



**ANNUAL STATEMENT**  
 FOR THE YEAR ENDED DECEMBER 31, 2010  
 OF THE CONDITION AND AFFAIRS OF THE  
**NATIONAL LIFE INSURANCE COMPANY**

NAIC Group Code 0343, 0343 NAIC Company Code 72087 Employer's ID Number 66-0276881  
(Current Period) (Prior Period)

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

Country of Domicile US

Incorporated/Organized May 8, 1969 Commenced Business July 3, 1969

Statutory Home Office 510 Munoz Rivera Ave., Hato Rey, Puerto Rico 00918  
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 510 Munoz Rivera Ave., Hato Rey, Puerto Rico 00918 787-758-8080  
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address P.O. Box 366107, San Juan, Puerto Rico 00936-6107  
(Street and Number or P.O. Box, City or Town, State and Zip Code)

Primary Location of Books and Records 510 Munoz Rivera Ave., Hato Rey, Puerto Rico 00918  
(Street and Number, City or Town, State and Zip Code)  
787-758-8080  
(Area Code) (Telephone Number)

Internet Website Address www.nalicpr.com

Statutory Statement Contact Yadira Mercado 787-758-8080 x-3535  
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**OFFICERS**

Carlos Manuel Benitez, Jr. (Chairman of the Board)  
 Edgardo Van Rhyn (President & CEO)  
 Edgar Rodriguez (Senior V. P. Operations & Secretary)  
 Yadira Mercado (Senior Vice President Finance)

**OTHER OFFICERS**

Manuel Julbe (Senior Vice President)  
 Ricardo Luis Reguero (Senior V. President Individual Insurance)  
 Maria Nelly Collazo (Vice President Sales & Marketing)  
 Lourdes Guzman (Vice President Sales & Marketing)  
 Yolanda Marquez (Vice President Accounting)

**DIRECTORS OR TRUSTEES**

Carlos Manuel Benitez, Jr.  
 Edgardo Van Rhyn  
 Edgar Rodriguez  
 Fernando Rivera Munich  
 Juan B. Soto

State of Puerto Rico }  
 County of San Juan } 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.

\_\_\_\_\_  
 Edgardo Van Rhyn  
 President & CEO  
 Subscribed and sworn to before me this  
 day of March, 2011

\_\_\_\_\_  
 Edgar Rodriguez  
 Senior V. President Operations & Secretary

\_\_\_\_\_  
 Yadira Mercado  
 Senior Vice President Finance

a. Is this an original filing? Yes ( ) No (X)  
 b. If no: 1. State the amendment number 1  
 2. Date filed March 10, 2011  
 3. Number of pages attached 153

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Column 1 minus Column 2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	95,193,190		95,193,190	96,696,660
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	258,804		258,804	258,804
2.2 Common stocks .....	1,397,383		1,397,383	6,085,831
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				6,769
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....	12,659,033		12,659,033	11,229,473
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....	484,500		484,500	497,250
4.3 Properties held for sale (less \$ ..... encumbrances) .....				
5. Cash (\$ ..... 1,137,608 , Schedule E - Part 1), cash equivalents (\$ ..... , Schedule E - Part 2) and short-term investments (\$ ..... 549,933 , Schedule DA) .....	1,687,541		1,687,541	2,476,078
6. Contract loans (including \$ ..... premium notes) .....	3,463,535	291,098	3,172,437	3,321,420
7. Derivatives .....				
8. Other invested assets (Schedule BA) .....				
9. Receivables for securities .....				2,865
10. Securities lending reinvested collateral assets .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Line 1 through Line 11) .....	115,143,986	291,098	114,852,888	120,575,150
13. Title plants less \$ ..... charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	848,121		848,121	975,072
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	9,243,079	100,701	9,142,378	9,025,293
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....	10,009,801	4,688,540	5,321,261	4,208,371
15.3 Accrued retrospective premiums .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	3,255,835		3,255,835	4,048,573
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....	2,945,106	154,184	2,790,922	
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 .....				
20. Electronic data processing equipment and software .....	875,662	477,492	398,170	608,847
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	171,291	171,291		
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	2,377,557	2,377,557		
24. Health care (\$ ..... ) and other amounts receivable .....				
25. Aggregate write-ins for other than invested assets .....	8,274,530	2,124,845	6,149,685	5,867,164
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25) .....	153,144,968	10,385,708	142,759,260	145,308,470
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Line 26 and Line 27) .....	153,144,968	10,385,708	142,759,260	145,308,470
<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. Prepaid Expenses - Miscellaneous .....	792,975	692,975	100,000	
2502. Accounts Receivable - Miscellaneous .....	6,865,551	1,286,982	5,578,569	5,867,164
2503. Deferred Expenses - Miscellaneous .....	151,116	65,000	86,116	
2598. Summary of remaining write-ins for Line 25 from overflow page .....	464,888	79,888	385,000	
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above) .....	8,274,530	2,124,845	6,149,685	5,867,164

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$ . . . . 88,534,834 (Exhibit 5, Line 9999999) less \$ . . . . . included in Line 6.3 (including \$ . . . . . Modco Reserve) . . . . .	88,534,834	87,652,446
2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Column 1) (including \$ . . . . . Modco Reserve) . . . . .	12,339,568	11,762,081
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) . . . . .	4,892,072	5,200,185
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Columns 9, 10 and 11) . . . . .	16,235,996	11,550,302
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) . . . . .		
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 \$ . . . . . accident and health premiums (Exhibit 1, Part 1, Column 1, sum of Line 4 and Line 14) . . . . .		
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 \$ . . . . . assumed and \$ . . . . . ceded . . . . .		
9.4 Interest Maintenance Reserve (IMR, Line 6) . . . . .	951,078	864,583
10. Commissions to agents due or accrued-life and annuity contracts \$ . . . . ., accident and health \$ . . . . . and deposit-type contract funds \$ . . . . .	328,001	399,739
11. Commissions and expense allowances payable on reinsurance assumed . . . . .		
12. General expenses due or accrued (Exhibit 2, Line 12, Column 6) . . . . .	1,036,584	844,898
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) . . . . .	220,099	297,155
15.1 Current federal and foreign income taxes, including \$ . . . . . on realized capital gains (losses) . . . . .	39,251	74,242
15.2 Net deferred tax liability . . . . .		
16. Unearned investment income . . . . .	114,198	117,726
17. Amounts withheld or retained by company as agent or trustee . . . . .	400,789	356,259
18. Amounts held for agents' account, including \$ . . . . . 1,550,118 agents' credit balances . . . . .	1,550,118	1,496,455
19. Remittances and items not allocated . . . . .	217,551	211,456
20. Net adjustment in assets and liabilities due to foreign exchange rates . . . . .		
21. Liability for benefits for employees and agents if not included above . . . . .		
22. Borrowed money \$ . . . . . and interest thereon \$ . . . . .		
23. Dividends to stockholders declared and unpaid . . . . .		
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve (AVR, Line 16, Column 7) . . . . .	1,583,747	2,278,704
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 . . . . .	15,835	
24.11 Capital notes \$ . . . . . and interest thereon \$ . . . . .		
25. Aggregate write-ins for liabilities . . . . .	1,990,869	1,966,055
26. Total liabilities excluding Separate Accounts business (Line 1 to Line 25) . . . . .	130,450,590	125,072,286
27. From Separate Accounts statement . . . . .		
28. Total liabilities (Line 26 and Line 27) . . . . .	130,450,590	125,072,286
29. Common capital stock . . . . .	2,502,910	2,502,910
30. Preferred capital stock . . . . .		
31. Aggregate write-ins for other than special surplus funds . . . . .		
32. Surplus notes . . . . .	5,000,000	5,000,000
33. Gross paid in and contributed surplus (Page 3, Line 33, Column 2 plus Page 4, Line 51.1, Column 1) . . . . .	3,860,873	3,860,873
34. Aggregate write-ins for special surplus funds . . . . .		
35. Unassigned funds (surplus) . . . . .	944,887	8,872,401
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) . . . . .	9,805,760	17,733,274
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55) . . . . .	12,308,670	20,236,184
39. Totals of Lines 28 and 38 (Page 2, Line 28, Column 3) . . . . .	142,759,260	145,308,470
DETAILS OF WRITE-INS		
2501. Reinsurance Payable . . . . .	1,070,600	1,385,372
2502. Others Accounts Payable . . . . .	2,532	58,630
2503. Accounts Payable - Miscellaneous . . . . .	917,737	522,053
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) . . . . .	1,990,869	1,966,055
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 Current Year	2 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)	74,721,325	95,342,997
2. Considerations for supplementary contracts with life contingencies		
3. Net investment income (Exhibit of Net Investment Income, Line 17)	5,423,162	5,704,793
4. Amortization of Interest Maintenance Reserve (IMR, Line 5)	170,812	102,638
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)		
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	605,249	403,792
9. Totals (Line 1 to Line 8.3)	80,920,548	101,554,220
10. Death benefits	9,435,706	11,956,824
11. Matured endowments (excluding guaranteed annual pure endowments)		
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Column 4 plus Column 8)	391,270	222,662
13. Disability benefits and benefits under accident and health contracts	26,705,966	41,015,739
14. Coupons, guaranteed annual pure endowments and similar benefits		
15. Surrender benefits and withdrawals for life contracts	5,539,942	6,494,377
16. Group conversions	288	6,745
17. Interest and adjustments on contract or deposit-type contract funds	1,800	5,428
18. Payments on supplementary contracts with life contingencies		
19. Increase in aggregate reserves for life and accident and health contracts	3,408,952	2,350,255
20. Totals (Line 10 to Line 19)	45,483,924	62,052,030
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Column 1)	10,989,862	11,186,323
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Column 1)	1,046,635	2,960,760
23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4)	26,837,787	20,430,787
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Column 1 plus Column 2 plus Column 3)	616,851	742,486
25. Increase in loading on deferred and uncollected premiums	(33,637)	4,263
26. Net transfers to or (from) Separate Accounts net of reinsurance		
27. Aggregate write-ins for deductions		2,661,525
28. Totals (Line 20 to Line 27)	84,941,422	100,038,174
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(4,020,874)	1,516,046
30. Dividends to policyholders		
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	(4,020,874)	1,516,046
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)	(4,020,874)	1,516,046
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ 39,251 (excluding taxes of \$ 257,307 transferred to the IMR)	157,005	(77,635)
35. Net Income (Line 33 plus Line 34)	(3,863,869)	1,438,411
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Column 2)	20,236,184	28,527,417
37. Net income (Line 35)	(3,863,869)	1,438,411
38. Change in net unrealized capital gains (losses) less capital gains tax of \$	(5,017,796)	(1,493,499)
39. Change in net unrealized foreign exchange capital gain (loss)		
40. Change in net deferred income tax		
41. Change in nonadmitted assets	259,227	(3,435,707)
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	694,924	235,257
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		(5,000,000)
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)		
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		(35,695)
54. Net change in capital and surplus for the year (Line 37 through Line 53)	(7,927,514)	(8,291,233)
55. Capital and surplus, December 31, current year (Line 36 plus Line 54) (Page 3, Line 38)	12,308,670	20,236,184
<b>DETAILS OF WRITE-INS</b>		
08.301. Other Income	605,249	403,792
08.302.		
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)	605,249	403,792
2701. Special Service Fee		733,552
2702. Service Agreement		1,560,000
2703. Miscellaneous		367,973
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)		2,661,525
5301. Prior year adjustment		(35,695)
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)		(35,695)

**CASH FLOW**

	1	2
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance	74,203,515	86,921,970
2. Net investment income	6,059,928	5,634,325
3. Miscellaneous income	605,249	403,792
4. Total (Line 1 through Line 3)	80,868,692	92,960,087
5. Benefit and loss related payments	38,853,730	54,740,324
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	42,585,035	38,157,273
7. Commissions, expenses paid and aggregate write-ins for deductions	34,991	(68,888)
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	34,991	(68,888)
10. Total (Line 5 through Line 9)	81,473,756	92,828,709
11. Net cash from operations (Line 4 minus Line 10)	(605,064)	131,378
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	19,289,790	22,639,345
12.2 Stocks	4,616,448	1,472,209
12.3 Mortgage loans	4,281	198,070
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	142,785	102,629
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	24,053,304	24,412,253
13. Cost of investments acquired (long-term only):		
13.1 Bonds	17,667,128	19,771,242
13.2 Stocks		
13.3 Mortgage loans		223,514
13.4 Real estate	1,559,595	25,068
13.5 Other invested assets	549,933	
13.6 Miscellaneous applications		30,261
13.7 Total investments acquired (Line 13.1 through Line 13.6)	19,776,656	20,050,085
14. Net increase (decrease) in contract loans and premium notes	148,983	451,662
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	4,127,665	3,910,506
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		(5,000,000)
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(4,311,138)	(3,288,502)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(4,311,138)	(8,288,502)
<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)	(788,537)	(4,246,618)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	2,476,078	6,722,696
19.2 End of year (Line 18 plus Line 19.1)	1,687,541	2,476,078

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		

**CASH FLOW, Line 20 (Continued)**

OVERFLOW FOR Page 5, Cash Flow

Line Number	Details of Write-ins	1 Current Year	2 Prior Year
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ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health			12 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (a)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other	
1. Premiums and annuity considerations for life and accident and health contracts	74,721,325		17,820,756	570,043		3,219,209	5,588,697		27,935,428	423,536	19,163,656	
2. Considerations for supplementary contracts with life contingencies												
3. Net investment income	5,423,162		2,885,451	674,352		87,140	108,697		929,946	7,865	729,711	
4. Amortization of Interest Maintenance Reserve (IMR)	170,812		91,088	21,288		2,751	3,421		28,981	248	23,035	
5. Separate Accounts net gain from operations excluding unrealized gains or losses												
6. Commissions and expense allowances on reinsurance ceded												
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	605,249		26,590	780		4,403	273,149		272,564	579	27,184	
9. Totals (Line 1 to Line 8.3)	80,920,548		20,823,885	1,266,463		3,313,503	5,973,964		29,166,919	432,228	19,943,586	
10. Death benefits	9,435,706		6,844,134			413,903	2,177,669					
11. Matured endowments (excluding guaranteed annual pure endowments)												
12. Annuity benefits	391,270			391,270								
13. Disability benefits and benefits under accident and health contracts	26,705,966								17,346,461	241,740	9,117,765	
14. Coupons, guaranteed annual pure endowments and similar benefits												
15. Surrender benefits and withdrawals for life contracts	5,539,942		3,241,522	2,298,420								
16. Group conversions	288		288									
17. Interest and adjustments on contract or deposit-type contract funds	1,800		59			339			7		1,395	
18. Payments on supplementary contracts with life contingencies												
19. Increase in aggregate reserves for life and accident and health contracts	3,408,952		3,604,227	(1,192,316)		(308,579)					1,305,620	
20. Totals (Line 10 to Line 19)	45,483,924		13,690,230	1,497,374		105,663	2,177,669		17,346,468	241,740	10,424,780	
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)	10,989,862		2,197,770	675		865,605	314,602		1,256,633	(24,154)	6,378,731	
22. Commissions and expense allowances on reinsurance assumed	1,046,635						592,619		454,016			
23. General insurance expenses	26,837,787		6,415,635	183,532		862,762	1,313,863		8,858,326	374,552	8,829,117	
24. Insurance taxes, licenses and fees, excluding federal income taxes	616,851		175,010	5,000		18,627	35,002		171,826	5,000	206,386	
25. Increase in loading on deferred and uncollected premiums	(33,637)		(11,773)	(336)		(673)	(2,355)		(3,700)	(336)	(14,464)	
26. Net transfers to or (from) Separate Accounts net of reinsurance												
27. Aggregate write-ins for deductions												
28. Totals (Line 20 to Line 27)	84,941,422		22,466,872	1,686,245		1,851,984	4,431,400		28,083,569	596,802	25,824,550	
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(4,020,874)		(1,642,987)	(419,782)		1,461,519	1,542,564		1,083,350	(164,574)	(5,880,964)	
30. Dividends to policyholders												
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	(4,020,874)		(1,642,987)	(419,782)		1,461,519	1,542,564		1,083,350	(164,574)	(5,880,964)	
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)	(4,020,874)		(1,642,987)	(419,782)		1,461,519	1,542,564		1,083,350	(164,574)	(5,880,964)	
<b>DETAILS OF WRITE-INS</b>												
08.301. OTHER INCOME	605,249		26,590	780		4,403	273,149		272,564	579	27,184	
08.302.												
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)	605,249		26,590	780		4,403	273,149		272,564	579	27,184	
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

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

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

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group	
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities
Involving Life or Disability Contingencies (Reserves) (Net of Reinsurance Ceded)								
1. Reserve December 31, prior year .....	87,652,578		68,292,659	18,468,872		891,047		
2. Tabular net premiums or considerations .....	20,635,604		16,846,352	570,043		3,219,209		
3. Present value of disability claims incurred .....	268,970		268,970		X X X			
4. Tabular interest .....	3,523,748		2,779,369	714,909		29,470		
5. Tabular less actual reserve released .....								
6. Increase in reserve on account of change in valuation basis .....								
7. Other increases (net) .....								
8. Totals (Line 1 to Line 7) .....	112,080,900		88,187,350	19,753,824		4,139,726		
9. Tabular cost .....	13,867,829		10,694,254		X X X	3,173,575		
10. Reserves released by death .....	307,066		306,072	X X X	X X X	994		X X X
11. Reserves released by other terminations (net) .....	6,668,804		6,107,267	178,848		382,689		
12. Annuity, supplementary contract, and disability payments involving life contingencies .....	2,702,367		403,947	2,298,420				
13. Net transfers to or (from) Separate Accounts .....								
14. Total deductions (Line 9 to Line 13) .....	23,546,066		17,511,540	2,477,268		3,557,258		
15. Reserve December 31, current year .....	88,534,834		70,675,810	17,276,556		582,468		

**EXHIBIT OF NET INVESTMENT INCOME**

	1	2
	Collected During Year	Earned During Year
1. U. S. Government bonds	(a) 1,064,396	1,043,500
1.1 Bonds exempt from U. S. tax	(a) 885,815	837,106
1.2 Other bonds (unaffiliated)	(a) 3,010,850	2,954,201
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	(b)	
2.21 Common stocks of affiliates	(b)	
3. Mortgage loans	(c) 141	141
4. Real estate	(d)	
5. Contract loans	(d) 258,426	258,896
6. Cash, cash equivalents and short-term investments	(e) 29,036	29,036
7. Derivative instruments	(f)	
8. Other invested assets	(f)	
9. Aggregate write-ins for investment income	872,078	884,294
10. Total gross investment income	6,120,742	6,007,174
11. Investment expenses		(g)
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 216,530
14. Depreciation on real estate and other invested assets		(i) 142,784
15. Aggregate write-ins for deductions from investment income		224,697
16. Totals deductions (Line 11 through Line 15)		584,011
17. Net investment income (Line 10 minus Line 16)		5,423,163
<b>DETAILS OF WRITE-INS</b>		
0901. RENT	872,078	884,294
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)	872,078	884,294
1501. OTHER INVESTMENT FEES		224,697
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)		224,697
(a) 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.
(b) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued dividends on purchases.		(g) Includes \$ ..... 224,697 investment expenses and \$ ..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(c) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.		(h) Includes \$ ..... 216,530 interest on surplus notes and \$ ..... interest on capital notes.
(d) Includes \$ ..... for company's occupancy of its own buildings; and excludes \$ ..... interest on encumbrances.		(i) Includes \$ ..... 142,784 depreciation on real estate and \$ ..... depreciation on other invested assets.
(e) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.		

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Cols. 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U. S. Government bonds	192,957		192,957		
1.1 Bonds exempt from U. S. tax	7,926		7,926		
1.2 Other bonds (unaffiliated)	195,010		195,010		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	57,669		57,669	3,496	
2.21 Common stocks of affiliates				(4,568,019)	
3. Mortgage loans					
4. Real estate				(453,305)	
5. Contract loans					
6. Cash, cash equivalents and short-term investments	7		7		
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)	(257,307)		(257,307)		
10. Total capital gains (losses)	196,262		196,262	(5,017,828)	
<b>DETAILS OF WRITE-INS</b>					
0901. AMORTIZATION OF IRM	(170,812)		(170,812)		
0902. CHANGE IN IRM RESERVES	(86,495)		(86,495)		
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)	(257,307)		(257,307)		

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

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)	10 Other	
<b>FIRST YEAR (other than single)</b>											
1. Uncollected	5,665,285		249,462			556		5,415,267			
2. Deferred and accrued											
3. Deferred, accrued and uncollected:											
3.1 Direct	5,665,285		249,462			556		5,415,267			
3.2 Reinsurance assumed											
3.3 Reinsurance ceded											
3.4 Net (Line 1 plus Line 2)	5,665,285		249,462			556		5,415,267			
4. Advance											
5. Line 3.4 minus Line 4	5,665,285		249,462			556		5,415,267			
6. Collected during year:											
6.1 Direct	59,395,289		1,370,157	5,756	1,910	30,154		52,928,225	36,712	5,022,375	
6.2 Reinsurance assumed	6,166,164					3,462,398		2,703,766			
6.3 Reinsurance ceded	20,868,576		49,128					20,819,448			
6.4 Net	44,692,877		1,321,029	5,756	1,910	3,492,552		34,812,543	36,712	5,022,375	
7. Line 5 plus Line 6.4	50,358,162		1,570,491	5,756	1,910	3,493,108		40,227,810	36,712	5,022,375	
8. Prior year (uncollected plus deferred and accrued minus advance)	16,882,460		383,255			276		16,446,696		52,233	
9. First year premiums and considerations:											
9.1 Direct	48,178,114		1,236,364	5,756	1,910	30,434		41,896,796	36,712	4,970,142	
9.2 Reinsurance assumed	6,166,164					3,462,398		2,703,766			
9.3 Reinsurance ceded	20,868,576		49,128					20,819,448			
9.4 Net (Line 7 minus Line 8)	33,475,702		1,187,236	5,756	1,910	3,492,832		23,781,114	36,712	4,970,142	
<b>SINGLE</b>											
10. Single premiums and considerations:											
10.1 Direct											
10.2 Reinsurance assumed											
10.3 Reinsurance ceded											
10.4 Net											
<b>RENEWAL</b>											
11. Uncollected	7,293,911		5,087,753		208,261	90,036		344,473	240,278	1,323,110	
12. Deferred and accrued											
13. Deferred, accrued and uncollected:											
13.1 Direct	7,293,911		5,087,753		208,261	90,036		344,473	240,278	1,323,110	
13.2 Reinsurance assumed											
13.3 Reinsurance ceded											
13.4 Net (Line 11 plus Line 12)	7,293,911		5,087,753		208,261	90,036		344,473	240,278	1,323,110	
14. Advance											
15. Line 13.4 minus Line 14	7,293,911		5,087,753		208,261	90,036		344,473	240,278	1,323,110	
16. Collected during year:											
16.1 Direct	43,445,032		16,991,993	564,287	3,451,749	2,376,634		4,903,381	186,208	14,970,780	
16.2 Reinsurance assumed											
16.3 Reinsurance ceded	3,215,196		1,571,097			247,430		684,558		712,111	
16.4 Net	40,229,836		15,420,896	564,287	3,451,749	2,129,204		4,218,823	186,208	14,258,669	
17. Line 15 plus Line 16.4	47,523,747		20,508,649	564,287	3,660,010	2,219,240		4,563,296	426,486	15,581,779	
18. Prior year (uncollected plus deferred and accrued minus advance)	6,278,124		3,875,129		442,711	123,375		408,982	39,662	1,388,265	
19. Renewal premiums and considerations:											
19.1 Direct	44,460,817		18,204,617	564,287	3,217,298	2,343,295		4,838,872	386,823	14,905,625	
19.2 Reinsurance assumed											
19.3 Reinsurance ceded	3,215,196		1,571,097			247,430		684,558		712,111	
19.4 Net (Line 17 minus Line 18)	41,245,623		16,633,520	564,287	3,217,299	2,095,865		4,154,314	386,824	14,193,514	
<b>TOTAL</b>											
20. Total premiums and annuity considerations:											
20.1 Direct	92,638,931		19,440,981	570,043	3,219,208	2,373,729		46,735,668	423,535	19,875,767	
20.2 Reinsurance assumed	6,166,164					3,462,398		2,703,766			
20.3 Reinsurance ceded	24,083,772		1,620,225			247,430		21,504,006		712,111	
20.4 Net (Lines 9.4 plus 10.4 plus 19.4)	74,721,325		17,820,756	570,043	3,219,209	5,588,697		27,935,428	423,536	19,163,656	

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

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)	10 Other	
<b>DIVIDENDS AND COUPONS APPLIED (included in Part 1)</b>											
21. To pay renewal premiums .....											
22. All other .....											
<b>REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED</b>											
23. First year (other than single):											
23.1 Reinsurance ceded .....											
23.2 Reinsurance assumed .....	1,046,635					592,619		454,016			
23.3 Net ceded less assumed .....	(1,046,635)					(592,619)		(454,016)			
24. Single:											
24.1 Reinsurance ceded .....											
24.2 Reinsurance assumed .....											
24.3 Net ceded less assumed .....											
25. Renewal:											
25.1 Reinsurance ceded .....											
25.2 Reinsurance assumed .....											
25.3 Net ceded less assumed .....											
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6) .....											
26.2 Reinsurance assumed (Page 6, Line 22) .....	1,046,635					592,619		454,016			
26.3 Net ceded less assumed .....	(1,046,635)					(592,619)		(454,016)			
<b>COMMISSIONS INCURRED (direct business only)</b>											
27. First year (other than single) .....	5,238,765		1,095,392	58	386	4,003		28,285	13,485	4,097,156	
28. Single .....											
29. Renewal .....	5,751,098		1,102,373	617	865,219	310,599		1,228,347	(37,639)	2,281,582	
30. Deposit-type contract funds .....											
31. Totals (to agree with Page 6, Line 21) .....	10,989,863		2,197,765	675	865,605	314,602		1,256,632	(24,154)	6,378,738	

**EXHIBIT 2 - GENERAL EXPENSES**

	Insurance				5 Investment	6 Total
	1 Life	Accident and Health		4 All Other Lines of Business		
		2 Cost Containment	3 All Other			
1. Rent	721,722		882,104			1,603,826
2. Salaries and wages	1,681,706		2,055,419			3,737,125
3.11 Contributions for benefit plans for employees	85,378		104,352			189,730
3.12 Contributions for benefit plans for agents	172,242		210,518			382,760
3.21 Payments to employees under non-funded benefit plans						
3.22 Payments to agents under non-funded benefit plans						
3.31 Other employee welfare	347,044		424,166			771,210
3.32 Other agent welfare	171,202		209,247			380,449
4.1 Legal fees and expenses	332,448		406,326			738,774
4.2 Medical examination fees	123,301		150,702			274,003
4.3 Inspection report fees	12,785		15,625			28,410
4.4 Fees of public accountants and consulting actuaries	392,299		479,477			871,776
4.5 Expense of investigation and settlement of policy claims	545,196		666,352			1,211,548
5.1 Traveling expenses	584,437		714,311			1,298,748
5.2 Advertising	244,000		907,042			1,151,042
5.3 Postage, express, telegraph and telephone	149,113		182,249			331,362
5.4 Printing and stationery	217,482		265,811			483,293
5.5 Cost or depreciation of furniture and equipment	351,970		430,186			782,156
5.6 Rental of equipment	157,192		192,124			349,316
5.7 Cost or depreciation of EDP equipment and software						
6.1 Books and periodicals	31,178		38,107			69,285
6.2 Bureau and association fees	552		675			1,227
6.3 Insurance, except on real estate	15,695		19,183			34,878
6.4 Miscellaneous losses						
6.5 Collection and bank service charges	152,817		186,777			339,594
6.6 Sundry general expenses	22,490		27,487			49,977
6.7 Group service and administration fees			5,572,201			5,572,201
6.8 Reimbursements by uninsured plans						
7.1 Agency expense allowance						
7.2 Agents' balances charged off (less \$ recovered)						
7.3 Agency conferences other than local meetings						
9.1 Real estate expenses						
9.2 Investment expenses not included elsewhere						
9.3 Aggregate write-ins for expenses	2,263,544		3,921,554			6,185,098
10. General expenses incurred	8,775,793		18,061,995		(a)	26,837,788
11. General expenses unpaid December 31, prior year	440,781		404,117			844,898
12. General expenses unpaid December 31, current year	466,463		570,121			1,036,584
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)	8,750,111		17,895,991			26,646,102
<b>DETAILS OF WRITE-INS</b>						
09.301. COMPUTER SERVICES	571,166		698,091			1,269,257
09.302. DIRECTOR FEES	2,160		2,640			4,800
09.303. PROFESSIONAL SERVICES	472,674		577,713			1,050,387
09.398. Summary of remaining write-ins for Line 9.3 from overflow page	1,217,544		2,643,110			3,860,654
09.399. Totals (Line 09.301 through Line 09.303 plus Line 09.398) (Line 9.3 above)	2,263,544		3,921,554			6,185,098

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

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

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Real estate taxes					
2. State insurance department licenses and fees	3,722	4,548			8,270
3. State taxes on premiums	17,855	119,483			137,338
4. Other state taxes, including \$ 93,573 for employee benefits	44,507	54,398			98,905
5. U. S. Social Security taxes	97,648	119,346			216,994
6. All other taxes	69,905	85,439			155,344
7. Taxes, licenses and fees incurred	233,637	383,214			616,851
8. Taxes, licenses and fees unpaid December 31, prior year	93	297,062			297,155
9. Taxes, licenses and fees unpaid December 31, current year	99	220,000			220,099
10. Taxes, licenses and fees paid during year (Line 7 plus Line 8 minus Line 9)	233,631	460,276			693,907

**EXHIBIT 4 - DIVIDENDS OR REFUNDS**

	1	2
	Life	Accident and Health
1. Applied to pay renewal premiums		
2. Applied to shorten the endowment or premium-paying period		
3. Applied to provide paid-up additions		
4. Applied to provide paid-up annuities		
5. Total Line 1 through Line 4		
6. Paid-in cash		
7. Left on deposit		
8. Aggregate write-ins for dividend or refund options		
9. Total Line 5 through Line 8		
10. Amount due and unpaid		
11. Provision for dividends or refunds payable in the following calend		
12. Terminal dividends		
13. Provision for deferred dividend contracts		
14. Amount provisionally held for deferred dividend policies not inclu		
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)		
<b>NONE</b>		
<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 Valuation Standard	2 Total	3 Industrial	4 Ordinary	5 Credit (Group and Individual)	6 Group
(Gross) - Life Insurance					
1980 CSO 3.5% CRVM	2,961,127		2,961,127		
1980 CSO 4-4.5% CRVM	65,282,136		65,282,136		
2001 CSO S&U 4.5%	40,282		40,282		
1980 CSO 4.5%	582,468			582,468	
0199997 - TOTALS (Gross) - Life Insurance	68,866,013		68,283,545	582,468	
0199999 - TOTALS (Net) - Life Insurance	68,866,013		68,283,545	582,468	
(Gross) - Annuities (excluding supplementary contracts with life contingencies)					
BASED ON CARVM FOR IRA CONTRACTS	16,232,934		16,232,934		
BASED ON CARVM FOR IRA CONTRACTS	636,788		636,788		
PREMIUMS BASIC ACCUMULATED AT 5% INTEREST - GAR	406,834		406,834		
0299997 - TOTALS (Gross) - Annuities (excluding supplementary contracts with life contingencies)	17,276,556		17,276,556		
0299999 - TOTALS (Net) - Annuities (excluding supplementary contracts with life contingencies)	17,276,556		17,276,556		
(Gross) - Accidental Death Benefits					
1959 ADB 3% NET LEVEL	169,985		169,985		
0499997 - TOTALS (Gross) - Accidental Death Benefits	169,985		169,985		
0499999 - TOTALS (Net) - Accidental Death Benefits	169,985		169,985		
(Gross) - Disability - Active Lives					
1985 CIDA & 1980 CSO 3% NL	324,418		324,418		
1985 CIDA & 1980 CSO 3%	401,507		401,507		
0599997 - TOTALS (Gross) - Disability - Active Lives	725,925		725,925		
0599999 - TOTALS (Net) - Disability - Active Lives	725,925		725,925		
(Gross) - Disability - Disabled Lives					
1952 SOA 3%	827,473		827,473		
1985 CIDC 3%	668,882		668,882		
0699997 - TOTALS (Gross) - Disability - Disabled Lives	1,496,355		1,496,355		
0699999 - TOTALS (Net) - Disability - Disabled Lives	1,496,355		1,496,355		
9999999 - TOTALS (Net) - Page 3, Line 1	88,534,834		87,952,366	582,468	

**EXHIBIT 5 - INTERROGATORIES**

- 1.1 Has the reporting entity ever issued both participating and non-participating contracts? Yes ( ) No (X)
- 1.2 If not, state which kind is issued.  
.....
- 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.  
.....
- 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 (X) No ( )
- 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 Description of Valuation Class	Valuation Basis		4 Increase in Actuarial Reserve Due to Change
	2 Changed From	3 Changed To	

NONE

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

	1 Total	2 Group Accident and Health	3 Credit Accident and Health (Group and Individual)	4 Collectively Renewable	Other Individual Contracts				
					5 Non-Cancelable	6 Guaranteed Renewable	7 Non-Renewable for Stated Reasons Only	8 Other Accident Only	9 All Other
<b>ACTIVE LIFE RESERVE</b>									
1. Unearned premium reserves	322,019	68,210	253,809						
2. Additional contract reserves (a)	9,379,033					9,379,033			
3. Additional actuarial reserves - Asset/Liability analysis	396,077					396,077			
4. Reserve for future contingent benefits									
5. Reserve for rate credits									
6. Aggregate write-ins for reserves									
7. Totals (Gross)	10,097,129	68,210	253,809			9,775,110			
8. Reinsurance ceded	311,789					311,789			
9. Totals (Net)	9,785,340	68,210	253,809			9,463,321			
<b>CLAIM RESERVE</b>									
10. Present value of amounts not yet due on claims	15,800,722	12,942,951	39,134			2,818,637			
11. Additional actuarial reserves - Asset/Liability analysis	3,205					3,205			
12. Reserve for future contingent benefits									
13. Aggregate write-ins for reserves									
14. Totals (Gross)	15,803,927	12,942,951	39,134			2,821,842			
15. Reinsurance ceded	13,249,699	10,991,298				2,258,401			
16. Totals (Net)	2,554,228	1,951,653	39,134			563,441			
17. TOTAL (Net)	12,339,568	2,019,863	292,943			10,026,762			
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.

**EXHIBIT 7 - DEPOSIT TYPE CONTRACTS**

	1	2	3	4	5	6
	Total	Guaranteed Interest Contracts	Annuities Certain	Supplemental Contracts	Dividend Accumulations or Refunds	Premium and Other Deposit Funds
1. Balance at the beginning of the year before reinsurance .....						
2. Deposits received during the year .....						
3. Investment earnings credited to the account .....						
4. Other net change in reserves .....						
5. Fees and other charges assessed .....						
6. Surrender charges .....						
7. Net surrender or withdrawal payments .....						
8. Other net transfers to or (from) Separate Accounts .....						
9. Balance at the end of current year before reinsurance (Lines 1 plus 2 plus 3 plus 4 minus 5 minus 6 minus 7 minus 8) ...						
10. Reinsurance balance at the beginning of the year .....						
11. Net change in reinsurance assumed .....						
12. Net change in reinsurance ceded .....						
13. Reinsurance balance at the end of the year (Line 10 plus Line 11 minus Line 12) .....						
14. Net balance at the end of current year after reinsurance (Line 9 plus Line 13) .....						

**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	28,705,803		1,911,230			35,835	307,090		22,423,118	134,850	3,893,680
1.2 Reinsurance assumed	2,103,631						794,101		1,309,530		
1.3 Reinsurance ceded	15,098,803		111,236						12,120,965		2,866,602
1.4 Net	15,710,631		1,799,994			35,835	1,101,191		11,611,683	134,850	1,027,078
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											
2.21 Direct											
2.22 Reinsurance assumed											
2.23 Reinsurance ceded											
2.24 Net			(b)	(b)		(b)	(b)		(b)	(b)	(b)
3. Incurred but unreported:											
3.1 Direct	5,840,731		1,774,866			44,895	473,197		148,315	66,039	3,333,419
3.2 Reinsurance assumed											
3.3 Reinsurance ceded	423,294		269,991				67,915		410		84,978
3.4 Net	5,417,437		(b) 1,504,875	(b)		(b) 44,895	(b) 405,282		(b) 147,905	(b) 66,039	(b) 3,248,441
4. TOTALS											
4.1 Direct	34,546,534		3,686,096			80,730	780,287		22,571,433	200,889	7,227,099
4.2 Reinsurance assumed	2,103,631						794,101		1,309,530		
4.3 Reinsurance ceded	15,522,097		381,227				67,915		12,121,375		2,951,580
4.4 Net	21,128,068	(a)	(a) 3,304,869			80,730	(a) 1,506,473		11,759,588	200,889	4,275,519

(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 Total	2 Industrial Life (a)	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance (b)	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (c)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Settlements during the year:											
1.1 Direct	46,678,405		5,908,468	391,270		367,708	2,568,274		30,281,887	290,880	6,869,918
1.2 Reinsurance assumed	2,939,203						1,048,870		1,890,333		
1.3 Reinsurance ceded	18,254,986		290,000				71,000		17,132,242		761,744
1.4 Net	(d) 31,362,622		5,618,468	391,270		367,708	3,546,144		15,039,978	290,880	6,108,174
2. Liability December 31, current year from Part 1:											
2.1 Direct	34,546,534		3,686,096			80,730	780,287		22,571,433	200,889	7,227,099
2.2 Reinsurance assumed	2,103,631						794,101		1,309,530		
2.3 Reinsurance ceded	15,522,097		381,227				67,915		12,121,375		2,951,580
2.4 Net	21,128,068		3,304,869			80,730	1,506,473		11,759,588	200,889	4,275,519
3. Amounts recoverable from reinsurers December 31, current year	3,255,835		698,500						1,295,069		1,262,266
4. Liability December 31, prior year:											
4.1 Direct	14,718,955		2,469,551			34,535	1,220,846		9,126,312	250,029	1,617,682
4.2 Reinsurance assumed	2,832,537						1,921,947		910,590		
4.3 Reinsurance ceded	801,005		253,849				192,845		294,247		60,064
4.4 Net	16,750,487		2,215,702			34,535	2,949,948		9,742,655	250,029	1,557,618
5. Amounts recoverable from reinsurers December 31, prior year	4,048,574		835,000				75,000		1,584,618		1,553,956
6. Incurred Benefits:											
6.1 Direct	66,505,984		7,125,013	391,270		413,903	2,127,715		43,727,008	241,740	12,479,335
6.2 Reinsurance assumed	2,210,297						(78,976)		2,289,273		
6.3 Reinsurance ceded	32,183,339		280,878				(128,930)		28,669,821		3,361,570
6.4 Net	36,532,942		6,844,135	391,270		413,903	2,177,669		17,346,460	241,740	9,117,765

(a) 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.

(b) 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.

(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 Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (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	291,098	51,636	(239,462)
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)	291,098	51,636	(239,462)
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	100,701		(100,701)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	4,688,540	5,467,769	779,229
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	154,184		(154,184)
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			
20. Electronic data processing equipment and software	477,492	490,046	12,554
21. Furniture and equipment, including health care delivery assets	171,291	238,402	67,111
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivable from parent, subsidiaries and affiliates	2,377,557	2,367,914	(9,643)
24. Health care and other amounts receivable			
25. Aggregate write-ins for other than invested assets	2,124,845	2,029,167	(95,678)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	10,385,708	10,644,934	259,226
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Line 26 and Line 27)	10,385,708	10,644,934	259,226
<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. Prepaid Expenses - Miscellaneous	692,975	621,087	(71,888)
2502. Accounts Receivable - Miscellaneous	1,286,982	1,274,719	(12,263)
2503. Deferred Expenses Miscellaneous	65,000	46,000	(19,000)
2598. Summary of remaining write-ins for Line 25 from overflow page	79,888	87,361	7,473
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	2,124,845	2,029,167	(95,678)

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

The Company was incorporated in 1969 under the provisions of the Insurance Code of the Commonwealth of Puerto Rico and its operations consist principally of underwriting individual and group life and credit life insurance, individual annuities and accident and health insurance contracts. Substantially all of the business is conducted in Puerto Rico, which exposes the Company to geographic risk.

**A. Accounting Practices**

The accompanying financial statements have been prepared in conformity with accounting practices prescribed or permitted ("SAP") by the Commissioner of Insurance of the Commonwealth of Puerto Rico, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("GAAP").

Effective January 1, 2001, the Insurance Commissioner of Puerto Rico required that insurance companies domiciled in the Commonwealth of Puerto Rico prepare their statutory basis financial statements in accordance with the NAIC "Accounting Practices and Procedures" manual - version effective January 1, 2001, subject to any deviations prescribed or permitted by the Insurance Commissioner of Puerto Rico.

During 2008, the Office of the Commissioner of Insurance of Puerto Rico (OCS) permitted National Life Insurance Company to capitalize the Home Office Real Estate Investment at Market Value as determined by a Certified Appraiser. During 2009 and 2010 the Company continued accounting for the Home Office building at market value using updated appraisals. Authorization was requested from OCS to continue this practice. Such authorizations are pending for the years 2009 and 2010. A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the Commonwealth of Puerto Rico is shown below:

	<u>2010</u>	<u>2009</u>
<b>Net Income – Puerto Rico Basis</b>	(3,863,869)	\$1,438,410
State Prescribed Practices – None	-	-
State Permitted Practices – None	-	-
<b>Net Income – NAIC SAP</b>	-	\$1,438,410
<b>Statutory Surplus – Puerto Rico Basis</b>	\$12,308,670	\$20,236,184
State Prescribed Practice – None	-	-
State Permitted Practice – Real Estate booked at Market Value	(2,312,681)	(2,765,986)
<b>Statutory Surplus – NAIC SAP</b>	\$10,036,403	\$17,470,198

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

The preparation of financial statements in conformity with statutory accounting practices 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**

- i. Non-admitted Assets - Certain assets designated as "non-admitted" have been excluded from the statutory statement of admitted assets, liabilities and capital and surplus by a charge to surplus.
- ii. Cash includes non-negotiable certificates of deposit with an original maturity of one year or less as well as cash on hand and demand deposits. Short-term investments include all investments whose maturities at the time of acquisition are one year or less. Short-term investments are stated at amortized cost.
- iii. Investments - Debt securities are valued in accordance with rules promulgated by the National Association of Insurance Commissioners (NAIC). Debt securities eligible for amortization under such rules (including mortgage-backed securities) are stated at amortized cost, net of unamortized premiums and discounts. Bonds not backed by other loans are stated at either amortized cost, using the interest method or the lower of amortized cost or fair market value.

**NOTES TO FINANCIAL STATEMENTS**

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- iv. Publicly traded equity securities (common stock) are stated at quoted market prices. Unrealized gains or losses are presented as a direct credit or charge to surplus. Unaffiliated common stock are stated at fair market value. Common stocks of uncombined subsidiaries and affiliates in which the company has an interest of 20% or more are carried on the equity basis.
- v. Redeemable Preferred stocks in good standing are carried at amortized cost. Perpetual preferred stocks in good standing are carried at fair market value. Other preferred stocks not in good standing are carried at the lower of amortized cost or fair market value.
- vi. Mortgage loans and notes receivable are stated at their outstanding principal balance up to limitations required by the Commissioner. Policy loans are carried at their aggregate unpaid balance, including accumulated interest, not exceeding their cash surrender values or policy benefit reserves.
- vii. Loan backed securities are subject to prepayment and extension risk. The retrospective method is used to value all loan-backed securities, except for interest only securities, Emerging Issues Tax Force (EITF) 99-20 eligible securities or securities where the yield has become negative, which are valued using the prospective method. As of December 31, 2010 and 2009, the Company had no negative yield securities requiring a change from the retrospective to prospective method. Prepayment assumptions for mortgage-backed securities incorporated in the calculation of their amortized cost are generated using a prepayment model acquired from a vendor. The prepayment model uses a number of factors to estimate prepayment activity including the time of year (seasonality), current levels of interest rates (refinancing incentive), economic activity (including housing turnover) and the term and age of the underlying collateral (burnout, seasoning). The market value of loan-backed securities was obtained from various independent security dealers.
- viii. Common stock from a related insurance company is presented at the Company's proportionate ownership in the related company's statutory capital and surplus. The unrealized gain or loss related to this common stock is accounted for as a direct increase or decrease in unassigned surplus.
- ix. Net realized gains and losses on the sale of investments are determined on the specific identification method and recorded in accordance with interest maintenance reserve provisions. Investment transactions are included on the basis of trade date.
- x. Real Estate investments represent properties occupied by the Company or held for the production of income and are presented at cost, net of accumulated depreciation. Useful life of real estate was estimated at approximately 40 years. During 2008 the Office of the Commissioner of Insurance of Puerto Rico (OCS) permitted the Company to make an adjustment to the Home Office Real Estate investment to present it at market value as determined by a Certified Appraiser. As a result, as of December 31, 2008 and thereafter the Company accounted for its Home Office building at market value based on updated appraisals obtained. Authorization was requested to the OCS to continue this practice. Such authorization is still pending for the years 2009 and 2010.
- xi. Revenue Recognition - Premiums are recognized as income when due from policyholders under the terms of the insurance contract.
- xii. Policy and Contract Claims - Unpaid claims consist of the liability for reported claims and an estimate for claims incurred but not reported based on past experience. While management believes that the provisions for unpaid claims and claim adjustment expenses are adequate, amounts ultimately paid may differ. Such differences are charged to current operations when estimates are changed.

The reserves for life policies are stated after deduction of reserves and claims applicable to reinsurance ceded to other companies. The Company, however, is liable for these amounts in the event that its reinsurers are unable to pay their portion of the claims.

- xiii. Future Policy Benefits - Most of the policies in force are under the 1958, 1980 and 2001 CSO mortality table, with interest assumptions ranging from 2 1/2% to 4 3/4%. Approximately 92% of the reserves are calculated on a modified reserve basis and 8% on a net level reserve basis. The effect of the use of a modified reserve basis is to partially offset the effect of immediately expensing acquisition costs by providing a policy reserve increase in the first policy year that is less than the reserve increase in renewal years. These computation methods are in accordance with commonly accepted actuarial standards and principles, and are in accordance with the requirements of the Insurance Code of the

## NOTES TO FINANCIAL STATEMENTS

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Commonwealth of Puerto Rico. The reserve balance relating to individual annuities and deposit-type contracts is determined by contributions plus accrued interest based on contractual provisions less applicable penalties for early retirement or surrender charges. Reserves relating to group policies are determined at an amount equal to unearned premiums.

xiv. Asset Valuation Reserve and Interest Maintenance Reserve - An asset valuation reserve is maintained as prescribed by NAIC for the purpose of stabilizing the surplus of the Company against fluctuations in the market value of bonds and stocks held as investments.

The interest maintenance reserve captures the realized capital gains and losses for all types of fixed income investments that result from changes in the overall level of interest rates and amortizes these gains or losses into income over the estimated remaining life of the investment sold.

xv. Reinsurance - Premiums and commissions related to insurance ceded are accounted for as a reduction of premiums written and acquisition and commission costs, respectively. Reinsurance recoveries are recorded as a reduction of life and accident and health benefits incurred.

xvi. EDP Equipment - EDP equipment is stated at book value. Significant improvements are capitalized. Expenditures for maintenance and repairs are charged to expense.

xvii. Equipment, Furniture and Fixtures - Equipment, furniture and fixtures are classified as non-admitted assets. Depreciation is provided under the straight-line method over the estimated useful life of the assets.

xviii. Pension Cost - Pension expense is provided on the basis of contributions made to the pension plan as determined by consulting actuaries.

### 2. Accounting Changes And Corrections of Errors

A. Not applicable.

### 3. Business Combinations and Goodwill

A. Not applicable.

### 4. Discontinued Operations

A. Not applicable.

### 5. Investments

A. Investments in bonds are stated at cost adjusted for amortization of premiums and accrual of discounts. Investments in common stocks are reported at market value.

B. Changes in the net unrealized appreciation from changes in investment values of stocks have been credited directly to surplus.

C. \$1,350,000 are deposited with the Commissioner of Insurance of the Commonwealth of Puerto Rico and the State of Florida in trust for the protection of the Company's policyholders and creditors, as required by the respective insurance codes.

D. Management believes that the unrealized losses in the portfolio at December 31, 2010 are related to market interest rate fluctuations and not deterioration in the creditworthiness of the issuers, as a result, the impairment is considered temporary.

E. Loan-Backed Securities

1) When applying the retrospective method, the company uses historical cash flows and has elected not to use book values as of January 1, 1994 as the for securities purchased prior to January 1, 1994.

2) Prepayment assumptions for mortgage-backed securities, Asset-backed securities and

## NOTES TO FINANCIAL STATEMENTS

Collateralized Mortgage Obligations were generated using a purchased prepayment model. The prepayment model uses a number of factors to estimate prepayment activity including the time of year (seasonality), current levels of interest rates (refinancing incentive), economic activity (including housing turnover) and term and age of the underlying collateral (burnout, seasoning).

- 3) The company had no negative yield situations requiring a change from the retrospective to prospective method.

### 6. Joint Ventures, Partnerships and Limited Companies

- A. Not applicable.

### 7. Investment income

F.Schedule D Part - 1 investment income due and accrued with amounts over 90 days past due is recognized as non-admitted and excluded from surplus.

There was no investment income due and accrued with amounts over 90 days past due.

### 8. Derivative Instruments

- A. The Company does not have derivative instruments.

### 9. Income Taxes

- A. As a qualified domestic life insurance company, the Company is primarily subject to Puerto Rico income tax on capital gains and the Puerto Rico alternative minimum income tax (AMT), as applicable.

### 10. Information Concerning Parent

- A. Subsidiaries and Affiliates.

The following is a summary of the most significant transactions with related parties:

The Company's investment in common stock of a related company consists of 64,012 shares (approximately 25.57% of the outstanding shares) of National Insurance Company (NIC) with an equity value of \$5,874,381 and \$1,352,090 (cost of \$7,679,088) as of December 31, 2009 and December 31, 2010, respectively. This investment is presented at the Company's proportionate ownership in NIC's statutory capital and surplus at December 31, 2009 and December 31, 2010, respectively.

- B. The Company has an agreement with National Promoters, whereby National Promoters provides consulting services to the Company in, among others, the areas of finance, accounting, EDP, reinsurance and human resources. The Company paid National Promoters \$1,560,000 for these services during the year ended December 31, 2010.
- C. In addition, the Company has an agreement with an affiliate whereby the affiliate provides consulting services related to general electronic data processing. The Company paid this affiliate approximately \$594,5760 for these services during the 2009, and nothing during 2010. Also, during 2006 the Company entered into an agreement with an affiliate whereby the affiliate provides consulting services related to claim services and processing. The Company paid this affiliate \$1,200,000 for these services at December 31, 2010 and same amount for 2009.

### 11. Debt

- A. Not applicable.

### 12. Retirement Benefits, Deferred Compensation, Postemployment Benefits, Compensated Absences And Other Postretirement Benefits Plans

- A. Defined Benefit Plan

- i. The Company's employees participate in the retirement benefit plan of Carlos M. Benítez, Inc. (an affiliate). The plan is a qualified non-contributory defined benefit pension plan (the Plan) covering all employees who have one year of service and have met certain age

## NOTES TO FINANCIAL STATEMENTS

requirements. The Company is required to make annual contributions to the Plan, as determined by consulting actuaries, that should be at least the minimum funding requirement of ERISA. In 2010 and 2009 the Company charged to operations contributions amounting to \$117,483 and \$105,312, respectively. At January 1, 2009, latest actuarial valuation date, the Plan's total accumulated benefit obligation determined in accordance with ERISA regulations based on an assumed rate of return of investments of 7% was \$12,107,975, including vested benefits of \$12,107,975 and the Plan's assets were \$10,097,927. Plan assets consist mainly of U.S. Government securities, bonds, stocks, cash and cash surrender values on life insurance policies. Separate data for the Company's employees are not available.

- ii. Effective December 31, 2004, the Plan was amended as follows: 1) Benefits accruals under the Plan shall be frozen as of December 31, 2004 and there will be no increase in the accrued benefit of any participant after that date. 2) Employees of any of the companies which participate in the Plan who are employed after December 31, 2004 shall not be permitted to participate in the Plan. Notwithstanding, active participants of the Plan as of December 31, 2004 shall continue to accrue years of services of vesting service subsequent to December 31, 2004, for purposes of eligibility for benefits and vesting of accrued benefits under the Plan.

### B. Defined Contribution Plans

Effective September 1 2004, the Company established a qualified saving plan under section 1165(e) of the Puerto Rico Internal Revenue Code of 1994, as amended. It covers substantially all employees that have completed three months of service and have reached the age of eighteen. For the year ended December 31, 2010, the Company made matching contributions amounted to \$43,974.

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

- A. The Company has 500,000 shares of \$10 par value common stocks authorized and 250,291 shares issued and outstanding. The Company has 300,000 shares of \$10 par value preferred stock authorized and none issued or outstanding.
- B. Under applicable Puerto Rico insurance laws and regulations, the Company is required to maintain minimum capital of \$2,500,000. The minimum capital was amended in December 31, 2004 and allows the company a 5 year period to capitalize the company in order to comply with the regulation. The Company has declared stocks dividend for \$166,340 on December 31, 2008 and December 31, 2007. Dividends can be paid from unassigned surplus without prior approval of the Office of the Commissioner of Insurance of the Commonwealth of Puerto Rico.
- C. Bonds on deposit with governmental authorities as required by law amounted to \$1,350,000 (par value) and \$1,362,126 (book value).
- D. On March 30, 2005 the Company issued \$5.0 million in notes for the purpose of developing surplus funds for statutory purposes. The underwriter of these notes was Dekania Capital Management LLC and the trustee is JP Morgan. These notes have been reported as surplus since these are subordinated to policyholders, claimant and beneficiary claims and to all other classes of creditors other than the surplus notes holders. The Office of the Commissioner of Insurance of the Commonwealth of Puerto Rico ("Commissioner") approved the surplus notes as to form and content on March 25, 2005. Although the notes provide a stated interest rate( at 3 month Libor plus 3.7% with a cap of 12.5% on March 30, 2010), the Company is required to request permission to the Commissioner prior to repaying such surplus notes as well as paying interest on them. Accordingly, interest is not recorded as a liability or as an expense until approval for payment of such interest has been granted by the Commissioner.
- E. On March 31, 2005, the Company issued \$5.0 million in notes for developing surplus for statutory purposes. The notes were issued to National Promoters & Services, Inc., a related party. These notes have been reported as surplus since these are subordinated to policyholders, claimant and beneficiary claims and to all other classes of creditors other than the surplus notes holders. The Office of the Commissioner of Insurance of the Commonwealth of Puerto Rico ("Commissioner") approved the surplus notes as to form and content on March 31, 2005. On March 30, 2009 the Company repaid the notes after obtaining proper authorization from the Commissioner.
- F. During 2010, the Company recorded interest expense on surplus notes amounted to \$216,530. Approval for such payments was received from the Office of the Commissioner of Insurance of Puerto Rico prior to disbursement.

### 14. Contingencies

**NOTES TO FINANCIAL STATEMENTS**

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- A. The Company is subject to legal proceedings and claims in the ordinary course of business that have not been finally adjudicated. These actions, when finally concluded, will not, in the opinion of management and its legal counsel, have a material adverse effect upon the financial position or results of operations of the Company

15. Leases

The Company has an operating lease agreement for office space with a related party which expires on December 31, 2010, with a renewal option for five additional years. In 2010, rent expense for this lease amounted to approximately \$437,760.

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations Of Credit Risk

- A. Not applicable.

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

- A. Not Applicable.

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

- A. Not Applicable.

19. Direct Premiums Written/Produced by Management General Agents/Third Party Administrators

- A. Not applicable.

20. Other Items

- A. Not applicable.

21. Subsequent Events

- A. There were no events occurring subsequent to the end of the current year through the date of this filing meriting disclosure.

22. Reinsurance

- A. The Company cedes all risks in excess of \$250,000 on individual life and credit life insurance and \$75,000 of Group life and credit life insurance. For accident and health, the Company cedes 85% of the risk for all Long-Term Disability (LTD) policies. Presently, the Company is doing business with six reinsurance companies, one of which reinsures exclusively LTD.

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. Not applicable.

24. Change in Incurred Losses and Loss Adjustment Expenses

- A. Not applicable.

25. Intercompany Pooling Arrangements

- A. Not applicable.

26. Structured Settlements

- A. No applicable.

27. Health Care Receivables

- A. Not applicable.

28. Participating Policies

- A. Not applicable.

**NOTES TO FINANCIAL STATEMENTS**

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29. Premium Deficiency Reserves

A. Not applicable.

30. Reserves for Life Contracts And Deposit-Type Contracts

2008 - \$83,893,256

2009 - \$87,652,446

2010 - \$88,534,834

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

A. Not applicable.

32. Premium and Annuity Considerations Deferred and Uncollected

Life & Annuity Premiums Deferred and Uncollected - \$ 5,129,613

33. Separate Accounts

A. Not applicable.

34. Loss/Claim Adjustment Expenses

A. Accident and Health Unpaid Claims and Claim Adjustment Expenses

As indicated in Note 1 to the financial statements, changes in the ultimate liabilities for insured events may be required as information develops which varies from experience, provides additional data or, in some cases, augments data which previously were not considered sufficient for use in determining loss reserves.

**NOTES TO FINANCIAL STATEMENTS  
(Electronic Filing Only)**

4. Discontinued Operations

5. The amounts related to Discontinued Operations and the effect on the Company's Balance Sheet and Summary of Operations is as follows:

Balance sheet

<u>Assets</u>		
a. Line 5	Cash	\$ .....
b. Line 28	Totals	\$ .....
<u>Liabilities, Surplus and Other Funds</u>		
c. Line 26	Total Liabilities	\$ .....
d. Line 37	Surplus	\$ .....
e. Line 39	Total	\$ .....
<u>Summary of Operations</u>		
f. Line 1	Premiums	\$ .....
g. Line 19	Increase in Aggregate Reserves for Accident and Health (Current year less prior year)	\$ .....
h. Line 32	Federal and Foreign Income Taxes Incurred	\$ .....
i. Line 34	Net Realized Capital Gains (Losses)	\$ .....
j. Line 35	Net Income	\$ .....

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

	<u>Current Year</u>	<u>Prior Year</u>
4. As of year end, the Company held mortgages with interest more than 180 days past due with a recorded investment, excluding accrued interest	\$ .....	\$ .....
a. Total interest due on mortgages with interest more than 180 days past due	\$ .....	\$ .....
5. Taxes, assessments and any amounts advanced and not included in the mortgage loan total	\$ .....	\$ .....
6. Current year impaired loans with a related allowance for credit losses	\$ .....	\$ .....
a. Related allowance for credit losses	\$ .....	\$ .....
7. Impaired Mortgage loans without an allowance for credit losses	\$ .....	\$ .....
8. Average recorded investment in impaired loans	\$ .....	\$ .....
9. Interest income recognized during the period the loans were impaired	\$ .....	\$ .....
10. Amount of interest income recognized on a cash basis during the period the loans were impaired	\$ .....	\$ .....
11. Allowance for credit losses:		
a. Balance at beginning of period	\$ .....	\$ .....
b. Additions charged to operations	\$ .....	\$ .....
c. Direct write-downs charged against the allowar	\$ .....	\$ .....
d. Recoveries of amounts previously charged off	\$ .....	\$ .....
e. Balance at end of period	\$ .....	\$ .....

NONE

B. Debt Restructuring

For restructured debt in which the company is a credit

	<u>Current Year</u>	<u>Prior Year</u>
1. The total recorded investment in restructured loan	\$ .....	\$ .....
2. The realized capital losses related to these loans	\$ .....	\$ .....
3. Total contractual commitments to extend credit to debtors owning receivables whose terms have been modified in troubled debt restructurings	\$ .....	\$ .....

C. Reverse Mortgages

3. At December 31, the asset value of the group of reverse mortgages were reduced by the actuarial reserve of	\$ .....
4. As a result of the re-estimate of the cash flows, the company recorded an unrealized loss of	\$ .....

D. Loan-Backed Securities

2. All securities within the scope of this statement with a recognized other-than-temporary impairment, disclosed in the aggregate, classified on the basis for the other-than-temporary impairment:

	1 Amortized Cost Basis Before Other-than- Temporary Impairment	2 Other-than-Temporary Impairment Recognized in Loss		3 Fair Value 1 - (2a + 2b)
		2a Interest	2b Non-Interest	
OTTI recognized 1st Quarter				
a. Intent to sell				
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis				
c. Total 1st Quarter				
OTTI recognized 2nd Quarter				
d. Intent to sell				
e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis				
f. Total 1st Quarter				
OTTI recognized 3rd Quarter				
g. Intent to sell				
h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis				
i. Total 1st Quarter				
OTTI recognized 4th Quarter				
j. Intent to sell				
k. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis				
l. Total 1st Quarter				
m. Annual Aggregate Total	X X X			X X X

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

a. The aggregate amount of unrealized losses:	
1. Less than 12 Months	\$ .....
2. 12 Months or Longer	\$ .....
b. The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 Months	\$ .....
2. 12 Months or Longer	\$ .....

**NOTES TO FINANCIAL STATEMENTS  
(Electronic Filing Only)**

5. Investments

E. Repurchase Agreements and/or Securities Lending Transactions

3. Collateral Received

a. Aggregate Amount Cash Collateral (Received)

1  
Fair Value

1. Repurchase Agreement

a. Open	\$ .....
b. 30 Days or Less	\$ .....
c. 31 to 60 Days	\$ .....
d. 61 to 90 Days	\$ .....
e. Greater Than 90 Days	\$ .....
f. Sub-Total	\$ .....
g. Securities Received	\$ .....
h. Total Collateral Received	\$ .....

2. Securities Lending

a. Open	\$ .....
b. 30 Days or Less	\$ .....
c. 31 to 60 Days	\$ .....
d. 61 to 90 Days	\$ .....
e. Greater Than 90 Days	\$ .....
f. Sub-Total	\$ .....
g. Securities Received	\$ .....
h. Total Collateral Received	\$ .....

3. Dollar Repurchase Agreement

a. Open	\$ .....
b. 30 Days or Less	\$ .....
c. 31 to 60 Days	\$ .....
d. 61 to 90 Days	\$ .....
e. Greater Than 90 Days	\$ .....
f. Sub-Total	\$ .....
g. Securities Received	\$ .....
h. Total Collateral Received	\$ .....

b. The aggregate fair value of all securities acquired (reinvested collateral)

**NONE**

5. Collateral Reinvestment

a. Aggregate Amount Cash Collateral Reinvested

1  
Amortized Cost

2  
Fair Value

1. Repurchase Agreement

a. Open	\$ .....	\$ .....
b. 30 Days or Less	\$ .....	\$ .....
c. 31 to 60 Days	\$ .....	\$ .....
d. 61 to 90 Days	\$ .....	\$ .....
e. 91 to 120 Days	\$ .....	\$ .....
f. 121 to 180 Days	\$ .....	\$ .....
g. 181 to 365 Days	\$ .....	\$ .....
h. 1 to 2 Years	\$ .....	\$ .....
i. 2-3 Years	\$ .....	\$ .....
j. Greater Than 3 Years	\$ .....	\$ .....
k. Sub-Total	\$ .....	\$ .....
l. Securities Received	\$ .....	\$ .....
m. Total Collateral Received	\$ .....	\$ .....

2. Securities Lending

a. Open	\$ .....	\$ .....
b. 30 Days or Less	\$ .....	\$ .....
c. 31 to 60 Days	\$ .....	\$ .....
d. 61 to 90 Days	\$ .....	\$ .....
e. 91 to 120 Days	\$ .....	\$ .....
f. 121 to 180 Days	\$ .....	\$ .....
g. 181 to 365 Days	\$ .....	\$ .....
h. 1 to 2 Years	\$ .....	\$ .....
i. 2-3 Years	\$ .....	\$ .....
j. Greater Than 3 Years	\$ .....	\$ .....
k. Sub-Total	\$ .....	\$ .....
l. Securities Received	\$ .....	\$ .....
m. Total Collateral Received	\$ .....	\$ .....

3. Dollar Repurchase Agreement

a. Open	\$ .....	\$ .....
b. 30 Days or Less	\$ .....	\$ .....
c. 31 to 60 Days	\$ .....	\$ .....
d. 91 to 120 Days	\$ .....	\$ .....
e. 121 to 180 Days	\$ .....	\$ .....
f. 181 to 365 Days	\$ .....	\$ .....
g. 1 to 2 Years	\$ .....	\$ .....
h. 2-3 Years	\$ .....	\$ .....
i. Greater Than 3 Years	\$ .....	\$ .....
j. Greater Than 90 Days	\$ .....	\$ .....
k. Sub-Total	\$ .....	\$ .....
l. Securities Received	\$ .....	\$ .....
m. Total Collateral Received	\$ .....	\$ .....

**NOTES TO FINANCIAL STATEMENTS  
(Electronic Filing Only)**

9. Income Taxes

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

	12/31/2010			12/31/2009			Change		
	1 Ordinary	2 Capital	3 (Col 1 + 2) Total	4 Ordinary	5 Capital	6 (Col 4 + 5) Total	7 (Col 1 - 4) Ordinary	8 (Col 2 - 5) Capital	9 (Col 7 + 8) Total
1.									
a. Gross Deferred Tax Assets									
b. Statutory Valuation Allowance Adjustment									
c. Adjusted Gross Deferred Tax Assets (1a - 1b)									
d. Deferred Tax Liabilities									
e. Subtotal (Net Deferred Tax Assets) (1c - 1d)									
f. Deferred Tax Assets Nonadmitted									
g. Net Admitted Deferred Tax Assets (1e - 1f)									
4.									
Admission Calculation Components SSAP No. 10R, Paragraphs 10. a., 10. b., and 10. c.:									
a. SSAP No. 10R, Paragraph 10. a									
b. SSAP No. 10R, Paragraph 10. b. (the lesser of Paragraph 10. b. i. and 10. b. ii. below)									
c. SSAP No. 10R, Paragraph 10. b. i.									
d. SSAP No. 10R, Paragraph 10. b. ii.	XXX						XXX	XXX	
e. SSAP No. 10R, Paragraph 10. c.									
f. Total (4a + 4b + 4e)									
Admission Calculation Components SSAP No. 10R, Paragraph 10. e.:									
g. SSAP No. 10R, Paragraph 10. e. i.									
h. SSAP No. 10R, Paragraph 10. e. ii. (the lesser paragraph of 10. e. ii. a. 10. e. ii. b. below)									
i. SSAP No. 10R, Paragraph 10. e. ii. a.									
j. SSAP No. 10R, Paragraph 10. e. ii. b.	XXX	XXX		XXX	XXX		XXX	XXX	
k. SSAP No. 10R, Paragraph 10. ce. iii.									
l. Total (4g + 4h + 4k)									
Used in SSAP No. 10R, Paragraph 10. d.									
m. Total Adjusted Capital	XXX	XXX		XXX	XXX		XXX	XXX	
n. Authorized Control Level	XXX	XXX		XXX	XXX		XXX	XXX	
5.									
SSAP No. 10R, Paragraphs 10. a., 10. b., and 10. c.:									
a. Admitted Deferred Tax Assets									
b. Admitted Assets	XXX	XXX		XXX	XXX		XXX	XXX	
c. Statutory Surplus	XXX	XXX		XXX	XXX		XXX	XXX	
d. Total Adjusted Capital from DTAs	XXX	XXX		XXX	XXX		XXX	XXX	
Increases due to SSAP No. 10R, Paragraph 10. e.									
e. Admitted Deferred Tax Assets									
f. Admitted Assets									
g. Statutory Surplus									

**NONE**

**NOTES TO FINANCIAL STATEMENTS  
(Electronic Filing Only)**

9. Income Taxes

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

	1	2	3
	12/31/2010	12/31/2009	(Col 1-2) Change
1. Current Income Tax			
a. Federal			
b. Foreign			
c. Subtotal			
d. Federal income tax on net capital gains			
e. Utilization of capital loss carry-forwards			
f. Other			
g. Federal and foreign income taxes incurred			
2. Deferred Tax Assets:			
a. Ordinary			
1. Discounting of unpaid losses			
2. Unearned premium reserve			
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets			
8. Compensation and benefits accrual			
9. Pension accrual			
10. Receivables - nonadmitted			
11. Net operating loss carry-forward			
12. Tax credit carry-forward			
13. Other (including items < 5% of total ordinary tax assets)			
99. Subtotal			
b. Statutory valuation allowance adjustment			
c. Nonadmitted			
d. Admitted ordinary deferred tax assets (2a99 - 2b -			
e. Capital:			
1. Investments			
2. Net capital loss carry-forward			
3. Real estate			
4. Other (including items <5% of total capital tax			
99. Subtotal			
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99 - 2f - 2g)			
i. Admitted deferred tax assets (2d + 2h)			
3. Deferred Tax Liabilities:			
a. Ordinary			
1. Investments			
2. Fixed assets			
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (including items <5% of total ordinary tax liabilities)			
99. Subtotal			
b. Capital:			
1. Investments			
2. Real estate			
3. Other (including items <5% of total capital tax liabilities)			
99. Subtotal			
c. Deferred tax liabilities (3a99 + 3b99)			
4. Net deferred tax assets/liabilities (2i - 3c)			

**NONE**

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

E. Indicate the amount of any guarantees or undertakings, written or otherwise, for the benefit of an affiliate or related party that result in a material contingent exposure of the reporting entity's or any related party's assets or liabilities:

\$ .....

11. Debt

B. FHLB (Federal Home Loan Bank) Agreements

Current Year

Prior Year

2. FHLB stock purchased/owned as part of the agreement

\$ .....

\$ .....

3. Collateral pledged to the FHLB

\$ .....

\$ .....

4. Borrowing capacity currently available

\$ .....

\$ .....

5. Agreement assets and liabilities

General Account:

Assets

\$ .....

\$ .....

Liabilities

\$ .....

\$ .....

Separate Account:

Assets

\$ .....

\$ .....

Liabilities

\$ .....

\$ .....

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**(Electronic Filing Only)**

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans  
 A. Defined Benefit Plan  
 A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans are as follows at December 31, of said year.

	Pension Benefits		Other Benefits	
	Current Year	Prior Year	Current Year	Prior Year
1. Change in benefit obligation				
a. Benefit obligation at beginning of year	\$ .....	\$ .....	\$ .....	\$ .....
b. Service cost	\$ .....	\$ .....	\$ .....	\$ .....
c. Interest cost	\$ .....	\$ .....	\$ .....	\$ .....
d. Contribution by plan participants	\$ .....	\$ .....	\$ .....	\$ .....
e. Actuarial gain (loss)	\$ .....	\$ .....	\$ .....	\$ .....
f. Foreign currency exchange rate changes	\$ .....	\$ .....	\$ .....	\$ .....
g. Benefits paid	\$ .....	\$ .....	\$ .....	\$ .....
h. Plan amendments	\$ .....	\$ .....	\$ .....	\$ .....
i. Business combinations, divestitures, curtailments, settlements and special termination benefits	\$ .....	\$ .....	\$ .....	\$ .....
j. Benefit obligation at end of year	\$ .....	\$ .....	\$ .....	\$ .....
2. Change in plan assets				
a. Fair value of plan assets at beginning of year	\$ .....	\$ .....	\$ .....	\$ .....
b. Actual return on plan assets	\$ .....	\$ .....	\$ .....	\$ .....
c. Foreign currency exchange rate changes	\$ .....	\$ .....	\$ .....	\$ .....
d. Employer contribution	\$ .....	\$ .....	\$ .....	\$ .....
e. Plan participants' contributions	\$ .....	\$ .....	\$ .....	\$ .....
f. Benefits paid	\$ .....	\$ .....	\$ .....	\$ .....
g. Business combinations, divestitures and settlements	\$ .....	\$ .....	\$ .....	\$ .....
h. Fair value of plan assets at end of year	\$ .....	\$ .....	\$ .....	\$ .....
3. Funded status				
a. Unamortized prior service cost	\$ .....	\$ .....	\$ .....	\$ .....
b. Unrecognized net gain or (loss)	\$ .....	\$ .....	\$ .....	\$ .....
c. Remaining net obligation or net asset at initial date of application	\$ .....	\$ .....	\$ .....	\$ .....
d. Prepaid assets or accrued liabilities	\$ .....	\$ .....	\$ .....	\$ .....
e. Intangible asset	\$ .....	\$ .....	\$ .....	\$ .....
4. Accumulated benefit obligation for vested employees and partially vested employees to the extent vested	\$ .....	\$ .....	\$ .....	\$ .....
5. Benefit obligation for non-vested employees				
a. Projected pension obligation	\$ .....	\$ .....	\$ .....	\$ .....
b. Accumulated benefit obligation	\$ .....	\$ .....	\$ .....	\$ .....
6. Components of net periodic benefit cost				
a. Service cost	\$ .....	\$ .....	\$ .....	\$ .....
b. Interest cost	\$ .....	\$ .....	\$ .....	\$ .....
c. Expected return on plan assets	\$ .....	\$ .....	\$ .....	\$ .....
d. Amortization of unrecognized transition obligation or transition asset	\$ .....	\$ .....	\$ .....	\$ .....
e. Amount of recognized gains and losses	\$ .....	\$ .....	\$ .....	\$ .....
f. Amount of prior service cost recognized	\$ .....	\$ .....	\$ .....	\$ .....
g. Amount of gain or loss recognized due to a settlement or curtailment	\$ .....	\$ .....	\$ .....	\$ .....
h. Total net periodic benefit cost	\$ .....	\$ .....	\$ .....	\$ .....

	Current Year	Prior Year
8. Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31:		
a. Weighted average discount rate	.....	.....
b. Expected long-term rate of return on plan assets	.....	.....
c. Rate of compensation increase	.....	.....
Weighted average assumptions used to determine projected benefit obligations as of Dec. 31:		
d. Weighted average discount rate	.....	.....
e. Rate of compensation increase	.....	.....

11. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:		1 Percentage Point Increase	1 Percentage Point Decrease
a. Effect on total of service and interest cost components	\$ .....	\$ .....	\$ .....
b. Effect on postretirement benefit obligation	\$ .....	\$ .....	\$ .....

12. The defined benefit pension plan asset allocation as of the measurement date ..... and the target asset allocation, presented as a percentage of total plan assets were as follows:				
	Current Year	Prior Year	Target Allocation	
a. Debt Securities	..... %	..... %	..... % to .....	..... %
b. Equity Securities	..... %	..... %	..... % to .....	..... %
c. Real Estate	..... %	..... %	..... % to .....	..... %
d. Other	..... %	..... %	..... % to .....	..... %
e. Total	100.0 %	100.0 %		

13. The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:		Years	Amount
		1.	\$ .....
		2.	\$ .....
		3.	\$ .....
		4.	\$ .....
		5.	\$ .....
		6. Thereafter Total	\$ .....

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations  
 10. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses: \$ .....

14. Contingencies  
 A. Contingent Commitments  
 1. Total contingent liabilities: \$ .....

D. Claims related extra contractual obligations and bad faith losses stemming from lawsuits  
 The company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits.

1. Claims related ECO and bad faith losses paid during the reporting period \$ .....

2. Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period.  
 A) 0-25 Claims .....  
 B) 26-50 Claims .....  
 C) 51-100 Claims .....  
 D) 101-500 Claims .....  
 E) More than 500 Claims .....

3. Indicate whether claim count information is disclosed per claim or per claimant.  
 F) Per Claim .....  
 G) Per Claimant .....

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**(Electronic Filing Only)**

15. Leases

- A. Disclose the following items related to lessee leasing arrangements (refer to SSAP No. 22, Leases):  
 2. For leases having initial or remaining noncancellable lease terms in excess of one year:  
 a. At January 1, of said year, the minimum aggregate rental commitments are as follows: (whole dollars)

<u>Year Ending December 31</u>	<u>Operating Leases</u>
1. ....	\$ .....
2. ....	\$ .....
3. ....	\$ .....
4. ....	\$ .....
5. ....	\$ .....
6. Aggregate Total	\$ .....

- B. When leasing is a significant part of the lessor's business activities in terms of revenue, net income, or assets, disclose the following information with respect to leases:

1. Lessor Leases:

- c. Future minimum lease payment receivables under noncancellable leasing arrangements as of December 31, of said year are as follows: (whole dollars)

<u>Year Ending December 31</u>	<u>Operating Leases</u>
1. ....	\$ .....
2. ....	\$ .....
3. ....	\$ .....
4. ....	\$ .....
5. ....	\$ .....
6. Aggregate Total	\$ .....

2. Leveraged Leases:

- b. The Company's investment in leveraged leases relates to equipment used primarily in the transportation industries. The component of net income from leveraged leases at December 31, of said year is

(whole dollars)

1. Income from leveraged leases before income  
 2. Less current income tax  
 3. Net income from leveraged leases

**NONE**

<u>Current Year</u>	<u>Prior Year</u>
.....	\$ .....
.....	\$ .....
.....	\$ .....

- c. The components of the investment in leveraged leases

(whole dollars)

1. Lease contracts receivable (net of principal and interest on non-recourse financing)  
 2. Estimated residual value of leased assets  
 3. Unearned and deferred income  
 4. Investment in leveraged leases  
 5. Deferred income taxes related to leveraged leases  
 6. Net investment in leveraged leases

<u>Current Year</u>	<u>Prior Year</u>
\$ .....	\$ .....
\$ .....	\$ .....
\$ .....	\$ .....
\$ .....	\$ .....
\$ .....	\$ .....
\$ .....	\$ .....

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

For financial instruments with off-balance risk, an insurer shall disclose in the financial statements the following information by class of financial instrument:

1. The table below summarizes the face amount of the Company's financial instruments with off-balance sheet risk:

	<u>Assets</u>		<u>Liabilities</u>	
	<u>Current Year</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Prior Year</u>
a. Swaps	\$ .....	\$ .....	\$ .....	\$ .....
b. Futures	\$ .....	\$ .....	\$ .....	\$ .....
c. Options	\$ .....	\$ .....	\$ .....	\$ .....
d. Total	\$ .....	\$ .....	\$ .....	\$ .....

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

C. Wash Sales

2. The details by NAIC designation 3 or below of securities sold during the current reporting period of said year and reacquired within 30 days of the sale date are:

<u>Bonds:</u>	<u>Number of Transactions</u>	<u>Book Value of Securities Sold</u>	<u>Cost of Securities Repurchased</u>	<u>Gain (Loss)</u>
a. NAIC 3	\$ .....	\$ .....	\$ .....	\$ .....
b. NAIC 4	\$ .....	\$ .....	\$ .....	\$ .....
c. NAIC 5	\$ .....	\$ .....	\$ .....	\$ .....
d. NAIC 6	\$ .....	\$ .....	\$ .....	\$ .....
<u>Preferred Stock:</u>				
e. NAIC P/RP3	\$ .....	\$ .....	\$ .....	\$ .....
f. NAIC P/RP4	\$ .....	\$ .....	\$ .....	\$ .....
g. NAIC P/RP5	\$ .....	\$ .....	\$ .....	\$ .....
h. NAIC P/RP6	\$ .....	\$ .....	\$ .....	\$ .....

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**(Electronic Filing Only)**

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

A. ASO Plans:	(1)	(2)	(3)
The gain from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans was as follows during said year:	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$ .....	\$ .....	\$ .....
b. Total net other income or expenses (including interest paid to or received from plans)	\$ .....	\$ .....	\$ .....
c. Net gain or (loss) from operations	\$ .....	\$ .....	\$ .....
d. Total claim payment volume	\$ .....	\$ .....	\$ .....

B. ASC Plans	(1)	(2)	(3)
The gain from operations from Administrative Services Contract (ASC) uninsured plans and the uninsured portion of partially insured plans was as follows during said year:	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC
a. Gross reimbursement for medical cost incurred	\$ .....	\$ .....	\$ .....
b. Gross administrative fees accrued	\$ .....	\$ .....	\$ .....
c. Other income or expenses (including interest paid to or received from plans)	\$ .....	\$ .....	\$ .....
d. Gross expenses incurred (claims and administrative)	\$ .....	\$ .....	\$ .....
e. Total net gain or loss from operations	\$ .....	\$ .....	\$ .....

21. Other Items

G. Subprime Mortgage Related Risk Exposure:	(1)	(2)	(3)	(4)	(5)
	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Value of Land and Buildings	Other Than Temporary Impairment Losses Recognized	Default Rate
2. Direct exposure through investments in subprime mortgage loans					
a. Mortgages in the process of foreclosure	\$ .....	\$ .....	\$ .....	\$ .....	..... %
b. Mortgages in good standing	\$ .....	\$ .....	\$ .....	\$ .....	..... %
c. Mortgages with restructure terms	\$ .....	\$ .....	\$ .....	\$ .....	..... %
d. Total	\$ .....	\$ .....	\$ .....	\$ .....	
3. Direct exposure through other investments	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other Than Temporary Impairment Losses Recognized	
a. Residential mortgage backed securities	\$ .....	\$ .....	\$ .....	\$ .....	
b. Commercial mortgage backed securities	\$ .....	\$ .....	\$ .....	\$ .....	
c. Collateralized debt obligations	\$ .....	\$ .....	\$ .....	\$ .....	
d. Structured securities	\$ .....	\$ .....	\$ .....	\$ .....	
e. Equity investment in SCAs *	\$ .....	\$ .....	\$ .....	\$ .....	
f. Other assets	\$ .....	\$ .....	\$ .....	\$ .....	
g. Total	\$ .....	\$ .....	\$ .....	\$ .....	

27. Structured Settlements

A. Loss Reserves Eliminated by Annuities	\$ .....
Unrecorded Loss Contingencies	\$ .....

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	\$ .....
2. Date of the most recent evaluation of this liability	.....
3. Was anticipated investment income utilized in the calculation?	Yes ( ) No (X)

\* Equity investments in subsidiary, controlled or affiliated entities with significant subprime mortgage related risk exposure.  
 If a subsidiary company has investments in subprime mortgages, enter the percentage these comprise of the companies invested assets. .... %

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**(Electronic Filing Only)**

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

	(1)	(2)
	<u>Amount</u>	<u>% of Total</u>
A. Subject to discretionary withdrawal:		
1. With fair value adjustment	\$ .....	.....%
2. At book value less current surrender charge of 5% or more	\$ .....	.....%
3. At fair value	\$ .....	.....%
4. Total with adjustment or at market value (Total of Line 1 through Line 3)	\$ .....	.....%
5. At book value without adjustment (minimal or no charge or adjustment)	\$ .....	.....%
B. Not subject to discretionary withdrawal	\$ .....	.....%
C. Total (gross: direct plus assumed)	\$ .....	100.000 %
D. Reinsurance ceded	\$ .....	
E. Total (net)* (Line C minus Line D)	\$ .....	
*Reconciliation of total annuity actuarial reserves and deposit fund liabilities.		
F. Life and Accident and Health Annual Statement:		
	<u>Amount</u>	
1. Exhibit 5, Annuities Section, Total (net)	\$ .....	
2. Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net)	\$ .....	
3. Exhibit 7, Deposit-Type Contracts, Line 14, Column 1	\$ .....	
4. Subtotal	\$ .....	
Separate Accounts Annual Statement:		
5. Exhibit 3, Line 0299999, Column 2	\$ .....	
6. Exhibit 3, Line 0399999, Column 2	\$ .....	
7. Policyholder dividend and coupon accumulations	\$ .....	
8. Policyholder premiums	\$ .....	
9. Guaranteed interest contracts	\$ .....	
10. Other contract deposit funds	\$ .....	
11. Subtotal	\$ .....	
12. Combined Total	\$ .....	
G. FHLB (Federal Home Loan Bank) Agreements		
	<u>Current Year</u>	<u>Prior Year</u>
2. FHLB stock purchased/owned as part of the agreement	\$ .....	\$ .....
3. Collateral pledged to the FHLB	\$ .....	\$ .....
4. Funding capacity currently available	\$ .....	\$ .....
5. Total reserves related to funding agreement	\$ .....	\$ .....
6. Agreement assets and liabilities		
General Account:		
Assets	\$ .....	\$ .....
Liabilities	\$ .....	\$ .....
Separate Account:		
Assets	\$ .....	\$ .....
Liabilities	\$ .....	\$ .....

33. Premium and Annuity Considerations Deferred and Uncollected

	(1)	(2)
<u>Type</u>	<u>Gross</u>	<u>Net of Loading</u>
1. Industrial	\$ .....	\$ .....
2. Ordinary new business	\$ ..... 249,462	\$ ..... 249,462
3. Ordinary renewal	\$ ..... 4,880,151	\$ ..... 4,880,151
4. Credit life	\$ .....	\$ .....
5. Group life	\$ .....	\$ .....
6. Group annuity	\$ .....	\$ .....
7. Totals	\$ ..... 5,129,613	\$ ..... 5,129,613

34. Separate Accounts

A. Separate Accounts Activity:

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

a. 2010	\$ .....
b. 2009	\$ .....
c. 2008	\$ .....
d. 2007	\$ .....
e. 2006	\$ .....

B. General Nature and Characteristics of Separate Accounts Business:

	(1)	(2)	(3)	(4)	(5)
<u>(in thousands)</u>	<u>Indexed</u>	<u>Nonindexed Guarantee Less than/equal to 4%</u>	<u>Nonindexed Guarantee More than 4%</u>	<u>Nonguaranteed Separate Accounts</u>	<u>Total</u>
1. Premiums, considerations or deposits for year ended December 31	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
Reserves at December 31					
2. For accounts with assets at:					
a. Fair value	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
b. Amortized cost	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
c. Total reserves*	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
3. By withdrawal characteristics:					
a. Subject to discretionary withdrawal:					
b. With FV adjustment	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
c. At book value without FV adjustment and with current surrender charge of 5% or more	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
d. At fair value	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
e. At book value without FV adjustment and with current surrender charge of less than 5%	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
f. Subtotal	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
g. Not subject to discretionary withdrawal	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
h. Total	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....

\*Line 2c should equal Line 3h.

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY  
**NOTES TO FINANCIAL STATEMENTS - ITEM 1A**

1 State Prescribed Practices	2 Current	3 Prior	4 State of Domicile
01A01 - Net Income, state basis	(3,863,869)	1,438,410	
State Prescribed Practices (Income)			
01A02 - State Prescribed Practices (Income)			
01A04 - Net Income, NAIC SAP	(3,863,869)	1,438,410	
01A05 - Statutory Surplus basis	12,308,670	20,236,184	

**NOTES TO FINANCIAL STATEMENTS - ITEM 5A02**

1 Percent Reduced	2 Investment Excluding Accrued Interest	3 Number of Mortgages
----------------------	--	--------------------------

05A0299 - The Company reduced interest rates of outstanding mortgage loans.

**NONE**

**NOTES TO FINANCIAL STATEMENTS - ITEM 5D03**

1 CUSIP	2 Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	3 Present Value of Projected Cash Flows	4 Recognized Other-Than-Temporary Impairment	5 Amortized Cost After Other-Than-Temporary Impairment	6 Fair Value at time of OTTI	7 Date of Financial Statement Where Reported
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**NONE**

**NOTES TO FINANCIAL STATEMENTS - ITEM 13.11**

Description of Assets, Holder of Note and Other	1 Date Issued	2 Interest Rate	3 Par Value (Face Amount of Notes)	4 Carrying Value of Note	5 Principal and/or Interest Paid Current Year	6 Total Principal and/or Interest Paid	7 Unapproved Principal and/or Interest	8 Date of Maturity
Company issued surplus debentures or similar obligations								
JP MORGAN CHASE BANK	03/31/2005	6.518	5,000,000	5,000,000	5,000,000	5,000,000		03/27/2009
1311999 - TOTAL - Company issued surplus debentures or similar obligations			5,000,000	5,000,000	5,000,000	5,000,000		

**NOTES TO FINANCIAL STATEMENTS - ITEM 13.12**

1 Year (Starting with Current Year)	2 Change in Year Surplus	3 Change in Gross Paid-in and Contributed Surplus
--	-----------------------------	--

**NONE**

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY  
**NOTES TO FINANCIAL STATEMENTS - ITEM 1A**

1 State Prescribed Practices	2 Current	3 Prior	4 State of Domicile
01A08 - Statutory Surplus, NAIC SAP .....	12,308,670	20,236,184	.....

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY  
**NOTES TO FINANCIAL STATEMENTS - ITEM 19**

Name and Address of Managing General Agent or Third Party Administrator	FEIN	Exclusive Contract	Types of Business Written	Type of Authority Granted	Total Direct Premiums Written/Produced By
<b>NONE</b>					

**NOTES TO FINANCIAL STATEMENTS - ITEM 20A1**

Assets Measured at Fair Value on a Recurring Basis				
1 Description	2 (Level 1)	3 (Level 2)	4 (Level 3)	5 Total
<b>NONE</b>				

**NOTES TO FINANCIAL STATEMENTS - ITEM 20A2**

	1	2	3	4	5	6	7
Assets Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3)	Balance at 01/01/2010	Transfers in Level 3	Transfer out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases, issuances, sales and settlements	Balance at 12/31/2010
<b>NONE</b>							

**NOTES TO FINANCIAL STATEMENTS - ITEM 20B1**

Assets Measured at Fair Value on a Nonrecurring Basis					
1 Description	2 Total 01/01/2010	3 Quoted Prices in Active Markets for Identical Assets (Level 1)	4 Significant Other Observable Inputs (Level 2)	5 Significant Unobservable Inputs (Level 3)	6 Total Gains (Losses)
<b>NONE</b>					

**NOTES TO FINANCIAL STATEMENTS - ITEM 21F**

Description of State Transferable Tax Credits	State	Carrying Value	Unused Amount
<b>NONE</b>			

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY  
**NOTES TO FINANCIAL STATEMENTS - ITEM 21G4**

	Losses Paid in the Current Year	Losses Incurred in the Current Year	Case Reserves at End of Current Period	IBNR Reserves at End of Current Period
<b>NONE</b>				

**NOTES TO FINANCIAL STATEMENTS - ITEM 23**

Name of Reinsurer	Amount
<b>NONE</b>	

**NOTES TO FINANCIAL STATEMENTS - ITEM 27B**

<sup>1</sup> Life Insurance Company and Location	<sup>2</sup> Licensed in Company's State of Domicile Yes/No	<sup>3</sup> Statement Value (i.e. Present Value) of Annuities
<b>NONE</b>		

**NOTES TO FINANCIAL STATEMENTS - ITEM 28A**

<sup>1</sup> Quarter	<sup>2</sup> Estimated Pharmacy Rebates as Reported on Financial Statements	<sup>3</sup> Pharmacy Rebates as Billed or Otherwise Confirmed	<sup>4</sup> Actual Rebates Received Within 90 Days of Billing	<sup>5</sup> Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
<b>NONE</b>					

**NOTES TO FINANCIAL STATEMENTS - ITEM 28B**

<sup>1</sup> Calendar Year	<sup>2</sup> Evaluation Period Year Ending	<sup>3</sup> Risk Sharing Receivable as Estimated in the Prior Year	<sup>4</sup> Risk Sharing Receivable as Estimated in the Current Year	<sup>5</sup> Risk Sharing Receivable Billed	<sup>6</sup> Risk Sharing Receivable Not Yet Billed	<sup>7</sup> Actual Risk Sharing Amounts Received in Year Billed	<sup>8</sup> Actual Risk Sharing Amounts Received First Year Subsequent	<sup>9</sup> Actual Risk Sharing Amounts Received Second Year Subsequent	<sup>10</sup> Actual Risk Sharing Amounts Received - All Other
<b>NONE</b>									

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY  
**NOTES TO FINANCIAL STATEMENTS - ITEM 31**

1 Item	2 Total	3 Industrial Life	ORDINARY			7 Credit Life Group and Individual	GROUP	
			4 Life Insurance	5 Individual Annuities	6 Supplementary Contracts		8 Life Insurance	9 Annuities

**NONE**

**NOTES TO FINANCIAL STATEMENTS - ITEM 34A**

1 Product/Transaction	2 Legally Insulated Assets	3 Seperate Account Assets (Not Legally Insulated)
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**NONE**

**NOTES TO FINANCIAL STATEMENTS - ITEM 34C**

Reconciliation Adjustments	Amount
----------------------------	--------

**NONE**

**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 ( ) No (X)
- 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 ( ) No ( ) N/A (X)
- 1.3 State Regulating? .....
- 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: 12/31/2006
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/1998
- 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. 12/31/1998
- 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). 12/31/1998
- 3.4 By what department or departments?  
OCS - PUERTO RICO
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes ( ) No ( ) N/A (X)
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes ( ) No ( ) N/A (X)
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes ( ) No (X)
- 4.12 renewals? Yes ( ) No (X)
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes ( ) No (X)
- 4.22 renewals? Yes ( ) No (X)
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes ( ) No (X)
- 5.2 If yes, provide 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 Name of Entity	2 NAIC Company Code	3 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 Nationality	2 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 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
 PRICEWATERHOUSE COOPERS LLC 254 MUNOZ RIVERA AVE BBVA TOWER 9TH FLOOR  
 HATO REY PUERTO RICO 00919

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?  
 WILLIAM R. HORBART, FSA, MAAA, 40 WITNEY ROAD, SHORT HILLS, NJ 07078  
 (973) 563-5197

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 (X) No ( )

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

- (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 (X) No ( )
- 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 ( ) No (X)
- 22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ .....

**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 ( ) No (X)
- 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 Nature of Restriction	2 Description	3 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? Yes ( ) No ( ) N/A (X)  
If no, attach a description with this statement.

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 Name of Custodian(s)	2 Custodian's Address
CITIBANK. NA .....	.....
.....	.....
.....	.....

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 Name(s)	2 Location(s)	3 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 Old Custodian	2 New Custodian	3 Date of Change	4 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 Central Registration Depository Number(s)	2 Name	3 Address
.....	.....	.....
.....	.....	.....
.....	.....	.....

**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 CUSIP#	2 Name of Mutual Fund	3 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 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
29.1 Bonds	\$ 95,193,193	\$ 99,691,194	\$ 4,498,001
29.2 Preferred stocks	\$ 258,804	\$ 258,804	\$
29.3 Totals	\$ 95,336,433	\$ 99,834,434	\$ 4,498,001

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 (X)

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 Name	2 Amount Paid
.....	\$ .....
.....	\$ .....
.....	\$ .....
.....	\$ .....

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

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.

<b>NONE</b>
-------------

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 Name	2 Amount Paid
.....	\$ .....
.....	\$ .....
.....	\$ .....
.....	\$ .....

**GENERAL INTERROGATORIES - Lines 5.2 (continued)**

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

**GENERAL INTERROGATORIES - Lines 7.22 (continued)**

1 Nationality	2 Type of Entity
------------------	---------------------

**GENERAL INTERROGATORIES - Line 8.4 (continued)**

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

**GENERAL INTERROGATORIES - Line 24.3 (continued)**

1 Nature of Restriction	2 Description	3 Amount
----------------------------	------------------	-------------

**GENERAL INTERROGATORIES - Lines 27.01 (continued)**

1 Name of Custodian(s)	2 Custodian's Address
---------------------------	--------------------------

**GENERAL INTERROGATORIES - Lines 27.02 (continued)**

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

**GENERAL INTERROGATORIES - Lines 27.04 (continued)**

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

**GENERAL INTERROGATORIES - Lines 27.05 (continued)**

1 Central Registration Depository Number(s)	2 Name	3 Address
--	-----------	--------------

**GENERAL INTERROGATORIES - Lines 28.2 (continued)**

1 CUSIP Number	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
-------------------	--------------------------	-----------------------------------

**GENERAL INTERROGATORIES - Lines 28.3 (continued)**

1 Name of Mutual Fund (from question 27.2)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
--	--	---	------------------------

**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 Current Year	2 Prior Year
2.1 Premium Numerator	\$ .....	\$ .....
2.2 Premium Denominator	\$ 74,721,325	\$ 95,342,997
2.3 Premium Ratio (Line 2.1 divided by Line 2.2)	.....	.....
2.4 Reserve Numerator	\$ .....	\$ .....
2.5 Reserve Denominator	\$ 121,603,188	\$ 116,165,014
2.6 Reserve Ratio (Line 2.4 divided by Line 2.5)	.....	.....

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

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

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

8.5 What portion of earned premium reported in 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 Guaranteed Death Benefit	2 Guaranteed Living Benefit	Waiting Period Remaining	Account Value Related to Column 3	Total Related Account Values	Gross Amount of Reserve	Location of Reserve	Portion Reinsured	Reinsurance 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 on Purchase Date of Annuities (i.e., Present Value)
.....	.....
.....	.....
.....	.....

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

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

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

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

**GENERAL INTERROGATORIES (Continued)**

**Part 2 - LIFE INTERROGATORIES**

**Line 9.2**

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

**NONE**

**Line 10.2**

1 P&C Insurance Company and Location	2 Statement Value on Purchase Date of Annuities (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 2010	2 2009	3 2008	4 2007	5 2006
<b>Life Insurance in Force</b> (Exhibit of Life Insurance)					
1. Ordinary-whole life and endowment (Line 34, Column 4)					
2. Ordinary-term (Line 21, Column 4, less Line 34, Column 4)	3,761,368	5,344,506	5,664,179	4,043,667	3,442,541
3. Credit life (Line 21, Column 6)	110,213	130,592	147,051	123,000	259,135
4. Group, excluding FEGLI/SGLI (Line 21, Column 9 less Line 43 and Line 44, Column 4)	1,014,794	1,325,572	910,805	706,251	1,208,978
5. Industrial (Line 21, Column 2)					
6. FEGLI/SGLI (Line 43 and Line 44, Column 4)					
7. Total (Line 21, Column 10)	4,886,375	6,800,670	6,722,035	4,872,918	4,910,654
<b>New Business Issued</b> (Exhibit of Life Insurance)					
8. Ordinary-whole life and endowment (Line 34, Column 2)					
9. Ordinary-term (Line 2, Column 4, less Line 34, Column 2)	430,371	653,201	743,889	1,405,535	277,228
10. Credit life (Line 2, Column 6)	4,348		8,327	8,577	17,285
11. Group (Line 2, Column 9)		16,013	236,952	125,940	354,211
12. Industrial (Line 2, Column 2)					
13. Total (Line 2, Column 10)	434,719	669,214	989,168	1,540,052	648,724
<b>Premium Income-Lines of Business</b> (Exhibit 1 - Part 1)					
14. Industrial life (Line 20.4, Column 2)					
15.1 Ordinary life insurance (Line 20.4, Column 3)	17,820,756	17,677,555	20,123,248	19,024,676	15,445,231
15.2 Ordinary individual annuities (Line 20.4, Column 4)	570,043	966,797	947,429	1,112,443	1,428,982
16. Credit life, (group and individual) (Line 20.4, Column 5)	3,219,209	3,993,680	4,427,796	5,674,197	5,444,894
17.1 Group life insurance (Line 20.4, Column 6)	5,588,697	7,512,277	3,865,572	3,208,966	2,817,737
17.2 Group annuities (Line 20.4, Column 7)					
18.1 A & H-group (Line 20.4, Column 8)	27,935,428	43,981,539	20,997,909	18,729,768	13,664,295
18.2 A & H-credit (group and individual) (Line 20.4, Column 9)	423,536	383,220	1,106,949	1,021,833	1,190,182
18.3 A & H-other (Line 20.4, Column 10)	19,163,656	20,827,929	20,035,882	11,504,803	11,994,578
19. Aggregate of all other lines of business (Line 20.4, Column 11)					
20. Total	74,721,325	95,342,997	71,504,785	60,276,686	51,985,899
<b>Balance Sheet</b> (Pages 2 and 3)					
21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Column 3)	142,759,260	145,308,470	146,587,234	134,974,947	131,854,678
22. Total liabilities excluding Separate Accounts business (Page 3, Line 26)	130,450,590	125,072,286	118,059,817	108,704,629	101,713,318
23. Aggregate life reserves (Page 3, Line 1)	88,534,834	87,652,446	83,893,256	79,693,692	74,641,098
24. Aggregate A & H reserves (Page 3, Line 2)	12,339,568	11,762,081	14,514,170	14,005,179	11,561,461
25. Deposit-type contract funds (Page 3, Line 3)					
26. Asset valuation reserve (Page 3, Line 24.01)	1,583,747	2,278,704	2,513,962	1,101,983	869,875
27. Capital (Page 3, Line 29 and Line 30)	2,502,910	2,502,910	2,502,910	2,336,550	2,170,190
28. Surplus (Page 3, Line 37)	9,805,760	17,733,274	26,024,507	23,933,768	27,971,170
<b>Cash Flow (Page 5)</b>					
29. Net cash from operations (Line 11)	(605,064)	131,378	10,537,627	6,655,212	3,538,404
<b>Risk-Based Capital Analysis</b>					
30. Total adjusted capital	13,892,417	22,514,888	31,041,379	27,372,301	31,011,235
31. Authorized control level risk-based capital	5,183,011	6,492,584	5,723,445	4,018,061	1,348,105
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Column 3) (Line No. / Page 2, Line 12, Column 3) x 100.0					
32. Bonds (Line 1)	82.9	80.2	76.6	74.8	72.8
33. Stocks (Line 2.1 and Line 2.2)	1.4	5.3	6.1	7.3	10.7
34. Mortgage loans on real estate (Line 3.1 and Line 3.2)			0.2	0.3	0.3
35. Real estate (Line 4.1, Line 4.2 and Line 4.3)	11.4	9.7	9.1	5.3	5.4
36. Cash, cash equivalents and short-term investments (Line 5)	1.5	2.1	5.2	9.1	7.5
37. Contract loans (Line 6)	2.8	2.8	2.9	3.1	3.2
38. Derivatives (Page 2, Line 7)		X X X	X X X	X X X	X X X
39. Other invested assets (Line 8)					
40. Receivables for securities (Line 9)					
41. Securities lending reinvested collateral assets (Line 10)		X X X	X X X	X X X	X X X
42. Aggregate write-ins for invested assets (Line 11)					
43. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0

## FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2010	2 2009	3 2008	4 2007	5 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)	1,352,090	5,874,381	7,314,011	8,048,869	11,412,959
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	1,352,090	5,874,381	7,314,011	8,048,869	11,412,959
<u>Total Nonadmitted and Admitted Assets</u>					
51. Total nonadmitted assets (Page 2, Line 28, Column 2)	10,385,708	10,644,934	7,209,227	8,134,403	6,364,593
52. Total admitted assets (Page 2, Line 28, Column 3)	142,759,260	145,308,470	146,587,234	134,974,947	131,854,678
<u>Investment Data</u>					
53. Net investment income (Exhibit of Net Investment Income)	5,423,163	5,704,794	5,873,283	5,587,366	5,384,235
54. Realized capital gains (losses)			(590,415)	(416,062)	(34,299)
55. Unrealized capital gains (losses)			951,864	356,561	3,101,177
56. Total of above Lines 53, Line 54 and Line 55	5,423,163	5,704,794	6,234,732	5,527,865	8,451,113
<u>Benefits and Reserve Increase</u> (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)	15,366,918	18,673,863	12,008,918	14,816,075	18,228,018
58. Total contract benefits - A and H (Line 13 and Line 14, Columns 9, 10 and 11)	26,705,966	41,015,739	24,742,971	12,404,007	11,686,071
59. Increase in life reserves - other than group and annuities (Line 19, Columns 2 and 3)	3,604,227	3,680,210	5,078,242	4,140,130	1,299,858
60. Increase in A & H Reserves (Line 19, Columns 9, 10 and 11)	1,305,620	(187,990)	556,993	1,688,645	1,283,969
61. Dividends to policyholders (Line 30, Column 1)					
<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	52.0	36.3	44.1	46.9	51.1
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	22.8	17.1	17.5	17.6	3.3
64. A & H loss percent (Schedule H, Part 1, Line 5 and Line 6, Column 2)	59.2	64.4	57.0	52.0	48.6
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)	55.3	31.0	40.7	49.7	51.6
<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)	10,839,508	9,986,095	8,434,576	5,175,547	3,590,783
68. Prior years' claim liability and reserve - group health (Schedule H, Part 3, Line 3.2, Column 2)	11,943,023	8,156,044	6,007,634	4,641,925	1,540,350
69. Incurred losses on prior years' claims - health other than group (Schedule H, Part 3, Line 3.1, Column 1 less Column 2)	4,661,843	4,498,684	6,158,647	4,161,138	3,894,372
70. Prior years' claim liability and reserve - health other than group (Schedule H, Part 3, Line 3.2, Column 1 less Column 2)	2,727,799	4,622,777	3,615,279	2,468,069	3,206,523
<u>Net Gains From Operations After Federal Income</u> <u>Taxes by Lines of Business</u> (Page 6, Line 33)					
71. Industrial life (Column 2)					
72. Ordinary-life (Column 3)	(1,642,987)	(3,079,519)	895,707	(1,539,867)	1,917,911
73. Ordinary-individual annuities (Column 4)	(419,782)	(510,952)	(136,922)	(27,095)	(222,101)
74. Ordinary-supplementary contracts (Column 5)					
75. Credit life (Column 6)	1,461,519	743,306	270,834	769,815	691,965
76. Group life (Column 7)	1,542,564	(480,447)	136,618	352,004	(1,148,679)
77. Group annuities (Column 8)					
78. A & H-group (Column 9)	1,083,350	3,468,079	(684,775)	1,716,168	(253,253)
79. A & H-credit (Column 10)	(164,574)	107,712	48,227	189,986	(605,503)
80. A & H-other (Column 11)	(5,880,964)	1,267,867	772,868	431,594	1,430,662
81. Aggregate of all other lines of business (Column 12)					
82. Total (Column 1)	(4,020,874)	1,516,046	1,302,557	1,892,605	1,811,002

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 (X) No ( )



ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

DIRECT BUSINESS IN THE STATE OF FLORIDA DURING THE YEAR 2010

NAIC Group Code: 0343

NAIC Company Code: 72087

LIFE INSURANCE

DIRECT PREMIUMS AND ANNUITY CONSIDERATIONS	1 Ordinary	2 Credit Life (Group and Individual)	3 Group	4 Industrial	5 Total
1. Life insurance	468,908		80,339		549,247
2. Annuity considerations					
3. Deposit-type contract funds		X X X		X X X	
4. Other considerations					
5. Totals (Sum of Line 1 to Line 4)	468,908		80,339		549,247
DIRECT DIVIDENDS TO POLICYHOLDERS					
Life Insurance:					
6.1. Paid in cash or left on deposit					
6.2. Applied to pay renewal premiums					
6.3. Applied to provide paid-up additions or shorten the endowment or premium-paying period					
6.4. Other					
6.5. Totals (Sum of Line 6.1 to Line 6.4)					
Annuities:					
7.1. Paid in cash or left on deposit					
7.2. Applied to provide paid-up annuities					
7.3. Other					
7.4. Totals (Sum of Line 7.1 to Line 7.3)					
8. Grand Totals (Line 6.5 plus Line 7.4)					
DIRECT CLAIMS AND BENEFITS PAID					
9. Death benefits					
10. Matured endowments					
11. Annuity benefits					
12. Surrender values and withdrawals for life contracts					
13. Aggregate write-ins for miscellaneous direct claims and benefits paid					
14. All other benefits, except accident and health					
15. Totals					
DETAILS OF WRITE-INS					
1301.					
1302.					
1303.					
1398. Summary of remaining write-ins for Line 13 from overflow page					
1399. Totals (Line 1301 through Line 1303 plus Line 1398) (Line 13 above)					

DIRECT DEATH BENEFITS AND MATURED ENDOWMENTS INCURRED	Ordinary		Credit Life (Group and Individual)		Group		Industrial		Total	
	1 Number	2 Amount	3 Number of Individual Policies and Group Certificates	4 Amount	5 Number of Certificates	6 Amount	7 Number	8 Amount	9 Number	10 Amount
16. Unpaid December 31, prior year										
17. Incurred during current year										
Settled during current year:										
18.1 By payment in full										
18.2 By payment on compromised claims										
18.3 Totals paid										
18.4 Reduction by compromise										
18.5 Amount rejected										
18.6 Total settlements										
19. Unpaid December 31, current year (Line 16 plus Line 17 minus Line 18.6)										
POLICY EXHIBIT										
20. In force December 31, prior year	270	23,246	(a)		16	4,230			286	27,476
21. Issued during year	5	160							5	160
22. Other changes to in force (Net)	(36)	(3,206)			(16)	(4,230)			(52)	(7,436)
23. In force December 31 of current year	239	20,200	(a)						239	20,200

(a) Includes Individual Credit Life Insurance prior year \$ ..... current year \$ .....  
 Includes Group Credit Life Insurance Loans less than or equal to 60 months at issue, prior year \$ ..... current year \$ .....  
 Loans greater than 60 months at issue BUT NOT GREATER THAN 120 MONTHS prior year \$ ..... current year \$ .....

ACCIDENT AND HEALTH INSURANCE

	1 Direct Premiums	2 Direct Premiums Earned	3 Dividends Paid Or Credited On Direct Business	4 Direct Losses Paid	5 Direct Losses Incurred
24. Group policies (b)					
24.1 Federal Employees Health Benefits Program premium (b)					
24.2 Credit (Group and Individual)					
24.3 Collectively renewable policies (b)					
24.4 Medicare Title XVIII exempt from state taxes and fees					
Other Individual policies:					
25.1 Non-cancelable (b)					
25.2 Guaranteed renewable (b)	1,401	1,401			
25.3 Non-renewable for stated reasons only (b)					
25.4 Other accident only					
25.5 All other (b)					
25.6 Totals (Sum of Line 25.1 to Line 25.5)	1,401	1,401			
26. Totals (Line 24 through Line 24.4 plus Line 25.6)	1,401	1,401			

(b) For health business on indicated lines report: Number of persons insured under PPO managed care products ..... and number of persons insured under indemnity only products .....



ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

DIRECT BUSINESS IN THE STATE OF PUERTO RICO DURING THE YEAR 2010

NAIC Group Code: 0343

NAIC Company Code: 72087

LIFE INSURANCE

DIRECT PREMIUMS AND ANNUITY CONSIDERATIONS	1 Ordinary	2 Credit Life (Group and Individual)	3 Group	4 Industrial	5 Total
1. Life insurance	18,972,073	3,219,209	2,293,390		24,484,672
2. Annuity considerations	570,043				570,043
3. Deposit-type contract funds		X X X		X X X	
4. Other considerations					
5. Totals (Sum of Line 1 to Line 4)	19,542,116	3,219,209	2,293,390		25,054,715
DIRECT DIVIDENDS TO POLICYHOLDERS					
Life Insurance:					
6.1. Paid in cash or left on deposit					
6.2. Applied to pay renewal premiums					
6.3. Applied to provide paid-up additions or shorten the endowment or premium-paying period					
6.4. Other					
6.5. Totals (Sum of Line 6.1 to Line 6.4)					
Annuities:					
7.1. Paid in cash or left on deposit					
7.2. Applied to provide paid-up annuities					
7.3. Other					
7.4. Totals (Sum of Line 7.1 to Line 7.3)					
8. Grand Totals (Line 6.5 plus Line 7.4)					
DIRECT CLAIMS AND BENEFITS PAID					
9. Death benefits	5,908,468	367,708	3,546,144		9,822,320
10. Matured endowments					
11. Annuity benefits	391,270				391,270
12. Surrender values and withdrawals for life contracts	5,539,942				5,539,942
13. Aggregate write-ins for miscellaneous direct claims and benefits paid					
14. All other benefits, except accident and health					
15. Totals	11,839,680	367,708	3,546,144		15,753,532
DETAILS OF WRITE-INS					
1301.					
1302.					
1303.					
1398. Summary of remaining write-ins for Line 13 from overflow page					
1399. Totals (Line 1301 through Line 1303 plus Line 1398) (Line 13 above)					

DIRECT DEATH BENEFITS AND MATURED ENDOWMENTS INCURRED	Ordinary		Credit Life (Group and Individual)		Group		Industrial		Total	
	1 Number	2 Amount	3 Number of Individual Policies and Group Certificates	4 Amount	5 Number of Certificates	6 Amount	7 Number	8 Amount	9 Number	10 Amount
16. Unpaid December 31, prior year		937,241		407,447		3,779,517				5,124,205
17. Incurred during current year		7,516,283		413,903		2,127,715				10,057,901
Settled during current year:										
18.1 By payment in full		5,908,468		367,708		3,546,144				9,822,320
18.2 By payment on compromised claims										
18.3 Totals paid		5,908,468		367,708		3,546,144				9,822,320
18.4 Reduction by compromise										
18.5 Amount rejected										
18.6 Total settlements		5,908,468		367,708		3,546,144				9,822,320
19. Unpaid December 31, current year (Line 16 plus Line 17 minus Line 18.6)		2,545,056		453,642		2,361,088				5,359,786
POLICY EXHIBIT										
20. In force December 31, prior year	46,735		36,330	(a) 130,592	201	1,043,559			83,266	1,174,151
21. Issued during year	10,564	430,211	667	4,348	10				11,241	434,559
22. Other changes to in force (Net)	(17,050)	(957,770)	(2,704)	(24,727)		(28,765)			(19,754)	(1,011,262)
23. In force December 31 of current year	40,249	(527,559)	34,293	(a) 110,213	211	1,014,794			74,753	597,448

(a) Includes Individual Credit Life Insurance prior year \$ ..... current year \$ .....  
 Includes Group Credit Life Insurance Loans less than or equal to 60 months at issue, prior year \$ ..... current year \$ .....  
 Loans greater than 60 months at issue BUT NOT GREATER THAN 120 MONTHS prior year \$ ..... current year \$ .....

ACCIDENT AND HEALTH INSURANCE

	1 Direct Premiums	2 Direct Premiums Earned	3 Dividends Paid Or Credited On Direct Business	4 Direct Losses Paid	5 Direct Losses Incurred
24. Group policies (b)	46,735,668	27,935,428		30,281,887	43,727,008
24.1 Federal Employees Health Benefits Program premium (b)					
24.2 Credit (Group and Individual)	423,535	423,536		290,880	241,740
24.3 Collectively renewable policies (b)					
24.4 Medicare Title XVIII exempt from state taxes and fees					
Other Individual policies:					
25.1 Non-cancelable (b)					
25.2 Guaranteed renewable (b)	19,874,366	19,163,656		6,869,918	12,479,335
25.3 Non-renewable for stated reasons only (b)					
25.4 Other accident only					
25.5 All other (b)					
25.6 Totals (Sum of Line 25.1 to Line 25.5)	19,874,366	19,163,656		6,869,918	12,479,335
26. Totals (Line 24 through Line 24.4 plus Line 25.6)	67,033,569	47,522,620		37,442,685	56,448,083

(b) For health business on indicated lines report: Number of persons insured under PPO managed care products ..... and number of persons insured under indemnity only products .....



ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

DIRECT BUSINESS IN THE STATE OF GRAND TOTAL DURING THE YEAR 2010

NAIC Group Code: 0343

NAIC Company Code: 72087

**LIFE INSURANCE**

DIRECT PREMIUMS AND ANNUITY CONSIDERATIONS	1 Ordinary	2 Credit Life (Group and Individual)	3 Group	4 Industrial	5 Total
1. Life insurance	19,440,981	3,219,209	2,373,729		25,033,919
2. Annuity considerations	570,043				570,043
3. Deposit-type contract funds		X X X		X X X	
4. Other considerations					
5. Totals (Sum of Line 1 to Line 4)	20,011,024	3,219,209	2,373,729		25,603,962
<b>DIRECT DIVIDENDS TO POLICYHOLDERS</b>					
Life Insurance:					
6.1. Paid in cash or left on deposit					
6.2. Applied to pay renewal premiums					
6.3. Applied to provide paid-up additions or shorten the endowment or premium-paying period					
6.4. Other					
6.5. Totals (Sum of Line 6.1 to Line 6.4)					
Annuities:					
7.1. Paid in cash or left on deposit					
7.2. Applied to provide paid-up annuities					
7.3. Other					
7.4. Totals (Sum of Line 7.1 to Line 7.3)					
8. Grand Totals (Line 6.5 plus Line 7.4)					
<b>DIRECT CLAIMS AND BENEFITS PAID</b>					
9. Death benefits	5,908,468	367,708	3,546,144		9,822,320
10. Matured endowments					
11. Annuity benefits	391,270				391,270
12. Surrender values and withdrawals for life contracts	5,539,942				5,539,942
13. Aggregate write-ins for miscellaneous direct claims and benefits paid					
14. All other benefits, except accident and health					
15. Totals	11,839,680	367,708	3,546,144		15,753,532
<b>DETAILS OF WRITE-INS</b>					
1301.					
1302.					
1303.					
1398. Summary of remaining write-ins for Line 13 from overflow page					
1399. Totals (Line 1301 through Line 1303 plus Line 1398) (Line 13 above)					

DIRECT DEATH BENEFITS AND MATURED ENDOWMENTS INCURRED	Ordinary		Credit Life (Group and Individual)		Group		Industrial		Total	
	1 Number	2 Amount	3 Number of Individual Policies and Group Certificates	4 Amount	5 Number of Certificates	6 Amount	7 Number	8 Amount	9 Number	10 Amount
16. Unpaid December 31, prior year		937,241		407,447		3,779,517				5,124,205
17. Incurred during current year		7,516,283		413,903		2,127,715				10,057,901
Settled during current year:										
18.1 By payment in full		5,908,468		367,708		3,546,144				9,822,320
18.2 By payment on compromised claims										
18.3 Totals paid		5,908,468		367,708		3,546,144				9,822,320
18.4 Reduction by compromise										
18.5 Amount rejected										
18.6 Total settlements		5,908,468		367,708		3,546,144				9,822,320
19. Unpaid December 31, current year (Line 16 plus Line 17 minus Line 18.6)		2,545,056		453,642		2,361,088				5,359,786
<b>POLICY EXHIBIT</b>										
20. In force December 31, prior year	47,005	23,246	36,330	(a) 130,592	217	1,047,789			83,552	1,201,627
21. Issued during year	10,569	430,371	667	4,348	10				11,246	434,719
22. Other changes to in force (Net)	(17,086)	(960,976)	(2,704)	(24,727)	(16)	(32,995)			(19,806)	(1,018,698)
23. In force December 31 of current year	40,488	(507,359)	34,293	(a) 110,213	211	1,014,794			74,992	617,648

(a) Includes Individual Credit Life Insurance prior year \$ ..... current year \$ .....  
Includes Group Credit Life Insurance Loans less than or equal to 60 months at issue, prior year \$ ..... current year \$ .....  
Loans greater than 60 months at issue BUT NOT GREATER THAN 120 MONTHS prior year \$ ..... current year \$ .....

**ACCIDENT AND HEALTH INSURANCE**

	1 Direct Premiums	2 Direct Premiums Earned	3 Dividends Paid Or Credited On Direct Business	4 Direct Losses Paid	5 Direct Losses Incurred
24. Group policies (b)	46,735,668	27,935,428		30,281,887	43,727,008
24.1 Federal Employees Health Benefits Program premium (b)					
24.2 Credit (Group and Individual)	423,535	423,536		290,880	241,740
24.3 Collectively renewable policies (b)					
24.4 Medicare Title XVIII exempt from state taxes and fees					
Other Individual policies:					
25.1 Non-cancelable (b)					
25.2 Guaranteed renewable (b)	19,875,767	19,165,057		6,869,918	12,479,335
25.3 Non-renewable for stated reasons only (b)					
25.4 Other accident only					
25.5 All other (b)					
25.6 Totals (Sum of Line 25.1 to Line 25.5)	19,875,767	19,165,057		6,869,918	12,479,335
26. Totals (Line 24 through Line 24.4 plus Line 25.6)	67,034,970	47,524,021		37,442,685	56,448,083

(b) For health business on indicated lines report: Number of persons insured under PPO managed care products ..... and number of persons insured under indemnity only products .....

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

EXHIBIT OF LIFE INSURANCE

	Industrial		Ordinary		Credit Life (Group and Individual)		Group			10
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Individual Policies and Group Certificates	6 Amount of Insurance (a)	Number of		9 Amount of Insurance (a)	Total Amount of Insurance (a)
							7 Policies	8 Certificates		
1. In force end of prior year			47,005	4,291,973	36,330	130,592	217	41,614	1,047,789	5,470,354
2. Issued during year			10,569	430,371	667	4,348	10			434,719
3. Reinsurance assumed										
4. Revived during year										
5. Increased during year (net)										
6. Subtotals, Line 2 to Line 5			10,569	430,371	667	4,348	10			434,719
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)			57,574	4,722,344	36,997	134,940	227	41,614	1,047,789	5,905,073
Deductions during year:										
10. Death			72	6,403	9	190	X X X	166	1,420	8,013
11. Maturity			2	158			X X X			158
12. Disability							X X X			
13. Expiry			602	36,550				17	835	37,385
14. Surrender			556	84,102						84,102
15. Lapse			15,854	833,763	2,695	24,537		623	30,740	889,040
16. Conversion							X X X	X X X	X X X	
17. Decreased (net)										
18. Reinsurance										
19. Aggregate write-ins for decreases										
20. Totals (Line 10 to Line 19)			17,086	960,976	2,704	24,727		806	32,995	1,018,698
21. In force end of year (Line 9 minus Line 20)			40,488	3,761,368	34,293	110,213	227	40,808	1,014,794	4,886,375
22. Reinsurance ceded end of year	X X X		X X X	628,319	X X X		X X X	X X X	289,365	917,684
23. Line 21 minus Line 22	X X X		X X X	3,133,049	X X X	(b) 110,213	X X X	X X X	725,429	3,968,691
<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 \$

**EXHIBIT OF LIFE INSURANCE (Continued)**

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

	Industrial		Ordinary	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
24. Additions by dividends .....	X NONE		X X X	
25. Other paid-up insurance .....	X X X	X X X		
26. Debit ordinary insurance .....				

**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 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
27. Term policies-decreasing .....				
28. Term policies-other .....		10,569	40,488	3,761,368
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) .....	10,569	430,371	40,488	3,761,368
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 .....				
35. Totals (Line 31 to Line 34) .....	10,569	430,371	40,488	3,761,368

**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 Non-Participating	2 Participating	3 Non-Participating	4 Participating
36. Industrial .....				
37. Ordinary .....	430,371		3,761,368	
38. Credit Life (Group and Individual) .....	4,348		110,213	
39. Group .....			1,014,794	
40. Totals (Line 36 to Line 39) .....	434,719		4,886,375	

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

	Credit Life		Group	
	1	2	3 Number of Certificates	4 Amount of Insurance (a)
41. Amount of insurance included in Line 2 ceded to other companies .....	<b>NONE</b>			
42. Number in force end of year if the number under share was counted on a pro-rata basis .....				
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 .....				
			X X X	X X X

**ADDITIONAL ACCIDENTAL DEATH BENEFITS**

46. Amount of additional accidental death benefits in force end of year under ordinary policies (a) .....	225,042
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**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) .....

**NONE**

**POLICIES WITH DISABILITY PROVISIONS**

Disability Provision	Industrial		Ordinary		Credit		Group	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Policies	6 Amount of Insurance (a)	7 Number of Certificates	8 Amount of Insurance (a)
48. Waiver of Premium .....			8,630	980,898				
49. Disability Income .....			15,784	5,694				
50. Extended Benefits .....			X X X	X X X				
51. Other .....								
52. Total .....		(b)	24,414	(b) 986,592		(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 Involving Life Contingencies	2 Not Involving Life Contingencies	3 Involving Life Contingencies	4 Not Involving Life Contingencies
1. In force end of prior year				
2. Issued during year				
3. Reinsurance assumed				
4. Increased during year (net)				
5. Total (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 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year		1,446		
2. Issued during year		7		
3. Reinsurance assumed				
4. Increased during year (net)				
5. Totals (Line 1 to Line 4)		1,453		
Deductions during year:				
6. Decreased (net)		110		
7. Reinsurance ceded				
8. Totals (Line 6 and Line 7)		110		
9. In force end of year		1,343		
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 Certificates	2 Premiums in Force	3 Policies	4 Premiums in Force	5 Policies	6 Premiums in Force
1. In force end of prior year	1,866	4,827,053	36	1,402,689	44,620	
2. Issued during year					17,003	6,506,856
3. Reinsurance assumed						
4. Increased during year (net)		X X X		X X X		X X X
5. Totals (Line 1 to Line 4)	1,866	X X X	36	X X X	61,623	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)		X X X		X X X	17,893	X X X
8. Reinsurance ceded		X X X		X X X		X X X
9. Totals (Line 6 to Line 8)		X X X		X X X	17,893	X X X
10. In force end of year	1,866	(a)	36	(a)	43,730	(a)

**DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS**

	1 Deposit Funds	2 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.

**FORM FOR CALCULATING THE INTEREST MAINTENANCE RESERVE**

Interest Maintenance Reserve

	1 Amount
1. Reserve as of December 31, Prior Year .....	864,583
2. Current Year's Realized Pre-Tax Capital Gains/ (Losses) of \$ ..... Transferred into the Reserve Net of Taxes \$ ..... (257,307) .....	257,307
3. Adjustment for Current Year's Liability Gains/ (Losses) released from the reserve .....	
4. Balance Before Reduction for Amount Transferred to Summary of Operations (Line 1 plus Line 2 plus Line 3) .....	1,121,890
5. Current Year's Amortization Released to Summary of Operations (Amortization, Line 1, Column 4) .....	170,812
6. Reserve as of December 31, Current Year (Line 4 minus Line 5) .....	951,078

Amortization

Year of Amortization	1 Reserve as of December 31, Prior Year	2 Current Year's Realized Capital Gains/ (Losses) Transferred into the Reserve Net of Taxes	3 Adjustment for Current Year's Liability Gains/ (Losses) Released From the Reserve	4 Balance Before Reduction for Current Year's Amortization (Columns 1 plus 2 plus 3)
1. 2010 .....	142,113	28,699		170,812
2. 2011 .....	125,954	56,521		182,475
3. 2012 .....	106,768	50,811		157,579
4. 2013 .....	84,233	38,840		123,073
5. 2014 .....	63,696	26,562		90,258
6. 2015 .....	50,183	13,221		63,404
7. 2016 .....	41,062	6,292		47,354
8. 2017 .....	32,040	6,066		38,106
9. 2018 .....	22,761	5,785		28,546
10. 2019 .....	17,075	5,612		22,687
11. 2020 .....	16,056	5,311		21,367
12. 2021 .....	15,789	4,710		20,499
13. 2022 .....	15,261	3,789		19,050
14. 2023 .....	14,652	2,761		17,413
15. 2024 .....	14,145	1,732		15,877
16. 2025 .....	13,894	595		14,489
17. 2026 .....	14,161			14,161
18. 2027 .....	15,062			15,062
19. 2028 .....	15,980			15,980
20. 2029 .....	15,060			15,060
21. 2030 .....	12,019			12,019
22. 2031 .....	8,922			8,922
23. 2032 .....	5,597			5,597
24. 2033 .....	2,034			2,034
25. 2034 .....				
26. 2035 .....				
27. 2036 .....				
28. 2037 .....				
29. 2038 .....				
30. 2039 .....				
31. 2040 and Later .....				
32. TOTAL (Line 1 to Line 31) .....	864,517	257,307		1,121,824

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**ASSET VALUATION RESERVE**

	Default Component			Equity Component			7 Total Amount (Column 3 plus Column 6)
	1 Other Than Mortgage Loans	2 Mortgage Loans	3 Total (Column 1 plus Column 2)	4 Common Stock	5 Real Estate and Other Invested Assets	6 Total (Column 4 plus Column 5)	
1. Reserve as of December 31, prior year .....	431,803	7	431,810	967,357	879,504	1,846,861	2,278,671
2. Realized Capital Gains/ (Losses) Net of Taxes - General Account .....	157,005		157,005				157,005
3. Realized Capital Gains/ (Losses) Net of Taxes - Separate Accounts .....							
4. Unrealized Capital Gains/ (Losses) Net of Deferred Taxes - General Account .....				(6,435,687)	2,314,681	(4,121,006)	(4,121,006)
5. Unrealized Capital Gains/ (Losses) Net of Deferred Taxes - Separate Accounts .....							
6. Capital gains credited/ (losses charged) to contract benefits, payments or reserves .....							
7. Basic Contribution .....	53,900		53,900				53,900
8. Accumulated Balances (Line 1 through Line 5, minus Line 6 plus Line 7) .....	642,708	7	642,715	(5,468,330)	3,194,185	(2,274,145)	(1,631,430)
9. Maximum Reserve .....	375,760		375,760	222,222	985,765	1,207,987	1,583,747
10. Reserve Objective .....	287,759		287,759	222,222	985,765	1,207,987	1,495,746
11. 20% of (Line 10 minus Line 8) .....	(70,990)	(1)	(70,991)	1,138,110	(441,684)	696,426	625,435
12. Balance Before Transfers (Line 8 plus Line 11) .....	571,718	6	571,724	(4,330,220)	2,752,501	(1,577,719)	(1,005,995)
13. Transfers .....				4,330,220	(4,330,220)		X X X
14. Voluntary Contribution .....							
15. Adjustment down to Maximum/up to Zero .....	(195,958)	(6)	(195,964)	222,222	2,563,484	2,785,706	2,589,742
16. Reserve as of December 31, Current Year (Line 12 plus Line 13 plus Line 14 plus Line 15) .....	375,760		375,760	222,222	985,765	1,207,987	1,583,747

**ASSET VALUATION RESERVE**  
**BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS**  
**DEFAULT COMPONENT**

Line Number	NAIC Designation	Description	1 Book / Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Columns 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Columns 4x5)	7 Factor	8 Amount (Columns 4x7)	9 Factor	10 Amount (Columns 4x9)
<b>LONG-TERM BONDS</b>												
1		Exempt Obligations .....	25,121,016	X X X	X X X	25,121,016	0.0000		0.0000		0.0000	
2	1	Highest Quality .....	57,266,072	X X X	X X X	57,266,072	0.0004	22,906	0.0023	131,712	0.0030	171,798
3	2	High Quality .....	11,813,802	X X X	X X X	11,813,802	0.0019	22,446	0.0058	68,520	0.0090	106,324
4	3	Medium Quality .....	919,175	X X X	X X X	919,175	0.0093	8,548	0.0230	21,141	0.0340	31,252
5	4	Low Quality .....		X X X	X X X		0.0213		0.0530		0.0750	
6	5	Lower Quality .....		X X X	X X X		0.0432		0.1100		0.1700	
7	6	In or Near Default .....	73,125	X X X	X X X	73,125	0.0000		0.2000	14,625	0.2000	14,625
8		Total Unrated Multi-class Securities Acquired by Conversion .....		X X X	X X X		X X X		X X X		X X X	
9		Total Bonds (Sum of Line 1 through Line 8) (Page 2, Line 1, Net Admitted Asset) .....	95,193,190	X X X	X X X	95,193,190	X X X	53,900	X X X	235,998	X X X	323,999
<b>PREFERRED STOCKS</b>												
10	1	Highest Quality .....		X X X	X X X		0.0004		0.0023		0.0030	
11	2	High Quality .....		X X X	X X X		0.0019		0.0058		0.0090	
12	3	Medium Quality .....		X X X	X X X		0.0093		0.0230		0.0340	
13	4	Low Quality .....		X X X	X X X		0.0213		0.0530		0.0750	
14	5	Lower Quality .....		X X X	X X X		0.0432		0.1100		0.1700	
15	6	In or Near Default .....	258,804	X X X	X X X	258,804	0.0000		0.2000	51,761	0.2000	51,761
16		Affiliated Life with AVR .....		X X X	X X X		0.0000		0.0000		0.0000	
17		Total Preferred Stocks (Sum of Line 10 through Line 16) (Page 2, Line 2.1, Net Admitted Asset) .....	258,804	X X X	X X X	258,804	X X X		X X X	51,761	X X X	51,761
<b>SHORT-TERM BONDS</b>												
18		Exempt Obligations .....		X X X	X X X		0.0000		0.0000		0.0000	
19	1	Highest Quality .....		X X X	X X X		0.0004		0.0023		0.0030	
20	2	High Quality .....		X X X	X X X		0.0019		0.0058		0.0090	
21	3	Medium Quality .....		X X X	X X X		0.0093		0.0230		0.0340	
22	4	Low Quality .....		X X X	X X X		0.0213		0.0530		0.0750	
23	5	Lower Quality .....		X X X	X X X		0.0432		0.1100		0.1700	
24	6	In or Near Default .....		X X X	X X X		0.0000		0.2000		0.2000	
25		Total Short-term Bonds (Sum of Line 18 through Line 24) .....		X X X	X X X		X X X		X X X		X X X	

**ASSET VALUATION RESERVE (continued)**  
**BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS**  
**DEFAULT COMPONENT**

Line Number	NAIC Designation	Description	1 Book / Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Columns 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Columns 4x5)	7 Factor	8 Amount (Columns 4x7)	9 Factor	10 Amount (Columns 4x9)
<b>DERIVATIVE INSTRUMENTS</b>												
26		Exchange Traded .....		XXX	XXX		0.0004		0.0023		0.0030	
27	1	Highest Quality .....		XXX	XXX		0.0004		0.0023		0.0030	
28	2	High Quality .....		XXX	XXX		0.0019		0.0058		0.0090	
29	3	Medium Quality .....		XXX	XXX		0.0093		0.0230		0.0340	
30	4	Low Quality .....		XXX	XXX		0.0213		0.0530		0.0750	
31	5	Lower Quality .....		XXX	XXX		0.0432		0.1100		0.1700	
32	6	In or Near Default .....		XXX	XXX		0.0000		0.2000		0.2000	
33		Total Derivative Instruments .....		XXX	XXX		XXX		XXX		XXX	
34		TOTAL (Line 9 plus Line 17 plus Line 25 plus Line 33) .....	95,451,994	XXX	XXX	95,451,994	XXX	53,900	XXX	287,759	XXX	375,760
<b>MORTGAGE LOANS</b>												
In Good Standing:												
35		Farm Mortgages .....			XXX		(a) 0.0063		(a) 0.0120		(a) 0.0190	
36		Residential Mortgages - Insured or Guaranteed .....			XXX		0.0003		0.0006		0.0010	
37		Residential Mortgages - All Other .....			XXX		0.0013		0.0030		0.0040	
38		Commercial Mortgages - Insured or Guaranteed .....			XXX		0.0003		0.0006		0.0010	
39		Commercial Mortgages - All Other .....			XXX		(a) 0.0063		(a) 0.0120		(a) 0.0190	
40		In Good Standing With Restructured Terms .....			XXX		(b) 0.2800		(b) 0.6200		(b) 1.0000	
Overdue, Not in Process:												
41		Farm Mortgages .....			XXX		0.0420		0.0760		0.1200	
42		Residential Mortgages - Insured or Guaranteed .....			XXX		0.0005		0.0012		0.0020	
43		Residential Mortgages - All Other .....			XXX		0.0025		0.0058		0.0090	
44		Commercial Mortgages - Insured or Guaranteed .....			XXX		0.0005		0.0012		0.0020	
45		Commercial Mortgages - All Other .....			XXX		0.0420		0.0760		0.1200	
In Process of Foreclosure:												
46		Farm Mortgages .....			XXX		0.0000		0.1700		0.1700	
47		Residential Mortgages - Insured or Guaranteed .....			XXX		0.0000		0.0040		0.0040	
48		Residential Mortgages - All Other .....			XXX		0.0000		0.0130		0.0130	
49		Commercial Mortgages - Insured or Guaranteed .....			XXX		0.0000		0.0040		0.0040	
50		Commercial Mortgages - All Other .....			XXX		0.0000		0.1700		0.1700	
51		Total Schedule B Mortgages (Sum of Line 35 through Line 50) (Page 2, Line 3, Net Admitted Asset) .....			XXX		XXX		XXX		XXX	
52		Schedule DA Mortgages .....			XXX		(c) .....		(c) .....		(c) .....	
53		Total Mortgage Loans on Real Estate (Line 51 plus Line 52) .....			XXX		XXX		XXX		XXX	

(a) Times the company's experience adjustment factor (EAF).

(b) Column 9 is the greater of 6.4% without any EAF adjustments or a company's EAF adjusted In Good Standing (IGS) factor plus 150 basis points. Columns 5 and 7 are 28% and 62% respectively of Column 9.

(c) Determined using the same factors and breakdowns used for directly owned mortgage loans.

**ASSET VALUATION RESERVE**  
**BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS**  
**EQUITY AND OTHER INVESTED ASSET COMPONENT**

Line Number	NAIC Designation	Description	1 Book / Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Columns 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Columns 4x5)	7 Factor	8 Amount (Columns 4x7)	9 Factor	10 Amount (Columns 4x9)
<b>COMMON STOCK</b>												
1		Unaffiliated Public .....	45,293	X X X	X X X	45,293	0.0000		(d) ... 0.1300	5,888	(d) ... 0.1300	5,888
2		Unaffiliated Private .....		X X X	X X X		0.0000		0.1600		0.1600	
3		Federal Home Loan Bank .....		X X X	X X X		0.0000		0.0050		0.0080	
4		Affiliated Life with AVR .....		X X X	X X X		0.0000		0.0000		0.0000	
Affiliated Investment Subsidiary:												
5		Fixed Income Exempt Obligations .....					X X X		X X X		X X X	
6		Fixed Income Highest Quality .....					X X X		X X X		X X X	
7		Fixed Income High Quality .....					X X X		X X X		X X X	
8		Fixed Income Medium Quality .....					X X X		X X X		X X X	
9		Fixed Income Low Quality .....					X X X		X X X		X X X	
10		Fixed Income Lower Quality .....					X X X		X X X		X X X	
11		Fixed Income In/Near Default .....					X X X		X X X		X X X	
12		Unaffiliated Common Stock Public .....					0.0000		(d) ... 1.3000		(d) ... 0.1300	
13		Unaffiliated Common Stock Private .....					0.0000		0.1600		0.1600	
14		Mortgage Loans .....					(c)		(c)		(c)	
15		Real Estate .....					(e)		(e)		(e)	
16		Affiliated-Certain Other (See SVO Purposes and Procedures Manual) .....		X X X	X X X		0.0000		0.1300		0.1300	
17		Affiliated-All Other .....	1,352,090	X X X	X X X	1,352,090	0.0000		0.1600	216,334	0.1600	216,334
18		Total Common Stock (Sum of Line 1 through Line 17) (Page 2, Line 2.2, Net Admitted Asset) .....	1,397,383			1,397,383	X X X		X X X	222,222	X X X	222,222
<b>REAL ESTATE</b>												
19		Home Office Property (General Account only) .....	12,659,033			12,659,033	0.0000		0.0750	949,427	0.0750	949,427
20		Investment Properties .....	484,500			484,500	0.0000		0.0750	36,338	0.0750	36,338
21		Properties Acquired in Satisfaction of Debt .....					0.0000		0.1100		0.1100	
22		Total Real Estate (Sum of Line 19 through Line 21) .....	13,143,533			13,143,533	X X X		X X X	985,765	X X X	985,765
<b>OTHER INVESTED ASSETS</b>												
<b>INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF BONDS</b>												
23		Exempt Obligations .....		X X X	X X X		0.0000		0.0000		0.0000	
24	1	Highest Quality .....		X X X	X X X		0.0004		0.0023		0.0030	
25	2	High Quality .....		X X X	X X X		0.0019		0.0058		0.0090	
26	3	Medium Quality .....		X X X	X X X		0.0093		0.0230		0.0340	
27	4	Low Quality .....		X X X	X X X		0.0213		0.0530		0.0750	
28	5	Lower Quality .....		X X X	X X X		0.0432		0.1100		0.1700	
29	6	In or Near Default .....		X X X	X X X		0.0000		0.2000		0.2000	
30		Total with Bond Characteristics (Sum of Line 23 through Line 29) .....		X X X	X X X		X X X		X X X		X X X	

**ASSET VALUATION RESERVE (Continued)**  
**BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS**  
**EQUITY AND OTHER INVESTED ASSET COMPONENT**

Line Number	NAIC Designation	Description	1 Book / Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Columns 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Columns 4x5)	7 Factor	8 Amount (Columns 4x7)	9 Factor	10 Amount (Columns 4x9)
INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF PREFERRED STOCKS												
31	1	Highest Quality .....		XXX	XXX		0.0004		0.0023		0.0030	
32	2	High Quality .....		XXX	XXX		0.0019		0.0058		0.0090	
33	3	Medium Quality .....		XXX	XXX		0.0093		0.0230		0.0340	
34	4	Low Quality .....		XXX	XXX		0.0213		0.0530		0.0750	
35	5	Lower Quality .....		XXX	XXX		0.0432		0.1100		0.1700	
36	6	In or Near Default .....		XXX	XXX		0.0000		0.2000		0.2000	
37		Affiliated Life with AVR .....		XXX	XXX		0.0000		0.0000		0.0000	
38		Total with Preferred Stock Characteristics (Sum of Line 31 through Line 37) .....		XXX	XXX		XXX		XXX		XXX	
INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF MORTGAGE LOANS												
In Good Standing:												
39		Farm Mortgages .....			XXX		(a) 0.0063		(a) 0.0120		(a) 0.0190	
40		Residential Mortgages - Insured or Guaranteed .....			XXX		0.0003		0.0006		0.0010	
41		Residential Mortgages - All Other .....		XXX	XXX		0.0013		0.0030		0.0040	
42		Commercial Mortgages - Insured or Guaranteed .....			XXX		0.0003		0.0006		0.0010	
43		Commercial Mortgages - All Other .....			XXX		(a) 0.0063		(a) 0.0120		(a) 0.0190	
44		In Good Standing With Restructured Terms .....			XXX		(b) 0.2800		(b) 0.6200		(b) 1.0000	
Overdue, Not in Process:												
45		Farm Mortgages .....			XXX		0.0420		0.0760		0.1200	
46		Residential Mortgages - Insured or Guaranteed .....			XXX		0.0005		0.0012		0.0020	
47		Residential Mortgages - All Other .....			XXX		0.0025		0.0058		0.0090	
48		Commercial Mortgages - Insured or Guaranteed .....			XXX		0.0005		0.0012		0.0020	
49		Commercial Mortgages - All Other .....			XXX		0.0420		0.0760		0.1200	
In Process of Foreclosure:												
50		Farm Mortgages .....			XXX		0.0000		0.1700		0.1700	
51		Residential Mortgages - Insured or Guaranteed .....			XXX		0.0000		0.0040		0.0040	
52		Residential Mortgages - All Other .....			XXX		0.0000		0.0130		0.0130	
53		Commercial Mortgages - Insured or Guaranteed .....			XXX		0.0000		0.0040		0.0040	
54		Commercial Mortgages - All Other .....			XXX		0.0000		0.1700		0.1700	
55		Total with Mortgage Loan Characteristics (Sum of Line 39 through Line 54) .....			XXX		XXX		XXX		XXX	

**ASSET VALUATION RESERVE (Continued)**

**BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS  
EQUITY AND OTHER INVESTED ASSET COMPONENT**

Line Number	NAIC Designation	Description	1 Book / Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Columns 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Columns 4x5)	7 Factor	8 Amount (Columns 4x7)	9 Factor	10 Amount (Columns 4x9)
<b>INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF COMMON STOCK</b>												
56		Unaffiliated Public .....		X X X	X X X		0.0000		(d) 0.1300		(d) 0.1300	
57		Unaffiliated Private .....		X X X	X X X		0.0000		0.1600		0.1600	
58		Affiliated Life with AVR .....		X X X	X X X		0.0000		0.0000		0.0000	
59		Affiliated Certain Other (See SVO Purposes and Procedures Manual) .....		X X X	X X X		0.0000		0.1300		0.1300	
60		Affiliated Other - All Other .....		X X X	X X X		0.0000		0.1600		0.1600	
61		Total with Common Stock Characteristics (Sum of Line 56 through Line 60) .....		X X X	X X X		X X X		X X X		X X X	
<b>INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF REAL ESTATE</b>												
62		Home Office Property (General Account Only) .....					0.0000		0.0750		0.0750	
63		Investment Properties .....					0.0000		0.0750		0.0750	
64		Properties Acquired in Satisfaction of Debt .....					0.0000		0.1100		0.1100	
65		Total with Real Estate Characteristics (Sum of Line 62 through Line 64) .....					X X X		X X X		X X X	
<b>LOW INCOME HOUSING TAX CREDIT INVESTMENTS</b>												
66		Guaranteed Federal Low Income Housing Tax Credit .....					0.0003		0.0006		0.0010	
67		Non-guaranteed Federal Low Income Housing Tax Credit .....					0.0063		0.0120		0.0190	
68		State Low Income Housing Tax Credit .....					0.0273		0.0600		0.0975	
69		All Other Low Income Housing Tax Credit .....					0.0273		0.0600		0.0975	
70		Total LIHTC .....					X X X		X X X		X X X	
<b>ALL OTHER INVESTMENTS</b>												
71		Other Invested Assets - Schedule BA .....		X X X			0.0000		0.1300		0.1300	
72		Other Short-term Invested Assets - Schedule DA .....		X X X			0.0000		0.1300		0.1300	
73		Total All Other (Sum of Line 71 plus Line 72) .....		X X X			X X X		X X X		X X X	
74		Total Other Invested Assets - Schedules BA and DA (Sum of Lines 30, 38, 55, 61, 65, 70 and 73) .....					X X X		X X X		X X X	

(a) Times the company's experience adjustment factor (EAF).  
 (b) Column 9 is the greater of 6.4% without any EAF adjustments or a company's EAF adjusted In Good Standing (IGS) factor plus 150 basis points. Columns 5 and 7 are 28% and 62% respectively of Column 9.  
 (c) Determined using the same factors and breakdowns used for directly owned mortgage loans.  
 (d) Times the company's weighted average portfolio beta (Minimum .10, Maximum .20).  
 (e) Determined using same factors and breakdowns used for directly owned real estate.

**ASSET VALUATION RESERVE**  
**BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS**  
**REPLICATED (SYNTHETIC) ASSETS**

1	2	3	4	5	6	7	8	9
RSAT Number	Type	CUSIP	Description of Asset(s)	NAIC Designation or Other Description of Asset	Value of Asset	AVR Basic Contribution	AVR Reserve Objective	AVR Maximum Reserve

**NONE**

**SCHEDULE F**

Showing all claims for death losses and all other contract claims resisted or compromised during the year ,  
and all claims for death losses and all other contract claims resisted December 31 of current year

1 Contract Numbers	2 Claim Numbers	3 State of Residence of Claimant	4 Year of Claim for Death or Disability	5 Amount Claimed	6 Amount Paid During the Year	7 Amount Resisted Dec. 31 of Current Year	8 Why Compromised or Resisted
--------------------------	-----------------------	---	--	------------------------	-------------------------------------	--	-------------------------------------

**NONE**

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY  
**SCHEDULE H - ACCIDENT AND HEALTH EXHIBIT**

	Total		Group Accident and Health		Credit Accident and Health (Group and Individual)		Collectively Renewable		Other Individual Contracts								
									Non-Cancelable		Guaranteed Renewable		Non-Renewable for Stated Reasons Only		Other Accident Only		All Other
	1 Amount	2 %	3 Amount	4 %	5 Amount	6 %	7 Amount	8 %	9 Amount	10 %	11 Amount	12 %	13 Amount	14 %	15 Amount	16 %	17 Amount

**PART 1 - ANALYSIS OF UNDERWRITING OPERATIONS**

1. Premiums written	47,522,620	X X X	27,935,428	X X X	423,536	X X X		X X X		X X X	19,163,656	X X X		X X X		X X X		X X X
2. Premiums earned	47,909,495	X X X	28,147,909	X X X	597,930	X X X		X X X		X X X	19,163,656	X X X		X X X		X X X		X X X
3. Incurred claims	26,993,812	56.343	18,411,089	65.408	100,055	16.734					8,482,668	44.264						
4. Cost containment expenses																		
5. Incurred claims and cost containment expenses (Line 3 and Line 4)	26,993,812	56.343	18,411,089	65.408	100,055	16.734					8,482,668	44.264						
6. Increase in contract reserves	1,380,579	2.882			(308,579)	(51.608)					1,689,158	8.814						
7. Commissions (a)	8,065,232	16.834	1,710,648	6.077	(24,154)	(4.040)					6,378,738	33.286						
8. Other general insurance expenses	18,061,995	37.700	8,858,326	31.471	374,552	62.641					8,829,117	46.072						
9. Taxes, licenses and fees	383,213	0.800	171,826	0.610	5,001	0.836					206,386	1.077						
10. Total other expenses incurred	26,510,440	55.334	10,740,800	38.158	355,399	59.438					15,414,241	80.435						
11. Aggregate write-ins for deductions																		
12. Gain from underwriting before dividends or refunds	(6,975,336)	(14.559)	(1,003,980)	(3.567)	451,055	75.436					(6,422,411)	(33.513)						
13. Dividends or refunds																		
14. Gain from underwriting after dividends or refunds	(6,975,336)	(14.559)	(1,003,980)	(3.567)	451,055	75.436					(6,422,411)	(33.513)						

**DETAILS OF WRITE-INS**

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)																		

(a) Includes \$ ..... reported as "Contract, membership and other fees retained by agents."

**SCHEDULE H - ACCIDENT AND HEALTH EXHIBIT (continued)**

	1 Total	2 Group Accident and Health	3 Credit Accident and Health (Group and Individual)	4 Collectively Renewable	Other Individual Contracts				
					5 Non-Cancelable	6 Guaranteed Renewable	7 Non-Renewable for Stated Reasons Only	8 Other Accident Only	9 All Other

**PART 2 - RESERVES AND LIABILITIES**

<b>A. Premium Reserves:</b>									
1. Unearned premiums	322,019	68,210	253,809						
2. Advance premiums									
3. Reserve for rate credits									
4. Total premium reserves, current year	322,019	68,210	253,809						
5. Total premium reserves, prior year	708,894	280,691	428,203						
6. Increase in total premium reserves	(386,875)	(212,481)	(174,394)						
<b>B. Contract Reserves:</b>									
1. Additional reserves (a)	9,154,742		(308,579)			9,463,321			
2. Reserve for future contingent benefits									
3. Total contract reserves, current year	9,154,742		(308,579)			9,463,321			
4. Total contract reserves, prior year	7,774,163					7,774,163			
5. Increase in contract reserves	1,380,579		(308,579)			1,689,158			
<b>C. Claim Reserves and Liabilities:</b>									
1. Total current year	16,235,996	11,759,588	200,889			4,275,519			
2. Total prior year	14,670,822	11,943,023	371,356			2,356,443			
3. Increase	1,565,174	(183,435)	(170,467)			1,919,076			

**PART 3 - TEST OF PRIOR YEAR'S CLAIM RESERVES AND LIABILITIES**

<b>1. Claims paid during the year:</b>									
1.1 On claims incurred prior to current year	11,391,312	8,027,668	227,283			3,136,361			
1.2 On claims incurred during current year	14,037,326	10,566,856	43,239			3,427,231			
<b>2. Claim reserves and liabilities, December 31, current year:</b>									
2.1 On claims incurred prior to current year	4,110,039	2,811,840	151,397			1,146,802			
2.2 On claims incurred during current year	12,125,957	8,947,748	49,492			3,128,717			
<b>3. Test:</b>									
3.1 Line 1.1 plus Line 2.1	15,501,351	10,839,508	378,680			4,283,163			
3.2 Claim reserves and liabilities, December 31, prior year	14,670,822	11,943,023	371,356			2,356,443			
3.3 Line 3.1 minus Line 3.2	830,529	(1,103,515)	7,324			1,926,720			

**PART 4 - REINSURANCE**

<b>A. Reinsurance Assumed:</b>									
1. Premiums written	2,703,766	2,703,766							
2. Premiums earned	2,703,766	2,703,766							
3. Incurred claims	2,289,273	2,289,273							
4. Commissions	454,016	454,016							
<b>B. Reinsurance Ceded:</b>									
1. Premiums written	22,216,117	21,504,006				712,111			
2. Premiums earned	22,216,117	21,504,006				712,111			
3. Incurred claims	35,169,965	30,254,439				4,915,526			
4. Commissions									

(a) Includes \$ ..... premium deficiency reserve.

**SCHEDULE H - PART 5 - HEALTH CLAIMS**

	1	2	3	4
	Medical	Dental	Other	Total
<b>A. Direct:</b>				
1. Incurred claims .....			56,448,083	56,448,083
2. Beginning claim reserves and liabilities .....			10,994,023	10,994,023
3. Ending claim reserves and liabilities .....			29,999,421	29,999,421
4. Claims paid .....			37,442,685	37,442,685
<b>B. Assumed Reinsurance:</b>				
5. Incurred claims .....			2,289,273	2,289,273
6. Beginning claim reserves and liabilities .....			910,590	910,590
7. Ending claim reserves and liabilities .....			1,309,530	1,309,530
8. Claims paid .....			1,890,333	1,890,333
<b>C. Ceded Reinsurance:</b>				
9. Incurred claims .....			35,169,965	35,169,965
10. Beginning claim reserves and liabilities .....			354,311	354,311
11. Ending claim reserves and liabilities .....			17,630,290	17,630,290
12. Claims paid .....			17,893,986	17,893,986
<b>D. Net:</b>				
13. Incurred claims .....			23,567,391	23,567,391
14. Beginning claim reserves and liabilities .....			11,550,302	11,550,302
15. Ending claim reserves and liabilities .....			13,678,661	13,678,661
16. Claims paid .....			21,439,032	21,439,032
<b>E. Net Incurred Claims and Cost Containment Expenses:</b>				
17. Incurred claims and cost containment expenses .....			26,993,812	26,993,812
18. Beginning reserves and liabilities .....			11,550,302	11,550,302
19. Ending reserves and liabilities .....			13,678,661	13,678,661
20. Paid claims and cost containment expenses .....			24,865,453	24,865,453

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE S - PART 1 - SECTION 1**

Reinsurance Assumed Life Insurance, Annuities, Deposit Funds and Other Liabilities  
Without Life or Disability Contingencies, and Related Benefits Listed by Reinsured Company as of December 31, Current Year

1	2	3	4	5	6	7	8	9	10	11	12
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsured	Location	Type of Reinsurance Assumed	Amount In Force at End of Year	Reserve	Premiums	Reinsurance Payable on Paid and Unpaid Losses	Modified Coinsurance Reserve	Funds Withheld Under Coinsurance
General Account, Affiliates											
72087	66-0276881	01/01/2008	NATIONAL LIFE INSURANCE COMPANY	SAN JUAN, PUERTO RICO	YRT/G			391,009	435,423		435,423
72087	66-0276881	01/01/2009	NATIONAL LIFE INSURANCE COMPANY	SAN JUAN, PUERTO RICO	YRT/G			1,470,988	81,665		555,219
72087	66-0276881	01/01/2010	NATIONAL LIFE INSURANCE COMPANY	SAN JUAN, PUERTO RICO	YRT/G			1,478,655	220,052		829,331
0199999 - General Account, Affiliates								3,340,652	737,140		1,819,973
General Account, Non-Affiliates											
00000	00-0000000	01/01/2007	SAGICOR LIFE INC / BF&M	St. MICHAEL, BARBADOS	YRT/G			998	20,040		52,063
00000	AA-3164104	01/01/2010	CIBC REINSURANCE CO. LIMITED	St. MICHAEL, BARBADOS	YRT/G			63,535	21,007		45,728
00000	98-0560316	01/01/2009	OPTIMUM REASSURANCE, INC.	St. MICHAEL, BARBADOS	YRT/G			29,775	150		(3,323)
00000	98-0560316	01/01/2010	OPTIMUM REASSURANCE, INC.	St. MICHAEL, BARBADOS	YRT/G			27,439	15,764		24,257
0299999 - General Account, Non-Affiliates								121,747	56,961		118,725
0399999 - Total General Account								3,462,399	794,101		1,938,698
0799999 - GRAND TOTAL								3,462,399	794,101		1,938,698

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE S - PART 1 - SECTION 2**

Reinsurance Assumed Accident and Health Insurance Listed by Reinsured Company as of December 31, Current Year

1	2	3	4	5	6	7	8	9	10	11	12
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsured	Location	Type of Reinsurance Assumed	Premiums	Unearned Premiums	Reserve Liability Other Than for Unearned Premiums	Reinsurance Payable on Paid and Unpaid Losses	Modified Coinsurance Reserve	Funds Withheld Under Coinsurance
<b>Affiliates</b>											
72087	66-0276881	01/01/2008	NATIONAL LIFE INSURANCE COMPANY	SAN JUAN, PUERTO RICO		406,865			69,681		319,681
72087	66-0276881	01/01/2009	NATIONAL LIFE INSURANCE COMPANY	SAN JUAN, PUERTO RICO		891,829			108,434		119,284
0199999 - Totals - Affiliates						1,298,694			178,115		438,965
<b>Non-Affiliates</b>											
00000	00-000000	01/01/2007	SAGICOR LIFE INC / BF&M	St. MICHAEL, BARBADOS	COFW/G	(2,795)			624,995		34,967
00000	AA-3164104	01/01/2009	CIBC REINSURANCE CO. LIMITED	St. MICHAEL, BARBADOS	COFW/G	1,042,892			447,132		447,132
00000	98-0560316	01/01/2009	OPTIMUM REASSURANCE, INC	St. MICHAEL, BARBADOS	COFW/G	364,975			59,288		(68,839)
0299999 - Totals - Non-Affiliates						1,405,072			1,131,415		413,260
0399999 - TOTALS						2,703,766			1,309,530		852,225

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE S - PART 2**

Reinsurance Recoverable on Paid and Unpaid Losses Listed by Reinsuring Company as of December 31, Current Year

1	2	3	4	5	6	7
NAIC Company Code	Federal ID Number	Effective Date	Name of Company	Location	Paid Losses	Unpaid Losses
Life and Annuity, Non-affiliates						
90670	43-1178580	01/01/1999	Employers Re	Kansas City, Missouri	350,000	
66346	58-0828824	01/01/1989	Munich Re	Munich, Germany	1,081,010	
67019	S1-088	01/01/2007	Swiss Re	Armonk New York	437,948	
00000	98-0560316	01/01/2009	Optimum Reassurance, Inc.	St. Mitchel, Barbados	41,885	
88340	59-2859797	01/01/2007	Hannover Life Re.	Orlando, Florida	13,500	
86258	13-2572994	01/01/1983	General Cologne Re.	Mexico City, Mexico	36,423	
76694	23-2044256	11/01/1998	London Life Reinsurance Company	Blue Bell Pennsylvania	690,333	
68381	36-0883760	11/01/1998	Reliance Standard Life Insurance Company	South Portland, ME	604,736	
0299999 - TOTAL - Life and Annuity, Non-affiliates					3,255,835	
0399999 - TOTAL - Life and Annuity					3,255,835	
Accident and Health, Non-affiliates						
86258	13-2572994	01/01/2007	General Cologne Re	Mexico City, Mexico	26,035	
76694	23-2044256	01/01/1998	London Life Reinsurance Company	Blue Bell, Pennsylvania	1,584,618	
66346	58-0828824	01/01/1989	Munich Re	Munich, Germany	400,000	
00000	98-0560316	01/01/2008	Optimum Rassurance, Inc.	Sr. Mitchel Barbados	207,760	
0599999 - TOTAL - Accident and Health, Non-affiliates					2,218,413	
0699999 - TOTAL - Accident and Health					2,218,413	
0799999 - GRAND TOTAL - Life, Annuity and Accident and Health					5,474,248	

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE S - PART 3 - SECTION 1**

Reinsurance Ceded Life Insurance, Annuities, Deposit Funds and Other Liabilities  
Without Life or Disability Contingencies, and Related Benefits Listed by Reinsuring Company as of December 31, Current Year

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Company	5 Location	6 Type of Reinsurance Ceded	7 Amount in Force at End of Year	Reserve Credit Taken		10 Premiums	Outstanding Surplus Relief		13 Modified Coinsurance Reserve	14 Funds Withheld Under Coinsurance
							8 Current Year	9 Prior Year		11 Current Year	12 Prior Year		
Authorized General Account, Non-Affiliates													
85009	AA-1460146	01/01/2007	Swiss Re	Armonk, New York	YRT/I	326,493,891			874,887				
86258	13-2572994	01/01/2007	General Cologne Re	Mexico City, Mexico	YRT/I	92,945,170			322,899				
86258	13-2572994	01/01/1983	General Cologne Re	Mexico City, Mexico	YRT/G	144,682,714			123,715				
66346	58-0828824	01/01/1980	Munich Re	Munich, Germany	YRT/I	44,511,068			96,483				
88340	59-2859797	01/01/2007	Hannover Life Re	Orlando, Florida	YRT/I	164,369,274			325,956				
00000	98-0560316	01/01/2008	Optimum Reassurance, Inc.	St. Mitchel, Barbados	YRT/G	144,682,714			123,715				
0299999 - Authorized General Account, Non-Affiliates						917,684,831			1,867,655				
0399999 - Total Authorized General Account						917,684,831			1,867,655				
0799999 - Total Authorized and Unauthorized General Account						917,684,831			1,867,655				
1599999 - TOTALS						917,684,831			1,867,655				

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE S - PART 3 - SECTION 2**

Reinsurance Ceded Accident and Health Insurance Listed by Reinsuring Company as of December 31, Current Year

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Company	5 Location	6 Type	7 Premiums	8 Unearned Premiums (Estimated)	9 Reserve Credit Taken Other than for Unearned Premiums	Outstanding Surplus Relief		12 Modified Coinsurance Reserve	13 Funds Withheld Under Coinsurance
									10 Current Year	11 Prior Year		
Authorized General Account, Non-Affiliates												
76694	23-2044256	11/01/1998	London Life Reinsurance Company	Blue Bell Pennsylvania	CO/G	74,029		10,758,817				
00000	98-0560316	01/01/2009	Optimum Reassurance, Inc.	St. Mitchel, Barbados	YRT/G	20,946,227						
66827	98-0560316	01/01/2009	Optimum Reassurance, Inc.	St. Mitchel, Barbados	YRT/I	749,418						
68381	36-0883760	11/01/1998	Reliance Standard Life Insurance Company	South Portland, ME	CO/G	234,482						
85009	AA-1460146	01/01/2007	Swiss Re	Armonk, New York	YRT/I	120,637		2,802,671				
66346	58-0828824	01/01/1980	Munich Re	Munich, Germany	YRT/I	91,324						
0299999 - Authorized General Account, Non-Affiliates						22,216,117		13,561,488				
0399999 - Total Authorized General Account						22,216,117		13,561,488				
0799999 - Total Authorized and Unauthorized General Account						22,216,117		13,561,488				
1599999 - TOTALS						22,216,117		13,561,488				

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE S - PART 4**

Reinsurance Ceded To Unauthorized Companies

1	2	3	4	5	6	7	8	9	10	11	12	13	14
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsurer	Reserve Credit Taken	Paid and Unpaid Losses Recoverable (Debit)	Other Debits	Total (Columns 5 plus 6 plus 7)	Letters of Credit	Trust Agreements	Funds Deposited by and Withheld from Reinsurers	Other	Miscellaneous Balances (Credit)	Sum of Columns 9 plus 10 plus 11 plus 12 plus 13 But Not in Excess of Column 8

**NONE**

**SCHEDULE S - PART 5**

Five-Year Exhibit of Reinsurance Ceded Business

(000 Omitted)

	1	2	3	4	5
	2010	2009	2008	2007	2006
<b>A. OPERATIONS ITEMS</b>					
1. Premiums and annuity considerations for life and accident and health contracts .....	24,084	3,367	3,433	3,883	6,220
2. Commissions and reinsurance expense allowances .....			287	2	219
3. Contract claims .....	32,183	3,867	3,656	5,309	3,317
4. Surrender benefits and withdrawals for life contracts .....					
5. Dividends to policyholders .....					
6. Reserve adjustments on reinsurance ceded .....					
7. Increase in aggregate reserves for life and accident and health contracts .....					
<b>B. BALANCE SHEET ITEMS</b>					
8. Premiums and annuity considerations for life and accident and health contracts deferred and uncollected .....					
9. Aggregate reserves for life and accident and health contracts .....	13,561	16,248	21,769	18,284	21,007
10. Liability for deposit-type contracts .....					
11. Contract claims unpaid .....	15,522	801	685	344	350
12. Amounts recoverable on reinsurance .....	3,256	4,049	4,168	5,682	4,702
13. Experience rating refunds due or unpaid .....					
14. Policyholders' dividends (not included in Line 10) .....					
15. Commissions and reinsurance expense allowances unpaid .....					
16. Unauthorized reinsurance offset .....					
<b>C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)</b>					
17. Funds deposited by and withheld from (F) .....					
18. Letters of credit (L) .....					
19. Trust agreements (T) .....					
20. Other (O) .....					

**SCHEDULE S - PART 6**

Restatement of Balance Sheet to Identify Net Credit for Ceded Reinsurance

	1 As Reported (net of ceded)	2 Restatement Adjustments	3 Restated (gross of ceded)
<b>ASSETS (Page 2, Column 3)</b>			
1. Cash and invested assets (Line 12) .....	114,852,889		114,852,889
2. Reinsurance (Line 16) .....	6,046,757		6,046,757
3. Premiums and considerations (Line 15) .....	14,463,639		14,463,639
4. Net credit for ceded reinsurance .....	X X X		
5. All other admitted assets (balance) .....	7,395,975		7,395,975
6. Total assets excluding Separate Accounts (Line 26) .....	142,759,260		142,759,260
7. Separate Account assets (Line 27) .....			
8. Total assets (Line 28) .....	142,759,260		142,759,260
<b>LIABILITIES, CAPITAL AND SURPLUS (Page 3)</b>			
9. Contract reserves (Line 1 and Line 2) .....	100,874,402		100,874,402
10. Liability for deposit-type contracts (Line 3) .....			
11. Claim reserves (Line 4) .....	21,128,068		21,128,068
12. Policyholder dividends/reserves (Line 5 through Line 7) .....			
13. Premium and annuity considerations received in advance (Line 8) .....			
14. Other contract liabilities (Line 9) .....	951,078		951,078
15. Reinsurance in unauthorized companies (Line 24.2) .....			
16. Funds held under reinsurance with unauthorized reinsurers (Line 24.3) .....			
17. All other liabilities (balance) .....	7,497,042		7,497,042
18. Total liabilities excluding Separate Accounts (Line 26) .....	130,450,590		130,450,590
19. Separate Account liabilities (Line 27) .....			
20. Total liabilities (Line 28) .....	130,450,590		130,450,590
21. Capital and surplus (Line 38) .....	12,308,670	X X X	12,308,670
22. Total liabilities, capital and surplus (Line 39) .....	142,759,260		142,759,260
<b>NET CREDIT FOR CEDED REINSURANCE</b>			
23. Contract reserves .....			
24. Claim reserves .....			
25. Policyholder dividends/reserves .....			
26. Premium and annuity considerations received in advance .....			
27. Liability for deposit-type contracts .....			
28. Other contract liabilities .....			
29. Reinsurance ceded assets .....			
30. Other ceded reinsurance recoverables .....			
31. Total ceded reinsurance recoverables .....			
32. Premiums and considerations .....			
33. Reinsurance in unauthorized companies .....			
34. Funds held under reinsurance treaties with unauthorized reinsurers .....			
35. Other ceded reinsurance payables/offsets .....			
36. Total ceded reinsurance payable/offsets .....			
37. Total net credit for ceded reinsurance .....			

**SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS**

Allocated by States and Territories

States, Etc.	1		Direct Business Only					
			Life Contracts		4 Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	5 Other Considerations	6 Total Columns 2 through 5	7 Deposit-Type Contracts
			2 Life Insurance Premiums	3 Annuity 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	R	549,247		1,401		550,648	
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	N						
54. Puerto Rico	PR	L	24,484,672	570,043	67,033,569		92,088,284	
55. U.S. Virgin Islands	VI	N						
56. Northern Mariana Islands	MP	N						
57. Canada	CN	N						
58. Aggregate Other Alien	OT	X X X						
59. Subtotal	(a)	1	25,033,919	570,043	67,034,970		92,638,932	
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	25,033,919	570,043	67,034,970		92,638,932	
96. Plus Reinsurance Assumed		X X X	3,462,398		2,703,766		6,166,164	
97. Totals (All Business)		X X X	28,496,317	570,043	69,738,736		98,805,096	
98. Less Reinsurance Ceded		X X X	1,956,471		22,127,301		24,083,772	
99. Totals (All Business) less Reinsurance Ceded		X X X	26,539,846	570,043	(b) 47,611,435		74,721,324	
<b>DETAILS OF WRITE-INS</b>								
5801.		X X X						
5802.		X X X						
5803.		X X X						
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						
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

(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;

**SCHEDULE T - PART 2**  
**INTERSTATE COMPACT - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

States, Etc.	Direct Business Only					
	1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	6 Totals
1. Alabama	AL					
2. Alaska	AK					
3. Arizona	AZ					
4. Arkansas	AR					
5. California	CA					
6. Colorado	CO					
7. Connecticut	CT					
8. Delaware	DE					
9. District of Columbia	DC					
10. Florida	FL	549,247				549,247
11. Georgia	GA					
12. Hawaii	HI					
13. Idaho	ID					
14. Illinois	IL					
15. Indiana	IN					
16. Iowa	IA					
17. Kansas	KS					
18. Kentucky	KY					
19. Louisiana	LA					
20. Maine	ME					
21. Maryland	MD					
22. Massachusetts	MA					
23. Michigan	MI					
24. Minnesota	MN					
25. Mississippi	MS					
26. Missouri	MO					
27. Montana	MT					
28. Nebraska	NE					
29. Nevada	NV					
30. New Hampshire	NH					
31. New Jersey	NJ					
32. New Mexico	NM					
33. New York	NY					
34. North Carolina	NC					
35. North Dakota	ND					
36. Ohio	OH					
37. Oklahoma	OK					
38. Oregon	OR					
39. Pennsylvania	PA					
40. Rhode Island	RI					
41. South Carolina	SC					
42. South Dakota	SD					
43. Tennessee	TN					
44. Texas	TX					
45. Utah	UT					
46. Vermont	VT					
47. Virginia	VA					
48. Washington	WA					
49. West Virginia	WV					
50. Wisconsin	WI					
51. Wyoming	WY					
52. American Samoa	AS					
53. Guam	GU					
54. Puerto Rico	PR	24,484,672	570,043			25,054,715
55. U. S. Virgin Islands	VI					
56. Northern Mariana Islands	MP					
57. Canada	CN					
58. Aggregate Other Alien	OT					
59. Totals		25,033,919	570,043			25,603,962

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES  
OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

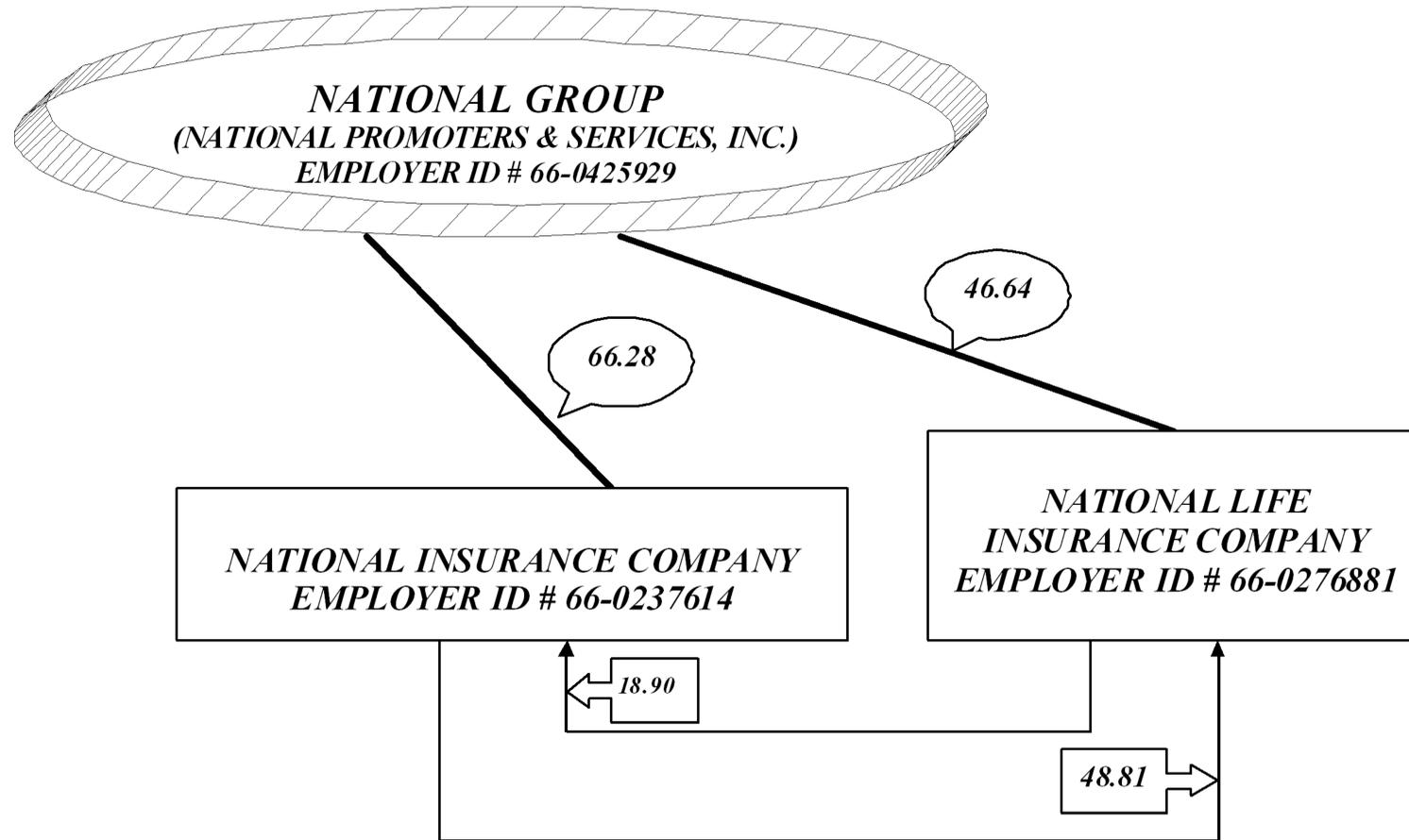
All insurer members of a Holding Company Group that has acquired and/or disposed of any domestic insurer (s) since filing the last annual or quarterly statement shall prepare a common schedule for inclusion in each of the individual quarterly statements

**PART 1 - ORGANIZATIONAL LISTING**

Electronic Filing Only

1 NAIC Group Code	2 Group Name	3 NAIC Company Code	4 State of Domicile	5 FEI Number	6 Name of Company
343	NATIONAL GROUP	12076	PR	66-0237614	NATIONAL INSURANCE COMPANY

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY  
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART



**SCHEDULE Y**

**PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES**

1  NAIC Company Code	2  Federal ID Number	3  Names of Insurers and Parent, Subsidiaries or Affiliates	4  Shareholder Dividends	5  Capital Contributions	6  Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	7  Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	8  Management Agreements and Service Contracts	9  Income/ (Disbursements) Incurred Under Reinsurance Agreements	10  *	11  Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	12  Totals	13  Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
----------------------------------	----------------------------------	--	-----------------------------------	-----------------------------------	--	--	---	---	-------------	---	------------------	---

**NONE**

If the nature of the transactions reported in Part 2 requires explanation, report such in the following explanatory note:

.....  
 .....  
 .....  
 .....

**SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

<b>MARCH FILING</b>	<b>Responses</b>
1. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	YES
EXPLANATION:	
BARCODE:	
Document Identifier 460:	
2. Will the confidential Risk-based Capital Report be filed with the NAIC by March 1?	YES
EXPLANATION:	
BARCODE:	
Document Identifier 390:	
3. Will the confidential Risk-based Capital Report be filed with the state of domicile, if required, by March 1?	YES
EXPLANATION:	
BARCODE:	
Document Identifier 390:	
4. Will an actuarial opinion be filed by March 1?	YES
EXPLANATION:	
BARCODE:	
Document Identifier 440:	
<b>APRIL FILING</b>	
5. Will Management's Discussion and Analysis be filed by April 1?	YES
EXPLANATION:	
BARCODE:	
Document Identifier 350:	
6. Will the Life, Health and Annuity Guaranty Association Model Act Assessment Base Reconciliation Exhibit be filed with the state of domicile and the NAIC by April 1?	YES
EXPLANATION:	
BARCODE:	
Document Identifier 290:	
7. Will the Adjustment Form (if required) be filed with the state of domicile and the NAIC by April 1?	YES
EXPLANATION:	
BARCODE:	
Document Identifier 300:	
8. Will the Supplemental Investment Risks Interrogatories be filed by April 1?	YES
EXPLANATION:	
BARCODE:	
Document Identifier 285:	

**SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

**JUNE FILING**

9. Will an audited financial report be filed by June 1? YES

EXPLANATION:

BARCODE:

Document Identifier 220:

10. Will Accountant's Letter of Qualifications be filed with the state of domicile and electronically with the NAIC by June 1? YES

EXPLANATION:

BARCODE:

Document Identifier 221:

**AUGUST FILING**

11. Will Communication of Internal Control Related Matters Noted in Audit be filed with the state of domicile by August 1? YES

EXPLANATION:

BARCODE:

Document Identifier 222:

The following supplemental reports are required to be filed as part of your annual statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

**MARCH FILING**

12. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1? NO

EXPLANATION:

BARCODE:

Document Identifier 420:



13. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1? NO

EXPLANATION:

BARCODE:

Document Identifier 360:



14. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC by March 1? NO

EXPLANATION:

BARCODE:

Document Identifier 490:



15. Will the actuarial opinion on participating and non-participating policies as required in Interrogatories 1 and 2 to Exhibit 5 be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:

BARCODE:

Document Identifier 371:



16. Will the actuarial opinion on non-guaranteed elements as required in interrogatory #3 to Exhibit 5 be filed with the state of domicile and electronically with the NAIC by March 1? YES

EXPLANATION:

BARCODE:

Document Identifier 370:

**SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

The following supplemental reports are required to be filed as part of your annual statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

**MARCH FILING (cont.)**

17. Will the actuarial opinion on X-Factors be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:

BARCODE:

Document Identifier 442:



18. Will the actuarial opinion on Separate Accounts Funding Guaranteed Minimum Benefit be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:

BARCODE:

Document Identifier 443:



19. Will the actuarial opinion on Synthetic Guaranteed Investment Contracts be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:

BARCODE:

Document Identifier 444:



20. Will the Reasonableness of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:

BARCODE:

Document Identifier 445:



21. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:

BARCODE:

Document Identifier 446:



22. Will the Reasonableness of Assumptions Certification for Implied Guaranteed Rate Method required by Actuarial Guideline XXXVI be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:

BARCODE:

Document Identifier 447:



23. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Average Market Value) be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:

BARCODE:

Document Identifier 448:



24. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Market Value) be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:

BARCODE:

Document Identifier 449:



**SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

The following supplemental reports are required to be filed as part of your annual statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

**MARCH FILING (cont.)**

25. Will the C-3 RBC Certifications required under C-3 Phase I be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:

BARCODE: 7 2 0 8 7 2 0 1 0 4 5 0 0 0 0 0 0  
  
 Document Identifier 450:

26. Will the C-3 RBC Certifications required under C-3 Phase II be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:

BARCODE: 7 2 0 8 7 2 0 1 0 4 5 1 0 0 0 0 0  
  
 Document Identifier 451:

27. Will the Actuarial Certifications Related to Annuity Nonforfeiture Ongoing Compliance for Equity Indexed Annuities be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:

BARCODE: 7 2 0 8 7 2 0 1 0 4 5 2 0 0 0 0 0  
  
 Document Identifier 452:

28. Will the actuarial opinion required by the Modified Guaranteed Annuity Model Regulation be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:

BARCODE: 7 2 0 8 7 2 0 1 0 4 5 3 0 0 0 0 0  
  
 Document Identifier 453:

29. Will the Actuarial Certifications Related to Hedging required by Actuarial Guideline XLIII be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:

BARCODE: 7 2 0 8 7 2 0 1 0 4 3 6 0 0 0 0 0  
  
 Document Identifier 436:

30. Will the Financial Officer Certification Related to Clearly Defined Hedging Strategy required by Actuarial Guideline XLIII be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:

BARCODE: 7 2 0 8 7 2 0 1 0 4 3 7 0 0 0 0 0  
  
 Document Identifier 437:

31. Will the Management Certification That the Valuation Reflects Management's Intent required by Actuarial Guideline XLIII be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:

BARCODE: 7 2 0 8 7 2 0 1 0 4 3 8 0 0 0 0 0  
  
 Document Identifier 438:

32. Will the Actuarial Certification Related to the Reserves required by Actuarial Guideline XLIII be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:

BARCODE: 7 2 0 8 7 2 0 1 0 4 3 9 0 0 0 0 0  
  
 Document Identifier 439:

**SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

The following supplemental reports are required to be filed as part of your annual statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

**MARCH FILING (cont.)**

33. Will the Workers' Compensation Carve-Out Supplement be filed by March 1? NO

EXPLANATION:

BARCODE:

Document Identifier 495:



34. Will Supplemental Schedule O be filed with the state of domicile and the NAIC by March 1? YES

EXPLANATION:

BARCODE:

Document Identifier 465:

35. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1? NO

EXPLANATION:

BARCODE:

Document Identifier 365:



**APRIL FILING**

36. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1? NO

EXPLANATION:

BARCODE:

Document Identifier 306:



37. Will the Interest-Sensitive Life Insurance Products Report Forms be filed with the state of domicile and the NAIC by April 1? YES

EXPLANATION:

BARCODE:

Document Identifier 280:

38. Will the Credit Insurance Experience Exhibit be filed with the state of domicile and the NAIC by April 1? NO

EXPLANATION:

BARCODE:

Document Identifier 230:



39. Will the Accident and Health Policy Experience Exhibit be filed by April 1? NO

EXPLANATION:

BARCODE:

Document Identifier 210:



40. Will the Analysis of Annuity Operations by Lines of Business be filed with the state of domicile and the NAIC by April 1? NO

EXPLANATION:

BARCODE:

Document Identifier 510:



## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your annual statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

### APRIL FILING (cont.)

41. Will the Analysis of Increase in Annuity Reserves During the Year be filed with the state of domicile and the NAIC by April 1? NO

EXPLANATION:

BARCODE:

Document Identifier 515:



42. Will the Supplemental Health Care Exhibit (Parts 1, 2 and 3) be filed with the state of domicile and the NAIC by April 1? NO

EXPLANATION:

BARCODE:

Document Identifier 216:



43. Will the regulator only (non-public) Supplemental Health Care Exhibit's Allocation Report be filed with the state of domicile and the NAIC by April 1? NO

EXPLANATION:

BARCODE:

Document Identifier 217:



### AUGUST FILING

44. Will Management's Report of Internal Control Over Financial Reporting be filed with the state of domicile by August 1? NO

EXPLANATION:

BARCODE:

Document Identifier 223:



**OVERFLOW PAGE FOR WRITE-INS**

OVERFLOW WRITE-INS FOR Page 2, Assets

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Column 1 minus Column 2)	4 Net Admitted Assets

AGGREGATED AT Line 25, Other than Invested Assets				
2504. OTHER ASSETS	464,888	79,888	385,000	
2598. Line 25, Other than Invested Assets	464,888	79,888	385,000	

OVERFLOW WRITE-INS FOR Page 11, Exhibit 2

	Insurance			5 Investment	6 Total	
	1 Life	Accident and Health				4 All Other Lines of Business
		2 Cost Containment	3 All Other			

AGGREGATED AT Line 9.3, Expenses					
09.304. SERVICE AGREEMENT	702,000		858,000		1,560,000
09.305. SERVICE FEES	273,920		334,792		608,712
09.306. MISCELLANEOUS FEES	241,624		295,318		536,942
09.307. INTANGIBLE ASSET			1,155,000		1,155,000
09.398. Line 9.3, Expenses	1,217,544		2,643,110		3,860,654

OVERFLOW WRITE-INS FOR Page 18, Exhibit of Nonadmitted Assets

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
--	---	---	---

AGGREGATED AT Line 25, Other than Invested Assets			
2504. OTHER ASSETS	79,888	87,361	7,473
2598. Line 25, Other than Invested Assets	79,888	87,361	7,473

## SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	3,248,074	2.821	3,248,074	2.828
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	15,389,372	13.365	15,389,372	13.399
1.22 Issued by U.S. government sponsored agencies				
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)	1,050,154	0.912	1,050,154	0.914
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	837,630	0.727	837,630	0.729
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	5,159,736	4.481	5,159,736	4.492
1.43 Revenue and assessment obligations	17,986,988	15.621	17,986,988	15.661
1.44 Industrial development and similar obligations	2,011,332	1.747	2,011,332	1.751
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	6,483,571	5.631	6,483,571	5.645
1.512 Issued or guaranteed by FNMA and FHLMC	10,989,494	9.544	10,989,494	9.568
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	4,299,277	3.734	4,299,277	3.743
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	197,871	0.172	197,871	0.172
1.523 All other	2,131,332	1.851	2,131,332	1.856
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	21,380,265	18.568	21,380,265	18.615
2.2 Unaffiliated non-U.S. securities (including Canada)	4,028,095	3.498	4,028,095	3.507
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated	258,804	0.225	258,804	0.225
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated	45,293	0.039	45,293	0.039
3.4 Other equity securities:				
3.41 Affiliated	1,352,090	1.174	1,352,090	1.177
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company	12,659,033	10.994	12,659,033	11.022
5.2 Property held for production of income (including \$ ..... of property acquired in satisfaction of debt)	484,500	0.421	484,500	0.422
5.3 Property held for sale (including \$ ..... property acquired in satisfaction of debt)				
6. Contract loans	3,463,535	3.008	3,172,437	2.762
7. Receivables for securities				
8. Cash, cash equivalents and short-term investments	1,687,541	1.466	1,687,541	1.469
9. Other invested assets				
10. Total invested assets	115,143,987	100.000	114,852,889	100.000

**SCHEDULE A - VERIFICATION BETWEEN YEARS**  
Real Estate

1. Book/adjusted carrying value, December 31 of prior year .....		11,726,723
2. Cost of acquired:		
2.1 Actual cost at time of acquisition (Part 2, Column 6) .....	2,012,900	
2.2 Additional investment made after acquisition (Part 2, Column 9) .....		2,012,900
3. Current year change in encumbrances:		
3.1 Totals, Part 1, Column 13 .....	(453,305)	
3.2 Totals, Part 3, Column 11 .....		(453,305)
4. Total gain (loss) on disposals, Part 3, Column 18 .....		
5. Deduct amounts received on disposals, Part 3, Column 15 .....		
6. Total foreign exchange change in book/adjusted carrying value:		
6.1 Totals, Part 1, Column 15 .....		
6.2 Totals, Part 3, Column 13 .....		
7. Deduct current year's other than temporary impairment recognized:		
7.1 Totals, Part 1, Column 12 .....		
7.2 Totals, Part 3, Column 10 .....		
8. Deduct current year's depreciation:		
8.1 Totals, Part 1, Column 11 .....	142,785	
8.2 Totals, Part 3, Column 9 .....		142,785
9. Book/adjusted carrying value at the end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 minus Line 5 plus Line 6 minus Line 7 minus Line 8) .....		13,143,533
10. Deduct total nonadmitted amounts .....		
11. Statement value at end of current period (Line 9 minus Line 10) .....		13,143,533

**SCHEDULE B - VERIFICATION BETWEEN YEARS**  
Mortgage Loans

1. Book value/recorded investment excluding accrued interest, December 31 of prior year .....		6,769
2. Cost of acquired:		
2.1 Actual cost at time of acquisition (Part 2, Column 7) .....		
2.2 Additional investment made after acquisition (Part 2, Column 8) .....		
3. Capitalized deferred interest and other:		
3.1 Totals, Part 1, Column 12 .....		
3.2 Totals, Part 3, Column 11 .....		
4. Accrual of discount .....		
5. Unrealized valuation increase (decrease):		
5.1 Totals, Part 1, Column 9 .....		
5.2 Totals, Part 3, Column 8 .....		
6. Total gain (loss) on disposals, Part 3, Column 18 .....		
7. Deduct amounts received on disposals, Part 3, Column 15 .....		4,281
8. Deduct amortization of premium and mortgage interest points and commitment fees .....		2,488
9. Total foreign exchange change in book value/recorded investment excluding accrued interest:		
9.1 Totals, Part 1, Column 13 .....		
9.2 Totals, Part 3, Column 13 .....		
10. Deduct current year's other than temporary impairment recognized:		
10.1 Totals, Part 1, Column 11 .....		
10.2 Totals, Part 3, Column 10 .....		
11. Book value/recorded investment excluding accrued interest at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10) .....		
12. Total valuation allowance .....		
13. Subtotal (Line 11 plus Line 12) .....		
14. Deduct total nonadmitted amounts .....		
15. Statement value of mortgages owned at end of current period (Line 13 minus Line 14) .....		

**SCHEDULE BA - VERIFICATION BETWEEN YEARS**  
Other Long-Term Invested Assets

1. Book/adjusted carrying value, December 31 of prior year .....		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition (Part 2, Column 8) .....		
2.2 Additional investment made after acquisition (Part 2, Column 9) .....		
3. Capitalized deferred interest and other		
3.1 Totals, Part 1, Column 16 .....		
3.2 Totals, Part 3, Column 12 .....		
4. Accrual of discount .....		
5. Unrealized valuation increase (decrease):		
5.1 Totals, Part 1, Column 13 .....	<b>NONE</b>	
5.2 Totals, Part 3, Column 9 .....		
6. Total gain (loss) on disposals, Part 3, Column 19 .....		
7. Deduct amounts received on disposals, Part 3, Column 18 .....		
• 8. Deduct amortization of premium and depreciation .....		
9. Total foreign exchange change in book/adjusted carrying value:		
9.1 Totals, Part 1, Column 17 .....		
9.2 Totals, Part 3, Column 14 .....		
10. Deduct current year's other than temporary impairment recognized:		
10.1 Totals, Part 1, Column 15 .....		
10.2 Totals, Part 3, Column 11 .....		
11. Book/adjusted carrying value at the end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10) .....		
12. Deduct total nonadmitted amounts .....		
13. Statement value at end of current period (Line 11 minus Line 12) .....		

**SCHEDULE D - VERIFICATION BETWEEN YEARS**  
Bonds and Stocks

1. Book/adjusted carrying value, December 31 of prior year .....		103,041,295
2. Cost of bonds and stocks acquired, Part 3, Column 7 .....		17,289,214
3. Accrual of discount .....		377,914
4. Unrealized valuation increase (decrease):		
4.1 Part 1, Column 12 .....		
4.2 Part 2, Section 1, Column 15 .....		
4.3 Part 2, Section 2, Column 13 .....	(4,564,523)	
4.4 Part 4, Column 11 .....	(51,802)	(4,616,325)
5. Total gain (loss) on disposals, Part 4, Column 19 .....		453,528
6. Deduction consideration for bonds and stocks disposed of, Part 4, Column 7 .....		19,515,944
7. Deduct amortization of premium .....		227,374
8. Total foreign exchange change in book/adjusted carrying value:		
8.1 Part 1, Column 15 .....		
8.2 Part 2, Section 1, Column 19 .....		
8.3 Part 2, Section 2, Column 16 .....		
8.4 Part 4, Column 15 .....		
9. Deduct current year's other than temporary impairment recognized:		
9.1 Part 1, Column 14 .....		
9.2 Part 2, Section 1, Column 17 .....		
9.3 Part 2, Section 2, Column 14 .....		
9.4 Part 4, Column 13 .....		
10. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 minus Line 6 minus Line 7 plus Line 8 minus Line 9) .....		96,802,308
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....		96,802,308

**SCHEDULE D - SUMMARY BY COUNTRY**

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b>					
Governments (Including all obligations guaranteed by governments)	1. United States .....	25,121,016	26,972,451	24,234,391	25,050,790
	2. Canada .....				
	3. Other Countries .....	1,050,154	1,128,510	1,067,140	1,000,000
	4. Totals .....	26,171,170	28,100,961	25,301,531	26,050,790
U. S. States, Territories and Possessions (Direct and guaranteed)	5. Totals .....	837,630	858,763	856,373	825,000
U. S. Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	6. Totals .....	5,159,736	5,515,905	5,159,130	5,250,000
U. S. Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	7. Totals .....	35,287,091	35,918,779	34,516,242	35,894,098
Industrial and Miscellaneous, Credit Tenant Loans and Hybrid Securities (unaffiliated)	8. United States .....	23,709,468	25,024,705	23,831,504	24,445,367
	9. Canada .....	751,501	805,015	780,110	750,000
	10. Other Countries .....	3,276,595	3,467,062	3,245,457	3,300,000
	11. Totals .....	27,737,564	29,296,782	27,857,071	28,495,367
Parent, Subsidiaries and Affiliates	12. Totals .....				
	13. Total Bonds .....	95,193,191	99,691,190	93,690,347	96,515,255
<b>PREFERRED STOCKS</b>					
Industrial and Miscellaneous (unaffiliated)	14. United States .....				
	15. Canada .....				
	16. Other Countries .....	258,804	258,804	258,804	
	17. Totals .....	258,804	258,804	258,804	
Parent, Subsidiaries and Affiliates	18. Totals .....				
	19. Total Preferred Stocks .....	258,804	258,804	258,804	
<b>COMMON STOCKS</b>					
Industrial and Miscellaneous (unaffiliated)	20. United States .....				
	21. Canada .....				
	22. Other Countries .....	45,293	45,293	153,983	
	23. Totals .....	45,293	45,293	153,983	
Parent, Subsidiaries and Affiliates	24. Totals .....	1,352,090	1,352,090	7,679,088	
	25. Total Common Stocks .....	1,397,383	1,397,383	7,833,071	
	26. Total Stocks .....	1,656,187	1,656,187	8,091,875	
	27. Total Bonds and Stocks .....	96,849,378	101,347,377	101,782,222	

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE D - PART 1A - SECTION 1**

Quality and Maturity Distribution of All Bonds Owned December 31 , at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
<b>1. U.S. Governments</b>											
1.1 Class 1	3,343,516	5,446,956	13,766,353	450,824	2,113,367	25,121,016	26.4	22,707,365	23.5	25,121,016	
1.2 Class 2											
1.3 Class 3											
1.4 Class 4											
1.5 Class 5											
1.6 Class 6											
1.7 Totals	3,343,516	5,446,956	13,766,353	450,824	2,113,367	25,121,016	26.4	22,707,365	23.5	25,121,016	
<b>2. All Other Governments</b>											
2.1 Class 1			1,050,154			1,050,154	1.1	1,056,833	1.1	1,050,154	
2.2 Class 2											
2.3 Class 3											
2.4 Class 4											
2.5 Class 5											
2.6 Class 6											
2.7 Totals			1,050,154			1,050,154	1.1	1,056,833	1.1	1,050,154	
<b>3. U.S. States, Territories and Possessions etc., Guaranteed</b>											
3.1 Class 1		400,504				400,504	0.4			400,504	
3.2 Class 2		437,126				437,126	0.5	1,561,669	1.6	437,126	
3.3 Class 3											
3.4 Class 4											
3.5 Class 5											
3.6 Class 6											
3.7 Totals		837,630				837,630	0.9	1,561,669	1.6	837,630	
<b>4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed</b>											
4.1 Class 1				2,624,721	2,535,015	5,159,736	5.4	4,659,924	4.8	5,159,736	
4.2 Class 2											
4.3 Class 3											
4.4 Class 4											
4.5 Class 5											
4.6 Class 6											
4.7 Totals				2,624,721	2,535,015	5,159,736	5.4	4,659,924	4.8	5,159,736	
<b>5. U.S. Special Revenue and Special Assessment Obligations etc., Non-Guaranteed</b>											
5.1 Class 1	4,827,488	8,352,719	5,514,186	5,649,474	2,378,330	26,722,197	28.1	27,668,047	28.6	26,222,196	500,000
5.2 Class 2	449,974	1,571,731	798,391	314,793	5,430,006	8,564,895	9.0	5,549,901	5.7	8,564,895	
5.3 Class 3								1,989,701	2.1		
5.4 Class 4											
5.5 Class 5											
5.6 Class 6											
5.7 Totals	5,277,462	9,924,450	6,312,577	5,964,267	7,808,336	35,287,092	37.1	35,207,649	36.4	34,787,091	500,000

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE D - PART 1A - SECTION 1 (continued)**

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
<b>6. Industrial and Miscellaneous (Unaffiliated)</b>											
6.1 Class 1	2,452,774	18,172,359	3,110,479	197,871		23,933,483	25.1	26,827,203	27.7	23,684,679	248,803
6.2 Class 2	874,233	1,379,069				2,253,302	2.4	2,626,840	2.7	2,253,303	
6.3 Class 3	235,476	425,641	416,867	365,766	33,903	1,477,653	1.6	999,940	1.0	919,175	558,478
6.4 Class 4								971,383	1.0		
6.5 Class 5											
6.6 Class 6		73,125				73,125	0.1	73,125	0.1	73,125	
6.7 Totals	3,562,483	20,050,194	3,527,346	563,637	33,903	27,737,563	29.1	31,498,491	32.6	26,930,282	807,281
<b>7. Credit Tenant Loans</b>											
7.1 Class 1											
7.2 Class 2											
7.3 Class 3											
7.4 Class 4											
7.5 Class 5											
7.6 Class 6											
7.7 Totals											
<b>8. Hybrid Securities</b>											
8.1 Class 1											
8.2 Class 2											
8.3 Class 3											
8.4 Class 4											
8.5 Class 5											
8.6 Class 6											
8.7 Totals											
<b>9. Parent, Subsidiaries and Affiliates</b>											
9.1 Class 1											
9.2 Class 2											
9.3 Class 3											
9.4 Class 4											
9.5 Class 5											
9.6 Class 6											
9.7 Totals											

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE D - PART 1A - SECTION 1 (continued)**

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
<b>10. Total Bonds Current Year</b>											
10.1 Class 1	(d) 10,623,778	32,372,538	23,441,172	8,922,890	7,026,712	82,387,090	86.5	X X X	X X X	81,638,285	748,803
10.2 Class 2	(d) 1,324,207	3,387,926	798,391	314,793	5,430,006	11,255,323	11.8	X X X	X X X	11,255,324	
10.3 Class 3	(d) 235,476	425,641	416,867	365,766	33,903	1,477,653	1.6	X X X	X X X	919,175	558,478
10.4 Class 4	(d)							X X X	X X X		
10.5 Class 5	(d)							X X X	X X X		
10.6 Class 6	(d)	73,125				(c) 73,125	0.1	X X X	X X X	73,125	
10.7 Totals	12,183,461	36,259,230	24,656,430	9,603,449	12,490,621	(b) 95,193,191	100.0	X X X	X X X	93,885,909	1,307,281
10.8 Line 10.7 as a % of Column 6	12.8	38.1	25.9	10.1	13.1	100.0	X X X	X X X	X X X	98.6	1.4
<b>11. Total Bonds Prior Year</b>											
11.1 Class 1	9,040,853	37,354,715	24,538,719	7,100,010	4,885,074	X X X	X X X	82,919,372	85.8	82,170,908	748,464
11.2 Class 2	1,105,036	2,306,572	745,432	581,367	5,000,002	X X X	X X X	9,738,409	10.1	9,137,645	600,765
11.3 Class 3	559,895	1,495,269	934,477			X X X	X X X	2,989,641	3.1	2,989,641	
11.4 Class 4	63,029	383,475	241,661	237,201	46,017	X X X	X X X	971,383	1.0	971,383	
11.5 Class 5						X X X	X X X				
11.6 Class 6		73,125				X X X	X X X	(c) 73,125	0.1	73,125	
11.7 Totals	10,768,813	41,613,156	26,460,289	7,918,578	9,931,093	X X X	X X X	(b) 96,691,930	100.0	95,342,702	1,349,229
11.8 Line 11.7 as a % of Column 8	11.1	43.0	27.4	8.2	10.3	X X X	X X X	100.0	X X X	98.6	1.4
<b>12. Total Publicly Traded Bonds</b>											
12.1 Class 1	10,623,778	31,976,381	23,088,526	8,922,889	7,026,712	81,638,286	85.8	82,170,908	85.0	81,638,285	X X X
12.2 Class 2	1,324,208	3,387,926	798,391	314,793	5,430,006	11,255,324	11.8	9,137,645	9.5	11,255,324	X X X
12.3 Class 3	119,061	328,930	220,571	216,710	33,903	919,175	1.0	2,989,641	3.1	919,175	X X X
12.4 Class 4								971,383	1.0		X X X
12.5 Class 5											X X X
12.6 Class 6		73,125				73,125	0.1	73,125	0.1	73,125	X X X
12.7 Totals	12,067,047	35,766,362	24,107,488	9,454,392	12,490,621	93,885,910	98.6	95,342,702	98.6	93,885,909	X X X
12.8 Line 12.7 as a % of Column 6	12.9	38.1	25.7	10.1	13.3	100.0	X X X	X X X	X X X	100.0	X X X
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10	12.7	37.6	25.3	9.9	13.1	98.6	X X X	X X X	X X X	98.6	X X X
<b>13. Total Privately Placed Bonds</b>											
13.1 Class 1		396,157	352,646			748,803	0.8	748,464	0.8	X X X	748,803
13.2 Class 2								600,765	0.6	X X X	
13.3 Class 3	116,415	96,711	196,296	149,056		558,478	0.6			X X X	558,478
13.4 Class 4										X X X	
13.5 Class 5										X X X	
13.6 Class 6										X X X	
13.7 Totals	116,415	492,868	548,942	149,056		1,307,281	1.4	1,349,229	1.4	X X X	1,307,281
13.8 Line 13.7 as a % of Column 6	8.9	37.7	42.0	11.4		100.0	X X X	X X X	X X X	X X X	100.0
13.9 Line 13.7 as a % of Line 10.7, Column 6, Section 10	0.1	0.5	0.6	0.2		1.4	X X X	X X X	X X X	X X X	1.4

(a) Includes \$ 807,281 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.

(b) Includes \$ 197,871 current year, \$ 873,702 prior year of bonds with Z designations and \$ 11,702,721 current year, \$ prior year of bonds with Z\* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z\*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.

(c) Includes \$ current year, \$ prior year of bonds with 5\* designations and \$ current year, \$ prior year of bonds with 6\* designations. "5\*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6\*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

(d) Includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ ; NAIC 2 \$ ; NAIC 3 \$ ; NAIC 4 \$ ; NAIC 5 \$ ; NAIC 6 \$

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE D - PART 1A - SECTION 2**

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. U.S. Governments											
1.1 Issuer Obligations	1,484,719	2,338,237	12,751,130		2,063,358	18,637,444	19.6	17,270,890	17.9	18,637,445	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities	1,858,796	3,108,719	1,015,223	450,824	50,009	6,483,571	6.8	5,436,475	5.6	6,483,571	
1.7 Totals	3,343,515	5,446,956	13,766,353	450,824	2,113,367	25,121,015	26.4	22,707,365	23.5	25,121,016	
2. All Other Governments											
2.1 Issuer Obligations			1,050,154			1,050,154	1.1	1,056,833	1.1	1,050,154	
2.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
2.3 Defined											
2.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
2.5 Defined											
2.6 Other											
2.7 Totals			1,050,154			1,050,154	1.1	1,056,833	1.1	1,050,154	
3. U.S. States, Territories and Possessions, Guaranteed											
3.1 Issuer Obligations		837,630				837,630	0.9	1,561,669	1.6	837,630	
3.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
3.3 Defined											
3.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
3.5 Defined											
3.6 Other											
3.7 Totals		837,630				837,630	0.9	1,561,669	1.6	837,630	
4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed											
4.1 Issuer Obligations				2,624,721	2,535,015	5,159,736	5.4	4,659,924	4.8	5,159,736	
4.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
4.3 Defined											
4.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
4.5 Defined											
4.6 Other											
4.7 Totals				2,624,721	2,535,015	5,159,736	5.4	4,659,924	4.8	5,159,736	
5. U.S. Special Revenue and Special Assessment Obligations etc., Non-Guaranteed											
5.1 Issuer Obligations	481,786	4,586,200	2,718,300	4,447,307	7,764,727	19,998,320	21.0	17,745,049	18.4	19,498,320	500,000
5.2 Single Class Mortgage-Backed/Asset-Backed Securities	3,937,211	4,729,109	1,618,828	660,737	43,608	10,989,493	11.5	14,233,591	14.7	10,989,494	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
5.3 Defined	858,465	609,140	95,222	80,255		1,643,082	1.7	2,731,153	2.8	1,643,082	
5.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
5.5 Defined			1,880,227	775,968		2,656,195	2.8	497,855	0.5	2,656,196	
5.6 Other											
5.7 Totals	5,277,462	9,924,449	6,312,577	5,964,267	7,808,335	35,287,090	37.1	35,207,648	36.4	34,787,092	500,000

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE D - PART 1A - SECTION 2 (continued)**

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
<b>6. Industrial and Miscellaneous</b>											
6.1 Issuer Obligations	1,805,173	13,631,798	400,000			15,836,971	16.6	17,914,221	18.5	15,588,168	248,803
6.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
6.3 Defined	986,963	4,371		197,871		1,189,205	1.2	1,759,005	1.8	1,189,204	
6.4 Other	260,189	408,625	220,571	216,710	33,903	1,139,998	1.2	1,615,812	1.7	1,139,998	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
6.5 Defined	85,780	5,613,850	2,710,479			8,410,109	8.8	8,608,748	8.9	8,410,110	
6.6 Other	424,378	391,550	196,296	149,056		1,161,280	1.2	1,600,704	1.7	602,802	558,478
6.7 Totals	3,562,483	20,050,194	3,527,346	563,637	33,903	27,737,563	29.1	31,498,490	32.6	26,930,282	807,281
<b>7. Credit Tenant Loans</b>											
7.1 Issuer Obligations											
7.2 Single Class Mortgage-Backed Securities											
7.7 Totals											
<b>8. Hybrid Securities</b>											
8.1 Issuer Obligations											
8.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
8.3 Defined											
8.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
8.5 Defined											
8.6 Other											
8.7 Totals											
<b>9. Parent, Subsidiaries and Affiliates</b>											
9.1 Issuer Obligations											
9.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
9.3 Defined											
9.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
9.5 Defined											
9.6 Other											
9.7 Totals											

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE D - PART 1A - SECTION 2 (continued)**

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
<b>10. Total Bonds Current Year</b>											
10.1 Issuer Obligations	3,771,678	21,393,865	16,919,584	7,072,028	12,363,100	61,520,255	64.6	X X X	X X X	60,771,453	748,803
10.2 Single Class Mortgage-Backed/Asset-Backed Securities	5,796,007	7,837,828	2,634,051	1,111,561	93,617	17,473,064	18.4	X X X	X X X	17,473,065	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined	1,845,428	613,511	95,222	278,126		2,832,287	3.0	X X X	X X X	2,832,286	
10.4 Other	260,189	408,625	220,571	216,710	33,903	1,139,998	1.2	X X X	X X X	1,139,998	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
10.5 Defined	85,780	5,613,850	4,590,706	775,968		11,066,304	11.6	X X X	X X X	11,066,306	
10.6 Other	424,378	391,550	196,296	149,056		1,161,280	1.2	X X X	X X X	602,802	558,478
10.7 Totals	12,183,460	36,259,229	24,656,430	9,603,449	12,490,620	95,193,188	100.0	X X X	X X X	93,885,910	1,307,281
10.8 Line 10.7 as a % of Column 6	12.8	38.1	25.9	10.1	13.1	100.0	X X X	X X X	X X X	98.6	1.4
<b>11. Total Bonds Prior Year</b>											
11.1 Issuer Obligations	3,247,339	24,914,600	16,178,770	6,050,631	9,817,246	X X X	X X X	60,208,586	62.3	59,460,122	748,464
11.2 Single Class Mortgage-Backed/Asset-Backed Securities	4,865,730	11,323,867	2,547,481	865,158	67,830	X X X	X X X	19,670,066	20.3	19,670,066	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined	1,812,764	2,230,917	121,235	325,241		X X X	X X X	4,490,158	4.6	4,490,158	
11.4 Other	243,510	604,298	241,661	480,326	46,017	X X X	X X X	1,615,812	1.7	1,615,812	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
11.5 Defined	202,895	1,712,559	7,191,149			X X X	X X X	9,106,603	9.4	9,106,603	
11.6 Other	396,575	826,915	179,991	197,223		X X X	X X X	1,600,704	1.7	999,940	600,765
11.7 Totals	10,768,813	41,613,156	26,460,287	7,918,579	9,931,093	X X X	X X X	96,691,929	100.0	95,342,701	1,349,229
11.8 Line 11.7 as a % of Column 8	11.1	43.0	27.4	8.2	10.3	X X X	X X X	100.0	X X X	98.6	1.4
<b>12. Total Publicly Traded Bonds</b>											
12.1 Issuer Obligations	3,771,678	20,997,709	16,566,938	7,072,028	12,363,100	60,771,453	63.8	59,460,122	61.5	60,771,453	X X X
12.2 Single Class Mortgage-Backed/Asset-Backed Securities	5,796,008	7,837,828	2,634,051	1,111,560	93,617	17,473,064	18.4	19,670,066	20.3	17,473,065	X X X
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined	1,845,428	613,511	95,222	278,125		2,832,286	3.0	4,490,158	4.6	2,832,286	X X X
12.4 Other	260,189	408,625	220,571	216,710	33,903	1,139,998	1.2	1,615,812	1.7	1,139,998	X X X
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
12.5 Defined	85,780	5,613,850	4,590,706	775,968		11,066,304	11.6	9,106,603	9.4	11,066,306	X X X
12.6 Other	307,963	294,839				602,802	0.6	999,940	1.0	602,802	X X X
12.7 Totals	12,067,046	35,766,362	24,107,488	9,454,391	12,490,620	93,885,907	98.6	95,342,701	98.6	93,885,910	X X X
12.8 Line 12.7 as a % of Column 6	12.9	38.1	25.7	10.1	13.3	100.0	X X X	X X X	X X X	100.0	X X X
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10	12.7	37.6	25.3	9.9	13.1	98.6	X X X	X X X	X X X	98.6	X X X
<b>13. Total Privately Placed Bonds</b>											
13.1 Issuer Obligations		396,157	352,646			748,803	0.8	748,464	0.8	X X X	748,803
13.2 Single Class Mortgage-Backed/Asset-Backed Securities										X X X	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined										X X X	
13.4 Other										X X X	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
13.5 Defined										X X X	
13.6 Other	116,415	96,711	196,296	149,056		558,478	0.6	600,765	0.6	X X X	558,478
13.7 Totals	116,415	492,868	548,942	149,056		1,307,281	1.4	1,349,229	1.4	X X X	1,307,281
13.8 Line 13.7 as a % of Column 6	8.9	37.7	42.0	11.4		100.0	X X X	X X X	X X X	X X X	100.0
13.9 Line 13.7 as a % of Line 10.7, Column 6, Section 10	0.1	0.5	0.6	0.2		1.4	X X X	X X X	X X X	X X X	1.4

**SCHEDULE DA - VERIFICATION BETWEEN YEARS**

Short-Term Investments

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets (a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, December 31 of prior year .....					
2. Cost of short-term investments acquired .....	549,933			549,933	
3. Accrual of discount .....					
4. Unrealized valuation increase (decrease) .....					
5. Total gain (loss) on disposals .....					
6. Deduct consideration received on disposals .....					
7. Deduct amortization of premium .....					
8. Total foreign exchange change in book/adjusted carrying value .....					
9. Deduct current year's other than temporary impairment recognized .....					
10. Book/adjusted carrying value at the end of current period (Lines 1 plus 2 plus 3 plus 4 plus 5 minus 6 minus 7 plus 8 minus 9) .....	549,933			549,933	
11. Deduct total nonadmitted amounts .....					
12. Statement value of end of current period (Line 10 minus Line 11) .....	549,933			549,933	

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment: .....

**SCHEDULE DB - PART A - VERIFICATION BETWEEN YEARS**

Options, Caps, Floors, Collars, Swaps and Forwards

1. Book/Adjusted carrying value, December 31, prior year (Line 8, prior year) .....	
2. Cost paid/ (consideration received) on additions:	
2.1 Current year paid / (consideration received) at time of acquisition, still open, Section 1, Column 12 .....	
2.2 Current year paid / (consideration received) at time of acquisition, terminated, Section 2, Column 14 .....	
3. Unrealized valuation increase/(decrease):	
3.1 Section 1, Column 17 .....	
3.2 Section 2, Column 19 .....	
4. Total gain (loss) on termination recognized, Section 2, Column 18 .....	
5. Considerations received/ (paid) on terminations, Section 2, Column 19 .....	
6. Amortization:	
6.1 Section 1, Column 19 .....	
6.2 Section 2, Column 21 .....	
7. Adjustment to the book/adjusted carrying value of hedged item:	
7.1 Section 1, Column 20 .....	
7.2 Section 2, Column 23 .....	
8. Total foreign exchange change in book/adjusted carrying value:	
8.1 Section 1, Column 18 .....	
8.2 Section 2, Column 20 .....	
9. Book/Adjusted carrying value at end of current period (Line 1 + Line 2 + Line 3 + Line 4 - Line 5 + Line 6 + Line 7 + Line 8) .....	
10. Deduct nonadmitted assets .....	
11. Statement value at end of current period (Line 9 minus Line 10) .....	

**NONE**

**SCHEDULE DB - PART B - VERIFICATION BETWEEN YEARS**

Futures Contracts

1. Book/Adjusted carrying value, December 31 of prior year .....	
2. Net cash deposits (Section 1, Broker Name/Net Cash Deposits Footnote) .....	
3.1 Change in variation margin on open contracts:	
3.11 Section 1, Column 15, current year minus .....	
3.12 Section 1, Column 15, prior year .....	
3.2 Add:	
Change in adjustment to basis of hedged item:	
3.21 Section 1, Column 17, current year to date minus .....	
3.22 Section 1, Column 17, prior year .....	
Change in amount recognized:	
3.23 Section 1, Column 16, current year to date minus .....	
3.24 Section 1, Column 16, prior year .....	
3.3 Subtotal (Line 3.1 minus Line 3.2) .....	
4.1 Variation margin on terminated contracts during the year (Section 2, Column 16) .....	
4.2 Less:	
4.21 Amount used to adjust basis of hedged item (Section 2, Column 17) .....	
4.22 Amount recognized (Section 2, Column 16) .....	
4.3 Subtotal (Line 4.1 minus Line 4.2) .....	
5. Dispositions gains (losses) on contracts terminated in prior year:	
5.1 Recognized .....	
5.2 Used to adjust basis of hedged items .....	
6. Book/Adjusted carrying value at end of current period (Lines 1 + Line 2 + Line 3.3 - Line 4.3 - Line 5.1 - Line 5.2) .....	
7. Deduct total nonadmitted amounts .....	
8. Statement value at end of current period (Line 6 minus Line 7) .....	

**NONE**

**SCHEDULE DB - PART C - SECTION 1**

**Replication (Synthetic Asset) Transactions Open as of December 31 of Current Year**

Replication (Synthetic Asset) Transactions								Components of the Replication (Synthetic Asset) Transactions							
1 Number	2 Description	3 NAIC Designation or Other Description	4 Notional Amount	5 Book/Adjusted Carrying Value	6 Fair Value	7 Effective Date	8 Maturity Date	Derivative Instrument(s) Open			Cash Instrument(s) Held				
								9 Description	10 Book/Adjusted Carrying Value	11 Fair Value	12 CUSIP	13 Description	14 NAIC Designation or Other Description	15 Book/Adjusted Carrying Value	16 Fair Value

**NONE**

**SCHEDULE DB - PART C - SECTION 2**

Replication (Synthetic Asset) Transactions Open

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year-To-Date	
	1 Number of Positions	2 Total Replication (Synthetic Asset) Transactions Statement Value	3 Number of Positions	4 Total Replication (Synthetic Asset) Transactions Statement Value	5 Number of Positions	6 Total Replication (Synthetic Asset) Transactions Statement Value	7 Number of Positions	8 Total Replication (Synthetic Asset) Transactions Statement Value	9 Number of Positions	10 Total Replication (Synthetic Asset) Transactions Statement Value
1. Beginning Inventory .....										
2. Add: Opened or Acquired Transactions .....										
3. Add: Increases in Replication (Synthetic Asset) Transactions Statement Value .....	XXX	<b>NONE</b>					XXX		XXX	
4. Less: Closed or Disposed of Transactions .....										
5. Less: Positions Disposed of for Failing Effectiveness Criteria .....										
6. Less: Decreases in Replication (Synthetic Asset) Transactions Statement Value .....	XXX						XXX		XXX	
7. Ending Inventory .....										

## SCHEDULE DB - VERIFICATION

Verification of Book/Adjusted Carrying Value, Fair Value and Potential Exposure of all Open Derivative Contracts

		Book/Adjusted Carrying Value
1. Part A, Section 1, Column 14 .....		
2. Part B, Section 1, Column 14 .....		
3. Total (Line 1 plus Line 2) .....		
4. Part D, Column 5 .....		
5. Part D, Column 6 .....		
6. Total (Line 3 minus Line 4 minus Line 5) .....		

7. Part A, Section 1, Column		
8. Part B, Section 1, Column		
9. Total (Line 7 plus Line 8) .....		
10. Part D, Column 8 .....		
11. Part D, Column 9 .....		
12. Total (Line 9 minus Line 10 minus Line 11) .....		

NONE

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		Potential Exposure Check
13. Part A, Section 1, Column 21 .....		
14. Part B, Section 1, Column 19 .....		
15. Part D, Column 11 .....		
16. Total (Lines 13 plus Line 14 minus Line 15) .....		

**SCHEDULE E - VERIFICATION BETWEEN YEARS**

(Cash Equivalents)

	1	2	3
	Total	Bonds	Other (a)
1. Book/adjusted carrying value, December 31 of prior year .....	1	1	
2. Cost of cash equivalents acquired .....	15,218,806	15,218,806	
3. Accrual of discount .....	1,145	1,145	
4. Unrealized valuation increase (decrease) .....			
5. Total gain (loss) on disposals .....	7	7	
6. Deduct consideration received on disposals .....	15,219,955	15,219,955	
7. Deduct amortization of premium .....	4	4	
8. Total foreign exchange change in book/adjusted carrying value .....			
9. Deduct current year's other than temporary impairment recognized .....			
10. Book/adjusted carrying value at end of current period (Line 1 + Line 2 + Line 3 + Line 4 + Line 5 - Line 6 - Line 7 + Line 8 - Line 9) .....			
11. Deduct total nonadmitted amounts .....			
12. Statement value at end of current period .....			

(a) Indicate the category of such investments, for example, joint ventures, transportation equipment .....

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE A - PART 1**

Showing all Real Estate OWNED December 31 of Current Year

1 Description of Property	2 Code	Location		5 Date Acquired	6 Date of Last Appraisal	7 Actual Cost	8 Amount of Encumbrances	9 Book/Adjusted Carrying Value Less Encumbrances	10 Fair Value Less Encumbrances	Change in Book/Adjusted Carrying Value Less Encumbrances					16 Gross Income Earned Less Interest Incurred on Encumbrances	17 Taxes, Repairs and Expenses Incurred
		3 City	4 State							11 Current Year's Depreciation	12 Current Year's Other Than Temporary Impairment Recognized	13 Current Year's Change in Encumbrances	14 Total Change in B./A.C.V. (13-11-12)	15 Total Foreign Exchange Change in B./A.C.V.		
Properties occupied by the reporting entity - Administrative																
OFFICE BUILDING		410 PONCE DE LEON AVE., SAN JUAN	PUERTO RICO	06/30/2003		5,725,108		7,399,999	7,399,999	92,609		(453,305)	(545,914)			
PARKING LOT		411 PONCE DE LEON AVE., SAN JUAN	PUERTO RICO	06/09/2008		2,265,012		2,265,012	2,265,012							
OFFICE BUILDING		SAN JUAN	PUERTO RICO	07/01/2010		1,935,000		1,918,311	1,918,311	16,689			(16,689)			
PARKING LOT		SAN JUAN	PUERTO RICO	12/03/2010		77,900		77,900	77,900							
FLORIDA																
OFFICE BUILDING		101 ALMERIA AVE., CORAL GABLES	FLORIDA	05/01/1999		1,133,848		997,811	997,811	20,736			(20,736)			
0299999 - Properties occupied by the reporting entity - Administrative																
						11,136,868		12,659,033	12,659,033	130,035		(453,305)	(583,340)			
0399999 - TOTAL Properties occupied by the reporting entity																
						11,136,868		12,659,033	12,659,033	130,035		(453,305)	(583,340)			
Properties held for the production of income																
FLORIDA																
RESIDENTIAL APARTMENT		MIAMI	FLORIDA	12/31/2008		510,000		484,500	484,500	12,750			(12,750)			
0499999 - Properties held for the production of income																
						510,000		484,500	484,500	12,750			(12,750)			
0699999 - TOTALS																
						11,646,868		13,143,533	13,143,533	142,785		(453,305)	(596,090)			

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE A - PART 2**

Showing all Real Estate ACQUIRED and Additions Made During the Year

1 Description of Property	Location		4 Date Acquired	5 Name of Vendor	6 Actual Cost at Time of Acquisition	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Additional Investment Made After Acquisition
	2 City	3 State						
Acquired by purchase								
OFFICE BUILDING IMPROVEMENT .....	SAN JUAN .....	PUERTO RICO .....	07/01/2010	INMOVILARIA A.V.C., INC. ....	1,935,000 .....			
PARKING LOT .....	SAN JUAN .....	PUERTO RICO .....	12/03/2010	AUTORIDAD DE CARRETERAS .....	77,900 .....			
0199999 - Acquired by purchase .....					2,012,900 .....			
0399999 - TOTALS .....					2,012,900 .....			

**SCHEDULE A - PART 3**

Showing all Real Estate DISPOSED during the Year, including Payments during the Final Year on "Sales under Contract"

1 Description of Property	Location		4 Disposal Date	5 Name of Purchaser	6 Actual Cost	7 Expended for Additions, Permanent Improvements and Changes in Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances Prior Year	Change in Book/Adjusted Carrying Value Less Encumbrances					14 Book/Adjusted Carrying Value Less Encumbrances on Disposal	15 Amounts Received During Year	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal	19 Gross Income Earned Less Interest Incurred on Encumbrances	20 Taxes, Repairs and Expenses Incurred
	2 City	3 State						9 Current Year's Depreciation	10 Current Year's Other Than Temporary Impairment Recognized	11 Current Year's Change in Encumbrances	12 Total Change in B./A.C.V. (11-9-10)	13 Total Foreign Exchange Change in B./A.C.V.							

**NONE**

**SCHEDULE B - PART 1**

Showing all Mortgage Loans OWNED December 31 of Current Year

1 Loan Number	2 Code	Location		5 Loan Type	6 Date Acquired	7 Rate of Interest	8 Book Value/Recorded Investment Excluding Accrued Interest	Change in Book Value/ Recorded Investment					14 Value of Land and Buildings	15 Date of Last Appraisal or Valuation
		3 City	4 State					9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Amortization) / Accretion	11 Current Year's Other than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other	13 Total Foreign Exchange Change in Book Value		

**NONE**

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General Interrogatory:

1. Mortgages in good standing \$ ..... unpaid taxes \$ ..... interest due and unpaid.
2. Restructured mortgages \$ ..... unpaid taxes \$ ..... interest due and unpaid.
3. Mortgages with overdue interest over 90 days not in process of foreclosure \$ ..... unpaid taxes \$ ..... interest due and unpaid.
4. Mortgages in process of foreclosure \$ ..... unpaid taxes \$ ..... interest due and unpaid.

**SCHEDULE B - PART 2**

Showing All Mortgage Loans ACQUIRED During the Current Year

1 Loan Number	Location		4 Loan Type	5 Date Acquired	6 Rate of Interest	7 Actual Cost at Time of Acquisition	8 Additional Investment Made After Acquisition	9 Value of Land and Buildings
	2 City	3 State						

**NONE**

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE B - PART 3**

Showing All Mortgage Loans DISPOSED, Transferred or Repaid During the Current Year

1 Loan Number	Location		4 Loan Type	5 Date Acquired	6 Disposal Date	7 Book Value / Recorded Investment Excluding Accrued Interest Prior Year	Change in Book/Recorded Investment					14 Book Value/Recorded Investment Excluding Accrued Interest on Disposal	15 Consideration	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal	
	2 City	3 State					8 Unrealized Valuation Increase (Decrease)	9 Current Year's (Amortization) / Accretion	10 Current Year's Other Than Temporary Impairment Recognized	11 Capitalized Deferred Interest and Other	12 Total Change in Book Value (8+9-10+11)						13 Total Foreign Exchange Change in Book Value
Mortgages closed by repayment																	
405-41	BAYAMON	PUERTO RICO		08/10/1990	07/07/2010	6,769		2,487				2,487		4,281	4,281		
0199999 - Mortgages closed by repayment						6,769		2,487				2,487		4,281	4,281		
0599999 - TOTALS						6,769		2,487				2,487		4,281	4,281		

**SCHEDULE BA - PART 1**

Showing Other Long-Term Invested Assets OWNED December 31 of Current Year

1 CUSIP Identification	2 Name or Description	3 Code	4		6 Name of Vendor or General Partner	7 NAIC Designation	8 Date Originally Acquired	9 Type and Strategy	10 Actual Cost	11 Fair Value	12 Book/ Adjusted Carrying Value Less Encumbrances	Change in Book / Adjusted Carrying Value					18 Investment Income	19 Commitment for Additional Investment	20 Percentage of Ownership
			4 City	5 State								13 Unrealized Valuation Increase (Decrease)	14 Current Year's (Depreciation) or (Amortization) / Accretion	15 Current Year's Other than Temporary Impairment Recognized	16 Capitalized Deferred Interest and Other	17 Total Foreign Exchange Change in B. /A. C. V.			

**NONE**

**SCHEDULE BA - PART 2**

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE December 31 of Current Year

1 CUSIP Identification	2 Name or Description	Location		5 Name of Vendor or General Partner	6 Date Originally Acquired	7 Type and Strategy	8 Actual Cost at Time of Acquisition	9 Additional Investment Made After	10 Amount of Encumbrances	11 Percentage of Ownership
		3 City	4 State							

**NONE**

**SCHEDULE BA - PART 3**

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Year

1 CUSIP Identification	2 Name or Description	Location		5 Name of Purchaser or Nature of Disposal	6 Date Originally Acquired	7 Disposal Date	8 Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Change in Book/Adjusted Carrying Value						15 Book/Adjusted Carrying Vlaue Less Encumbrances on Disposal	16 Consideration	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Investment Income
		3 City	4 State					9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Depreciation) or (Amortization) / Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other	13 Total Change in B. /A. C. V. (9+10-11+12)	14 Total Foreign Exchange Change in B. /A. C. V.						

**NONE**

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE D - PART 1**

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Par Value	11 Book/ Adjusted Carrying Value	Change in Book Adjusted Carrying Value				Interest					Dates	
		3 Code	4 Foreign	5 Bond CHAR			8 Rate Used To Obtain Fair Value	9 Fair Value			12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization) / Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B. / A. C. V.	16 Rate of	17 Effective Rate of	18 When Paid	19 Admitted Amount Due and Accrued	20 Amount Received During Year	21 Acquired	22 Maturity
U. S. Governments - Issuer Obligations																					
31331L-EK-0	FEDERAL FARM CREDIT BANK				1	1,011,210	117,235	1,172,357	1,000,000	1,005,280		(841)			6.030	5.910	MS	16,750	60,300	02/06/2002	03/21/2016
31331L-QZ-4	FEDERAL FARM CREDIT BANK				1	983,360	117,057	1,170,570	1,000,000	991,744		1,168			5.875	6.040	AO	14,361	58,750	02/13/2002	10/03/2016
31331X-LG-5	FEDERAL FARM CREDIT BANK				1	1,019,115	112,031	1,120,320	1,000,000	1,013,631		(1,915)			4.875	4.610	JJ	22,208	48,750	12/26/2007	01/17/2017
313370-E3-8	FEDERAL HOME LOAN BANK				1	1,536,930	97,451	1,461,772	1,500,000	1,536,656		(274)			3.375	3.070	JD	2,672	19,828	11/30/2010	06/12/2020
3133ME-AB-7	FEDERAL HOME LOAN BANK				1	994,670	117,229	1,172,298	1,000,000	997,530		402			6.000	6.050	FA	22,667	60,000	02/13/2002	02/12/2016
3133MJ-QF-0	FEDERAL HOME LOAN BANK				1	954,970	114,634	1,146,345	1,000,000	977,928		3,218			5.500	5.960	FA	20,778	55,000	02/07/2002	08/15/2016
3133MT-ZL-5	FEDERAL HOME LOAN BANK				1	188,992	107,125	214,250	200,000	196,368		1,794			4.500	5.530	MN	1,150	9,000	06/28/2006	11/15/2012
3133X7-FK-5	FEDERAL HOME LOAN BANK				1	494,389	113,168	565,840	500,000	497,728		582			5.250	5.390	JD	948	26,250	06/14/2004	06/18/2014
3133XK-QX-6	FEDERAL HOME LOAN BANK				1	2,052,029	112,730	2,423,695	2,150,000	2,081,049		8,816			4.875	5.470	MN	12,810	104,813	07/02/2007	05/17/2017
3133XM-Q8-7	FEDERAL HOME LOAN BANK				1	1,609,289	113,374	1,813,984	1,600,000	1,608,699		(1,210)			5.000	4.890	MN	9,778	80,000	05/22/2009	11/17/2017
3133XX-PV-3	FEDERAL HOME LOAN BANK				1	498,762	100,864	504,325	500,000	499,195		434			1.125	1.240	MN	672	3,734	03/26/2010	05/18/2012
3133XY-WB-7	FEDERAL HOME LOAN BANK				1	500,899	100,497	502,485	500,000	500,690		(209)			0.875	0.790	FA	1,568	778	06/30/2010	08/22/2012
31359M-RG-0	FEDERAL NATIONAL MORTGAGE ASSOCIATION				1	388,577	107,752	431,008	400,000	395,629		1,834			4.375	4.900	MS	5,153	17,500	11/15/2006	03/15/2013
31398A-BX-9	FEDERAL NATIONAL MORTGAGE ASSOCIATION		SD		1	245,543	105,964	264,912	250,000	248,627		935			4.875	5.290	MN	1,456	12,188	06/29/2007	05/18/2012
880591-DN-9	TENNESSEE VALLEY AUTHORITY				1	300,373	100,225	300,677	300,000	300,004		(92)			5.625	5.590	JJ	7,641	16,875	06/28/2006	01/18/2011
880591-DS-8	TENN VALLEY AUTHORITY				1	992,970	111,339	1,113,400	1,000,000	995,407		648			4.875	4.960	JD	2,167	48,750	12/22/2006	12/15/2016
880591-EA-6	TENN VALLEY AUTHORITY				1	1,554,420	115,242	1,728,645	1,500,000	1,543,205		(5,459)			5.500	4.970	JJ	37,354	82,500	11/12/2008	07/18/2017
912810-QL-5	UNITED STATES TREASURY BOND				1	2,063,446	98,422	1,968,440	2,000,000	2,063,358		(88)			4.250	4.060	MN	11,036		11/30/2010	11/15/2040
912833-DA-5	UNITED STATES TREASURY STRIPS		@		1	170,948	99,863	748,973	750,000	714,483		53,586			7.950	N/A				08/26/1992	08/15/2011
912833-JX-9	UNITED STATES TREASURY STRIPS		@		1	166,440	99,743	498,715	500,000	470,232		32,028			7.180	N/A				04/10/1996	11/15/2011
0199999	U. S. Governments - Issuer Obligations					17,727,332		20,323,011	18,650,000	18,637,443		95,357						191,169	705,016		
U. S. Governments - Single Class Mortgage-Backed/Asset-Backed Securities																					
3620A2-W5-1	GOVERNMENT NATL MTG ASSOC #717168				1	794,572	103,911	847,504	815,599	799,720		7,912			4.500	5.370	MON	3,059	36,702	06/09/2009	03/01/2039
3620A3-S3-9	GOVERNMENT NATL MTG ASSOC #717938				1	1,243,695	106,340	1,284,615	1,208,021	1,229,891		(18,036)			5.000	3.710	MON	5,033	60,401	09/04/2009	07/01/2039
3620AD-NY-4	GOVERNMENT NATL MTG ASSOC #726807				1	418,624	106,340	434,574	408,663	415,839		(3,903)			5.000	4.000	MON	1,703	20,433	08/19/2009	08/01/2039
3620C6-Y4-1	GOVERNMENT NATL MTG ASSOC #750531				1	2,035,313	100,873	2,017,466	2,000,000	2,035,211		(101)			4.000	3.640	MON	6,667		12/01/2010	10/01/2040
36214F-EK-4	GOVERNMENT NATL MTG ASSOC #104638				1	11,773	110,734	13,474	12,168	12,043		88			9.250	9.730	MON	89	998	02/02/1984	10/01/2013
36214S-PA-6	GOVERNMENT NATL MTG ASSOC #114817				1	452	112,668	474	421	434		(8)			11.500	8.870	MON	4	51	07/22/1987	08/01/2014
36214W-WS-0	GOVERNMENT NATL MTG ASSOC #118657				1	812	111,618	843	755	783		(16)			11.000	8.210	MON	7	90	07/23/1987	06/01/2014
36215X-5J-7	GOVERNMENT NATL MTG ASSOC #148549				1	1,403	111,275	1,457	1,309	1,330		(13)			9.500	8.200	MON	10	107	05/07/1986	11/01/2015
36215X-5J-7	GOVERNMENT NATL MTG ASSOC #148549			SD	1	11,861	111,275	12,313	11,065	11,241		(106)			9.500	8.200	MON	81	903	05/07/1986	11/01/2015
36216Q-F6-8	GOVERNMENT NATL MTG ASSOC #171289				1	4,637	112,193	4,981	4,440	4,488		(30)			8.500	7.730	MON	31	341	12/18/1986	08/01/2016
36296U-SY-7	GOVERNMENT NATL MTG ASSOC #701735				1	883,242	103,911	899,247	865,394	878,905		(5,495)			4.500	3.860	MON	3,245	38,943	05/15/2009	01/01/2039
36297E-AX-3	GOVERNMENT NATL MTG ASSOC #709322				1	355,326	103,911	363,434	349,752	354,234		(1,327)			4.500	4.050	MON	1,312	15,739	05/22/2009	04/01/2039
36297J-TV-6	GOVERNMENT NATL MTG ASSOC #713464				1	745,351	106,340	769,058	723,203	739,451		(11,053)			5.000	3.740	MON	3,013	36,160	05/08/2009	04/01/2039
0299999	U. S. Governments - Single Class Mortgage-Backed/Asset-Backed Securities					6,507,061		6,849,440	6,400,790	6,483,570		(32,088)						24,254	210,868		
0399999	Subtotal - U. S. Governments					24,234,393		26,972,451	25,050,790	25,121,013		63,269						215,423	915,884		

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE D - PART 1**

Showing all Long-Term BONDS Owned December 31 of Current Year

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		3 Code	4 Foreign	5 Bond CHAR			8 Rate Used To Obtain Fair Value	9 Fair Value			12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization) / Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B. /A. C. V.	16 Rate of	17 Effective Rate of	18 When Paid	19 Admitted Amount Due and Accrued	20 Amount Received During Year	21 Acquired	22 Maturity
All Other Governments - Issuer Obligations																					
298785-EG-7	EUROPEAN INVESTMENT BANK	F			1FE	1,067,140	112.850	1,128,510	1,000,000	1,050,154		(6,679)		5.125	4.220	MN	4,413	51,250	05/08/2008	05/30/2017	
0499999	All Other Governments - Issuer Obligations					1,067,140		1,128,510	1,000,000	1,050,154		(6,679)						4,413	51,250		
1099999	Subtotal - All Other Governments					1,067,140		1,128,510	1,000,000	1,050,154		(6,679)						4,413	51,250		
U.S. States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations																					
745145-7H-9	COMMONWEALTH OF PUERTO RICO	SD	1		2FE	50,000	101.731	50,866	50,000	50,000				4.600	4.600	MON	192	2,300	11/14/2003	07/01/2012	
745145-7J-5	COMMONWEALTH OF PUERTO RICO		1		2FE	75,000	101.416	76,062	75,000	75,000				4.800	4.800	MON	300	3,600	12/01/2003	07/01/2013	
745145-WC-2	COMMONWEALTH OF PUERTO RICO	SD			2FE	330,777	106.565	319,695	300,000	312,126		(4,541)		5.500	3.790	JJ	8,250	16,500	08/11/2006	07/01/2013	
93974C-LW-8	WASHINGTON ST				1FE	400,596	103.035	412,140	400,000	400,504		(92)		3.300	3.270	FA	5,500	13,310	01/11/2010	08/01/2015	
1199999	U.S. States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations					856,373		858,763	825,000	837,630		(4,633)						14,242	35,710		
1799999	Subtotal - U.S. States, Territories and Possessions (Direct and Guaranteed)					856,373		858,763	825,000	837,630		(4,633)						14,242	35,710		
U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations																					
167485-D6-5	CHICAGO ILL		1		1FE	223,198	90.471	226,178	250,000	224,702		704		5.000	5.890	JJ	6,250	12,500	10/22/2008	01/01/2032	
235308-ME-0	DALLAS TEX INDPT SCH DIST		1		1FE	1,043,980	113.211	1,132,110	1,000,000	1,035,767		(3,985)		6.375	5.750	FA	24,083	108,729	12/04/2008	02/15/2018	
346424-B7-8	FORNEY TEX INDPT SCH DIST		1		1FE	900,000	109.012	981,108	900,000	900,000				6.000	6.000	FA	20,400	54,000	10/23/2008	08/15/2037	
438670-WS-6	HONOLULU HAWAII CITY & CNTY		1		1FE	500,000	101.894	509,470	500,000	500,000				6.338	6.330	JD	1,408		12/03/2010	12/01/2032	
499512-U4-1	KNOX CNTY TENN		1		1FE	994,160	103.511	1,035,110	1,000,000	994,881		231		5.750	5.800	JD	4,792	57,500	10/24/2007	06/01/2027	
815626-GQ-3	SEDGWICK CNTY KANS UNI SCH DIS		1		1FE	618,492	103.714	622,290	600,000	617,925		(509)		6.220	5.930	AO	9,330	52,870	05/19/2009	10/01/2028	
95640H-BA-5	WEST VY MISSION CMNTY COLLEGE		1		1FE	879,300	100.964	1,009,640	1,000,000	886,462		3,370		5.000	6.030	FA	20,833	50,000	10/21/2008	08/01/2030	
1899999	U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations					5,159,130		5,515,906	5,250,000	5,159,737		(189)						87,096	335,599		
2499999	Subtotal - U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)					5,159,130		5,515,906	5,250,000	5,159,737		(189)						87,096	335,599		
U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Issuer Obligations																					
155888-AT-7	CENTRAL WEBER UTAH SWR IMPT		1		1FE	399,600	101.016	404,068	400,000	399,600				6.150	6.150	MS	8,200	24,600	05/20/2009	03/01/2029	
29216M-AC-4	EMPLOYEES RETIREMENT SYS GOVT		1		2FE	4,000,002	92.418	3,696,720	4,000,000	4,000,002				6.150	6.150	MON	20,500	246,000	01/25/2008	07/01/2038	
29216M-AC-4	EMPLOYEES RETIREMENT SYS GOVT	SD	1		2FE	1,000,000	92.418	924,180	1,000,000	1,000,000				6.150	6.150	MON	5,125	61,500	01/25/2008	07/01/2038	
29270C-WJ-0	ENERGY NORTHWEST WASH ELEC REV		1		1FE	250,000	101.983	254,958	250,000	250,000				5.710	5.710	JJ	357		12/15/2010	07/01/2024	
591745-D2-7	METROPOLITAN ATLANTA RAPID TRA		1		1FE	952,850	102.649	1,026,490	1,000,000	956,144		1,614		5.000	5.400	JJ	25,000	50,000	12/02/2008	07/01/2027	
63968A-MY-8	NEBRASKA PUB PWR DIST REV		1		1FE	412,172	107.498	429,992	400,000	408,346		(2,549)		5.140	4.390	JJ	10,280	20,560	06/19/2009	01/01/2014	
63968A-QF-5	NEBRASKA PUB PWR DIST REV		1		1FE	800,000	106.757	854,056	800,000	800,000				4.850	4.850	JJ	19,400	39,554	06/11/2009	01/01/2014	
646139-W3-5	NEW JERSEY ST TPK AUTH TPK REV		1		1FE	784,014	109.760	768,320	700,000	782,316		(1,059)		7.414	6.490	JJ	25,949	51,898	05/20/2009	01/01/2040	
686053-CD-9	OREGON SCH BRDS ASSN	@	1		1FE	251,412	87.851	263,556	300,000	261,196		9,784			4.000	N/A			01/11/2010	06/30/2014	
709221-QY-4	PENNSYLVANIA ST TPK COMMN OIL		1		1FE	454,420	97.142	485,715	500,000	456,674		1,054		5.000	5.710	JD	2,083	25,000	10/22/2008	12/01/2032	
73358W-AG-9	PORT AUTH N Y & N J		1		1FE	1,000,000	104.582	1,045,820	1,000,000	1,000,000				5.309	5.300	JD	4,424	53,090	06/18/2009	12/01/2019	
745211-LH-3	PUERTO RICO COMWLTH INDL DEV		1		2FE	450,000	92.898	418,041	450,000	450,000				5.200	5.200	MON	1,950	23,400	07/28/2003	07/01/2023	
745215-AK-9	PUERTO RICO COMWLTH INDL DEV		1		2FE	49,548	100.291	50,146	50,000	49,974		59		6.500	6.600	JJ	1,625	3,250	11/03/1997	07/01/2011	

(continues)

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**SCHEDULE D - PART 1**

Showing all Long-Term BONDS Owned December 31 of Current Year

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		3 Code	4 Foreign	5 Bond CHAR			8 Rate Used To Obtain Fair Value	9 Fair Value			12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization) / Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B./A.C.V.	16 Rate of	17 Effective Rate of	18 When Paid	19 Admitted Amount Due and Accrued	20 Amount Received During Year	21 Acquired	22 Maturity	
U. S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Issuer Obligations (continued)																						
74526Q-XT-4	PUERTO RICO ELEC PWR AUTH PWR				2FE	200,002	97,829	195,658	200,000	200,002					6.125	6.120	JAJO	3,063	5,172	04/23/2010	07/01/2040	
74526Q-ZS-4	PUERTO RICO ELEC PWR AUTH PWR				2FE	230,002	88,207	202,876	230,000	230,002					6.050	6.040	JAJO	77		12/27/2010	07/01/2032	
74527B-JJ-4	PUERTO RICO INDL TOURIST EDL		1		1FE	500,000	100,662	503,310	500,000	500,000					6.100	6.100	MON	2,542	30,500	03/18/1999	07/01/2011	
74527B-JP-0	PUERTO RICO INDL TOURIST EDL	@	1		1FE	629,793	86,811	1,293,484	1,490,000	1,281,330		75,039			6.120	N/A				03/18/1999	07/01/2012	
745291-PL-2	PUERTO RICO PUB FIN CORP	@	1		2FE	99,465	66,259	165,648	250,000	167,237		9,908			6.200	N/A				06/28/2002	08/01/2017	
745291-QE-7	PUERTO RICO PUB FIN CORP				2FE	400,000	101,729	406,916	400,000	400,000					4.200	4.200	MON	1,400	16,800	07/07/2003	08/01/2011	
745291-RX-4	PUERTO RICO PUB FIN CORP				2FE	875,000	106,032	927,780	875,000	875,000					4.950	4.950	MON	3,609	43,312	06/22/2004	08/01/2012	
745291-UK-8	PUERTO RICO PUB FIN CORP		1		1FE	93,150	102,488	92,239	90,000	90,316		(472)			6.050	5.430	MON	454	5,445	08/17/2004	08/01/2017	
745291-UM-4	PUERTO RICO PUB FIN CORP		1		2FE	836,052	100,593	819,833	815,000	817,674		(4,391)			6.050	5.470	MON	4,109	49,063	10/09/2007	08/01/2011	
745291-UP-7	PUERTO RICO PUB FIN CORP		1		1FE	125,001	105,558	131,948	125,000	125,000					6.100	6.090	MON	635	7,625	06/27/2002	08/01/2017	
745291-UQ-5	PUERTO RICO PUB FIN CORP		1		2FE	375,003	101,686	381,326	375,000	375,003					6.100	6.090	MON	1,906	22,875	06/27/2002	08/01/2017	
74529J-AD-7	PUERTO RICO SALES TAX FING		1		1FE	1,241,400	101,986	1,274,825	1,250,000	1,241,782		120			6.050	6.100	MON	6,302	75,625	07/19/2007	08/01/2037	
74529J-LD-5	PUERTO RICO SALES TAX FING		1		1FE	500,002	100,198	500,995	500,000	500,002					5.750	5.740	FMAN	4,792	9,663	06/25/2010	08/01/2017	
79575D-XB-1	SALT RIVER PROJ ARIZ AGRIC IMP		1		1FE	961,100	104,009	1,040,090	1,000,000	964,212		1,524			5.000	5.350	JJ	25,000	50,000	12/02/2008	01/01/2026	
875287-LG-7	TAMPA FLA UTIL TAX				1FE	500,485	98,199	490,995	500,000	500,477		(8)			5.750	5.740	AO	1,358		12/02/2010	10/01/2027	
914440-LF-7	UNIVERSITY MASS BLDG AUTH PROJ				1FE	915,840	93,264	932,640	1,000,000	916,032		192			4.950	5.700	MN	5,913		12/01/2010	11/01/2028	
2599999 - U. S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Issuer Obligations						19,286,313		19,982,625	20,450,000	19,998,321		90,815							186,053	914,932		
U. S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Single Class Mortgage-Backed/Asset-Backed Securities																						
3128H4-HM-4	FEDERAL HOME LOAN MTG CORP #E96536		1			374,625	107,079	394,125	368,069	371,049		(2,715)			5.000	4.420	MON	1,534	18,403	08/08/2003	07/01/2017	
3128LX-C3-2	FEDERAL HOME LOAN MTG CORP #G01890		1			686,770	102,811	753,716	733,105	700,024		13,646			4.500	5.760	MON	2,749	32,932	01/19/2006	11/01/2034	
3128LX-QY-9	FEDERAL HOME LOAN MTG CORP #G02271		1			125,910	102,811	138,149	134,371	127,901		2,356			4.500	5.820	MON	504	6,047	09/28/2006	11/01/2034	
3128LX-R3-6	FEDERAL HOME LOAN MTG CORP #G02306		1			554,749	102,954	608,607	591,141	565,326		9,886			4.500	5.720	MON	2,217	26,601	09/28/2006	10/01/2033	
3128M4-PX-5	FEDERAL HOME LOAN MTG CORP #G02838		1			444,211	103,143	483,962	469,211	450,423		6,746			4.500	5.630	MON	1,760	21,115	03/08/2007	12/01/2035	
3128MC-CD-5	FEDERAL HOME LN MTG CORP #G13468		1			293,107	104,640	300,603	287,271	292,425		(2,826)			4.500	3.620	MON	1,077	12,927	02/17/2009	02/01/2023	
3128MM-BJ-1	FEDERAL HOME LOAN MTG CORP #G18040		1			643,593	106,565	676,023	634,375	638,328		(3,319)			5.000	4.580	MON	2,643	31,719	01/18/2005	08/01/2019	
3128MM-BN-2	FEDERAL HOME LOAN MTG CORP #G18044		1			169,948	105,395	180,272	171,044	170,359		366			4.500	4.610	MON	641	7,697	02/18/2005	09/01/2019	
3128PM-3K-4	FEDERAL HOME LN MGT CORP #J09802		1			630,403	102,943	638,683	620,418	628,532		(2,499)			4.000	3.500	MON	2,068	24,817	04/16/2009	01/01/2024	
312967-5A-6	FEDERAL HOME LOAN MTG CORP #B15341		1			570,509	106,846	612,920	573,646	571,727		1,028			5.000	5.090	MON	2,390	28,682	05/21/2004	02/01/2019	
312968-UK-4	FEDERAL HOME LOAN MTG CORP #B15986		1			479,543	106,846	505,036	472,675	476,047		(2,628)			5.000	4.500	MON	1,969	23,634	01/18/2005	02/01/2019	
312968-X2-1	FEDERAL HOME LOAN MTG CORP #B16097		1			381,413	106,846	401,689	375,950	378,498		(2,581)			5.000	4.510	MON	1,566	18,797	01/18/2005	02/01/2019	
312971-S6-2	FEDERAL HOME LOAN MTG CORP #B18641		1			559,862	106,565	588,073	551,843	555,736		(3,022)			5.000	4.550	MON	2,299	27,592	01/18/2005	08/01/2019	
31376K-GQ-3	FEDERAL NATIONAL MTG ASSOC #357607		1			139,032	106,933	147,336	137,784	138,105		(346)			5.000	4.680	MON	574	6,889	07/20/2004	11/01/2018	
31402D-GR-5	FEDERAL NATIONAL MTG ASSOC #725708		1			151,546	106,933	159,339	149,008	150,025		(721)			5.000	4.450	MON	621	7,450	12/06/2004	11/01/2018	
31402W-TN-8	FEDERAL NATIONAL MTG ASSOC #740457		1			84,683	107,160	89,835	83,832	84,136		(243)			5.000	4.630	MON	349	4,192	09/08/2003	02/01/2018	
31404L-X5-4	FEDERAL NATIONAL MTG ASSOC #772100		1			741,040	103,379	829,181	802,073	757,780		15,522			4.500	6.180	MON	3,008	36,093	06/09/2006	10/01/2032	
31407F-KK-5	FEDERAL NATIONAL MTG ASSOC #829298		1			722,028	102,993	797,275	774,099	738,011		14,079			4.500	5.790	MON	2,903	34,834	12/13/2005	12/01/2034	
31407R-BP-8	FEDERAL NATIONAL MTG ASSOC #838046		1			501,396	102,993	553,649	537,555	512,281		9,304			4.500	5.770	MON	2,016	24,190	12/13/2005	11/01/2034	
31417S-AP-5	FEDERAL NATIONAL MTG ASSOC #AC5413		1			783,512	104,822	793,286	756,788	782,866		(6,725)			4.500	3.160	MON	2,838	34,055	10/27/2009	07/01/2024	
31417Y-PE-1	FEDERAL NATIONAL MTG ASSOC #MA0420		1			987,262	105,405	994,928	943,901	986,154		(3,546)			4.500	3.140	MON	3,540	21,238	05/28/2010	12/01/2024	

(continues)

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE D - PART 1**

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Par Value	11 Book/ Adjusted Carrying Value	Change in Book Adjusted Carrying Value				Interest					Dates		
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U. S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Single Class Mortgage-Backed/Asset-Backed Securities (continued)																						
31418W-GP-9	FEDERAL NATIONAL MTG ASSOC #AD8305				1	913,761	105,405	920,857	873,629	913,761												
2699999 - U. S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Single Class Mortgage-Backed/Asset-Backed Securities																						
						10,938,903		11,567,544	11,041,788	10,989,494			36,494									
U. S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Defined Multi-Class Residential Mortgage-Backed Securities																						
31392H-BT-9	FEDERAL NATIONAL MTG ASSOC 02 92 QP				1	21,308	100,830	21,682	21,503	21,417			152									
31393B-2U-8	FEDERAL NATIONAL MTG ASSOC 03 60 NA				1	28,562	100,000	29,276	29,276	29,135			377									
31393Q-LE-0	FEDERAL HOME LOAN MTG CORP 2619 YT		1		1	108,787	103,753	114,336	110,199	109,628			562									
31393R-TE-0	FREDDIE MAC -2631 DA				1	656,988	99,297	658,134	662,787	657,432			1,607									
31393Y-3A-1	FEDERAL NATIONAL MTG ASSOC 04 55 LA				1	39,994	102,441	42,449	41,438	40,987			957									
31393Y-LX-1	FEDERAL NATIONAL MTG ASSOC 04 29 AH				1	109,032	103,934	117,394	112,950	111,253			1,246									
31394A-S2-3	FEDERAL NATIONAL MTG ASSOC 04 74 BA				1	137,851	102,015	141,214	138,424	137,983			297									
31394C-W8-1	FEDERAL NATIONAL MTG ASSOC 05 35 DA				1	127,080	104,718	132,755	126,773	126,773												
31395E-RQ-2	FEDERAL HOME LOAN MTG CORP 2841 AB		1		1	123,410	102,850	127,866	124,323	123,942			439									
31395P-FG-2	FEDERAL HOME LOAN MTG CORP 2952 GJ				1	80,539	100,587	81,279	80,804	80,653			158									
31395T-5J-9	FEDERAL HOME LOAN MTG CORP 2956 JW				1	81,557	100,000	81,646	81,646	81,557			78									
BCC00W-FZ-6	INVESTORS GNMA CERTS TR 4 Z				1	122,454	100,000	122,189	122,189	122,322			(53)									
2799999 - U. S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Defined Multi-Class Residential Mortgage-Backed Securities																						
						1,637,562		1,670,220	1,652,312	1,643,082			5,820									
U. S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Defined Multi-Class Commercial Mortgage-Backed Securities																						
38376G-CJ-7	GOVERNMENT NATIONAL MORTGAGE A 09-119 B				1	497,852	101,453	507,265	500,000	497,978			123									
38376G-DN-7	GOVERNMENT NATIONAL MORTGAGE A 10-18 C				1	941,250	98,686	986,867	1,000,000	943,828			2,578									
38376G-ZB-9	GOVERNMENT NATIONAL MORTGAGE A 10-161 B				1	965,000	96,119	961,191	1,000,000	965,015			15									
62888X-AB-0	NCUA GUARANTEED NOTES 10-C1 A2				1	249,363	97,227	243,069	250,000	249,374			12									
2999999 - U. S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Defined Multi-Class Commercial Mortgage-Backed Securities																						
						2,653,465		2,698,392	2,750,000	2,656,195			2,728									
3199999 - Subtotal - U. S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																						
						34,516,243		35,918,781	35,894,100	35,287,092			135,857									
Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations																						
053611-AC-3	EVERY DENNISON CORPORATION		1		2FE	510,870	105,917	529,585	500,000	503,091			(1,416)									
06051G-DW-6	BANK OF AMERICA CORP				1FE	994,660	104,261	1,042,610	1,000,000	997,327			1,055									
075887-AS-8	BECTON DICKINSON & CO		1		1FE	503,625	107,495	537,477	500,000	501,119			(455)									
134429-AS-8	CAMPBELL SOUP COMPANY		1		1FE	240,750	109,901	274,753	250,000	246,183			1,254									
172967-EG-0	CITIGROUP INC				1FE	504,170	106,483	532,415	500,000	502,098			(845)									
189054-AC-3	CLOROX COMPANY		1		2FE	530,395	100,404	502,022	500,000	500,520			(6,146)									
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ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE D - PART 1**

Showing all Long-Term BONDS Owned December 31 of Current Year

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Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations (continued)																						
263534-BV-0	EI DU PONT DE NEMOURS			1	1FE	89,294	111,162	93,376	84,000	87,381		(1,018)			5.875	4.440	JJ	2,276	6,030	01/22/2009	01/15/2014	
26483E-AE-0	DUN & BRADSTREET CORP				1FE	249,118	97,752	244,382	250,000	249,134		17			2.875	2.950	MN	739		11/17/2010	11/15/2015	
373334-JM-4	GEORGIA POWER COMPANY			1	1FE	749,520	111,810	838,582	750,000	749,691		97			6.000	6.010	MN	7,500	45,000	11/12/2008	11/01/2013	
38141E-A3-3	GOLDMAN SACHS GROUP INC				1FE	527,500	110,163	550,815	500,000	523,490		(4,010)			6.000	4.460	MN	5,000	15,000	05/12/2010	05/01/2014	
42307T-AF-5	HEINZ (H. J.) FINANCE CO			1	2FE	542,235	105,625	528,125	500,000	508,555		(6,762)			6.000	4.520	MS	8,833	30,000	06/28/2005	03/15/2012	
440452-AD-2	HORMEL FOODS CORP			1	1FE	421,892	102,563	410,253	400,000	401,995		(4,621)			6.625	5.390	JD	2,208	26,500	03/28/2006	06/01/2011	
46625H-HB-9	JPMORGAN CHASE & CO				1FE	973,800	107,063	1,070,630	1,000,000	986,278		5,383			4.750	5.380	MN	7,917	47,500	08/07/2008	05/01/2013	
5252M0-BZ-9	LEHMAN BROTHERS HOLDINGS				6FE	73,125	24,250	181,875	750,000	73,125					5.625	5.950	JJ			05/08/2008	01/24/2013	
59018Y-N5-6	MERRILL LYNCH & CO				1FE	753,458	107,300	804,750	750,000	751,759		(688)			6.150	6.030	AO	8,456	46,125	05/08/2008	04/25/2013	
617446-2T-5	MORGAN STANLEY				1FE	718,875	106,671	800,040	750,000	735,494		7,231			5.250	6.380	MN	6,453	39,375	08/07/2008	11/02/2012	
737679-CW-8	POTOMAC ELECTRIC POWER COMPANY			1	1FE	511,935	109,608	548,042	500,000	504,630		(1,476)			4.950	4.600	MN	3,163	24,750	06/29/2005	11/15/2013	
744448-BU-4	PUBLIC SERVICE COMPANY OF COLORADO			1	1FE	579,495	111,416	557,080	500,000	522,821		(12,175)			7.875	5.110	AO	9,844	39,375	11/01/2005	10/01/2012	
771196-AQ-5	ROCHE HLDGS INC				1FE	248,185	109,507	273,768	250,000	248,803		340			5.000	5.160	MS	4,167	12,500	02/18/2009	03/01/2014	
92976W-BJ-4	WACHOVIA CORP				1FE	697,800	108,819	816,143	750,000	722,075		10,626			5.500	7.260	MN	6,875	41,250	08/07/2008	05/01/2013	
939333-AC-4	WASHINGTON MUTUAL FINANCIAL CORP				1FE	557,010	102,160	510,802	500,000	504,117		(10,751)			6.875	4.610	MN	4,392	34,375	07/20/2005	05/15/2011	
949746-NY-3	WELLS FARGO COMPANY				1FE	977,493	105,824	1,058,250	1,000,000	989,191		4,815			4.375	4.920	JJ	18,351	43,750	08/07/2008	01/31/2013	
03746A-AC-4	APACHE FINANCE CANADA		I	1	1FE	239,390	107,780	269,450	250,000	242,274		1,538			4.375	5.170	MN	1,398	10,938	02/02/2009	05/15/2015	
87182R-AC-1	SYSCO INTERNATIONAL CO		I	1	1FE	540,720	107,112	535,565	500,000	509,227		(6,158)			6.100	4.730	JD	2,542	30,500	04/15/2005	06/01/2012	
05565Q-BH-0	BP CAPITAL MARKETS PLC		R		1FE	475,625	103,149	515,745	500,000	478,240		2,615			3.875	5.040	MS	5,974	9,688	06/07/2010	03/10/2015	
06739G-BB-4	BARCLAYS BANK PLC		R		1FE	504,895	103,114	515,575	500,000	504,307		(588)			3.900	3.680	AO	4,550	9,750	05/04/2010	04/07/2015	
2254C0-TC-1	CREDIT SUISSE NEW YORK		R		1FE	495,045	107,627	538,140	500,000	497,488		971			5.000	5.220	MN	3,194	25,000	05/22/2008	05/15/2013	
2515A0-NY-5	DEUTSCHE BANK AG LONDON		R		1FE	996,100	107,222	1,072,220	1,000,000	998,019		764			4.875	4.960	MN	5,552	48,750	05/22/2008	05/20/2013	
25243Y-AP-4	DIAGEO CAPITAL PLC		R		1FE	400,000	105,516	422,068	400,000	400,000					4.828	4.820	JJ	12,177		05/14/2010	07/15/2020	
25244S-AB-7	DIAGEO FINANCE BV		R		1FE	373,792	100,828	403,314	400,000	398,541		5,684			3.875	5.370	AO	3,875	15,500	03/08/2006	04/01/2011	
3299999	Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations					15,980,772		16,977,852	16,534,000	15,836,973		(14,719)							181,564	768,094		
Industrial and Miscellaneous (Unaffiliated) - Defined Multi-Class Residential Mortgage-Backed Securities																						
05948X-MU-2	BANC OF AMERICA MTG SECS 03 S 1A36			1	12*	240,357	100,328	242,815	242,021	241,182		760			5.000	5.060	MON	1,008	12,101	10/28/2004	04/01/2011	
12669E-FY-7	COUNTRYWIDE HOME LOANS 03 J4 1A2			1	12*	40,503	100,966	40,996	40,604	40,503		87			4.750	4.720	MON	161	1,929	12/22/2003	05/01/2012	
16162W-DU-0	CHASE MTG FINANCE CORP 03 S14 2A3			1	12*	498,594	102,103	510,515	500,000	498,594					5.250	5.230	MON	2,188	26,250	10/22/2004	03/01/2011	
76111X-MF-5	RESIDENTIAL FDG MTG SECS 1 04 S6 3A5			1	12*	206,770	101,262	214,508	211,834	211,055		1,933			4.500	4.900	MON	794	9,533	08/23/2004	03/01/2011	
BCC01H-IP-5	LEHMAN BROS GRANTOR TR 93 3 H			1	12	188,610	100,000	227,242	400,000	197,871		6,171			5.500	6.980	MON	1,022	14,567	03/22/1996	10/01/2023	
3499999	Industrial and Miscellaneous (Unaffiliated) - Defined Multi-Class Residential Mortgage-Backed Securities					1,174,834		1,236,076	1,221,701	1,189,205		8,951							5,173	64,380		
Industrial and Miscellaneous (Unaffiliated) - Other Multi-Class Residential Mortgage-Backed Securities																						
126380-AB-0	CREDIT SUISSE MTG CAP 06 9 2A1			1	3Z*	915,639	91,223	856,966	939,418	919,175		4,285			5.500	5.840	MON	4,306	51,668	09/08/2006	05/01/2036	
126694-PF-9	COUNTRYWIDE HOME LOANS 05 28 A1			1	2Z*	138,334	85,910	118,973	138,486	138,334		80			5.500	5.420	MON	635	7,611	11/03/2005	04/01/2013	
94982W-AA-2	WELLS FARGO MTG BKD SECS TR 05 9 1A1			1	12*	82,489	99,188	82,076	82,748	82,489		192			4.750	4.740	MON	328	3,930	09/13/2005	02/01/2012	
3599999	Industrial and Miscellaneous (Unaffiliated) - Other Multi-Class Residential Mortgage-Backed Securities					1,136,462		1,058,015	1,160,652	1,139,998		4,557							5,269	63,209		

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**SCHEDULE D - PART 1**

Showing all Long-Term BONDS Owned December 31 of Current Year

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Industrial and Miscellaneous (Unaffiliated) - Defined Multi-Class Commercial Mortgage-Backed Securities																					
05947U-D3-9	BANC OF AMERICA COMM MTG2005-1 A5	1		12*	1,258,350	106,908	1,336,350	1,250,000	1,258,350					5.235	5.110	MON	5,453	68,556	12/12/2006	02/01/2015	
059497-AX-5	BANC OF AMERICA COMM MTG INC 07 1 A4	1		12*	753,780	103,241	774,308	750,000	751,856		(642)			5.451	5.350	MON	6,814	37,476	02/15/2007	01/01/2017	
07387B-AH-6	BEAR STEARNS COMM MTG SECS 05 PWR9 A4A	1		12*	482,578	103,433	517,165	500,000	490,496		1,981			4.871	5.330	MON	2,030	24,355	02/13/2006	08/01/2015	
126171-AB-3	COMMERCIAL MTG PT CERT 05 C6 A2	1		12*	26,021	100,000	26,484	26,484	26,484		114			4.999	5.500	MON	110	1,324	07/28/2006	01/01/2011	
126171-AF-4	COMMERCIAL MTG PT CERT 05 C6 A5A	1		12*	487,578	106,854	534,270	500,000	493,116		1,427			5.116	5.440	MON	2,132	25,580	03/23/2006	07/01/2015	
225470-F7-3	CREDIT SUISSE MTG CAP 06 C1 A4	1		12*	703,500	105,641	739,487	700,000	700,713		(588)			5.545	5.460	MON	3,231	39,006	03/07/2006	01/01/2016	
36228C-WX-7	GS MTG SECS CORP II 06 GG6 A4	1		12*	703,483	106,933	748,531	700,000	701,493		(520)			5.553	5.460	MON	3,239	38,871	03/07/2006	12/01/2015	
50179M-AE-1	LB-UBS COMM MTG TR 06 C6 A4	1		12*	1,253,076	105,830	1,322,875	1,250,000	1,251,589		(461)			5.372	5.320	MON	3,731	67,150	11/07/2006	09/11/2016	
52108H-FS-8	LB-UBS COMM MTG TR 01 C7 A3	1		12*	41,348	102,428	42,223	41,223	41,223		(60)			5.642	5.430	MON	129	2,326	07/28/2006	04/11/2011	
617451-CR-8	MORGAN STANLEY CAPITAL I 06 T21 A4	1		12*	502,732	105,337	526,685	500,000	501,083		(426)			5.162	5.060	MON	2,151	25,810	01/20/2006	11/01/2015	
61750W-AX-1	MORGAN STANLEY CAP I 06 IQ12 A4	1		12*	1,256,934	101,409	1,267,613	1,250,000	1,253,374		(1,128)			5.332	5.220	MON	5,554	66,650	12/18/2006	11/01/2016	
929766-R5-4	WACHOVIA BK COMM MTG TR 05 C18 A4	1		12*	436,395	105,395	474,278	450,000	441,862		1,496			4.935	5.360	MON	1,851	22,208	02/07/2007	04/01/2015	
92976B-DT-6	WACHOVIA BK COMM MTG TR 06 C23 A4	1		12*	498,008	106,501	532,505	500,000	498,472		152			5.418	5.440	MON	2,258	27,090	03/21/2006	12/01/2015	
3699999	Industrial and Miscellaneous (Unaffiliated) - Defined Multi-Class Commercial Mortgage-Backed Securities				8,403,783		8,842,774	8,417,707	8,410,111		1,345						38,683	446,402			
Industrial and Miscellaneous (Unaffiliated) - Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities																					
80281W-AF-8	SANTANDER DRIVE AUTO REC TR 2007 3 A4A	1		22*	602,744	102,087	615,412	602,830	602,802		(378)			5.520	5.520	MON	1,479	33,276	10/11/2007	12/15/2013	
89655X-AA-6	TRINITY RAIL LSG LP 06 1A A1	1		32*	558,478	101,463	566,654	558,478	558,478					5.900	5.900	MON	1,556	32,950	05/18/2006	05/14/2024	
3799999	Industrial and Miscellaneous (Unaffiliated) - Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities				1,161,222		1,182,066	1,161,308	1,161,280		(378)						3,035	66,226			
3899999	Subtotal - Industrial and Miscellaneous (Unaffiliated)				27,857,073		29,296,783	28,495,368	27,737,567		(244)						233,724	1,408,311			
7799999	Total Bonds - Subtotal - Issuer Obligations				60,077,060		64,786,667	62,709,000	61,520,258		159,952						664,537	2,810,601			
7899999	Total Bonds - Subtotal - Single Class Mortgage-Backed/Asset-Backed Securities				17,445,964		18,216,984	17,442,578	17,473,064		4,406						66,796	680,429			
7999999	Total Bonds - Subtotal - Defined Multi-Class Residential Mortgage-Backed Securities				2,812,396		2,906,296	2,874,013	2,832,287		14,771						11,922	135,231			
8099999	Total Bonds - Subtotal - Other Multi-Class Residential Mortgage-Backed Securities				1,136,462		1,058,015	1,160,652	1,139,998		4,557						5,269	63,209			
8199999	Total Bonds - Subtotal - Defined Multi-Class Commercial Mortgage-Backed Securities				11,057,248		11,541,166	11,167,707	11,066,306		4,073						46,761	505,965			
8299999	Total Bonds - Subtotal - Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities				1,161,222		1,182,066	1,161,308	1,161,280		(378)						3,035	66,226			
8399999	Subtotal - Total Bonds				93,690,352		99,691,194	96,515,258	95,193,193		187,381						798,320	4,261,661			

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE D - PART 2 - SECTION 1**

Showing all PREFERRED STOCKS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes		5 Number Of Shares	6 Par Value Per Share	7 Rate Per Share	8 Book/Adjusting Carrying Value	Fair Value		11 Actual Cost	Dividends			Changes in Book/Adjusted Carrying Value				20 NAIC Designation	21 Date Acquired	
		3 Code	4 Foreign					9 Rate Per Share Used to Obtain Fair Value	10 Fair Value		12 Declared but Unpaid	13 Amount Received During Year	14 Nonadmitted Declared But Unpaid	15 Unrealized Valuation Increase/ (Decrease)	16 Current Year's (Amortization) Accretion	17 Current Year's Other Than Temporary Impairment Recognized	18 Total Change in B./A.C.V. (15+16-17)			19 Total Foreign Exchange Change in B./A.C.V.
Industrial and Miscellaneous (Unaffiliated)																				
318672-50-8	FIRST BANCORP PUERTO RICO CL D 7.25	R		10,000,000	25.00	25.000	250,004	25,000	250,004	250,004									P6LZ	02/13/2002
749136-30-5	R&G FINANCIAL CORP 7.750%	R		20,000,000	25.00	25.000	8,800	25,000	8,800	8,800									P6UZ	12/20/1999
8499999	Industrial and Miscellaneous (Unaffiliated)						258,804		258,804	258,804										
8999999	Total - Preferred Stocks						258,804		258,804	258,804										

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE D - PART 2 - SECTION 2**

Showing all COMMON STOCKS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes		5 Number of Shares	6 Book/Adjusted Carrying Value	Fair Value		9 Actual Cost	Dividends			Changes in Book/Adjusted Carrying Value				17 NAIC Market Indicator (a)	18 Date Acquired
		3 Code	4 Foreign			7 Rate Per Share Used to Obtain Fair Value	8 Fair Value		10 Declared but Unpaid	11 Amount Received During Year	12 Nonadmitted Declared But Unpaid	13 Unrealized Valuation Increase/ (Decrease)	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change in B./A.C.V. (13 - 14)	16 Total Foreign Exchange Change in B./A.C.V.		
Industrial and Miscellaneous (Unaffiliated)																	
25811P-88-6	DORAL FINANCIAL CORP	R		250,000	345	1.380	345	1,875				(563)		(563)	L	08/15/2001	
318672-10-2	FIRST BANCORP	F		1,000,000	460	0.460	460	5,729				(1,840)		(1,840)	L	09/24/1997	
733174-10-6	POPULAR INC	R		14,165,919	44,481	3.140	44,481	145,903	6			12,466		12,466	L	10/01/2008	
749136-10-7	R&G FINANCIAL CORP	R		5,000,000	8	0.002	10	475				(493)		(493)	U	09/22/1997	
9099999	- Industrial and Miscellaneous (Unaffiliated)				45,294		45,296	153,982	6			9,570		9,570			
Parent, Subsidiaries, and Affiliates																	
99C002-05-4	NATIONAL INSURANCE COMPANY			64,012,000	1,352,090	21.122	1,352,090	7,679,088				(4,574,093)		(4,574,093)	A	09/28/2007	
9199999	- Parent, Subsidiaries, and Affiliates				1,352,090		1,352,090	7,679,088				(4,574,093)		(4,574,093)			
9799999	- Total Common Stocks				1,397,384		1,397,386	7,833,070	6			(4,564,523)		(4,564,523)			
9899999	- Total Preferred and Common Stocks				1,656,188		1,656,190	8,091,874	6			(4,564,523)		(4,564,523)			

(a) For all common stocks bearing the NAIC market indicator "U" provide: the number of such issues ..... 1 , the total \$ value (included in Column 8) of all such issues \$ ..... 8 .

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE D - PART 3**

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends
Bonds - U. S. Governments								
313370-E3-8	FEDERAL HOME LOAN BANK		11/30/2010	MORGAN STANLEY & CO		1,536,930	1,500,000.00	18,281
3133XX-PV-3	FEDERAL HOME LOAN BANK		03/26/2010	MORGAN STANLEY & CO		498,762	500,000.00	156
3133XY-WB-7	FEDERAL HOME LOAN BANK		06/30/2010	DEUTSCHE BANK		1,001,798	1,000,000.00	316
3620C6-Y4-1	GOVERNMENT NATL MTG ASSOC #750531		12/01/2010	JEFFERIES & COMPANY INC.		2,035,313	2,000,000.00	4,222
912810-QL-5	UNITED STATES TREASURY BOND		11/30/2010	BARCLAYS CAPITAL		2,063,446	2,000,000.00	3,757
0399999	Subtotal - Bonds - U. S. Governments					7,136,249	7,000,000.00	26,732
Bonds - U. S. States, Territories and Possessions (Direct and Guaranteed)								
93974C-LW-8	WASHINGTON ST		01/11/2010	SALOMON SMITH BARNEY		400,596	400,000.00	6,087
1799999	Subtotal - Bonds - U. S. States, Territories and Possessions (Direct and Guaranteed)					400,596	400,000.00	6,087
Bonds - U. S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)								
438670-WS-6	HONOLULU HAWAII CITY & CNTY		12/03/2010	MERRILL LYNCH		500,000	500,000.00	
2499999	Subtotal - Bonds - U. S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)					500,000	500,000.00	
Bonds - U. S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions								
29270C-WJ-0	ENERGY NORTHWEST WASH ELEC REV		12/15/2010	SALOMON SMITH BARNEY		250,000	250,000.00	
31417Y-PE-1	FEDERAL NATIONAL MTG ASSOC #MA0420		05/28/2010	BARCLAYS CAPITAL		1,045,937	1,000,000.00	2,000
31418W-GP-9	FEDERAL NATIONAL MTG ASSOC #AD8305		05/28/2010	BARCLAYS CAPITAL		1,045,938	1,000,000.00	2,000
38376G-DN-7	GOVERNMENT NATIONAL MORTGAGE A 10-18 C		01/06/2010	JEFFERIES & COMPANY INC.		941,250	1,000,000.00	3,090
38376G-ZB-9	GOVERNMENT NATIONAL MORTGAGE A 10-161 B		12/01/2010	JEFFERIES & COMPANY INC.		965,000	1,000,000.00	2,417
62888X-AB-0	NCUA GUARANTEED NOTES 10-C1 A2		11/03/2010	BARCLAYS CAPITAL		249,363	250,000.00	
686053-CD-9	OREGON SCH BRDS ASSN		01/11/2010	VINING SPARKS		251,412	300,000.00	
74526Q-XT-4	PUERTO RICO ELEC PWR AUTH PWR		04/23/2010	SANTANDER		200,002	200,000.00	
74526Q-ZS-4	PUERTO RICO ELEC PWR AUTH PWR		12/27/2010	SANTANDER		230,002	230,000.00	
74529J-LD-5	PUERTO RICO SALES TAX FING		06/25/2010	SANTANDER		500,002	500,000.00	
875287-LG-7	TAMPA FLA UTIL TAX		12/02/2010	RAYMOND JAMES		500,485	500,000.00	
914440-LF-7	UNIVERSITY MASS BLDG AUTH PROJ		12/01/2010	WELLS FARGO FINANCIAL		915,840	1,000,000.00	2,475
3199999	Subtotal - Bonds - U. S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions					7,095,231	7,230,000.00	11,982
Bonds - Industrial and Miscellaneous (Unaffiliated)								
26483E-AE-0	DUN & BRADSTREET CORP		11/17/2010	JP MORGAN SECURITIES INC.		249,118	250,000.00	
38141E-A3-3	GOLDMAN SACHS GROUP INC		05/12/2010	GOLDMAN SACHS		527,500	500,000.00	1,333
05565Q-BH-0	BP CAPITAL MARKETS PLC	R	06/07/2010	JP MORGAN SECURITIES INC.		475,625	500,000.00	4,817
06739G-BB-4	BARCLAYS BANK PLC	R	05/04/2010	GOLDMAN SACHS		504,895	500,000.00	1,625
25243Y-AP-4	DIAGEO CAPITAL PLC	R	05/14/2010	EXCHANGE		400,000	400,000.00	
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					2,157,138	2,150,000.00	7,775
8399997	Subtotal - Bonds - Part 3					17,289,214	17,280,000.00	52,576
8399999	Subtotal - Bonds					17,289,214	17,280,000.00	52,576
9999999	TOTALS					17,289,214		52,576

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE D - PART 4**

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1 CUSIP Identifi- cation	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change In Book/Adjusted Carrying Value					16 Book/Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year (Amorti- zation) / Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B. / A. C. V. (11+12-13)	15 Total Foreign Exchange Change in B. / A. C. V.						
Bonds - U.S. Governments																				
31339X-2M-5	FEDERAL HOME LOAN BANK		03/22/2010	BARCLAYS CAPITAL		266,529	250,000.00	230,038	237,697		747		747		238,444		28,085	28,085	2,664	06/14/2013
3133X8-EW-8	FEDERAL HOME LOAN BANK		05/14/2010	BANK OF AMERICA		1,109,150	1,000,000.00	1,031,490	1,026,334		(465)		(465)		1,025,870		83,280	83,280	40,611	08/15/2024
3133XM-Q8-7	FEDERAL HOME LOAN BANK		03/22/2010	MORGAN STANLEY & CO		273,255	250,000.00	244,144	244,762		123		123		244,885		28,370	28,370	4,375	11/17/2017
3133XU-MR-7	FED HOME LN BANK		02/26/2010	VARIOUS		1,549,925	1,500,000.00	1,533,960	1,533,905		(877)		(877)		1,533,028		16,897	16,897	25,300	09/12/2014
3133XY-WB-7	FEDERAL HOME LOAN BANK		12/29/2010	MORGAN STANLEY & CO		501,767	500,000.00	500,899			(208)		(208)		500,691		1,076	1,076	2,333	08/22/2012
31359M-UT-8	FEDERAL NATIONAL MORTGAGE ASSOCIATION		03/22/2010	BARCLAYS CAPITAL		322,046	300,000.00	272,109	286,139		658		658		286,797		35,249	35,249	5,431	04/15/2014
36205Q-M9-7	GOVERNMENT NATL MTG ASSOC #397384		01/19/2010	PRIOR PERIOD INCOME											177					12/01/2009
3620A2-W5-1	GOVERNMENT NATL MTG ASSOC #717168		12/01/2010	PAYDOWN		167,604	167,604.00	163,283	167,203		400		400		167,604				5,458	03/01/2039
3620A3-S3-9	GOVERNMENT NATL MTG ASSOC #717938		12/01/2010	PAYDOWN		285,061	285,061.00	283,479	287,002		(1,940)		(1,940)		285,061				13,042	07/01/2039
3620AD-NY-4	GOVERNMENT NATL MTG ASSOC #726807		12/01/2010	PAYDOWN		89,586	89,586.00	91,770	90,026		(440)		(440)		89,586				3,319	08/01/2039
36214F-EK-4	GOVERNMENT NATL MTG ASSOC #104638		12/01/2010	VARIOUS		8,766	8,766.00	8,481	8,748		18		18		8,766				192	10/01/2013
36214S-PA-6	GOVERNMENT NATL MTG ASSOC #114817		12/01/2010	VARIOUS		91	91.00	98	92		(1)		(1)		91				6	08/01/2014
36214W-WS-0	GOVERNMENT NATL MTG ASSOC #118657		12/01/2010	VARIOUS		178	178.00	192	180		(2)		(2)		178				12	06/01/2014
36215X-5J-7	GOVERNMENT NATL MTG ASSOC #148549		12/01/2010	VARIOUS		1,582	1,582.00	1,696	1,588		(5)		(5)		1,582				75	11/01/2015
36216Q-F6-8	GOVERNMENT NATL MTG ASSOC #171289		12/01/2010	VARIOUS		508	508.00	531	510		(1)		(1)		508				22	08/01/2016
36296U-SY-7	GOVERNMENT NATL MTG ASSOC #701735		12/01/2010	PAYDOWN		122,975	122,975.00	125,511	123,169		(194)		(194)		122,975				3,568	01/01/2039
36297E-AX-3	GOVERNMENT NATL MTG ASSOC #709322		12/01/2010	PAYDOWN		41,065	41,065.00	41,720	41,100		(35)		(35)		41,065				1,136	04/01/2039
36297J-TV-6	GOVERNMENT NATL MTG ASSOC #713464		12/01/2010	PAYDOWN		235,643	235,643.00	242,859	236,512		(869)		(869)		235,643				7,346	04/01/2039
0399999	Subtotal - Bonds - U.S. Governments					4,975,731	4,753,059.00	4,782,260	4,284,967		(3,091)		(3,091)		4,782,774		192,957	192,957	115,067	
Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed)																				
745145-7F-3	COMMONWEALTH OF PUERTO RICO		03/11/2010	STIFEL-HANIFEN DIVIS		50,147	50,000.00	50,000	50,000						50,000		147	147	598	07/01/2010
745145-7G-1	COMMONWEALTH OF PUERTO RICO		03/11/2010	STIFEL-HANIFEN DIVIS		102,494	100,000.00	100,000	100,000						100,000		2,494	2,494	1,269	07/01/2011
74514L-LL-9	PUERTO RICO COMWLTH		07/01/2010	MATURITY		970,000	970,000.00	970,002	970,002						970,002		(2)	(2)	29,706	07/01/2010
1799999	Subtotal - Bonds - U.S. States, Territories and Possessions (Direct and Guaranteed)					1,122,641	1,120,000.00	1,120,002	1,120,002						1,120,002		2,639	2,639	31,573	
Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																				
3128H4-HM-4	FEDERAL HOME LOAN MTG CORP #E96536		12/01/2010	PAYDOWN		187,364	187,364.00	190,701	187,723		(359)		(359)		187,364				4,698	07/01/2017
3128LX-C3-2	FEDERAL HOME LOAN MTG CORP #G01890		12/01/2010	PAYDOWN		296,564	296,564.00	277,814	295,936		628		628		296,564				8,451	11/01/2034
3128LX-QY-9	FEDERAL HOME LOAN MTG CORP #G02271		12/01/2010	PAYDOWN		46,964	46,964.00	44,007	46,868		96		96		46,964				1,316	11/01/2034
3128LX-R3-6	FEDERAL HOME LOAN MTG CORP #G02306		12/01/2010	PAYDOWN		188,074	188,074.00	176,496	187,455		620		620		188,074				5,821	10/01/2033
3128M4-PX-5	FEDERAL HOME LOAN MTG CORP #G02838		12/01/2010	PAYDOWN		142,277	142,277.00	134,696	141,956		321		321		142,277				3,904	12/01/2035
3128MB-5B-9	FEDERAL HOME LN MTG CORP #G13342		10/20/2010	VARIOUS		811,746	780,954.00	802,675	802,659		(5,955)		(5,955)		796,704		15,042	15,042	27,791	01/01/2023
3128MC-CD-5	FEDERAL HOME LN MTG CORP #G13468		12/01/2010	PAYDOWN		128,167	128,167.00	130,771	128,627		(460)		(460)		128,167				3,549	02/01/2023
3128MM-BJ-1	FEDERAL HOME LOAN MTG CORP #G18040		12/01/2010	PAYDOWN		236,575	236,575.00	240,013	236,810		(235)		(235)		236,575				6,640	08/01/2019
3128MM-BN-2	FEDERAL HOME LOAN MTG CORP #G18044		12/01/2010	PAYDOWN		66,926	66,926.00	66,497	66,890		36		36		66,926				1,667	09/01/2019
3128PM-3K-4	FEDERAL HOME LN MGT CORP #J09802		12/01/2010	PAYDOWN		104,603	104,603.00	106,286	104,703		(100)		(100)		104,603				2,839	01/01/2024
312967-5A-6	FEDERAL HOME LOAN MTG CORP #B15341		12/01/2010	PAYDOWN		215,848	215,848.00	214,668	215,772		77		77		215,848				5,445	02/01/2019
312968-UK-4	FEDERAL HOME LOAN MTG CORP #B15986		12/01/2010	PAYDOWN		193,600	193,600.00	196,413	193,802		(201)		(201)		193,600				5,144	02/01/2019
312968-X2-1	FEDERAL HOME LOAN MTG CORP #B16097		12/01/2010	PAYDOWN		254,053	254,053.00	257,744	254,261		(208)		(208)		254,053				8,188	02/01/2019
312971-S6-2	FEDERAL HOME LOAN MTG CORP #B18641		12/01/2010	PAYDOWN		232,845	232,845.00	236,228	233,037		(192)		(192)		232,845				6,600	08/01/2019
31376K-GQ-3	FEDERAL NATIONAL MTG ASSOC #357607		12/01/2010	PAYDOWN		56,695	56,695.00	57,209	56,708		(12)		(12)		56,695				1,615	11/01/2018
31392E-CE-8	FEDERAL NATIONAL MTG ASSOC 02 55 VA		05/01/2010	PAYDOWN		158,458	158,458.00	163,162	158,458						158,458				2,140	05/01/2010
31392H-BT-9	FEDERAL NATIONAL MTG ASSOC 02 92 QP		12/01/2010	PAYDOWN		39,434	39,434.00	39,077	39,333		101		101		39,434				1,137	07/01/2011
31393B-2U-8	FEDERAL NATIONAL MTG ASSOC 03 60 NA		12/01/2010	PAYDOWN		51,557	51,557.00	50,300	51,308		249		249		51,557				1,217	06/01/2011
31393Q-LE-0	FEDERAL HOME LOAN MTG CORP 2619 YT		12/01/2010	PAYDOWN		71,127	71,127.00	70,216	70,993		135		135		71,127				1,767	04/01/2013
31393R-TE-0	FREDDIE MAC -2631 DA		12/01/2010	PAYDOWN		182,203	182,203.00	180,608	181,976		227		227		182,203				3,931	11/01/2026
31393Y-3A-1	FEDERAL NATIONAL MTG ASSOC 04 55 LA		12/01/2010	PAYDOWN		48,310	48,310.00	46,627	47,866		444		444		48,310				1,338	05/01/2012

(continues)

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ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE D - PART 4**

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1 CUSIP Identifi- cation	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change In Book/Adjusted Carrying Value					16 Book/Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date																		
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year (Amorti- zation) / Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B. / A. C. V. (11+12-13)	15 Total Foreign Exchange Change in B. / A. C. V.																								
Bonds - U. S Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions (continued)																																						
31393Y-LX-1	FEDERAL NATIONAL MTG ASSOC 04 29 AH		12/01/2010	PAYDOWN		51,852	51,852.00	50,053	51,645		207		207		51,852				1,203	09/01/2014																		
31394A-S2-3	FEDERAL NATIONAL MTG ASSOC 04 74 BA		12/01/2010	PAYDOWN		86,213	86,213.00	85,856	86,141		71		71		86,213				2,545	05/01/2012																		
31394C-UM-2	FEDERAL NATIONAL MTG ASSOC 05 21 MK		03/01/2010	PAYDOWN		22,159	22,159.00	22,278	22,159						22,159				159	04/01/2010																		
31394C-W8-1	FEDERAL NATIONAL MTG ASSOC 05 35 DA		12/01/2010	PAYDOWN		87,106	87,106.00	87,317	87,106						87,106				2,607	03/01/2013																		
31395E-RQ-2	FEDERAL HOME LOAN MTG CORP 2841 AB		12/01/2010	PAYDOWN		66,756	66,756.00	66,266	66,678		78		78		66,756				1,552	04/01/2013																		
31395P-FG-2	FEDERAL HOME LOAN MTG CORP 2952 GJ		12/01/2010	PAYDOWN		95,847	95,847.00	95,533	95,774		74		74		95,847				2,833	06/01/2011																		
31395R-DL-9	FEDERAL HOME LOAN MTG CORP 2960 QN		01/01/2010	PAYDOWN		7,585	7,585.00	7,596	7,585						7,585				28	02/01/2010																		
31395T-5J-9	FEDERAL HOME LOAN MTG CORP 2956 JW		12/01/2010	PAYDOWN		104,318	104,318.00	104,204	104,282				37		104,318				3,062	05/01/2011																		
31402D-GR-5	FEDERAL NATIONAL MTG ASSOC #725708		12/01/2010	PAYDOWN		53,443	53,443.00	54,353	53,476		(34)		(34)		53,443				1,445	11/01/2018																		
31402Q-HV-6	FEDERAL NATIONAL MTG ASSOC #734744		01/20/2010	VARIOUS		38,220	36,017.00	36,383	36,164		2		2		36,166		2,054	2,054	269	05/01/2018																		
31402W-TN-8	FEDERAL NATIONAL MTG ASSOC #740457		12/01/2010	PAYDOWN		30,282	30,282.00	30,590	30,295		(13)		(13)		30,282				816	02/01/2018																		
31404L-X5-4	FEDERAL NATIONAL MTG ASSOC #772100		12/01/2010	PAYDOWN		208,445	208,445.00	192,584	208,141		304		304		208,445				6,264	10/01/2032																		
31407F-KK-5	FEDERAL NATIONAL MTG ASSOC #829298		12/01/2010	PAYDOWN		268,948	268,948.00	250,857	268,532		416		416		268,948				8,646	12/01/2034																		
31407R-BP-8	FEDERAL NATIONAL MTG ASSOC #838046		12/01/2010	PAYDOWN		179,588	179,588.00	167,508	178,914		674		674		179,588				4,680	11/01/2034																		
31417S-AP-5	FEDERAL NATIONAL MTG ASSOC #AC5413		12/01/2010	PAYDOWN		233,069	233,069.00	241,299	234,535		(1,466)		(1,466)		233,069				6,642	07/01/2024																		
31417S-JP-6	FEDERAL NATIONAL MTG ASSOC #AC5669		10/20/2010	VARIOUS		1,032,541	991,776.00	1,027,263	1,026,058		(12,059)		(12,059)		1,013,998		18,543	18,543	36,792	10/01/2024																		
31417Y-PE-1	FEDERAL NATIONAL MTG ASSOC #MA0420		12/01/2010	PAYDOWN		56,099	56,099.00	58,676			(139)		(139)		56,099				690	12/01/2024																		
31418W-GP-9	FEDERAL NATIONAL MTG ASSOC #AD8305		12/01/2010	PAYDOWN		126,371	126,371.00	132,176			(537)		(537)		126,371				1,816	05/01/2025																		
745185-BB-3	PUERTO RICO COMWLTH HWY & TRAN		03/11/2010	SWS SECURITIES INC		201,250	200,000.00	200,000	200,000						200,000		1,250	1,250	2,479	07/01/2010																		
745185-BC-1	PUERTO RICO COMWLTH HWY & TRAN		04/08/2010	SWS SECURITIES INC		202,000	200,000.00	200,000	200,000						200,000		2,000	2,000	3,300	07/01/2011																		
745185-BD-9	PUERTO RICO COMWLTH HWY & TRAN		04/08/2010	SWS SECURITIES INC		202,000	200,000.00	200,000	200,000						200,000		2,000	2,000	3,483	07/01/2012																		
745215-AK-9	PUERTO RICO COMWLTH INDL DEV		07/01/2010	SINKING FUND REDEMPTION		50,000	50,000.00	49,548	49,983		17		17		50,000				2,438	07/01/2011																		
745291-UM-4	PUERTO RICO PUB FIN CORP		09/01/2010	VARIOUS		35,000	35,000.00	35,900	35,303		(109)		(109)		35,194		(194)	(194)	1,657	08/01/2017																		
BCC00W-FZ-6	INVESTORS GNMA CERTS TR 4 Z		12/20/2010	VARIOUS		22,586	22,586.00	22,636	22,588		(1)		(1)		22,586				772	01/01/2022																		
3199999	Subtotal - Bonds - U. S Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions					7,175,068	7,096,058.00	7,101,084	6,968,500		(17,266)		(17,266)		7,134,373		40,695	40,695	201,376																			
Bonds - Industrial and Miscellaneous (Unaffiliated)																																						
05948X-MU-2	BANC OF AMERICA MTG SECS 03 5 1A36		12/01/2010	PAYDOWN		257,979	257,979.00	256,205	257,668		310		310		257,979				10,883	04/01/2011																		
126171-AB-3	COMMERCIAL MTG PT CERT 05 C6 A2		12/01/2010	PAYDOWN		78,334	78,334.00	76,963	78,064		270		270		78,334				2,107	01/01/2011																		
126380-AB-0	CREDIT SUISSE MTG CAP 06 9 2A1		12/01/2010	PAYDOWN		56,547	56,547.00	55,116	56,493		54		54		56,547				1,358	05/01/2036																		
126694-PF-9	COUNTRYWIDE HOME LOANS 05 28 A1		12/01/2010	PAYDOWN		93,547	93,547.00	93,444	93,525		22		22		93,547				2,902	04/01/2013																		
12669E-FY-7	COUNTRYWIDE HOME LOANS 03 J4 1A2		12/01/2010	PAYDOWN		51,367	51,367.00	51,239	51,326		41		41		51,367				1,467	05/01/2012																		
263534-BV-0	EI DU PONT DE NEMOURS		10/21/2010	SECURITY CALLED BY ISSUER AT 115.159		479,064	416,000.00	442,216	437,786		(4,048)		(4,048)		433,739		45,325	45,325	29,862	01/15/2014																		
291011-AM-6	EMERSON ELECTRIC COMPANY		08/15/2010	MATURITY		500,000	500,000.00	561,800	507,032		(7,032)		(7,032)		500,000				35,625	08/15/2010																		
36962G-S6-2	GENERAL ELECTRIC CAPITAL CORPORATION		10/21/2010	MATURITY		500,000	500,000.00	499,385	499,891		109		109		500,000				24,375	10/21/2010																		
52108H-6S-8	LB-UBS COMM MTG TR 05 C5 A1		03/11/2010	PAYDOWN		57,318	57,318.00	57,603	57,318						57,318				545	04/11/2010																		
52108H-FS-8	LB-UBS COMM MTG TR 01 C7 A3		12/11/2010	PAYDOWN		64,564	64,564.00	64,760	64,602		(39)		(39)		64,564				1,775	04/11/2011																		
718507-BQ-8	PHILLIPS PETROLEUM COMPANY		05/25/2010	MATURITY		950,000	950,000.00	1,171,436	963,876		(13,876)		(13,876)		950,000				41,563	05/25/2010																		
724479-AF-7	PITNEY BOWES INC		10/01/2010	VARIOUS		529,290	500,000.00	499,455	499,782		57		57		499,839		29,451	29,451	23,318	10/01/2012																		
76111X-MF-7	RESIDENTIAL FDG MTG SECS I 04 S6 3A5		12/01/2010	PAYDOWN		231,589	231,589.00	226,052	230,880		709		709		231,589				5,866	03/01/2011																		
80281W-AF-8	SANTANDER DRIVE AUTO REC TR 2007 3 4AA		12/15/2010	PAYDOWN		397,171	397,171.00	397,114	396,760		411		411		397,171				14,015	12/15/2013																		
86787G-AG-7	SUNTRUST BANKS INC		12/16/2010	VARIOUS		532,885	500,000.00	499,330	499,585		45		45		499,630		33,256	33,256	25,690	09/01/2015																		
89655X-AA-6	TRINITY RAIL LSG LP 06 1A A1		12/14/2010	PAYDOWN		42,286	42,286.00	42,286	42,286						42,286				1,302	05/14/2024																		
94982W-AA-2	WELLS FARGO MTG BKD SECS TR 05 9 1A1		12/01/2010	PAYDOWN		87,310	87,310.00	87,037	87,229		81		81		87,310				2,198	02/01/2012																		
BCC01H-1P-5	LEHMAN BROS GRANTOR TR 93 3 H		12/01/2010	VARIOUS		39,358	39,358.00	32,667	38,877		481		481		39,358				1,224	10/01/2023																		
BCC01H-WI-7	R&G FEDERAL MORT TR 94 3 3C		03/01/2010	VARIOUS		250,000	250,000.00	243,125	243,125		6,875		6,875		250,000				2,851	01/01/2024																		
25243Y-AN-9	DIAGEO CAPITAL PLC	R	05/14/2010	EXCHANGE		462,301	400,000.00	414,216	411,717		(953)		(953)		410,764		51,536	51,536	24,501	01/15/2014																		
(continues)																																						

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE D - PART 4**

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1 CUSIP Identifi- cation	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change In Book/Adjusted Carrying Value					16 Book/Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year (Amorti- zation) / Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B. /A. C. V. (11+12-13)	15 Total Foreign Exchange Change in B. /A. C. V.						
Bonds - Industrial and Miscellaneous (Unaffiliated) (continued)																				
33611M-AH-6	FIRST PUERTO RICO TAX EXEMPT MAT FUND	F	03/17/2009	SECURITY CALLED BY ISSUER at 100.000		400,000	400,000.00	400,000	400,000						400,000					12/01/2019
3899999	- Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					6,060,910	5,873,370.00	6,171,449	5,917,822		(16,483)		(16,483)		5,901,342		159,568	159,568	253,427	
8399997	- Subtotal - Bonds - Part 4					19,334,350	18,842,487.00	19,174,795	18,291,291		(36,840)		(36,840)		18,938,491		395,859	395,859	601,443	
8399999	- Subtotal - Bonds					19,334,350	18,842,487.00	19,174,795	18,291,291		(36,840)		(36,840)		18,938,491		395,859	395,859	601,443	
Common Stocks - Industrial and Miscellaneous (Unaffiliated)																				
802809-10-3	SANTANDER BANCORP	R	07/28/2010	TENDER OFFER	14,310.000	181,594		123,925	175,727	(51,802)			(51,802)	123,925		57,669	57,669			
9099999	- Subtotal - Common Stocks - Industrial and Miscellaneous (Unaffiliated)					181,594		123,925	175,727	(51,802)			(51,802)	123,925		57,669	57,669			
9799997	- Subtotal - Common Stocks - Part 4					181,594		123,925	175,727	(51,802)			(51,802)	123,925		57,669	57,669			
9799999	- Subtotal - Common Stocks					181,594		123,925	175,727	(51,802)			(51,802)	123,925		57,669	57,669			
9899999	- Subtotal - Preferred and Common Stocks					181,594		123,925	175,727	(51,802)			(51,802)	123,925		57,669	57,669			
9999999	- TOTALS					19,515,944		19,298,720	18,467,018	(51,802)	(36,840)		(88,642)	19,062,416		453,528	453,528	601,443		

**SCHEDULE D - PART 5**

Showing all Long-Term Bonds and Stocks ACQUIRED During Year and Fully DISPOSED OF During Current Year

1 CUSIP Identifi- cation	2 Description	3 F o r e i g n	4 Date Acquired	5 Name of Vendor	6 Disposal Date	7 Name of Purchaser	8 Par Value (Bonds) or Number of Shares (Stocks)	9 Actual Cost	10 Consideration	11 Book/Adjusted Carrying Value at Disposal						17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Interest and Dividends Received During Year	21 Paid for Accrued Interest and Dividends
											12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization) / Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change in B. / A. C. V. (12+13-14)	16 Total Foreign Exchange Change in B. / A. C. V.					

**NONE**

**SCHEDULE D - PART 6 - SECTION 1**

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

1 CUSIP Identification	2 Description Name of Subsidiary, Controlled or Affiliated Company	3 Foreign	4 NAIC Company Code or Alien Insurer Identification Number	5 NAIC Valuation Method (See SVO Purposes and Procedures manual)	6 Do Insurer's Assets Include Intangible Assets Connected with Holding of Such Company's Stock?	7 Total Amount of Such Intangible Assets	8 Book/Adjusted Carrying Value	Stock of Such Company Owned by Insurer on Statement Date		
								9 Number of Shares	10 % of Outstanding	
Common Stocks - U. S. Property and Casualty Insurer										
99C002-05-4	NATIONAL INSURANCE COMPANY		12076	EQUITY	No		1,352,090	64,012,000	18.900	
1199999	- Subtotal - Common Stocks - U. S. Property and Casualty Insurer							1,352,090		
1899999	- Subtotal - Common Stocks							1,352,090		
1999999	- TOTALS							1,352,090		

1. Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein: \$ .....
2. Total amount of intangible assets nonadmitted \$ .....

**SCHEDULE D - PART 6 - SECTION 2**

1 CUSIP Identification	2 Name of Lower-tier Company	3 Name of Company Listed in Section 1 Which Controls Lower-tier Company	4 Total Amount of Intangible Assets Included in Amount Shown in Column 7, Section 1	Stock in Lower-Tier Company Owned Indirectly by Insurer on Statement Date	
				5 Number of Shares	6 % of Outstanding
<b>NONE</b>					

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE DA - PART 1**

Showing all SHORT-TERM INVESTMENTS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	3 Codes		5 Date Acquired	6 Name of Vendor	7 Maturity Date	8 Book/Adjusted Carrying Value	Change In Book/Adjusted Carrying Value				13 Par Value	14 Actual Cost	Interest						21 Paid for Accrued Interest
		3 Code	4 Foreign					9 Unrealized Valuation Increase/ (Decrease)	10 Current Year's (Amortization)/ Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Total Foreign Exchange Change in B./A.C.V.			15 Amount Due and Accrued Dec. 31 of Current Year on Bond Not in Default	16 Non-Admitted Due and Accrued	17 Rate of	18 Effective Rate of	19 When Paid	20 Amount Received During Year	
Parent, Subsidiaries and Affiliates - Other Short-Term Invested Assets																				
National Premium																				
8599999 - Parent, Subsidiaries and Affiliates - Other Short-Term Invested Assets																				
Other Short-Term Invested Assets																				
	National Premium Finance			12/30/2010	NationalPremium Finance	10/30/2010	549,933													
9099999 - Subtotal - Other Short-Term Invested Assets																				
9199999 - TOTAL Short-Term Investments																				

**SCHEDULE DB - PART A - SECTION 1**

Showing all Options, Caps, Floors, Collars, Swaps and Forwards Open as of December 31 of Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Description	Description of Items Hedged or Used for Income Generation	Schedule/Exhibit Identifier	Type(s) of Risk(s)	Exchange or Counterparty	Trade Date	Date of Maturity or Expiration	Number of Contracts	Notional Amount	Strike Price, Rate or Index Received (Paid)	Prior Year Initial Cost of Premium (Received) Paid	Current Year Initial Cost of Premium (Received) Paid	Current Year Income	Book/Adjusted Carrying Value	Code	Fair Value	Unrealized Valuation Increase/(Decrease)	Total Foreign Exchange Change in B./A.C.V.	Current Year's (Amortization)/Accretion	Adjustment to Carry Value of Hedged Item	Potential Exposure	Credit Quality of Reference Entity	Hedge Effectiveness at Inception and at Year-end (a)

**NONE**

E 18

(a)

Code	Financial or Economic Impact of the Hedge at the End of the Reporting Period
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**NONE**

**SCHEDULE DB - PART A - SECTION 2**

Showing all Options, Caps, Floors, Collars, Swaps and Forwards Terminated as of Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
Description	Description of Hedged Item(s)	Schedule/Exhibit Identifier	Type(s) of Risk(s)	Exchange or Counterparty	Trade Date	Date of Maturity or Expiration	Termination Date	Indicate Exercise, Expiration, Maturity or Sale	Number of Contracts	Notional Amount	Strike Price, Rate or Index Received (Paid)	Prior Year Initial Cost if Premium (Received) Paid	Current Year Initial Cost of Premium (Received) Paid	Consideration Received (Paid) on Termination	Current Year Income	Book / Adjusted Carrying Value	Code	Unrealized Valuation Increase / (Decrease)	Total Foreign Exchange Change in B/A. C. V.	Current Year's (Amortization) / Accretion	Gain (Loss) on Termination Recognized	Adjustment to Carrying Value of Hedged Itemty	Gain (Loss) to Termination Deferred	Hedge Effectiveness at Inception and at Termination (a)

**NONE**

E 19

(a)

Code	Financial or Economic Impact of the Hedge at the End of the Reporting Period
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**NONE**

**SCHEDULE DB - PART B - SECTION 1**

Future Contracts Open as of the Current Statement Date

1 Ticker Symbol	2 Number of Contracts	3 Notional Amount	4 Description	5 Description of Hedged Item(s)	6 Schedule/ Exhibit Identifier	7 Type(s) of Risk(s)	8 Date of Maturity or Expiration	9 Exchange	10 Trade Date	11 Transaction Price	12 Reporting Date Price	13 Fair Value	14 Book/ Adjusted Carrying Price	Changes in Variation Margin				19 Potential Exposure	20 Hedge Effectiveness at Inception and at Year-end (a)
														15 Cumulative	16 Gain (Loss) Recognized in Current Year	17 Gain (Loss) Used to Adjust Basis of Hedged Item	18 Deferred		

**NONE**

Broker Name	Net Cash Deposits
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**NONE**

(a)

Code	Financial or Economic Impact of the Hedge at the End of the Reporting Period
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**NONE**

**SCHEDULE DB - PART B - SECTION 2**

Future Contracts Terminated as of the Current Statement Date

1 Ticker Symbol	2 Number of Contracts	3 Notional Amount	4 Description	5 Description of Hedged Item(s)	6 Schedule/ Exhibit Identifier	7 Type(s) of Risk(s)	8 Date of Maturity or Expiration	9 Exchange	10 Trade Date	11 Transaction Price	12 Termination Date	13 Termination Price	14 Indicate Exercise, Expiration, Maturity or Sale	15 Book/Adjusted Carrying Value at Termination	Changes in Variation Margin			19 Hedge Effectiveness at Inception/ and at Termination (a)
															16 Gain (Loss) Recognized in Current Year	17 Gain (Loss) Used to Adjust Basis of Hedged Item in Current Year	18 Defferred	

**NONE**

Broker Name	Net Cash Deposits
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**NONE**

(a)

Code	Financial or Economic Impact of the Hedge at the End of the Reporting Period
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**NONE**

**SCHEDULE DB - Part D**

Counterparty Exposure for Derivative Instruments Open as of Current Statement Date

1	2	3	4	Book/ Adjusted Carrying Value			Fair Value			11	12
				5	6	7	8	9	10		
Description Counterparty or Exchange Traded	Master Agreement (Y or N)	Credit Support Annex (Y or N)	Fair Value of Acceptable Collateral	Contracts With Book/ Adjusted Carrying Value > 0	Contracts With Book/ Adjusted Carrying Value < 0	Exposure net of Collateral	Contracts With Fair Value > 0	Contracts With Fair Value < 0	Exposure Net of Collateral	Potential Exposure	Off-Balance Sheet Exposure

**NONE**

**SCHEDULE DL - PART 1  
SECURITIES LENDING COLLATERAL ASSETS**

Reinvested Collateral Assets Owned December 31 Current Year

1	2	3	4	5	6
CUSIP Identification	Description	NAIC Designation/Market Indicator	Fair Value	Book/Adjusted Carrying Value	Maturity Dates

**NONE**

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**NONE**

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General Interrogatory:

1. Total activity for the year Fair Value \$ ..... Book/Adjusted Carrying Value \$ .....

2. Average Balance for the year Fair Value \$ ..... Book/Adjusted Carrying Value \$ .....

3. Reinvested securities lending collateral assets book/adjusted carrying value included in this schedule by NAIC designation

NAIC 1 \$ ..... ; NAIC 2 \$ ..... ; NAIC 3 \$ ..... ; NAIC 4 \$ ..... ; NAIC 5 \$ ..... ; NAIC 6 \$ .....

**SCHEDULE DL - PART 2  
SECURITIES LENDING COLLATERAL ASSETS**

Reinvested Collateral Assets Owned December 31 Current Year

1  CUSIP Identification	2  Description	3  NAIC Designation/Marker Indicator	4  Fair Value	5  Book/Adjusted Carrying Value	6  Maturity Dates
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**NONE**

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**NONE**

---

General Interrogatory:

- 1. Total activity for the year
- 2. Average Balance for the year
- 3. Grand Total Schedule DL Part 1 and Part 2

Fair Value \$ .....  
 Fair Value \$ .....  
 Fair Value \$ .....

Book/Adjusted Carrying Value \$ .....  
 Book/Adjusted Carrying Value \$ .....  
 Book/Adjusted Carrying Value \$ .....

**SCHEDULE E - PART 1 - CASH**

1		2	3	4	5	6	7
Depository		Code	Rate of Interest	Amount of Interest Received During Year	Amount of Interest Accrued December 31 of Current Year	Balance	*
Name	Location and Supplemental Information						
Open Depositories							
CITIBANK MONEY MARKET				187		1,063,599	
FIRST PUERTO RICO DAILY LIQ A						898	
INTEREST RECEIVED DURING YEAR ON DISPOSE				2,526			
				2,713		1,064,497	
FUNDS ON HANDS	HATO REY, PUERTO RICO					500	
CASH CUSTODIAN						71,028	
BANCO POPULAR DE PUERTO RICO	HATO REY, PUERTO RICO			3,658	189	146,079	
BANCO BILBAO VIZCAYA ARGENTARIA	HATO REY, PUERTO RICO			1,376	9	(1,784,936)	
CITIBANK, N.A.	HATO REY, PUERTO RICO					23,469	
FIRST BANK	HATO REY, PUERTO RICO			10,183	433	1,036,721	
R-G PREMIER BANK	HATO REY, PUERTO RICO					25,363	
DORAL BANK	HATO REY, PUERTO RICO			6,435	766	306,953	
BANCO SANTANDER PUERTO RICO	HATO REY, PUERTO RICO			545		579,327	
CUSTODIAN / WITHDRAWALS						(503,710)	
FLORIDA							
WACHOVIA	MIAMI, FLORIDA			31		172,318	
				22,228	1,398	73,111	
0199999 - TOTAL - Open Depositories				24,941	1,398	1,137,608	
0399999 - TOTAL Cash on Deposit				24,941	1,398	1,137,608	
0599999 - TOTAL Cash				24,941	1,398	1,137,608	

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January	1,762,512	4. April	2,151,055	7. July	391,951	10. October	442,686
2. February	2,033,964	5. May	2,688,515	8. August	120,260	11. November	868,003
3. March	3,341,032	6. June	1,515,745	9. September	(127,533)	12. December	73,111

**SCHEDULE E - PART 2 - CASH EQUIVALENTS**

Show Investments Owned December 31 of Current Year

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due and Accrued	8 Amount Received During Year
------------------	-----------	--------------------	-----------------------	--------------------	--------------------------------------	--	-------------------------------------

**NONE**

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**SCHEDULE E - PART 3 - SPECIAL DEPOSITS**

States, Etc.	1 Type of Deposit	2 Purpose of Deposit	Deposits For the Benefit of All Policyholders		All Other Special Deposits	
			3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value
1. Alabama	AL					
2. Alaska	AK					
3. Arizona	AZ					
4. Arkansas	AR					
5. California	CA					
6. Colorado	CO					
7. Connecticut	CT					
8. Delaware	DE					
9. District of Columbia	DC					
10. Florida	FL	B STATURORY REQUIREMENT	248,627	264,912		
11. Georgia	GA					
12. Hawaii	HI					
13. Idaho	ID					
14. Illinois	IL					
15. Indiana	IN					
16. Iowa	IA					
17. Kansas	KS					
18. Kentucky	KY					
19. Louisiana	LA					
20. Maine	ME					
21. Maryland	MD					
22. Massachusetts	MA					
23. Michigan	MI					
24. Minnesota	MN					
25. Mississippi	MS					
26. Missouri	MO					
27. Montana	MT					
28. Nebraska	NE					
29. Nevada	NV					
30. New Hampshire	NH					
31. New Jersey	NJ					
32. New Mexico	NM					
33. New York	NY					
34. North Carolina	NC					
35. North Dakota	ND					
36. Ohio	OH					
37. Oklahoma	OK					
38. Oregon	OR					
39. Pennsylvania	PA					
40. Rhode Island	RI					
41. South Carolina	SC					
42. South Dakota	SD					
43. Tennessee	TN					
44. Texas	TX					
45. Utah	UT					
46. Vermont	VT					
47. Virginia	VA					
48. Washington	WA					
49. West Virginia	WV					
50. Wisconsin	WI					
51. Wyoming	WY					
52. American Samoa	AS					
53. Guam	GU					
54. Puerto Rico	PR	O STATURORY REQUIREMENT	1,373,368	1,307,054		
55. U. S. Virgin Islands	VI					
56. Northern Mariana Islands	MP					
57. Canada	CN					
58. Aggregate Alien and Other	OT	XXX XXX				
59. Total		XXX XXX	1,621,995	1,571,966		
<b>DETAILS OF WRITE-INS</b>						
5801.						
5802.						
5803.						
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	XXX				
5899. Total (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)	XXX	XXX				



ANNUAL STATEMENT FOR THE YEAR 2010 OF THE NATIONAL LIFE INSURANCE COMPANY

**SCHEDULE O SUPPLEMENT**

Due March 1

For the Year Ended December 31 , 2010

Of The NATIONAL LIFE INSURANCE COMPANY

Address (City, State and Zip Code): SAN JUAN, PUERTO RICO 00918

NAIC Group Code: 0343

NAIC Company Code: 72087

Employer's I. D. Number: 660276881

**SUPPLEMENTAL SCHEDULE O - PART 1**

**Development of Incurred Losses  
(\$000 OMITTED)**

**Section A - Group Accident and Health**

Year in Which Losses Were Incurred	Net Amounts Paid Policyholders				
	1 2006	2 2007	3 2008	4 2009	5 2010(a)
1. Prior .....	2,409,611	887,808	585,977	383,797	462,454
2. 2006 .....	1,834,484	1,107,644	296,216	55,415	29,231
3. 2007 .....	X X X	1,644,259	1,420,479	247,580	60,585
4. 2008 .....	X X X	X X X	1,286,755	837,129	146,160
5. 2009 .....	X X X	X X X	X X X	1,101,661	953,889
6. 2010 .....	X X X	X X X	X X X	X X X	1,078,086

**Section B - Other Accident and Health**

1. Prior .....	2,395,779	171,475	102,174	61,358	43,223
2. 2006 .....	3,646,022	2,714,955	107,107	20,169	11,005
3. 2007 .....	X X X	4,256,454	2,386,777	193,283	18,243
4. 2008 .....	X X X	X X X	4,645,357	2,548,905	227,706
5. 2009 .....	X X X	X X X	X X X	3,454,342	2,952,004
6. 2010 .....	X X X	X X X	X X X	X X X	3,311,410

**Section C - Credit Accident and Health**

1. Prior .....	335,725	154,845	42,397	12,292	1,088
2. 2006 .....	71,641	147,410	64,531	20,710	12,293
3. 2007 .....	X X X	100,655	118,209	41,552	15,704
4. 2008 .....	X X X	X X X	82,673	153,135	72,216
5. 2009 .....	X X X	X X X	X X X	80,312	125,981
6. 2010 .....	X X X	X X X	X X X	X X X	43,239

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

**SUPPLEMENTAL SCHEDULE O - PART 1**

**Development of Incurred Losses  
(\$000 OMITTED)**

**Section D - \_\_\_\_\_**

Year in Which Losses Were Incurred	Net Amounts Paid Policyholders				
	1 2006	2 2007	3 2008	4 2009	5 2010(a)
1. Prior .....	<b>NONE</b>				
2. 2006 .....					
3. 2007 .....					
4. 2008 .....					
5. 2009 .....					
6. 2010 .....					

**Section E - \_\_\_\_\_**

1. Prior .....	<b>NONE</b>				
2. 2006 .....					
3. 2007 .....					
4. 2008 .....					
5. 2009 .....					
6. 2010 .....					

**Section F - \_\_\_\_\_**

1. Prior .....	<b>NONE</b>				
2. 2006 .....					
3. 2007 .....					
4. 2008 .....					
5. 2009 .....					
6. 2010 .....					

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

**SUPPLEMENTAL SCHEDULE O - PART 1**

**Development of Incurred Losses  
(\$000 OMITTED)**

**Section G - \_\_\_\_\_**

Year in Which Losses Were Incurred	Net Amounts Paid Policyholders				
	1 2006	2 2007	3 2008	4 2009	5 2010(a)
1. Prior .....	<b>NONE</b>				
2. 2006 .....					
3. 2007 .....					
4. 2008 .....					
5. 2009 .....					
6. 2010 .....	XXX	XXX	XXX	XXX	

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

**SUPPLEMENTAL SCHEDULE O - PART 2**

**Development of Incurred Losses  
(\$000 OMITTED)**

**Section A - Group Accident and Health**

Year in Which Losses Were Incurred	Net Amounts Paid for Cost Containment Expenses				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior .....	<b>NONE</b>				
2. 2006 .....					
3. 2007 .....					
4. 2008 .....					
5. 2009 .....	X X X	X X X	X X X		
6. 2010 .....	X X X	X X X	X X X	X X X	

**Section B - Other Accident and Health**

1. Prior .....	<b>NONE</b>				
2. 2006 .....					
3. 2007 .....					
4. 2008 .....					
5. 2009 .....					
6. 2010 .....	X X X	X X X	X X X	X X X	

**Section C - Credit Accident and Health**

1. Prior .....	<b>NONE</b>				
2. 2006 .....					
3. 2007 .....					
4. 2008 .....					
5. 2009 .....					
6. 2010 .....	X X X	X X X	X X X	X X X	

**SUPPLEMENTAL SCHEDULE O - PART 2**

**Development of Incurred Losses  
(\$000 OMITTED)**

**Section D - \_\_\_\_\_**

Year in Which Losses Were Incurred	Net Amounts Paid for Cost Containment Expenses				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior .....	<b>NONE</b>				
2. 2006 .....					
3. 2007 .....					
4. 2008 .....					
5. 2009 .....					
6. 2010 .....					

**Section E - \_\_\_\_\_**

1. Prior .....	<b>NONE</b>				
2. 2006 .....					
3. 2007 .....					
4. 2008 .....					
5. 2009 .....					
6. 2010 .....					

**Section F - \_\_\_\_\_**

1. Prior .....	<b>NONE</b>				
2. 2006 .....					
3. 2007 .....					
4. 2008 .....					
5. 2009 .....					
6. 2010 .....					

**SUPPLEMENTAL SCHEDULE O - PART 2**

**Development of Incurred Losses  
(\$000 OMITTED)**

**Section G - \_\_\_\_\_**

Year in Which Losses Were Incurred	Net Amounts Paid for Cost Containment Expenses				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior .....	<b>NONE</b>				
2. 2006 .....					
3. 2007 .....					
4. 2008 .....					
5. 2009 .....					
6. 2010 .....	XXX	XXX	XXX	XXX	

**SCHEDULE O SUPPLEMENT (continued)****SUPPLEMENTAL SCHEDULE O - PART 3****Development of Incurred Losses  
(\$000 OMITTED)****Section A - Group Accident and Health**

Year in Which Losses Were Incurred	Sum of Net Cumulative Amount Paid Policyholders and Claim Liability and Reserve Outstanding at End of Year				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. 2006 .....	2,202,916	3,253,190	3,301,701	X X X	X X X
2. 2007 .....	X X X	2,069,684	3,164,314	3,379,347	X X X
3. 2008 .....	X X X	X X X	1,422,940	2,229,231	2,341,982
4. 2009 .....	X X X	X X X	X X X	1,245,739	2,168,612
5. 2010 .....	X X X	X X X	X X X	X X X	1,232,716

**Section B - Other Accident and Health**

1. 2006 .....	5,285,266	6,614,418	6,532,012	X X X	X X X
2. 2007 .....	X X X	6,051,667	7,026,798	6,867,666	X X X
3. 2008 .....	X X X	X X X	7,362,291	7,381,176	7,508,266
4. 2009 .....	X X X	X X X	X X X	4,778,317	6,924,135
5. 2010 .....	X X X	X X X	X X X	X X X	6,979,078

**Section C - Credit Accident and Health**

1. 2006 .....	171,236	302,999	382,716	X X X	X X X
2. 2007 .....	X X X	166,624	365,517	326,500	X X X
3. 2008 .....	X X X	X X X	197,919	333,571	352,676
4. 2009 .....	X X X	X X X	X X X	157,137	272,350
5. 2010 .....	X X X	X X X	X X X	X X X	95,148

**SCHEDULE O SUPPLEMENT (continued)**  
**SUPPLEMENTAL SCHEDULE O - PART 3**

**Development of Incurred Losses**  
**(\$000 OMITTED)**

**Section D - \_\_\_\_\_**

Year in Which Losses Were Incurred	Sum of Net Cumulative Amount Paid Policyholders and Claim Liability and Reserve Outstanding at End of Year				
	1	2	3	4	5
			3	2009	2010
1. 2006 .....	<b>NONE</b>				
2. 2007 .....					
3. 2008 .....					
4. 2009 .....			X		
5. 2010 .....	XXX	XXX	XXX	XXX	

**Section E - \_\_\_\_\_**

1. 2006 .....	<b>NONE</b>				
2. 2007 .....					
3. 2008 .....					
4. 2009 .....			X		
5. 2010 .....	XXX	XXX	XXX	XXX	

**Section F - \_\_\_\_\_**

1. 2006 .....	<b>NONE</b>				
2. 2007 .....					
3. 2008 .....					
4. 2009 .....			X		
5. 2010 .....	XXX	XXX	XXX	XXX	

**SCHEDULE O SUPPLEMENT (continued)**

**SUPPLEMENTAL SCHEDULE O - PART 3**

**Development of Incurred Losses  
(\$000 OMITTED)**

**Section G - \_\_\_\_\_**

Year in Which Losses Were Incurred	Sum of Net Cumulative Amount Paid Policyholders and Claim Liability and Reserve Outstanding at End of Year				
	1	2	3	4	5
			3	2009	2010
1. 2006 .....	<b>NONE</b>				
2. 2007 .....					
3. 2008 .....					
4. 2009 .....			X		
5. 2010 .....	XXX	XXX	XXX	XXX	

**SCHEDULE O SUPPLEMENT (continued)**  
**SUPPLEMENTAL SCHEDULE O - PART 4**

**Development of Incurred Losses**  
**(\$000 OMITTED)**

**Section A - Group Accident and Health**

Year in Which Losses Were Incurred	Sum of Net Cumulative Amount Paid Policyholders, Cost Containment Expenses, and Claim and Cost Containment Liability and Reserve Outstanding at End of Year					
	1	2	3	4	5	
			3	2009	2010	
1. 2006	<b>NONE</b>					
2. 2007						
3. 2008						
4. 2009						X
5. 2010						XXX

**Section B - Other Accident and Health**

1. 2006	<b>NONE</b>					
2. 2007						
3. 2008						
4. 2009						X
5. 2010						^^^

**Section C - Credit Accident and Health**

1. 2006	<b>NONE</b>					
2. 2007						
3. 2008						
4. 2009						X
5. 2010						^^^

**SUPPLEMENTAL SCHEDULE O - PART 5**

**Reserve and Liability Methodology - Exhibits 6 and 8**  
**(\$000 OMITTED)**

Line of Business	1 Methodology	2 Amount
1. Industrial Life		
2. Ordinary Life	INVENTORY AND CLAIM COMPLETION ADD COST	3,031
3. Individual Annuity		
4. Supplementary Contracts		
5. Credit Life	INVENTORY AND CLAIM COMPLETION	81
6. Group Life	INVENTORY AND CLAIM COMPLETION	1,504
7. Group Annuities		
8. Group Accident and Health	INVENTORY, CONTINUANCE AND CLAIM COMPLE	13,126
9. Credit Accident and Health	INVENTORY AND CLAIM COMPLETION	208
10. Other Accident and Health	INVENTORY, CONTINUANCE AND CLAIM COMPLE	4,839
11. Total		22,789

**SCHEDULE O SUPPLEMENT (continued)**

**SUPPLEMENTAL SCHEDULE O - PART 4**

**Development of Incurred Losses  
(\$000 OMITTED)**

**Section D - \_\_\_\_\_**

Year in Which Losses Were Incurred	Sum of Net Cumulative Amount Paid Policyholders, Cost Containment Expenses, and Claim and Cost Containment Liability and Reserve Outstanding at End of Year				
	1	2	3	4	5
			3	2009	2010
1. 2006 .....	<b>NONE</b>				
2. 2007 .....					
3. 2008 .....					
4. 2009 .....					
5. 2010 .....					
	XXX	XXX	XXX	XXX	

**Section E - \_\_\_\_\_**

1. 2006 .....	<b>NONE</b>				
2. 2007 .....					
3. 2008 .....					
4. 2009 .....					
5. 2010 .....					
	XXX	XXX	XXX	XXX	

**Section F - \_\_\_\_\_**

1. 2006 .....	<b>NONE</b>				
2. 2007 .....					
3. 2008 .....					
4. 2009 .....					
5. 2010 .....					
	XXX	XXX	XXX	XXX	

**SCHEDULE O SUPPLEMENT (continued)**

**SUPPLEMENTAL SCHEDULE O - PART 4**

**Development of Incurred Losses  
(\$000 OMITTED)**

**Section G - \_\_\_\_\_**

Year in Which Losses Were Incurred	Sum of Net Cumulative Amount Paid Policyholders, Cost Containment Expenses, and Claim and Cost Containment Liability and Reserve Outstanding at End of Year				
	1	2	3	4	5
			3	2009	2010
1. 2006 .....	<b>NONE</b>				
2. 2007 .....					
3. 2008 .....					
4. 2009 .....			X		
5. 2010 .....	XXX	XXX	XXX	XXX	

## TEST RATIOS Prior-Year Data Worksheet

Data as of December 31, 2009

	1 December 31, 2009
Page 2, Assets	
1. Line 6, Inside Amount 1 .....	
Page 6, Analysis of Operations by Lines of Business	
2. Line 1, Column 2 .....	
3. Line 1, Column 3 .....	17,677,555
4. Line 1, Column 4 .....	966,797
5. Line 1, Column 6 .....	3,993,680
6. Line 1, Column 7 .....	7,512,277
7. Line 1, Column 8 .....	
8. Line 1, Column 9 .....	43,981,539
9. Line 1, Column 10 .....	383,220
10. Line 1, Column 11 .....	20,827,929
11. Line 19, Column 2 .....	
12. Line 19, Column 3 .....	3,680,210
Page 9, Exhibit 1, Part 1	
13. Line 10.4, Column 2 .....	
14. Line 10.4, Column 3 .....	
15. Line 19.4, Column 2 .....	
16. Line 19.4, Column 3 .....	16,130,684
Page 48, Schedule T	
17. Line 99, Column 2 .....	24,492,995
18. Line 99, Column 3 .....	966,797
19. Line 99, Column 4 .....	48,613,603
20. Line 99, Column 5 .....	
21. Line 99, Column 7 .....	