                |  |                              |                                      |                                |
| 49. West Virginia  | WV  | N                               |                                |  |                              |                                      |                                |
| 50. Wisconsin  | WI  | N                               |                                |  |                              |                                      |                                |
| 51. Wyoming  | WY  | N                               |                                |  |                              |                                      |                                |
| 52. American Samoa   | AS  | N                               |                                |  |                              |                                      |                                |
| 53. Guam   | GU  | L                               |                                |  |                              |                                      |                                |
| 54. Puerto Rico  | PR  | L                               | 2,281,057                      | 103,623  | 4,555,243                    | 6,939,923                            |                                |
| 55. U.S. Virgin Islands  | VI  | L                               | 80,643                         |  | 1,217,775                    | 1,298,418                            |                                |
| 56. Northern Mariana Islands   | MP  | N                               |                                |  |                              |                                      |                                |
| 57. Canada   | CN  | N                               |                                |  |                              |                                      |                                |
| 58. Aggregate Other Alien  | OT  | X X X                           | 354,204                        |  | 14,766,594                   | 15,120,798                           |                                |
| 59. Subtotal   | (a) | 3                               | 2,715,904                      | 103,623  | 20,539,612                   | 23,359,139                           |                                |
| 90. Reporting entity contributions for employee benefit plans                              |     | X X X                           |                                |  |                              |                                      |                                |
| 91. Dividends or refunds applied to purchase paid-up additions and annuities               |     | X X X                           |                                |  |                              |                                      |                                |
| 92. Dividends of refunds applied to shorten endowment or premium paying period             |     | X X X                           |                                |  |                              |                                      |                                |
| 93. Premium or annuity considerations waived under disability or other contract provisions |     | X X X                           |                                |  |                              |                                      |                                |
| 94. Aggregate other amounts not allocable by State   |     | X X X                           |                                |  |                              |                                      |                                |
| 95. Totals (Direct Business)   |     | X X X                           | 2,715,904                      | 103,623  | 20,539,612                   | 23,359,139                           |                                |
| 96. Plus Reinsurance Assumed   |     | X X X                           |                                |  |                              |                                      |                                |
| 97. Totals (All Business)  |     | X X X                           | 2,715,904                      | 103,623  | 20,539,612                   | 23,359,139                           |                                |
| 98. Less Reinsurance Ceded   |     | X X X                           | 870,198                        |  | 9,888,399                    | 10,758,597                           |                                |
| 99. Totals (All Business) less Reinsurance Ceded   |     | X X X                           | 1,845,706                      | 103,623  | (b) 10,651,213               | 12,600,542                           |                                |
| <b>DETAILS OF WRITE-INS</b>  |     |                                 |                                |  |                              |                                      |                                |
| 5801. British Virgin Island  |     | X X X                           | 214,377                        |  | 11,259,120                   | 11,473,497                           |                                |
| 5802. Other Caribbean Islands  |     | X X X                           | 924                            |  | 2,568,682                    | 2,569,606                            |                                |
| 5803. Anguilla   |     | X X X                           | 138,903                        |  | 938,792                      | 1,077,695                            |                                |
| 5898. Summary of remaining write-ins for Line 58 from overflow page                        |     | X X X                           |                                |  |                              |                                      |                                |
| 5899. Total (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)                   |     | X X X                           | 354,204                        |  | 14,766,594                   | 15,120,798                           |                                |
| 9401.  |     | X X X                           |                                |  |                              |                                      |                                |
| 9402.  |     | X X X                           |                                |  |                              |                                      |                                |
| 9403.  |     | X X X                           |                                |  |                              |                                      |                                |
| 9498. Summary of remaining write-ins for Line 94 from overflow page                        |     | X X X                           |                                |  |                              |                                      |                                |
| 9499. Total (Line 9401 through Line 9403 plus Line 9498) (Line 94 above)                   |     | X X X                           |                                |  |                              |                                      |                                |

(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**

Ordinary, Industrial, Individual Accident and Health Premiums, and Annuity considerations are allocated to the residence of the policyholder at time policy was acquired.  
Group Premium are allocated according to the residence of the group at time policy was acquired.

(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;

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE ATLANTIC SOUTHERN INS CO  
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

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North America Life Insurance Company  
Domicile: Texas  
FEIN: 76-0100829  
NAIC: 67580

100%

100%

Atlantic Southern Insurance  
Company  
Domicile: Puerto Rico  
FEIN:66-0175224  
NAIC Code: 61158

Trans-Western Life Insurance Co.  
Domicile: Texas  
FEIN: 74-2764840  
NAIC: 99473

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