



# ANNUAL STATEMENT

## For the Year Ended December 31, 2011

### OF THE CONDITION AND AFFAIRS OF THE

# MCS Life Insurance Company

NAIC Group Code 1301 , 1301 NAIC Company Code 60030 Employer's ID Number 66-0520918  
(Current Period) (Prior Period)

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

Country of Domicile Puerto Rico

Incorporated/Organized 11/15/1994 Commenced Business 01/01/1996

Statutory Home Office Suite 900 255 Ponce de Leon Avenue , San Juan, PR 00917  
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office Suite 900 255 Ponce de Leon Ave  
(Street and Number)

San Juan, PR 00917 (787)758-2500-2920  
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address P O Box 193310 , San Juan, PR 00919-3310  
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records Suite 900 255 Ponce de Leon Ave  
(Street and Number)

San Juan, PR 00917 (787)758-2500-2920  
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.mcs.com.pr

Statutory Statement Contact David P. Schaffer, CPA (787)758-2500-2920  
(Name) (Area Code)(Telephone Number)(Extension)

davids@medicalcardsystem.com (787)764-5866  
(E-Mail Address) (Fax Number)

### OFFICERS

Name	Title
Jose Duran	President
Brendan Shanahan	CFO & Treasurer
Carmen Conde	Secretary

### OTHERS

### DIRECTORS OR TRUSTEES

Brian Sassi  
 Carmen Conde  
 Thomas Taylor  
 Jose G Duran  
 Maritza Munich #

Paul S Levy  
 Ramsey Frank  
 Jose Aponte  
 Cyril Meduna  
 David Schaffer #

State of Puerto Rico  
 County of US ss

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

\_\_\_\_\_  
(Signature)  
**Brendan Shanahan**  
(Printed Name)  
 1.  
**CFO - Treasurer**  
(Title)

\_\_\_\_\_  
(Signature)  
**David P. Schaffer**  
(Printed Name)  
 2.  
**Vicepresident of Finance**  
(Title)

\_\_\_\_\_  
(Signature)  
(Printed Name)  
 3.  
(Title)

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2012

- a. Is this an original filing? \_\_\_\_\_  
 b. If no, 1. State the amendment number \_\_\_\_\_  
 2. Date filed \_\_\_\_\_  
 3. Number of pages attached \_\_\_\_\_

Yes[X] No [ ]

\_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
(Notary Public Signature)

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1-2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	20,930,188		20,930,188	20,576,093
2. Stocks (Schedule D)				
2.1 Preferred stocks .....	256,197		256,197	302,201
2.2 Common Stocks .....	220,776		220,776	248,590
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2 Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3 Properties held for sale (less \$.....0 encumbrances) .....				
5. Cash (\$.....8,958,967 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....0 Schedule DA) .....	8,958,967		8,958,967	6,621,351
6. Contract loans (including \$.....0 premium notes) .....				
7. Derivatives (Schedule DB) .....				
8. Other invested assets (Schedule BA) .....				
9. Receivables for securities .....				
10. Securities Lending Reinvested Collateral Assets (Schedule DL) .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	30,366,128		30,366,128	27,748,235
13. Title plants less \$.....0 charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	151,251		151,251	138,813
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	8,743,972		8,743,972	9,387,529
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....				
15.3 Accrued retrospective premiums .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	357,464		357,464	178,765
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....	9,075,674	1,364,564	7,711,110	11,839,374
18.1 Current federal and foreign income tax recoverable and interest thereon .....	30,198		30,198	272,856
18.2 Net deferred tax asset .....				
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....				
21. Furniture and equipment, including health care delivery assets (\$.....0) .....				
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....				
24. Health care (\$.....0) and other amounts receivable .....	3,347,285		3,347,285	1,239,245
25. Aggregate write-ins for other than invested assets .....	536,336	536,336	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	52,608,307	1,900,900	50,707,407	50,804,817
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	52,608,307	1,900,900	50,707,407	50,804,817
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501. Goodwill .....	362,297	362,297	0	0
2502. Prepaid expenses and other deposits .....	174,039	174,039		
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	536,336	536,336	0	0

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$.....0 (Exhibit 5, Line 9999999) less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve) .....		
2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Column 1) (including \$.....0 Modco Reserve) .....		
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$.....0 Modco Reserve) .....		
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Column 1 less sum of Columns 9, 10, and 11) .....	148,149	150,000
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Columns 9, 10, and 11) .....	21,347,079	17,980,150
5. Policyholders' dividends \$.....0 and coupons \$.....0 due and unpaid (Exhibit 4, Line 10) .....		
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment (including \$.....0 Modco) .....		
6.2 Dividends not yet apportioned (including \$.....0 Modco) .....		
6.3 Coupons and similar benefits (including \$.....0 Modco) .....		
7. Amount provisionally held for deferred dividend policies not included in Line 6 .....		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$.....0 discount; including \$.....400,154 accident and health premiums (Exhibit 1, Part 1, Column 1, sum of Lines 4 and 14) .....	400,154	474,379
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts .....		
9.2 Provision for experience rating refunds, including the liability of \$.....0 accident and health experience rating refunds of which \$.....0 is for medical loss ratio rebate per the Public Health Service Act .....		
9.3 Other amounts payable on reinsurance; including \$.....0 assumed and \$.....0 ceded .....		
9.4 Interest Maintenance Reserve (IMR, Line 6) .....		
10. Commissions to agents due or accrued-life and annuity contracts \$.....0 accident and health \$.....0 and deposit-type contract funds \$.....0 .....	793,816	576,285
11. Commissions and expense allowances payable on reinsurance assumed .....		
12. General expenses due or accrued (Exhibit 2, Line 12, Column 6) .....	954,296	794,457
13. Transfers to Separate Accounts due or accrued (net) (including \$.....0 accrued for expense allowances recognized in reserves, net of reinsured allowances) .....		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5) .....		
15.1 Current federal and foreign income taxes, including \$.....0 on realized capital gains (losses) .....		
15.2 Net deferred tax liability .....	5,426	16,762
16. Unearned investment income .....		
17. Amounts withheld or retained by company as agent or trustee .....	1,737,657	2,138,834
18. Amounts held for agents' account, including \$.....0 agents' credit balances .....		
19. Remittances and items not allocated .....		
20. Net adjustment in assets and liabilities due to foreign exchange rates .....		
21. Liability for benefits for employees and agents if not included above .....		
22. Borrowed money \$.....0 and interest thereon \$.....0 .....		
23. Dividends to stockholders declared and unpaid .....		
24. Miscellaneous liabilities:		
24.01 Asset Valuation Reserve (AVR, Line 16, Column 7) .....	116,290	75,991
24.02 Reinsurance in unauthorized companies .....		
24.03 Funds held under reinsurance treaties with unauthorized reinsurers .....		
24.04 Payable to parent, subsidiaries and affiliates .....	2,030,449	6,934,876
24.05 Drafts outstanding .....	2,635,397	2,027,043
24.06 Liability for amounts held under uninsured plans .....	6,196,902	6,472,034
24.07 Funds held under coinsurance .....		
24.08 Derivatives .....		
24.09 Payable for securities .....		
24.10 Payable for securities lending .....		
24.11 Capital notes \$.....0 and interest thereon \$.....0 .....		
25. Aggregate write-ins for liabilities .....		
26. TOTAL Liabilities excluding Separate Accounts Business (Lines 1 to 25) .....	36,365,615	37,640,813
27. From Separate Accounts Statement .....		
28. TOTAL LIABILITIES (Lines 26 and 27) .....	36,365,615	37,640,813
29. Common capital stock .....	2,500,000	2,500,000
30. Preferred capital stock .....		
31. Aggregate write-ins for other than special surplus funds .....		
32. Surplus Notes .....		
33. Gross paid in and contributed surplus (Page 3, Line 33, Column 2 plus Page 4, Line 51.1, Column 1) .....	760,000	760,000
34. Aggregate write-ins for special surplus funds .....		
35. Unassigned funds (surplus) .....	11,081,792	9,904,004
36. Less treasury stock, at cost:		
36.1 .....0 shares common (value included in Line 29 \$.....0) .....		
36.2 .....0 shares preferred (value included in Line 30 \$.....0) .....		
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (Including \$.....0 in Separate Accounts Statement) .....	11,841,792	10,664,004
38. TOTALS of Lines 29, 30 and 37 (Page 4, Line 55) .....	14,341,792	13,164,004
39. TOTALS of Lines 28 and 38 (Page 2, Line 28, Column 3) .....	50,707,407	50,804,817
<b>DETAILS OF WRITE-INS</b>		
2501. ....		
2502. ....		
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page .....		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....		
3101. ....		
3102. ....		
3103. ....		
3198. Summary of remaining write-ins for Line 31 from overflow page .....		
3199. TOTALS (Lines 3101 through 3103 plus 3198) (Line 31 above) .....		
3401. ....		
3402. ....		
3403. ....		
3498. Summary of remaining write-ins for Line 34 from overflow page .....		
3499. TOTALS (Lines 3401 through 3403 plus 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, Col. 1, less Col.11)	242,665,564	183,221,197
2. Considerations for supplementary contracts with life contingencies		
3. Net investment income (Exhibit of Net Investment Income Line 17)	786,793	631,691
4. Amortization of Interest Maintenance Reserve (IMR, Line 5)		
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		
9. TOTALS (Lines 1 to 8.3)	243,452,357	183,852,888
10. Death benefits	781,867	503,750
11. Matured endowments (excluding guaranteed annual pure endowments)		
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Columns 4 + 8)		
13. Disability benefits and benefits under accident and health contracts	196,737,614	146,492,940
14. Coupons, guaranteed annual pure endowments and similar benefits		
15. Surrender benefits and other fund withdrawals for life contracts		
16. Group conversions		
17. Interest and adjustments on contract or deposit-type contract funds		
18. Payments on supplementary contracts with life contingencies		
19. Increase in aggregate reserves for life and accident and health contracts		
20. TOTALS (Lines 10 to 19)	197,519,480	146,996,690
21. Commissions on premiums, annuity considerations, and deposit type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Column 1)	8,009,413	6,946,027
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Column 1)		
23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4)	34,509,672	28,685,249
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Columns 1 + 2 + 3)	441,901	833,180
25. Increase in loading on deferred and uncollected premiums		
26. Net transfers to or (from) Separate Accounts net of reinsurance		
27. Aggregate write-ins for deductions		
28. TOTALS (Lines 20 to 27)	240,480,465	183,461,147
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	2,971,892	391,741
30. Dividends to policyholders		
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	2,971,892	391,741
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	242,613	(8,478)
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)	2,729,279	400,219
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$.....0 (excluding taxes of \$.....0 transferred to the IMR)	2	(104,298)
35. Net Income (Line 33 plus Line 34)	2,729,281	295,921
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Column 2)	13,164,004	16,547,010
37. Net Income (Line 35)	2,729,281	295,921
38. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	(75,577)	164,678
39. Change in net unrealized foreign exchange capital gain (loss)		
40. Change in net deferred income tax	11,336	(2,814,481)
41. Change in nonadmitted assets	(1,446,953)	2,865,474
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, Col. 4)		
44. Change in asset valuation reserve	(40,298)	105,401
45. Change in treasury stock (Page 3, Lines 36.1 and 36.2 Column 2 minus Column 1)		
46. Surplus (contributed to) withdrawn from Separate Accounts during period		
47. Other changes in surplus in Separate Accounts Statement		
48. Change in surplus notes		
49. Cumulative effect of changes in accounting principles		
50. Capital changes:		
50.1 Paid in		
50.2 Transferred from surplus (Stock Dividend)		
50.3 Transferred to surplus		
51. Surplus adjustment:		
51.1 Paid in		
51.2 Transferred to capital (Stock Dividend)		
51.3 Transferred from capital		
51.4 Change in surplus as a result of reinsurance		(4,000,000)
52. Dividends to stockholders		
53. Aggregate write-ins for gains and losses in surplus		
54. Net change in capital and surplus for the year (Lines 37 through 53)	1,177,788	(3,383,007)
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	14,341,792	13,164,004
<b>DETAILS OF WRITE-INS</b>		
08.301.		
08.302.		
08.303.		
08.398. Summary of remaining write-ins for Line 8.3 from overflow page		
08.399. TOTALS (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)		
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)		
5301.		
5302.		
5303.		
5398. Summary of remaining write-ins for Line 53 from overflow page		
5399. TOTALS (Lines 5301 through 5303 plus 5398) (Line 53 above)		

**CASH FLOW**

		1	2
		Current Year	Prior Year
<b>Cash from Operations</b>			
1.	Premiums collected net of reinsurance .....	243,234,896	185,088,999
2.	Net investment income .....	921,484	805,316
3.	Miscellaneous income .....		
4.	Total (Lines 1 through 3) .....	244,156,379	185,894,315
5.	Benefit and loss related payments .....	194,333,102	146,564,763
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	40,095,047	43,432,999
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	(45)	799,758
10.	Total (Lines 5 through 9) .....	234,428,104	190,797,521
11.	Net cash from operations (Line 4 minus Line 10) .....	9,728,276	(4,903,205)
<b>Cash from Investments</b>			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	1,635,338	5,534,321
12.2	Stocks .....		378,948
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....		
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	1,635,338	5,913,269
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	2,135,800	9,491,573
13.2	Stocks .....	1,761	
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	2,137,561	9,491,573
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(502,223)	(3,578,304)
<b>Cash from Financing and Miscellaneous Sources</b>			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		4,000,000
16.6	Other cash provided (applied) .....	(6,888,436)	1,281,356
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(6,888,436)	(2,718,644)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	2,337,616	(11,200,153)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	6,621,351	17,821,504
19.2	End of year (Line 18 plus Line 19.1) .....	8,958,967	6,621,351

**Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:**

20.0001	.....		
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**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	242,665,564						2,615,892		215,725,603		24,324,068	
2. Considerations for supplementary contracts with life contingencies												
3. Net investment income	786,793						6,078		692,120		88,595	
4. Amortization of Interest Maintenance Reserve (IMR)												
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 mngmt., admin., and contract guarantees (From S.A.)												
8.2 Charges and fees for deposit-type contracts												
8.3 Aggregate write-ins for miscellaneous income												
9. TOTALS (Lines 1 to 8.3)	243,452,357						2,621,971		216,417,724		24,412,663	
10. Death benefits	781,867						781,867					
11. Matured endowments (excluding guaranteed annual pure endowments)												
12. Annuity benefits												
13. Disability benefits and benefits under accident and health contracts	196,737,614								177,608,269		19,129,345	
14. Coupons, guaranteed annual pure endowments and similar benefits												
15. Surrender benefits and withdrawals for life contracts												
16. Group conversions												
17. Interest and adjustments on contract or deposit-type contract funds												
18. Payments on supplementary contracts with life contingencies												
19. Increase in aggregate reserves for life and accident and health contracts												
20. TOTALS (Lines 10 to 19)	197,519,480						781,867		177,608,269		19,129,345	
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	8,009,413						110,874		7,005,395		893,143	
22. Commissions and expense allowances on reinsurance assumed												
23. General insurance expenses	34,509,672						468,367		30,044,667		3,996,638	
24. Insurance taxes, licenses and fees, excluding federal income taxes	441,901						5,193		392,389		44,318	
25. Increase in loading on deferred and uncollected premiums												
26. Net transfers to or (from) Separate Accounts net of reinsurance												
27. Aggregate write-ins for deductions												
28. TOTALS (Lines 20 to 27)	240,480,466						1,366,301		215,050,720		24,063,444	
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 - Line 28)	2,971,892						1,255,670		1,367,003		349,219	
30. Dividends to policyholders												
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 - Line 30)	2,971,892						1,255,670		1,367,003		349,219	
32. Federal income taxes incurred (excluding tax on capital gains)	242,613						102,451		39,045		101,118	
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)	2,729,279						1,153,219		1,327,959		248,101	

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**DETAILS OF WRITE-INS**

08.301.												
08.302.												
08.303.												
08.398. Summary of remaining write-ins for Line 8.3 from overflow page												
08.399. TOTALS (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)												
2701.												
2702.												
2703.												
2798. Summary of remaining write-ins for Line 27 from overflow page												
2799. TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)												

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

## ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group	
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities
<b>Involving Life or Disability Contingencies (Reserves)</b> (Net of Reinsurance Ceded)								
1. Reserve December 31, prior year .....								
2. Tabular net premiums or considerations .....								
3. Present value of disability claims incurred .....					X X X			
4. Tabular interest .....								
5. Tabular less actual reserve released .....								
6. Increase in reserve on account of change in valuation basis .....								
7. Other increases (net) .....								
8. Totals (Lines 1 to 7) .....								
9. Tabular cost .....					X X X			
10. Reserves released by death .....				X X X	X X X			X X X
11. Reserves released by other terminations (net) .....								
12. Annuity, supplementary contract, and disability payments involving life contingencies .....								
13. Net transfers to or (from) Separate Accounts .....								
14. Total deductions (Lines 9 to 13) .....								
15. Reserve December 31, current year .....								

N O N E

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 857,788	721,934
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 85,406	81,728
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 22,711	22,711
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 3,898	13,713
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	969,804	840,087
11. Investment expenses		(g) 53,293
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		53,293
17. Net Investment income (Line 10 minus Line 16)		786,793

**DETAILS OF WRITE-INS**

0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		

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

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds					
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)				(46,003)	
2.11 Preferred stocks of affiliates				(29,574)	
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)				(75,577)	

**DETAILS OF WRITE-INS**

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



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

6

	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										
2.	Deferred and accrued										
3.	Deferred, accrued and uncollected:										
3.1	Direct										
3.2	Reinsurance assumed										
3.3	Reinsurance ceded										
3.4	Net (Line 1 + Line 2)										
4.	Advance										
5.	Line 3.4 - Line 4										
6.	Collected during year:										
6.1	Direct										
6.2	Reinsurance assumed										
6.3	Reinsurance ceded										
6.4	Net										
7.	Line 5 + Line 6.4										
8.	Prior year (uncollected + deferred and accrued - advance)										
9.	First year premiums and considerations:										
9.1	Direct										
9.2	Reinsurance assumed										
9.3	Reinsurance ceded										
9.4	Net (Line 7 - Line 8)										
<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	8,743,972						8,191,405		552,567	
12.	Deferred and accrued										
13.	Deferred, accrued and uncollected:										
13.1	Direct	8,743,972						8,191,405		552,567	
13.2	Reinsurance assumed										
13.3	Reinsurance ceded										
13.4	Net (Line 11 + Line 12)	8,743,972						8,191,405		552,567	
14.	Advance	400,154								400,154	
15.	Line 13.4 - Line 14	8,343,818						8,191,405		152,413	
16.	Collected during year:										
16.1	Direct	244,872,861				2,865,741		217,165,210		24,841,910	
16.2	Reinsurance assumed										
16.3	Reinsurance ceded	1,163,585				249,849		784,065		129,671	
16.4	Net	243,709,276				2,615,892		216,381,144		24,712,239	
17.	Line 15 + Line 16.4	252,053,094				2,615,892		224,572,549		24,864,652	
18.	Prior year (uncollected + deferred and accrued - advance)	9,387,530						8,846,946		540,584	
19.	Renewal premiums and considerations:										
19.1	Direct	243,829,148				2,865,741		216,509,668		24,453,739	
19.2	Reinsurance assumed										
19.3	Reinsurance ceded	1,163,585				249,849		784,065		129,671	
19.4	Net (Line 17 - Line 18)	242,665,564				2,615,892		215,725,603		24,324,068	
<b>TOTAL</b>											
20.	TOTAL premiums and annuity considerations:										
20.1	Direct	243,829,148				2,865,741		216,509,668		24,453,739	
20.2	Reinsurance assumed										
20.3	Reinsurance ceded	1,163,585				249,849		784,065		129,671	
20.4	Net (Lines 9.4 + 10.4 + 19.4)	242,665,564				2,615,892		215,725,603		24,324,068	

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

	1	2	Ordinary		5	Group		Accident and Health			11
			3	4		6	7	8	9	10	
	Total	Industrial Life	Life Insurance	Individual Annuities	Credit Life (Group and Individual)	Life Insurance	Annuities	Group	Credit (Group and Individual)	Other	Aggregate of All Other Lines of Business
<b>DIVIDENDS AND COUPONS APPLIED (included in Part 1)</b>											
21.											
22.											
<b>REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED</b>											
23.											
23.1											
23.2											
23.3											
24.											
24.1											
24.2											
24.3											
25.											
25.1											
25.2											
25.3											
26.											
26.1											
26.2											
26.3											
<b>COMMISSIONS INCURRED (direct business only)</b>											
27.											
28.											
29.	8,009,413					110,874		7,005,395		893,143	
30.											
31.	8,009,413					110,874		7,005,395		893,143	

## 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	3,460		290,958			294,419
2. Salaries and wages	43,979		3,697,966			3,741,945
3.11 Contributions for benefit plans for employees	2,121		178,357			180,478
3.12 Contributions for benefit plans for agents						
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	1,370		115,232			116,602
3.32 Other agent welfare						
4.1 Legal fees and expenses	2,368		199,077			201,444
4.2 Medical examination fees						
4.3 Inspection report fees						
4.4 Fees of public accountants and consulting actuaries	7,379		620,480			627,860
4.5 Expense of investigation and settlement of policy claims	57,967		4,874,130			4,932,097
5.1 Traveling expenses	389		32,743			33,132
5.2 Advertising	10,955		921,148			932,103
5.3 Postage, express, telegraph and telephone	966		81,237			82,204
5.4 Printing and stationery	2,505		210,622			213,127
5.5 Cost or depreciation of furniture and equipment	21		1,803			1,824
5.6 Rental of equipment						
5.7 Cost or depreciation of EDP equipment and software						
6.1 Books and periodicals						
6.2 Bureau and association fees	481		40,478			40,959
6.3 Insurance, except on real estate	899		75,601			76,500
6.4 Miscellaneous losses						
6.5 Collection and bank service charges	4,020		337,980			341,999
6.6 Sundry general expenses	831		69,912			70,744
6.7 Group service and administration fees	309,899		26,057,601			26,367,501
6.8 Reimbursements by uninsured plans			(5,340,952)			(5,340,952)
7.1 Agency expense allowance						
7.2 Agents' balances charged off (less \$.....0 recovered)						
7.3 Agency conferences other than local meetings						
9.1 Real estate expenses						
9.2 Investment expenses not included elsewhere				53,293		53,293
9.3 Aggregate write-ins for expenses	18,754		1,576,932			1,595,686
10. General expenses Incurred	468,367		34,041,304		53,293 (a)	34,562,965
11. General expenses unpaid December 31, prior year			794,457			794,457
12. General expenses unpaid December 31, current year			954,296			954,296
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)	468,367		33,881,466		53,293	34,403,126

### DETAILS OF WRITE-INS

09.301. Bad debt expense	18,754		1,576,932			1,595,686
09.302. EDP Consultant						
09.303. Other consulting expenses						
09.398. Summary of remaining write-ins for Line 9.3 from overflow page						
09.399. TOTALS (Lines 09.301 through 09.303 plus 09.398) (Line 9.3 above)	18,754		1,576,932			1,595,686

(a) Includes management fees of \$.....0 to affiliates and \$.....0 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	1,881	158,170			160,052	
3. State taxes on premiums						
4. Other state taxes, incl. \$.....0 for employee benefits						
5. U.S. Social Security taxes	3,134	263,510			266,644	
6. All other taxes	179	15,026			15,205	
7. Taxes, licenses and fees incurred	5,194	436,707			441,901	
8. Taxes, licenses and fees unpaid December 31, prior year						
9. Taxes, licenses and fees unpaid December 31, current year						
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9)	5,194	436,707			441,901	

## EXHIBIT 4 - DIVIDENDS OR REFUNDS

	1 Life	2 Accident and Health
	1. Applied to pay renewal premiums	
2. Applied to shorten the endowment or premium-paying period		
3. Applied to provide paid-up additions		
4. Applied to provide paid-up annuities		
5. Total (Lines 1 through 4)		
6. Paid-in cash		
7. Left on deposit		
8. Aggregate write-ins for dividend or refund options		
9. Total (Lines 5 through 8)		
10. Amount due and unpaid		
11. Provision for dividends or refunds payable in the following calendar year	<b>NONE</b>	
12. Terminal dividends		
13. Provision for deferred dividend contracts		
14. Amount provisionally held for deferred dividend contracts not included in line 13		
15. Total (Lines 10 through 14)		
16. Total from prior year		
17. Total dividends or refunds (Lines 9 + 15 - 16)		

### DETAILS OF WRITE-INS

0801.		
0802.		
0803.		
0898. Summary of remaining write-ins for Line 8 from overflow page		
0899. TOTALS (Lines 0801 through 0803 plus 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
NONE					
9999999 Totals - (Net) -Page 3, Line 1 .....					

## EXHIBIT 5 - INTERROGATORIES

- |  |  |
|--|--|
| 1.1 Has the reporting entity ever issued both participating and non-participating contracts?<br>1.2 If not, state which kind is issued.<br>Non- participating contracts  | Yes[ ] No[X]                             |
| 2.1 Does the reporting entity at present issue both participating and non-participating contracts?<br>2.2 If not, state which kind is issued.<br>Non- participating contracts  | Yes[ ] No[X]                             |
| 3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements?<br>If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions.  | Yes[ ] No[X]                             |
| 4. Has the reporting entity any assessment or stipulated premium contracts in force?<br>If so, state:  | Yes[ ] No[X]                             |
| 4.1 Amount of insurance?   | \$ ..... 0                               |
| 4.2 Amount of reserve?   | \$ ..... 0                               |
| 4.3 Basis of reserve   |  |
| 4.4 Basis of regular assessments   |  |
| 4.5 Basis of special assessments   |  |
| 4.6 Assessments collected during the year  | \$ ..... 0                               |
| 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?<br>6.1 If so, state the amount of reserve on such contracts on the basis actually held:   | Yes[ ] No[X]<br>\$ ..... 0               |
| 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:<br>Attach statement of methods employed in their valuation. | \$ ..... 0                               |
| 7. Does the reporting entity have any Synthetic GIC contracts or agreements in effect as of December 31 of the current year?<br>7.1 If yes, state the total dollar amount of assets covered by these contracts or agreements?<br>7.2 Specify the basis (fair value, amortized cost, etc.) for determining the amount<br>7.3 State the amount of reserves established for this business:<br>7.4 Identify where the reserves are reported in the blank   | Yes[ ] No[X]<br>\$ ..... 0<br>\$ ..... 0 |

### 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			
9999999 Total (Column 4 Only) .....			

14 Exhibit 6 - Aggregate Reserve for Acc. and Health ..... NONE

15 Exhibit 7 - Deposit Type Contracts ..... NONE

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

### PART 1 - Liability End of Current Year

	1	2	Ordinary			6	Group		Accident and Health		
			3	4	5		7	8	9	10	11
	Total	Industrial Life	Life Insurance	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance	Annuities	Group	Credit (Group and Individual)	Other
1. Due and Unpaid:											
1.1 Direct .....											
1.2 Reinsurance assumed .....											
1.3 Reinsurance ceded .....											
1.4 Net .....											
2. In course of settlement:											
2.1 Resisted:											
2.11 Direct .....											
2.12 Reinsurance assumed .....											
2.13 Reinsurance ceded .....											
2.14 Net .....			(b)	(b)		(b)	(b)				
2.2 Other:											
2.21 Direct .....	3,674,722								3,674,722		
2.22 Reinsurance assumed .....											
2.23 Reinsurance ceded .....											
2.24 Net .....	3,674,722		(b)	(b)		(b)	(b)		3,674,722	(b)	(b)
3. Incurred but unreported:											
3.1 Direct .....	17,820,506						148,149		15,336,728		2,335,629
3.2 Reinsurance assumed .....											
3.3 Reinsurance ceded .....											
3.4 Net .....	17,820,506		(b)	(b)		(b)	148,149		15,336,728	(b)	2,335,629
4. TOTALS:											
4.1 Direct .....	21,495,228						148,149		19,011,450		2,335,629
4.2 Reinsurance assumed .....											
4.3 Reinsurance ceded .....											
4.4 Net .....	21,495,228	(a)	(a)				148,149		19,011,450		2,335,629

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

(b) Include only portion of disability and accident and health claim liabilities applicable to assumed "accrued" benefits. Reserves (including reinsurance assumed and net of reinsurance ceded) for unaccrued benefits for Ordinary Life Insurance \$.....0, Individual Annuities \$.....0, Credit Life (Group and Individual) \$.....0, and Group Life \$.....0, are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$.....0, Credit (Group and Individual) Accident and Health \$.....0 and Other Accident and Health \$.....0 are included in Page 3, Line 2, (See Exhibit 6, Claim Reserve).

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

### PART 2 - Incurred During the Year

	1 Total	2 Industrial Life (a)	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance (b)	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (c)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Settlements during the year:											
1.1 Direct .....	194,333,102						783,717		174,266,077		19,283,308
1.2 Reinsurance assumed .....											
1.3 Reinsurance ceded .....											
1.4 Net .....	(d) 194,333,102						783,717		174,266,077		19,283,308
2. Liability December 31, current year from Part 1:											
2.1 Direct .....	21,495,228						148,149		19,011,450		2,335,629
2.2 Reinsurance assumed .....											
2.3 Reinsurance ceded .....											
2.4 Net .....	21,495,228						148,149		19,011,450		2,335,629
3. Amounts recoverable from reinsurers December 31, current year .....	357,464								357,464		
4. Liability December 31, prior year:											
4.1 Direct .....	18,130,151						150,000		15,311,794		2,668,357
4.2 Reinsurance assumed .....											
4.3 Reinsurance ceded .....											
4.4 Net .....	18,130,151						150,000		15,311,794		2,668,357
5. Amounts recoverable from reinsurers December 31, prior year .....	178,765										178,765
6. Incurred benefits:											
6.1 Direct .....	197,698,179						781,866		177,965,733		18,950,580
6.2 Reinsurance assumed .....											
6.3 Reinsurance ceded .....	178,699								357,464		(178,765)
6.4 Net .....	197,519,480						781,866		177,608,269		19,129,345

(a) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$.....0 in Line 1.1, \$.....0 in Line 1.4, \$.....0 in Line 6.1 and \$.....0 in Line 6.4.  
 (b) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$.....0 in Line 1.1, \$.....0 in Line 1.4, \$.....0 in Line 6.1 and \$.....0 in Line 6.4.  
 (c) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$.....0 in Line 1.1, \$.....0 in Line 1.4, \$.....0 in Line 6.1 and \$.....0 in Line 6.4.  
 (d) Includes \$.....0 premiums waived under total and permanent disability benefits.



**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 .....			
7. Derivatives (Schedule DB) .....			
8. Other invested assets (Schedule BA) .....			
9. Receivables for securities .....			
10. Securities lending reinvested collateral assets (Schedule DL) .....			
11. Aggregate write-ins for invested assets .....			
12. Subtotals, cash and invested assets (Lines 1 to 11) .....			
13. Title plants (for Title insurers only) .....			
14. Invested income due and accrued .....			
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
15.3 Accrued retrospective premiums .....			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....			
16.2 Funds held by or deposited with reinsured companies .....			
16.3 Other amounts receivable under reinsurance contracts .....			
17. Amounts receivable relating to uninsured plans .....	1,364,564		(1,364,564)
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 .....			
21. Furniture and equipment, including health care delivery assets .....			
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			
23. Receivables from parent, subsidiaries and affiliates .....			
24. Health care and other amounts receivable .....			
25. Aggregate write-ins for other than invested assets .....	536,336	453,946	(82,389)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	1,900,900	453,946	(1,446,953)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
28. Total (Lines 26 and 27) .....	1,900,900	453,946	(1,446,953)
<b>DETAILS OF WRITE-INS</b>			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....			
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....			
2501. Goodwill .....	362,297	362,297	
2502. Prepaid expenses and other deposits .....	174,039	91,649	(82,389)
2503. ....			
2598. Summary of remaining write-ins for Line 25 from overflow page .....			
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	536,336	453,946	(82,389)

## Notes to Financial Statements

MCS Life Insurance Company (the "Company") is a wholly owned subsidiary of Medical Card System, Inc. ("MCS") and operates as a life and health insurance company under the provisions of the Insurance Code and Insurance Regulations of the Commonwealth of Puerto Rico. It is primarily engaged in group health and life insurance.

All of the Company's business is from insurance written in Puerto Rico, which exposes the Company to geographical risk. Substantially all of the premiums are due and collected on a monthly basis.

### Note 1 - Summary of Significant Accounting Policies

#### a. Basis of Presentation

The accompanying financial statements have been prepared in conformity with the NAIC Accounting Practices and Procedures Manual. The Commissioner of Insurance of Puerto Rico adopted the NAIC Accounting Practices and Procedures Manual as long as it does not contradict the provisions of the Insurance Code. The accounting practices used in preparing these financial statements did not result in differences for net income or capital and surplus under the NAIC Accounting Practices and Procedures Manual and practices permitted or prescribed by the Insurance Commissioner of Puerto Rico.

#### b. Use of Estimates

Management used estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with the NAIC Accounting Practices and Procedures Manual. Actual results could differ from those estimates.

#### c. Investments

Bonds and short-term investments are carried at amortized cost. Premiums and discounts are amortized or accreted over the life of the related security using the effective interest method.

Preferred and common stocks are carried at estimated fair value with unrealized holding gains and losses reported in unassigned surplus.

#### d. Claim Liabilities

Independent care providers such as hospitals, physicians, clinics, and others provide health services under contractual arrangements. Services rendered to insured members are billed and paid on a fee-for-service basis up to established limits based on eligible members.

Claim payables represent accrued medical claims and related expenses (hospitalization and other outside medical services) for amounts billed and not paid and an estimate of cost incurred for unbilled services provided to the balance sheet date based on experience and accumulated statistical data on claims processed, incomplete and unreported.

The above liabilities are necessarily based on estimates and, while management believes that the amounts are adequate, the ultimate liability may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in current operations.

#### e. Revenue Recognition

Premiums are recorded as revenue when due. Expenses incurred in connection to the acquisition of business, such as sales and broker commissions, are charged to operations as incurred.

The Company carries its premium receivables net of allowances for doubtful amounts based on the evaluation of the aging and other factors that deserve recognition.

#### f. Cash and Short-term Investments

Cash includes certificates of deposit, and money market accounts and funds. Short-term investments include debt securities with maturities of one year or less at the time of purchase.

#### g. Non-admitted Assets

Certain assets designated as "non-admitted assets" have been excluded from the statutory statements of admitted assets, liabilities and capital and surplus by a charge to surplus.

Non-admitted assets as of December 31, 2011 consist of:

Goodwill	362,297
Balances receivable over 90 days past due	1,364,564
Prepaid expenses and other miscellaneous	<u>91,649</u>
Total	\$ 1,900,900

#### h. Asset Valuation Reserve/Interest Maintenance Reserve

## Notes to Financial Statements

An asset valuation reserve is maintained 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 capital gains or losses into income over the estimated remaining life of the investment sold.

### Note 2 - Accounting Changes

None

### Note 3 - Business Combinations

None

### Note 4 - Discontinued Operations

None

### Note 5 - Investments

None

### Note 6 - Investments in Joint Ventures, Partnerships and Limited Liability companies

None

### Note 7 - Investment Income

Interest income is recognized when earned. Realized gains and losses from the sale of securities are determined using the specific identification method for determining the cost of the security sold. No investment income has been excluded as non-admitted.

### Note 8 - Derivative Instruments

None

### Note 9 - Income Taxes

The Company is currently only subject to Puerto Rico income taxes as operations are only conducted in Puerto Rico. The Company operates as a qualified domestic life insurance company and is subject to the alternative minimum tax and is also taxed on its capital gains.

Deferred income taxes have been provided for the tax consequences of temporary differences between statutory and tax basis of assets and liabilities.

Income tax expense recorded for 2011 of \$242,613

### Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

MCS provides administrative services to the Company. These services includes claims processing, network administration, medical management, enrollment and other administrative services. Fees for these services are based on membership served. Total fees for 2011 amounted to \$26.2 million. The Company is operating under a new service agreement during 2011, which has not yet been final approved by the OCI.

The Company provides group life and health insurance to the employees of MCS. Premiums paid by MCS to the Company amounted to \$8.8 million.

At December 31, 2011, the Company has a balance payable to MCS of \$2.0 million and balances receivable from MCS Advantage Inc, of \$.8 million and \$.9 million from MCS Health Management Options, Inc. both affiliated by common ownership and management.

### Note 11 - Debt

None

### Note 12 - Benefit Plans

The Company provides pension benefits to employees under a defined contribution plan. Under this plan, the Company

## Notes to Financial Statements

matches 50% of employee contributions up to 6% of total employee compensation. The Company's contribution for the plan during 2010 was \$53,900.

### Note 13 - Capital and Surplus and Policyholders Dividend Restrictions

The Company has 1,600 shares authorized, and 1,600 shares issued and outstanding. All shares are common stock shares with a par value of \$625.

The Company is required to maintain a minimum capital and surplus of \$2.5 million. Generally, the payment of dividends is limited to unassigned surplus. Unassigned surplus is detailed as follows:

Accumulated earnings	\$ 13,093,504
Non-admitted assets	(1,900,890)
Asset valuation reserve	(116,290)
Deferred income taxes	5,426.
Unassigned surplus	\$ 11,081,792

### Note 14 - Contingencies

The Company is defendant in legal actions arising in the ordinary course of business. Management, after consultation with its legal counselors, is of the opinion that the ultimate liability, if any, resulting from such pending legal actions, would not be material in relation to the financial position and results of operations of the Company.

Pursuant to the Puerto Rico Insurance Code, the Company is a member of the Puerto Rico Insurance Guaranty Association for Life and Disability. As a member, the Company is required to provide funds for the payment of claims and unearned premiums reimbursements for policies issued by insurance companies declared insolvent by the Commissioner of Insurance of the Commonwealth of Puerto Rico.

The Company and its auditors have not yet completed the annual audit for calendar year 2011. Material changes and reclassifications could result upon completion of the audit.

### Note 15 - Leases

None

### Note 16 - Financial Instruments with Off Balance Sheet Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of premiums receivable, accrued interest receivable, and other receivables. The Company's business activity is for insureds located throughout Puerto Rico, and as such, the Company is subject to the risks associated with the Puerto Rico economy.

### Note 17 - Transfers and Servicing of Financial Assets and Extinguishments of Liabilities

None

### Note 18 - Uninsured Plans

The Company writes cost based reimbursement contracts generating revenues of \$85.1 million consisting of \$77.3 million for health benefits from the network of providers, \$2.5 million, for commissions, stop loss insurance and other costs, and \$5.3 million for administrative expenses.

### Note 19 - Managing General Agents (MGA) / Third Party Administrators (TPA)

None

### Note 20 - Other

Investments in bonds with amortized cost of approximately \$505,478 and a certificate of deposit of \$990,174 are deposited with the Commissioner of Insurance to comply with deposit requirements of the Insurance Code.

### Note 21 - Subsequent Events

None

### Note 22 - Reinsurance

In accordance with general industry practices, the Company annually purchases reinsurance to protect it from the

## Notes to Financial Statements

impact of large unforeseen losses, and prevent sudden and unpredictable changes in net income and capitalization of its insurance operations. Reinsurance contracts do not relieve the Company from its obligations to policyholders. In the event that the reinsuring company might be unable to meet its obligations under existing reinsurance agreements, the Company would be liable for such defaulted amounts. The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurers to minimize its exposure to significant losses from reinsurer insolvencies

The Company ceded certain risks in excess of \$120,000 per insured person, per calendar year, per policy on group medical insurance. The maximum reinsured benefit in this reinsurance agreement for group medical insurance is \$1 million per covered person, per contract year.

In the case of life policies, the Company cedes all risk in excess of \$20,000 per insured, per policy on life waiver of premium and accidental death and dismemberment insurance. The maximum reinsured benefit for life, waiver of premium, and accidental death and dismemberment insurance varies with size and insured lives of the groups.

### Note 23 - Retrospectively Rated Contracts

None

### Note 24 - Change in incurred policy and contract claims

None

### Note 25 - Intercompany Pooling Arrangements

None

### Note 26 - Reserves for Life Contracts and Deposit-type Contracts

None

### Note 27 - Variable Annuities with Guaranteed Living Benefits

None

### Note 28 - Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics

None

### Note 29 - Premium and Annuity Considerations Deferred and Uncollected

None

### Note 30 - Separate Accounts

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[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[ ] No[ ] N/A[X]  
Puerto Rico
- 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: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ..... 12/31/2008
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ..... 12/31/2000
- 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). ..... 12/31/2000
- 3.4 By what department or departments?  
Office of the Commissioner of Insurance of 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 the 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, ..... 0.000%
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity
.....	.....

- 8.1 Is the company a subsidiary of a bank holding company regulated 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
.....	.....	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
KPMG- San Juan Office
- 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 response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes[ ] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[ ] No[ ] N/A[X]
- 10.6 If the answer to 10.5 is "NO" or "N/A" please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Courtney White, Milliman, Atlanta Georgia
- 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

## GENERAL INTERROGATORIES (Continued)

- 12.12 Number of parcels involved 0  
 12.13 Total book/adjusted carrying value \$ 0  
 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:  
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes[ ] No[ ] N/A[X]  
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes[ ] No[ ] N/A[X]  
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes[ ] No[ ] N/A[X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes[X] No[ ]  
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
 c. Compliance with applicable governmental laws, rules and regulations;  
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
 e. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:  
 14.2 Has the code of ethics for senior managers been amended? Yes[ ] No[X]  
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).  
 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes[ ] No[X]  
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? Yes[ ] No[X]  
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

	1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
15.2001	.....	.....	.....	.....

### BOARD OF DIRECTORS

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

### FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes[ ] No[X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):  
 20.11 To directors or other officers \$ ..... 0  
 20.12 To stockholders not officers \$ ..... 0  
 20.13 Trustees, supreme or grand (Fraternal only) \$ ..... 0
- 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):  
 20.21 To directors or other officers \$ ..... 0  
 20.22 To stockholders not officers \$ ..... 0  
 20.23 Trustees, supreme or grand (Fraternal only) \$ ..... 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes[ ] No[X]  
 21.2 If yes, state the amount thereof at December 31 of the current year:  
 21.21 Rented from others \$ ..... 0  
 21.22 Borrowed from others \$ ..... 0  
 21.23 Leased from others \$ ..... 0  
 21.24 Other \$ ..... 0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes[ ] No[X]  
 22.2 If answer is yes:  
 22.21 Amount paid as losses or risk adjustment \$ ..... 0  
 22.22 Amount paid as expenses \$ ..... 0  
 22.23 Other amounts paid \$ ..... 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes[ ] No[X]  
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ ..... 0

### INVESTMENT

- 24.1 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 24.3) Yes[ ] No[X]  
 24.2 If no, give full and complete information, relating thereto:  
 \$1.3 million in investments are under the custody of the Commissioner of Insurance to comply with deposit requirement
- 24.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet, (an alternative is to reference Note 17 where this information is also provided)
- 24.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes[ ] No[ ] N/A[X]  
 24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. \$ ..... 0  
 24.6 If answer to 24.4 is no, report amount of collateral for other programs. \$ ..... 0
- 24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes[ ] No[ ] N/A[X]  
 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes[ ] No[ ] N/A[X]  
 24.9 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 (Continued)

- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3) Yes [ ] No [X]
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- |  |    |   |
|--|----|---|
| 25.21 Subject to repurchase agreements                 | \$ | 0 |
| 25.22 Subject to reverse repurchase agreements         | \$ | 0 |
| 25.23 Subject to dollar repurchase agreements          | \$ | 0 |
| 25.24 Subject to reverse dollar repurchase agreements  | \$ | 0 |
| 25.25 Pledged as collateral                            | \$ | 0 |
| 25.26 Placed under option agreements                   | \$ | 0 |
| 25.27 Letter stock or securities restricted as to sale | \$ | 0 |
| 25.28 On deposit with state or other regulatory body   | \$ | 0 |
| 25.29 Other  | \$ | 0 |

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [X]  
If no, attach a description with this statement.
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]
- 27.2 If yes, state the amount thereof at December 31 of the current year. \$ ..... 0

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

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

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

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

- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [X]
- 28.04 If yes, give full and complete information relating thereto:

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

28.05 Identify all investment advisers, broker/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

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

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

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



## GENERAL INTERROGATORIES (Continued)

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

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

	1  Statement (Admitted) Value	2  Fair Value	3  Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	20,930,188	22,324,130	1,393,942
30.2 Preferred stocks .....	256,197	256,197	
30.3 Totals .....	21,186,385	22,580,327	1,393,942

30.4 Describe the sources or methods utilized in determining the fair values  
Standard publications of market valuation

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes[X] No[ ]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes[X] No[ ] N/A[ ]
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes[X] No[ ]
- 32.2 If no, list exceptions:

### OTHER

- 33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ ..... 0
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid

- 34.1 Amount of payments for legal expenses, if any? \$ ..... 0
- 34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ ..... 0
- 35.2 List the name of 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 department of government during the period covered by this statement.

1 Name	2 Amount Paid

# GENERAL INTERROGATORIES (Continued)

## PART 2 - LIFE INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]
- 1.2 If yes, indicate premium earned on U.S. business only. \$ ..... 0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ ..... 0
- 1.31 Reason for excluding:
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ ..... 0
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$ ..... 0
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$ ..... 0
- 1.62 Total incurred claims \$ ..... 0
- 1.63 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.64 Total premium earned \$ ..... 0
- 1.65 Total incurred claims \$ ..... 0
- 1.66 Number of covered lives ..... 0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$ ..... 0
- 1.72 Total incurred claims \$ ..... 0
- 1.73 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.74 Total premium earned \$ ..... 0
- 1.75 Total incurred claims \$ ..... 0
- 1.76 Number of covered lives ..... 0

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator .....	243,234,896	185,088,999
2.2 Premium Denominator .....	242,665,564	183,221,197
2.3 Premium Ratio (2.1 / 2.2) .....	1.002	1.010
2.4 Reserve Numerator .....	21,347,079	17,980,150
2.5 Reserve Denominator .....	21,495,228	18,130,150
2.6 Reserve Ratio (2.4 / 2.5) .....	0.993	0.992

- 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? \$ ..... 0
- 3.4 State the authority under which Separate Accounts are maintained:
- 3.5 Was any of the reporting entity's Separate Accounts business reinsured as of December 31? Yes [ ] No [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)?" \$ ..... 0
- 4.1 Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)? Yes [X] No [ ]
- 4.2 Net reimbursement of such expenses between reporting entities:
- 4.21 Paid \$ ..... 0
- 4.22 Received \$ ..... 0
- 5.1 Does the reporting entity write any guaranteed interest contracts? Yes [ ] No [X]
- 5.2 If yes, what amount pertaining to these items is included in:
- 5.21 Page 3, Line 1 \$ ..... 0
- 5.22 Page 4, Line 1 \$ ..... 0
6. For stock reporting entities only:
- 6.1 Total amount paid in by stockholders as surplus funds since organization of the reporting entity: \$ ..... 0
7. Total dividends paid stockholders since the organization of the reporting entity:
- 7.11 Cash \$ ..... 0
- 7.12 Stock \$ ..... 0
- 8.1 Does the company reinsure any Workers' Compensation Carve-Out business defined as: Reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death benefits of the occupational illness and accident exposures, but not the employers liability exposures, of business originally written as workers' compensation insurance. Yes [ ] No [X]
- 8.2 If yes, has the reporting entity completed the WORKERS' COMPENSATION CARVE-OUT SUPPLEMENT to the Annual Statement? Yes [ ] No [X] N/A [ ]
- 8.3 If 8.1 is yes, the amounts of earned premiums and claims incurred in this statement are:

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

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

## GENERAL INTERROGATORIES (Continued)

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

8.5 What portion of earned premium reported in 8.31, Column 1 was assumed from pools? \$ ..... 0

9.1 Does the company have variable annuities with guaranteed benefits? Yes [ ] No [X]

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

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

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

10.1 Amount of loss reserves established by these annuities during the current year: \$ ..... 0

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

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

11.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]

11.2 If yes, please provide the amount of custodial funds held as of the reporting date: \$ ..... 0

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: \$ ..... 0

**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 2011	2 2010	3 2009	4 2008	5 2007
<b>Life Insurance in Force (Exhibit of Life Insurance)</b>					
1. Ordinary - whole life and endowment (Line 34, Column 4) .....					
2. Ordinary - term (Line 21, Column 4, less Line 34, Column 4) .....					
3. Credit life (Line 21, Column 6) .....					
4. Group, excluding FEGLI/SGLI (Line 21, Column 9 less Lines 43 & 44, Column 4) .....	869,123	882,652	1,013,632	820,922	963,288
5. Industrial (Line 21, Column 2) .....					
6. FEGLI/SGLI (Lines 43 & 44, Column 4) .....					
7. TOTAL (Line 21, Column 10) .....	869,123	882,652	1,013,632	820,922	963,288
<b>New Business Issued (Exhibit of Life Insurance)</b>					
8. Ordinary - whole life and endowment (Line 34, Column 2) .....					
9. Ordinary - term (Line 2, Column 4, less Line 34, Column 2) .....					
10. Credit life (Line 2, Column 6) .....					
11. Group (Line 2, Column 9) .....	337,519	191,323	1,003,725	170,666	384,569
12. Industrial (Line 2, Column 2) .....					
13. TOTAL (Line 2, Column 10) .....	337,519	191,323	1,003,725	170,666	384,569
<b>Premium Income-Lines of Business (Exhibit 1 - Part 1)</b>					
14. Industrial life (Exhibit 1 - Part 1, Line 20.4, Column 2) .....					
15.1 Ordinary life insurance (Exhibit 1 - Part 1, Line 20.4, Column 3) .....					
15.2 Ordinary individual annuities (Exhibit 1 - Part 1, Line 20.4, Column 4) .....					
16. Credit life, (group and individual) (Exhibit 1 - Part 1, Line 20.4, Column 5) .....					
17.1 Group life insurance (Exhibit 1 - Part 1, Line 20.4, Column 6) .....	2,615,892	2,144,992	2,412,083	2,770,155	3,030,143
17.2 Group annuities (Exhibit 1 - Part 1, Line 20.4, Column 7) .....					
18.1 A & H group (Exhibit 1 - Part 1, Line 20.4, Column 8) .....	215,725,603	155,035,918	169,126,289	145,928,500	150,484,165
18.2 A & H credit (group and individual) (Exhibit 1 - Part 1, Line 20.4, Column 9) .....					
18.3 A & H other (Exhibit 1 - Part 1, Line 20.4 Column 10) .....	24,324,068	26,040,288	27,525,591	27,161,109	75,256,259
19. Aggregate of all other lines of business (Exhibit 1 - Part 1, Line 20.4, Column 11) .....					
20. TOTAL .....	242,665,564	183,221,197	199,063,962	175,859,763	228,770,567
<b>Balance Sheet Items (Pages 2 and 3)</b>					
21. TOTAL Admitted Assets excluding Separate Accounts business (Page 2, Line 26, Column 3) .....	50,707,407	50,804,817	53,222,438	45,514,104	61,039,431
22. TOTAL Liabilities excluding Separate Accounts business (Page 3, Line 26) .....	36,365,615	37,640,813	36,675,427	35,805,938	41,830,034
23. Aggregate life reserves (Page 3, Line 1) .....					
24. Aggregate A & H reserves (Page 3, Line 2) .....					
25. Deposit-type contract funds (Page 3, Line 3) .....					
26. Asset valuation reserve (Page 3, Line 24.1) .....	116,290	75,991	181,393	173,621	109,788
27. Capital (Page 3, Lines 29 & 30) .....	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
28. Surplus (Page 3, Line 37) .....	11,841,792	10,664,004	14,047,010	7,208,166	16,709,397
<b>Cash Flow (Page 5)</b>					
29. Net Cash from Operations (Line 11) .....	9,728,276	(4,903,205)	4,690,750	(4,496,267)	(70,502,682)
<b>Risk-Based Capital Analysis</b>					
30. TOTAL Adjusted Capital .....	14,458,082	13,239,995	16,728,403	9,881,787	19,319,185
31. Authorized control level risk-based capital .....	8,624,533	6,750,117	6,966,774	5,750,737	5,765,565
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3) (Line No./Page 2, Line 12, Column 3) x 100.0</b>					
32. Bonds (Line 1) .....	68.9	74.2	47.7	63.3	58.3
33. Stocks (Lines 2.1 and 2.2) .....	1.6	2.0	2.1	2.9	2.5
34. Mortgage loans on real estate (Line 3.1 and 3.2) .....					
35. Real estate (Lines 4.1, 4.2 and 4.3) .....					
36. Cash, cash equivalents and short-term investments (Line 5) .....	29.5	23.9	50.2	33.8	39.2
37. Contract loans (Line 6) .....					
38. Derivatives (Page 2, Line 7) .....			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
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 2011	2 2010	3 2009	4 2008	5 2007
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
44. Affiliated bonds (Schedule D Summary, Line 12 Column 1) .....					
45. Affiliated preferred stocks (Schedule D Summary, Line 18, Column 1) .....					
46. Affiliated common stocks (Schedule D Summary, Line 24, Column 1) .....					
47. Affiliated short-term investments (subtotal included in Schedule DA Verification, Column 5, Line 10) .....					
48. Affiliated mortgage loans on real estate .....					
49. All other affiliated .....					
50. TOTAL of above Lines 44 to 49 .....					
<b>TOTAL Nonadmitted and Admitted Assets</b>					
51. TOTAL Nonadmitted Assets (Page 2, Line 28, Column 2) .....	1,900,900	453,946	3,319,420	5,380,759	2,975,930
52. TOTAL Admitted Assets (Page 2, Line 28, Column 3) .....	50,707,407	50,804,817	53,222,438	45,514,104	61,039,431
<b>Investment Data</b>					
53. Net investment income (Exhibit of Net Investment Income) .....	786,793	631,691	917,383	1,400,415	1,485,665
54. Realized capital gains (losses) (Page 4, Line 34, Column 1) .....	2	(104,298)			
55. Unrealized capital gains (losses) (Page 4, Line 38, Col. 1) .....	(75,577)	164,678			
56. TOTAL of Above Lines 52, 53, and 54 .....	711,218	692,070	917,383	1,400,415	1,485,665
<b>Benefits and Reserve Increase (Page 6)</b>					
57. TOTAL Contract Benefits-Life (Lines 10, 11, 12, 13, 14 and 15, Col. 1 minus Lines 10, 11, 12, 13, 14 and 15, Cols. 9, 10 & 11) .....	781,867	503,750	690,000	1,672,250	1,104,097
58. TOTAL Contract Benefits - A & H (Lines 13 & 14, Columns 9, 10 & 11) .....	196,737,614	146,492,940	156,343,368	143,847,654	191,104,474
59. Increase in life reserves-other than group and annuities (Line 19, Columns 2 & 3) .....					
60. Increase in A & H reserves (Line 19, Columns 9, 10 & 11) .....					
61. Dividends to policyholders (Line 30, Column 1) .....					
<b>Operating Percentages</b>					
62. Insurance expense percent (Page 6, Column 1, Lines 21, 22 & 23 less Line 6) / (Page 6 Column 1, Line 1 plus Exhibit 7, Column 2, Line 2) x 100.00 .....	17.5	19.4	18.2	17.3	12.9
63. Lapse percent (ordinary only) [(Exhibit of Life Insurance, Column 4, Lines 14 & 15) / 1/2 (Exhibit of Life Insurance, Column 4, Lines 1 & 21)] x 100.00 .....					
64. A & H loss percent (Schedule H, Part 1, Line 5 + Line 6, Column 2) .....	82.0	80.8	79.5	82.9	84.7
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) .....	17.7	19.9	18.6	17.7	13.4
<b>A &amp; H Claim Reserve Adequacy</b>					
67. Incurred losses on prior years' claims - group health (Schedule H, Part 3, Line 3.1, Column 2) .....	13,435,350	14,366,205	12,104,251	15,746,222	10,459,086
68. Prior years' claim liability and reserve - group health (Schedule H, Part 3, Line 3.2, Column 2) .....	15,311,794	15,001,112	16,087,280	19,295,373	17,509,048
69. Incurred losses on prior years' claims - health other than group (Schedule H, Part 3, Line 3.1, Column 1 less Col. 2) .....	2,348,009	3,228,507	3,303,939	4,094,252	70,896,977
70. Prior years' claim liability and reserve - health other than group (Schedule H, Part 3, Line 3.2, Column 1 less Col. 2) .....	2,489,592	2,597,960	3,738,769	4,010,909	71,869,914
<b>Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33)</b>					
71. Industrial life (Column 2) .....					
72. Ordinary - life (Column 3) .....					
73. Ordinary - individual annuities (Column 4) .....					
74. Ordinary - supplementary contracts (Column 5) .....					
75. Credit life (Column 6) .....					
76. Group life (Column 7) .....	1,153,219	1,162,754	1,130,092	475,834	1,860,173
77. Group annuities (Column 8) .....					
78. A & H - group (Column 9) .....	1,327,959	2,259,682	4,820,199	1,082,934	2,849,689
79. A & H - credit (Column 10) .....					
80. A & H - other (Column 11) .....	248,101	(3,022,216)	(685,707)	(1,069,439)	2,170,924
81. Aggregate of all other lines of business (Column 12) .....					
82. TOTAL (Column 1) .....	2,729,279	400,219	5,264,583	489,329	6,880,786

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

If no, please explain:

## EXHIBIT OF LIFE INSURANCE

	Industrial		Ordinary		Credit Life (Group and Individual)		Group			10
	1	2	3	4	5	6	Number of		9	Total Amount of Insurance (a)
	Number of Policies	Amount of Insurance (a)	Number of Policies	Amount of Insurance (a)	Number of Individual Policies and Group Certificates	Amount of Insurance (a)	7 Policies	8 Certificates	Amount of Insurance (a)	
1. In force end of prior year								88,023	882,652	882,652
2. Issued during year								19,476	337,519	337,519
3. Reinsurance assumed										
4. Revived during year										
5. Increased during year (net)								16,786	290,901	290,901
6. Subtotals (Lines 2 to 5)								36,262	628,420	628,420
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 (Lines 1 and 6 to 8)								124,285	1,511,073	1,511,073
<b>Deductions during year:</b>										
10. Death							X X X	47	641,950	641,950
11. Maturity							X X X			
12. Disability							X X X			
13. Expiry										
14. Surrender										
15. Lapse										
16. Conversion							X X X	X X X	X X X	
17. Decreased (net)										
18. Reinsurance										
19. Aggregate write-ins for decreases										
20. TOTALS (Lines 10 to 19)								47	641,950	641,950
21. In force end of year (Line 9 minus Line 20)								124,238	869,123	869,123
22. Reinsurance ceded end of year	X X X		X X X		X X X		X X X	X X X		
23. Line 21 minus Line 22	X X X		X X X		X X X	(b)	X X X	X X X	869,123	869,123
<b>DETAILS OF WRITE-INS</b>										
0801.										
0802.										
0803.										
0898. Summary of remaining write-ins for Line 8 from overflow page										
0899. TOTALS (Lines 0801 through 0803 plus 0898) (Line 8 above)										
1901.										
1902.										
1903.										
1998. Summary of remaining write-ins for Line 19 from overflow page										
1999. TOTALS (Lines 1901 through 1903 plus 1998) (Line 19 above)										

(a) Amounts of life insurance in this exhibit shall be shown in thousands (omit 000).  
 (b) Group \$.....0; Individual \$.....0.

**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 X X		X X X	
25. Other paid-up insurance .....				
26. Debit ordinary insurance .....	X X X	X X X		

**ADDITIONAL INFORMATION ON ORDINARY INSURANCE**

	Issued During Year (included in Line 2)		In Force End of Year (included in Line 21)	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
Term Insurance Excluding Extended Term Insurance				
27. Term policies -- decreasing .....				
28. Term policies -- other .....				
29. Other term insurance -- decreasing .....	X X X		X X X	
30. Other term insurance .....	X X X		X X X	
31. TOTALS (Lines 27 to 30) .....				
Reconciliation to Lines 2 and 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 (Lines 31 to 34) .....				

**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 .....				
38. Credit Life (Group and Individual) .....				
39. Group .....	337,519		869,123	
40. TOTALS (Lines 36 to 39) .....	337,519		869,123	

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

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

**ADDITIONAL ACCIDENTAL DEATH BENEFITS**

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

**BASIS OF CALCULATION OF ORDINARY TERM INSURANCE**

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

**POLICIES WITH DISABILITY PROVISIONS**

Disability Provision	Industrial		Ordinary		Credit		Group	
	1 Number of Policies	2 Amount of Insurance (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 .....								
49. Disability Income .....								
50. Extended Benefits .....			X X X	X X X				
51. Other .....								
52. TOTAL .....		(b)		(b)		(b)		(b)

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

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

**EXHIBIT OF NUMBER OF POLICIES, CONTRACTS, CERTIFICATES, INCOME PAYABLE AND ACCOUNT VALUES IN FORCE FOR SUPPLEMENTARY CONTRACTS, ANNUITIES, ACCIDENT & 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. TOTALS (Lines 1 to 4)				
Deductions during year:				
6. Decreased (net)				
7. Reinsurance ceded				
8. TOTALS (Lines 6 and 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				
2. Issued during year				
3. Reinsurance assumed				
4. Increased during year (net)				
5. TOTALS (Lines 1 to 4)				
Deductions during year:				
6. Decreased (net)				
7. Reinsurance ceded				
8. TOTALS (Lines 6 and 7)				
9. In force end of year				
<b>NONE</b>				
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	1,075					
2. Issued during year	350					
3. Reinsurance assumed						
4. Increased during year (net)		X X X		X X X		X X X
5. TOTALS (Lines 1 to 4)	1,425	X X X		X X X		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)	173	X X X		X X X		X X X
8. Reinsurance ceded		X X X		X X X		X X X
9. TOTALS (Lines 6 to 8)	173	X X X		X X X		X X X
10. In force end of year	1,252	(a)		(a)		(a)

**DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS**

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

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



# SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS ALLOCATED BY STATES AND TERRITORIES

States, Etc.	1 Active Status	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)	N						
11. Georgia (GA)	N						
12. Hawaii (HI)	N						
13. Idaho (ID)	N						
14. Illinois (IL)	N						
15. Indiana (IN)	N						
16. Iowa (IA)	N						
17. Kansas (KS)	N						
18. Kentucky (KY)	N						
19. Louisiana (LA)	N						
20. Maine (ME)	N						
21. Maryland (MD)	N						
22. Massachusetts (MA)	N						
23. Michigan (MI)	N						
24. Minnesota (MN)	N						
25. Mississippi (MS)	N						
26. Missouri (MO)	N						
27. Montana (MT)	N						
28. Nebraska (NE)	N						
29. Nevada (NV)	N						
30. New Hampshire (NH)	N						
31. New Jersey (NJ)	N						
32. New Mexico (NM)	N						
33. New York (NY)	N						
34. North Carolina (NC)	N						
35. North Dakota (ND)	N						
36. Ohio (OH)	N						
37. Oklahoma (OK)	N						
38. Oregon (OR)	N						
39. Pennsylvania (PA)	N						
40. Rhode Island (RI)	N						
41. South Carolina (SC)	N						
42. South Dakota (SD)	N						
43. Tennessee (TN)	N						
44. Texas (TX)	N						
45. Utah (UT)	N						
46. Vermont (VT)	N						
47. Virginia (VA)	N						
48. Washington (WA)	N						
49. West Virginia (WV)	N						
50. Wisconsin (WI)	N						
51. Wyoming (WY)	N						
52. American Samoa (AS)	N						
53. Guam (GU)	N						
54. Puerto Rico (PR)	L	2,865,741		240,963,407		243,829,148	
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	2,865,741		240,963,407		243,829,148	
90. Reporting entity contributions for employee benefits plans	X X X						
91. Dividends or refunds applied to purchase paid-up additions and annuities	X X X						
92. Dividends or refunds applied to shorten endowment or premium paying period	X X X						
93. Premium or annuity considerations waived under disability or other contract provisions	X X X						
94. Aggregate other amounts not allocable by State	X X X						
95. Totals (Direct Business)	X X X	2,865,741		240,963,407		243,829,148	
96. Plus Reinsurance Assumed	X X X						
97. Totals (All Business)	X X X	2,865,741		240,963,407		243,829,148	
98. Less Reinsurance Ceded	X X X	249,849		913,736		1,163,585	
99. Totals (All Business) less Reinsurance Ceded	X X X	2,615,892		(b) 240,049,671		242,665,563	

DETAILS OF WRITE-INS							
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. Totals (Lines 5801 through 5803 plus 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. Totals (Lines 9401 through 9403 plus 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 insurance in the state.  
 (a) Insert the number of L responses except for Canada and Other Alien.  
 (b) Column 4 should balance with Exhibit 1, Lines 6.4, 10.4 and 16.4, Cols. 8, 9 and 10 or with Schedule H, Part 1, Column 1, Line 1. Indicate which... Exhibit 1, Lines 6.4, 10.4, and 16.4, Cols 8, 9 and 10

Explanation of basis of allocation by states, etc., of premiums and annuity considerations:

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER**  
**MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

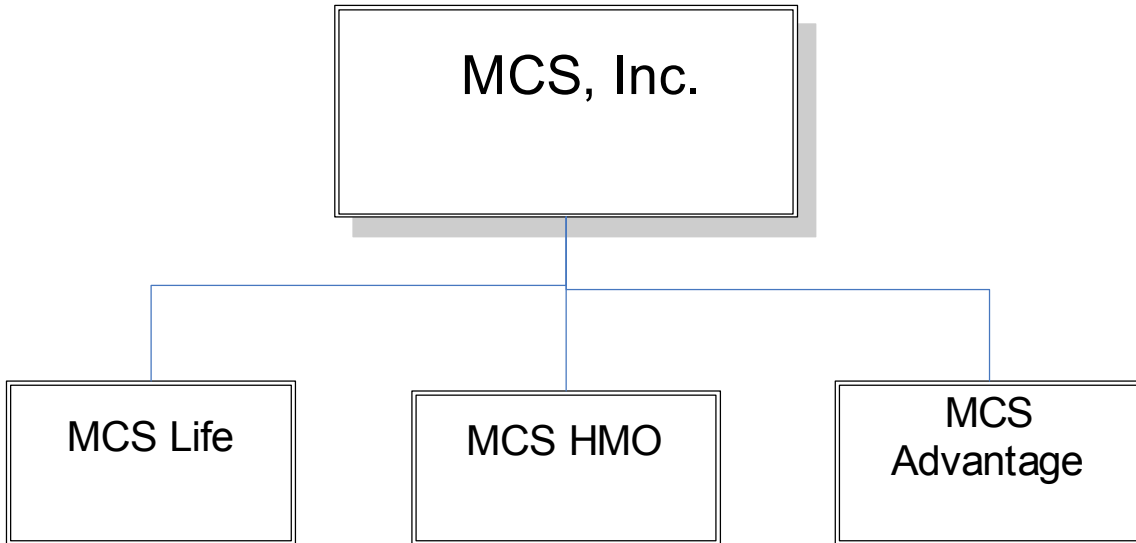
MCS, Inc.

MCS Life

MCS HMO

MCS  
Advantage

**SCHEDULE Y - INFORMATION CONCERNING ACT  
MEMBERS OF A HOLDING COMPANY GRC  
PART 1 - ORGANIZATIONAL CHART**



**SCHEDULE Y - INFORMATION CONCERNING ACT**  
**MEMBERS OF A HOLDING COMPANY GRC**  
**PART 1 - ORGANIZATIONAL CHART**

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