

ANNUAL STATEMENT

OF THE

Liberty Life Assurance Company of Boston

of

in the state of **New Hampshire**

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2011

LIFE AND ACCIDENT AND HEALTH

2011



65315201120100100

ANNUAL STATEMENT

For the Year Ended December 31, 2011
OF THE CONDITION AND AFFAIRS OF THE

Liberty Life Assurance Company of Boston

NAIC Group Code 0111 0111 **NAIC Company Code** 65315 **Employer's ID Number** 04-6076039
(Current Period) (Prior Period)

Organized under the Laws of New Hampshire, **State of Domicile or Port of Entry** New Hampshire

Country of Domicile United States

Incorporated/Organized September 17, 1963 **Commenced Business** January 15, 1964

Statutory Home Office 175 Berkeley Street, Boston, MA 02116
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 175 Berkeley Street
(Street and Number)
Boston, MA 02116 617-357-9500
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 100 Liberty Way, Dover, NH 03820
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 100 Liberty Way Dover, NH 03820 603-749-2600
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.Libertymutual.com

Statutory Statement Contact Andre Josephat Laurion 603-749-2600
(Name) (Area Code) (Telephone Number) (Extension)
Andre.Laurion@LibertyMutual.com 603-742-1352
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OFFICERS

Name	Title
1. <u>David Henry Long</u>	<u>Chairman, President and CEO</u>
2. <u>Dexter Robert Legg</u>	<u>Vice President and Secretary</u>
3. <u>Laurance Henry Soyer Yahia</u>	<u>Vice President and Treasurer</u>

VICE-PRESIDENTS

Name	Title	Name	Title
<u>Anthony Alexander Fontanes</u>	<u>Vice President & Chief Investment Officer</u>	<u>Thomas Peter Kalmbach</u>	<u>Vice President, CFO and Comptroller</u>
<u>Dennis James Langwell</u>	<u>Vice President</u>	<u>Cheryl Kingsfield Neal</u>	<u>EVP & Chief Operating Officer - Individual</u>
<u>Jean Marie Scarrow</u>	<u>Chief Operating Officer - Group</u>		

DIRECTORS OR TRUSTEES

<u>Anthony Alexander Fontanes</u>	<u>David Henry Long</u>	<u>Dennis James Langwell</u>	<u>Christopher Charles Mansfield</u>
<u>Cheryl Kingsfield Neal</u>	<u>Jean Marie Scarrow</u>	<u>Timothy Michael Sweeney</u>	

State of Massachusetts
County of Suffolk ss

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

<u>(Signature)</u> <u>David Henry Long</u> <u>(Printed Name)</u> 1. <u>President, Chairman and CEO</u> <u>(Title)</u>	<u>(Signature)</u> <u>Dexter Robert Legg</u> <u>(Printed Name)</u> 2. <u>Vice President and Secretary</u> <u>(Title)</u>	<u>(Signature)</u> <u>Laurance Henry Soyer Yahia</u> <u>(Printed Name)</u> 3. <u>Vice President and Treasurer</u> <u>(Title)</u>
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Subscribed and sworn to (or affirmed) before me on this
31 day of January, 2012, by

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	9,563,254,098		9,563,254,098	8,754,614,404
2. Stocks (Schedule D):				
2.1 Preferred stocks	356,607		356,607	356,607
2.2 Common stocks	114,692,706		114,692,706	104,895,818
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	204,300,856		204,300,856	178,374,186
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 (\$ 28,501,458, Schedule E - Part 1), cash equivalents (\$ 32,170,684, Schedule E - Part 2), and short-term investments (\$ 84,947,828, Schedule DA)	145,619,971		145,619,971	147,926,590
6. Contract loans (including \$ 0 premium notes)	114,021,232		114,021,232	106,778,870
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	171,226,941		171,226,941	140,809,267
9. Receivables for securities	324,945		324,945	178,205
10. Securities lending reinvested collateral assets (Schedule DL)	519,125,544		519,125,544	583,935,183
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	10,832,922,900		10,832,922,900	10,017,869,130
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	119,630,239		119,630,239	109,723,659
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	20,164,369	2,996,311	17,168,058	10,660,272
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	48,224,960		48,224,960	45,561,448
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	6,295,381		6,295,381	6,350,388
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts	998,639		998,639	1,619,965
17. Amounts receivable relating to uninsured plans	5,688,221		5,688,221	4,067,153
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	99,243,200	56,701,050	42,542,150	64,442,700
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				
25. Aggregate write-ins for other than invested assets	5,235,405	1,200,000	4,035,405	7,108,079
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	11,138,403,314	60,897,361	11,077,505,953	10,267,402,794
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	4,087,641,575		4,087,641,575	3,893,334,707
28. Total (Lines 26 and 27)	15,226,044,889	60,897,361	15,165,147,528	14,160,737,501

DETAILS OF WRITE-IN LINES				
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. Accounts receivable	4,186,104		4,186,104	3,674,087
2502. Prepaid insolvency asset	1,200,000	1,200,000		
2503. Amounts due from Separate Accounts	56,442		56,442	3,492,798
2598. Summary of remaining write-ins for Line 25 from overflow page	(207,141)		(207,141)	(58,806)
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	5,235,405	1,200,000	4,035,405	7,108,079

NONE

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Aggregate reserve for life contracts \$ 7,169,591,274 (Exhibit 5, Line 9999999) less \$ 0 included in Line 6.3 (including \$ 0 Modco Reserve)	7,169,591,274	6,526,923,589
2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Col. 1) (including \$ 0 Modco Reserve)	1,409,376,933	1,267,356,865
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$ 0 Modco Reserve)	907,773,479	886,137,391
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11)	65,286,476	49,377,386
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11)	21,402,642	19,163,593
5. Policyholders' dividends \$ 87,768 and coupons \$ 0 due and unpaid (Exhibit 4, Line 10)	87,768	52,692
6. Provision for policyholders' dividends and coupons payable in following calendar year -- estimated amounts:		
6.1 Dividends apportioned for payment (including \$ 0 Modco)	8,873,839	12,395,937
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 \$ 140,425 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14)	593,355	527,505
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	13,464,084	15,579,586
9.3 Other amounts payable on reinsurance, including \$ 0 assumed and \$ 0 ceded		
9.4 Interest Maintenance Reserve (IMR, Line 6)	23,087,926	22,057,614
10. Commissions to agents due or accrued-life and annuity contracts \$ 585,189 accident and health \$ 870,678 and deposit-type contract funds \$ 0	1,455,867	2,850,534
11. Commissions and expense allowances payable on reinsurance assumed		
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6)	71,966,962	71,032,268
13. Transfers to Separate Accounts due or accrued (net) (including \$ (1,360,182) accrued for expense allowances recognized in reserves, net of reinsured allowances)	(1,360,182)	(1,889,990)
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5)	9,714,457	9,798,697
15.1 Current federal and foreign income taxes, including \$ (1,503,533) on realized capital gains (losses)	10,834,950	34,500,852
15.2 Net deferred tax liability		
16. Unearned investment income	311,027	374,041
17. Amounts withheld or retained by company as agent or trustee		
18. Amounts held for agents' account, including \$ 0 agents' credit balances		
19. Remittances and items not allocated	3,546,744	3,066,052
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above		
22. Borrowed money \$ 0 and interest thereon \$ 0		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve (AVR, Line 16, Col. 7)	79,903,081	68,126,983
24.02 Reinsurance in unauthorized companies		
24.03 Funds held under reinsurance treaties with unauthorized reinsurers		
24.04 Payable to parent, subsidiaries and affiliates	22,528,691	5,845,066
24.05 Drafts outstanding	20,829,509	17,355,601
24.06 Liability for amounts held under uninsured plans		
24.07 Funds held under coinsurance		
24.08 Derivatives		
24.09 Payable for securities		
24.10 Payable for securities lending		
24.11 Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	577,605,379	619,117,138
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	10,416,874,261	9,629,749,400
27. From Separate Accounts statement	4,087,641,575	3,893,334,707
28. Total liabilities (Lines 26 and 27)	14,504,515,836	13,523,084,107
29. Common capital stock	2,500,000	2,500,000
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds	21,539,000	23,301,000
32. Surplus notes		
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1)	546,893,842	546,893,842
34. Aggregate write-ins for special surplus funds	750,000	750,000
35. Unassigned funds (surplus)	88,948,850	64,208,552
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)	658,131,692	635,153,394
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55)	660,631,692	637,653,394
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	15,165,147,528	14,160,737,501
DETAILS OF WRITE-IN LINES		
2501. Securities loaned - cash collateral	519,125,544	583,935,183
2502. Qualified claims account - Internal Revenue Service Code 419	32,208,000	29,913,000
2503. Accounts payable	18,950,994	1,439,201
2598. Summary of remaining write-ins for Line 25 from overflow page	7,320,841	3,829,754
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	577,605,379	619,117,138
3101. SSAP 10R/SSAP 10 incremental difference	21,539,000	23,301,000
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)	21,539,000	23,301,000
3401. Contingency reserve for Separate Accounts	750,000	750,000
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)	750,000	750,000

SUMMARY OF OPERATIONS

	1	2
	Current Year	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)	1,641,488,650	1,390,293,767
2. Considerations for supplementary contracts with life contingencies	30,533	42,206
3. Net investment income (Exhibit of Net Investment Income, Line 17)	542,626,618	524,185,440
4. Amortization of Interest Maintenance Reserve (IMR, Line 5)	3,892,574	3,202,874
5. Separate Accounts net gain from operations excluding unrealized gains or losses		
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1)	15,984,055	18,994,286
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		3,922,123
8.2 Charges and fees for deposit-type contracts		
8.3 Aggregate write-ins for miscellaneous income	1,483,961	1,550,113
9. Totals (Lines 1 to 8.3)	2,205,506,391	1,942,190,809
10. Death benefits	240,997,265	181,780,737
11. Matured endowments (excluding guaranteed annual pure endowments)		
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8)	294,777,753	284,901,637
13. Disability benefits and benefits under accident and health contracts	417,199,826	375,603,716
14. Coupons, guaranteed annual pure endowments and similar benefits		
15. Surrender benefits and withdrawals for life contracts	93,427,215	102,849,378
16. Group conversions		
17. Interest and adjustments on contract or deposit-type contract funds	45,697,657	52,778,008
18. Payments on supplementary contracts with life contingencies	178,534	316,237
19. Increase in aggregate reserves for life and accident and health contracts	785,086,083	613,907,847
20. Totals (Lines 10 to 19)	1,877,364,333	1,612,137,560
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1)	57,109,059	48,595,857
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1)		
23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4)	150,180,147	149,057,057
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3)	38,543,063	33,984,624
25. Increase in loading on deferred and uncollected premiums	549,367	(141,137)
26. Net transfers to or (from) Separate Accounts net of reinsurance	(2,562,583)	(2,355,565)
27. Aggregate write-ins for deductions	(658,269)	4,881,520
28. Totals (Lines 20 to 27)	2,120,525,117	1,846,159,916
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	84,981,274	96,030,893
30. Dividends to policyholders	8,588,893	12,116,297
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	76,392,381	83,914,596
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	23,882,247	35,487,690
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)	52,510,134	48,426,906
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (3,217,018) (excluding taxes of \$ 2,650,785 transferred to the IMR)	846,742	(8,091,997)
35. Net income (Line 33 plus Line 34)	53,356,876	40,334,909
CAPITAL AND SURPLUS ACCOUNT		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2)	637,653,394	597,542,744
37. Net income (Line 35)	53,356,876	40,334,909
38. Change in net unrealized capital gains (losses) less capital gains tax of \$ 0	2,901,294	13,663,619
39. Change in net unrealized foreign exchange capital gain (loss)	(343,114)	(405,351)
40. Change in net deferred income tax	(6,790,250)	(24,348,970)
41. Change in nonadmitted assets	(14,289,410)	(5,633,706)
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	(11,776,098)	(6,800,851)
45. Change in treasury stock (Page 3, Lines 36.1 and 36.2 Col. 2 minus Col. 1)		
46. Surplus (contributed to) withdrawn from Separate Accounts during period		
47. Other changes in surplus in Separate Accounts statement		
48. Change in surplus notes		
49. Cumulative effect of changes in accounting principles		
50. Capital changes:		
50.1 Paid in		
50.2 Transferred from surplus (Stock Dividend)		
50.3 Transferred to surplus		
51. Surplus adjustment:		
51.1 Paid in		
51.2 Transferred to capital (Stock Dividend)		
51.3 Transferred from capital		
51.4 Change in surplus as a result of reinsurance		
52. Dividends to stockholders		
53. Aggregate write-ins for gains and losses in surplus	(81,000)	23,301,000
54. Net change in capital and surplus for the year (Lines 37 through 53)	22,978,298	40,110,650
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	660,631,692	637,653,394

DETAILS OF WRITE-IN LINES		
08.301 Other administration fees	654,803	604,438
08.302 Miscellaneous income	631,372	636,777
08.303 Surrender charges	197,786	309,174
08.398 Summary of write-ins for Line 08.3 from overflow page		(276)
08.399 Totals (Lines 08.301 through 08.303 plus 08.398) (Line 08.3 above)	1,483,961	1,550,113
2701. Miscellaneous expense	976,067	742,232
2702. Investment management expense	322,787	
2703. Performance guarantee expense	101,973	259,205
2798. Summary of write-ins for Line 27 from overflow page	(2,059,096)	3,880,083
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	(658,269)	4,881,520
5301. Correction of prior year errors	1,681,000	
5302. SSAP 10R incremental change	(1,762,000)	23,301,000
5303.		
5398. Summary of write-ins for Line 53 from overflow page		
5399. Totals (Lines 5301 through 5303 plus 5398) (Line 53 above)	(81,000)	23,301,000

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	1,584,944,422	1,383,926,656
2. Net investment income	504,115,305	478,823,518
3. Miscellaneous income	17,766,345	28,839,321
4. Total (Lines 1 through 3)	2,106,826,072	1,891,589,495
5. Benefit and loss related payments	1,033,336,746	948,457,708
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	(2,562,583)	(2,355,564)
7. Commissions, expenses paid and aggregate write-ins for deductions	247,440,633	219,581,363
8. Dividends paid to policyholders	12,077,440	11,669,528
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	46,981,916	1,445,600
10. Total (Lines 5 through 9)	1,337,274,152	1,178,798,635
11. Net cash from operations (Line 4 minus Line 10)	769,551,920	712,790,860
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	777,247,551	562,104,465
12.2 Stocks	1	366,923
12.3 Mortgage loans	14,294,948	7,198,448
12.4 Real estate		
12.5 Other invested assets	6,538,127	209,672,111
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)	798,080,627	779,341,947
13. Cost of investments acquired (long-term only):		
13.1 Bonds	1,551,172,174	1,370,211,780
13.2 Stocks	7,709,601	3,653
13.3 Mortgage loans	42,574,208	4,674,028
13.4 Real estate		
13.5 Other invested assets	34,759,871	617,281,636
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,636,215,854	1,992,171,097
14. Net increase (decrease) in contract loans and premium notes	7,242,362	5,116,072
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(845,377,589)	(1,217,945,222)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities	(19,325,868)	(67,601,316)
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	92,844,918	141,305,299
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	73,519,050	73,703,983
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(2,306,619)	(431,450,379)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	147,926,590	579,376,969
19.2 End of year (Line 18 plus Line 19.1)	145,619,971	147,926,590

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

20.0001		
20.0002		
20.0003		

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 Supple- mentary 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	1,641,488,649		557,271,454	292,458,088			182,084,349		609,665,482		9,276	
2. Considerations for supplementary contracts with life contingencies	30,533				30,533							
3. Net investment income	542,626,619		162,282,207	249,952,972	106,045		25,848,347	18,892,827	85,524,106		20,115	
4. Amortization of Interest Maintenance Reserve (IMR)	3,892,574		520,550	2,069,833	455		175,120	753,109	373,366		141	
5. Separate Accounts net gain from operations excluding unrealized gains or losses												
6. Commissions and expense allowances on reinsurance ceded	15,984,055		15,983,782								273	
7. Reserve adjustments on reinsurance ceded												
8. Miscellaneous Income:												
8.1 Fees associated with income from investment management, administration and contract guarantees from Separate Accounts												
8.2 Charges and fees for deposit-type contracts												
8.3 Aggregate write-ins for miscellaneous income	1,483,961		263,764	1,171,061			2,085		47,051			
9. Totals (Lines 1 to 8.3)	2,205,506,391		736,321,757	545,651,954	137,033		208,109,901	19,645,936	695,610,005		29,805	
10. Death benefits	240,997,265		68,933,598				172,063,667					
11. Matured endowments (excluding guaranteed annual pure endowments)												
12. Annuity benefits	294,777,753			268,070,542				26,707,211				
13. Disability benefits and benefits under accident and health contracts	417,199,826								417,147,145		52,681	
14. Coupons, guaranteed annual pure endowments and similar benefits												
15. Surrender benefits and withdrawals for life contracts	93,427,215		70,668,535	9,750,528			12,163,530	844,622				
16. Group conversions			(707,899)				707,899					
17. Interest and adjustments on contract or deposit-type contract funds	45,697,657		1,016,328	43,550,882	49,341		1,058,095	23,011				
18. Payments on supplementary contracts with life contingencies	178,534			3,811	83,494			91,229				
19. Increase in aggregate reserves for life and accident and health contracts	785,086,083		465,256,116	199,163,127	96,748		(10,806,088)	(10,643,888)	142,122,912		(102,844)	
20. Totals (Lines 10 to 19)	1,877,364,333		605,166,678	520,538,890	229,583		175,187,103	17,022,185	559,270,057		(50,163)	
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)	57,109,059		27,630,284	14,335,094			6,472,020	9,662	8,661,999			
22. Commissions and expense allowances on reinsurance assumed												
23. General insurance expenses	150,180,147		73,292,742	6,875,713	7,737		22,116,731	(122,696)	48,000,697		9,223	
24. Insurance taxes, licenses and fees, excluding federal income taxes	38,543,063		15,089,989	802,117	238		4,263,716	(14,681)	18,401,186		498	
25. Increase in loading on deferred and uncollected premiums	549,367		539,266				10,101					
26. Net transfers to or (from) Separate Accounts net of reinsurance	(2,562,583)		(782,463)	(726,331)				(1,053,789)				
27. Aggregate write-ins for deductions	(658,269)		789,147	16,560			(2,055,383)	385,060	206,347			
28. Totals (Lines 20 to 27)	2,120,525,117		721,725,643	541,842,043	237,558		205,994,288	16,225,741	634,540,286		(40,442)	
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	84,981,274		14,596,114	3,809,911	(100,525)		2,115,613	3,420,195	61,069,719		70,247	
30. Dividends to policyholders	8,588,893		8,588,758	135								
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	76,392,381		6,007,356	3,809,776	(100,525)		2,115,613	3,420,195	61,069,719		70,247	
32. Federal income taxes incurred (excluding tax on capital gains)	23,882,247		2,172,119	(1,086,005)	(37,125)		4,847,932	644,581	17,317,772		22,973	
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)	52,510,134		3,835,237	4,895,781	(63,400)		(2,732,319)	2,775,614	43,751,947		47,274	

DETAILS OF WRITE-IN LINES											
08.301 Administrative Income	654,803		54,771	594,020			1,241		4,771		
08.302 Miscellaneous Income	631,372		87,269	500,979			844		42,280		
08.303 Surrender Charges	197,786		121,724	76,062							
08.398 Summary of remaining write-ins for Line 08.3 from overflow page											
08.399 Totals (Lines 08.301 through 08.303 plus 08.398) (Line 08.3 above)	1,483,961		263,764	1,171,061			2,085		47,051		
2701. Miscellaneous Expense	976,067		731,684	74,843			60,119	3,990	105,431		
2702. Investment Management Expense	322,787			(58,283)				381,070			
2703. Performance Guarantees	101,973		1,057						100,916		
2798. Summary of remaining write-ins for Line 27 from overflow page	(2,059,096)		56,406				(2,115,502)				
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	(658,269)		789,147	16,560			(2,055,383)	385,060	206,347		

(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
Involving Life or Disability Contingencies (Reserves) (Net of Reinsurance Ceded)								
1. Reserve December 31, prior year	6,526,923,589		2,790,715,769	3,022,586,903	1,410,589		481,884,229	230,326,099
2. Tabular net premiums or considerations	988,705,468		537,022,336	280,759,763	106,045		170,817,324	
3. Present value of disability claims incurred	11,249,595		1,458,895		X X X		9,790,700	
4. Tabular interest	284,447,782		126,451,379	127,073,470	97,198		21,319,336	9,506,399
5. Tabular less actual reserve released	57,662,121		(2,062,865)	59,189,585	(198,412)		(5,811,044)	6,544,857
6. Increase in reserve on account of change in valuation basis								
7. Other increases (net)								
8. Totals (Lines 1 to 7)	7,868,988,555		3,453,585,514	3,489,609,721	1,415,420		678,000,545	246,377,355
9. Tabular cost	245,496,813		67,088,646		X X X		178,408,167	
10. Reserves released by death	62,882,539		46,623,996	X X X	X X X		16,258,543	X X X
11. Reserves released by other terminations (net)	96,156,682		83,901,741				12,254,941	
12. Annuity, supplementary contract, and disability payments involving life contingencies	294,861,247			268,070,542	83,494			26,707,211
13. Net transfers to or (from) Separate Accounts								
14. Total deductions (Lines 9 to 13)	699,397,281		197,614,383	268,070,542	83,494		206,921,651	26,707,211
15. Reserve December 31, current year	7,169,591,274		3,255,971,131	3,221,539,179	1,331,926		471,078,894	219,670,144

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 45,471,627	45,115,612
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 468,322,135	478,268,031
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 82,880	82,880
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		29,880
2.21 Common stocks of affiliates		
3. Mortgage loans	(c) 11,754,569	11,895,561
4. Real estate	(d)	
5. Contract loans	5,801,781	6,043,229
6. Cash, cash equivalents and short-term investments	(e) 146,253	143,942
7. Derivative instruments	(f)	
8. Other invested assets	9,039,648	9,039,648
9. Aggregate write-ins for investment income	1,542,099	1,542,099
10. Total gross investment income	542,190,872	552,160,882
11. Investment expenses		(g) 9,184,878
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		349,386
16. Total deductions (Lines 11 through 15)		9,534,264
17. Net investment income (Line 10 minus Line 16)		542,626,618

DETAILS OF WRITE-IN LINES		
0901. Security Lending	1,542,099	1,542,099
0902.		
0903.		
0998. Summary of remaining write-ins for Line 09 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)	1,542,099	1,542,099
1501. Miscellaneous investment expense		349,386
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)		349,386

- (a) Includes \$ 38,014,436 accrual of discount less \$ 9,477,943 amortization of premium and less \$ 7,710,690 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 \$ 69,357 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	711,714		711,714		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	7,517,230	(2,114,799)	5,402,431	64,431	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates				2,087,288	
3. Mortgage loans	(1,967,589)		(1,967,589)	(385,001)	
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets	1,171,541	(113,279)	1,058,262	1,134,576	
9. Aggregate write-ins for capital gains (losses)	(1,422)		(1,422)		(343,114)
10. Total capital gains (losses)	7,431,474	(2,228,078)	5,203,396	2,901,294	(343,114)

DETAILS OF WRITE-IN LINES					
0901. Currency Translation					(343,114)
0902. Equipment Writedown	(1,422)		(1,422)		
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)	(1,422)		(1,422)		(343,114)

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

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health		11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)		10 Other
FIRST YEAR (other than single)										
1. Uncollected	(102,376)		(102,376)							
2. Deferred and accrued	5,890,391		5,890,391							
3. Deferred, accrued and uncollected:										
3.1 Direct	6,280,938		6,280,938							
3.2 Reinsurance assumed										
3.3 Reinsurance ceded	492,923		492,923							
3.4 Net (Line 1 + Line 2)	5,788,015		5,788,015							
4. Advance	26,293		26,293							
5. Line 3.4 - Line 4	5,761,722		5,761,722							
6. Collected during year:										
6.1 Direct	25,784,079		25,126,420			465,800		191,859		
6.2 Reinsurance assumed										
6.3 Reinsurance ceded	6,056,006		6,056,006							
6.4 Net	19,728,073		19,070,414			465,800		191,859		
7. Line 5 + Line 6.4	25,489,795		24,832,136			465,800		191,859		
8. Prior year (uncollected + deferred and accrued - advance)	5,383,705		5,383,705							
9. First year premiums and considerations:										
9.1 Direct	26,205,441		25,547,782			465,800		191,859		
9.2 Reinsurance assumed										
9.3 Reinsurance ceded	6,099,351		6,099,351							
9.4 Net (Line 7 - Line 8)	20,106,090		19,448,431			465,800		191,859		
SINGLE										
10. Single premiums and considerations:										
10.1 Direct	729,601,395		437,235,019	292,456,376		(90,000)				
10.2 Reinsurance assumed										
10.3 Reinsurance ceded										
10.4 Net	729,601,395		437,235,019	292,456,376		(90,000)				
RENEWAL										
11. Uncollected	96,525,484		5,182,938			8,801,041		82,541,505		
12. Deferred and accrued	42,334,569		42,334,424	145						
13. Deferred, accrued and uncollected:										
13.1 Direct	143,674,125		47,979,867	145		9,779,526		85,914,587		
13.2 Reinsurance assumed										
13.3 Reinsurance ceded	4,814,072		462,505			978,485		3,373,082		
13.4 Net (Line 11 + Line 12)	138,860,053		47,517,362	145		8,801,041		82,541,505		
14. Advance	567,062		380,903			45,734		140,425		
15. Line 13.4 - Line 14	138,292,991		47,136,459	145		8,755,307		82,401,080		
16. Collected during year:										
16.1 Direct	904,636,845		147,006,953	132		186,555,785		571,063,438		10,537
16.2 Reinsurance assumed	25,847		25,847							
16.3 Reinsurance ceded	69,078,270		53,053,209			5,189,374		10,834,426		1,261
16.4 Net	835,584,422		93,979,591	132		181,366,411		560,229,012		9,276
17. Line 15 + Line 16.4	973,877,413		141,116,050	277		190,121,718		642,630,092		9,276
18. Prior year (uncollected + deferred and accrued - advance)	82,096,248		40,528,045	(1,434)		8,413,169		33,156,468		
19. Renewal premiums and considerations:										
19.1 Direct	958,396,549		149,830,932	1,711		187,347,058		621,206,311		10,537
19.2 Reinsurance assumed	25,847		25,847							
19.3 Reinsurance ceded	66,641,230		49,268,774			5,638,508		11,732,687		1,261
19.4 Net (Line 17 - Line 18)	891,781,166		100,588,005	1,711		181,708,550		609,473,624		9,276
TOTAL										
20. Total premiums and annuity considerations:										
20.1 Direct	1,714,203,385		612,613,733	292,458,087		187,722,858		621,398,170		10,537
20.2 Reinsurance assumed	25,847		25,847							
20.3 Reinsurance ceded	72,740,581		55,368,125			5,638,508		11,732,687		1,261
20.4 Net (Lines 9.4 + 10.4 + 19.4)	1,641,488,651		557,271,455	292,458,087		182,084,350		609,665,483		9,276

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

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)	10 Other	
DIVIDENDS AND COUPONS APPLIED (included in Part 1)											
21. To pay renewal premiums	712,050		712,050								
22. All other	10,608,878		10,608,878								
REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED											
23. First year (other than single):											
23.1 Reinsurance ceded											
23.2 Reinsurance assumed											
23.3 Net ceded less assumed											
24. Single:											
24.1 Reinsurance ceded											
24.2 Reinsurance assumed											
24.3 Net ceded less assumed											
25. Renewal:											
25.1 Reinsurance ceded	15,984,055		15,983,782							273	
25.2 Reinsurance assumed											
25.3 Net ceded less assumed	15,984,055		15,983,782							273	
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6)	15,984,055		15,983,782							273	
26.2 Reinsurance assumed (Page 6, Line 22)											
26.3 Net ceded less assumed	15,984,055		15,983,782							273	
COMMISSIONS INCURRED (direct business only)											
27. First year (other than single)	735,314		735,314								
28. Single	41,021,976		26,680,628	14,335,094		(3,408)	9,662				
29. Renewal	15,351,769		214,342			6,475,428		8,661,999			
30. Deposit-type contract funds											
31. Totals (to agree with Page 6, Line 21)	57,109,059		27,630,284	14,335,094		6,472,020	9,662	8,661,999			

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	2,585,097		3,511,386		459,244	6,555,727
2. Salaries and wages	42,706,442		59,920,717		6,429,415	109,056,574
3.11 Contributions for benefit plans for employees	5,277,363		8,261,769		275,546	13,814,678
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	5,507,052		9,096,294			14,603,346
3.32 Other agent welfare						
4.1 Legal fees and expenses	882,812		1,458,188			2,341,000
4.2 Medical examination fees	111,160	183,610				294,770
4.3 Inspection report fees	1,310,210	2,164,143				3,474,353
4.4 Fees of public accountants and consulting actuaries	918,488				918,488	1,836,976
4.5 Expense of investigation and settlement of policy claims	79,526	131,357				210,883
5.1 Traveling expenses	1,920,433		3,096,226		45,924	5,062,583
5.2 Advertising	433,144		715,446			1,148,590
5.3 Postage, express, telegraph and telephone	3,274,682		4,346,987		642,941	8,264,610
5.4 Printing and stationery	820,699		976,314		229,622	2,026,635
5.5 Cost or depreciation of furniture and equipment	368,810		305,760		183,698	858,268
5.6 Rental of equipment	3,571		5,899			9,470
5.7 Cost or depreciation of EDP equipment and software	1,218,216		2,012,194			3,230,410
6.1 Books and periodicals	39,617		65,437			105,054
6.2 Bureau and association fees	172,152		284,353			456,505
6.3 Insurance, except on real estate	290,539		479,898			770,437
6.4 Miscellaneous losses						
6.5 Collection and bank service charges	11,303		18,671			29,974
6.6 Sundry general expenses	9,513,872	283,813	15,430,763			25,228,448
6.7 Group service and administration fees						
6.8 Reimbursements by uninsured plans			(67,989,418)			(67,989,418)
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						
9.3 Aggregate write-ins for expenses	24,725,039		3,250,113			27,975,152
10. General expenses incurred	102,170,227	2,762,923	45,246,997		9,184,878	(a) 159,365,025
11. General expenses unpaid December 31, prior year	47,094,394		23,937,875			71,032,269
12. General expenses unpaid December 31, current year	50,897,706		21,069,256			71,966,962
13. Amounts receivable relating to uninsured plans, prior year			4,067,153			4,067,153
14. Amounts receivable relating to uninsured plans, current year			5,688,221			5,688,221
15. General expenses paid during year (Lines 10 + 11 - 12 - 13 + 14)	98,366,915	2,762,923	49,736,684		9,184,878	160,051,400

DETAILS OF WRITE-IN LINES						
09.301. Reimbursement of sales expenses	23,427,082					23,427,082
09.302. Administration service expenses	803,872		1,327,798			2,131,670
09.303. Other professional fees	492,546		813,565			1,306,111
09.398. Summary of remaining write-ins for Line 09.3 from overflow page	1,539		1,108,750			1,110,289
09.399. Totals (Lines 09.301 through 09.303 plus 09.398) (Line 09.3 above)	24,725,039		3,250,113			27,975,152

(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	876,836	793,534			1,670,370
3. State taxes on premiums	14,946,123	12,085,400			27,031,523
4. Other state taxes, incl. \$ 0 for employee benefits	405,899	887,307			1,293,206
5. U.S. Social Security taxes	1,934,928	4,229,806			6,164,734
6. All other taxes	1,977,593	405,636			2,383,229
7. Taxes, licenses and fees incurred	20,141,379	18,401,683			38,543,062
8. Taxes, licenses and fees unpaid December 31, prior year	5,318,664	4,480,033			9,798,697
9. Taxes, licenses and fees unpaid December 31, current year	3,596,215	6,118,242			9,714,457
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9)	21,863,828	16,763,474			38,627,302

EXHIBIT 4 – DIVIDENDS OR REFUNDS

	Insurance	
	1 Life	2 Accident and Health
1. Applied to pay renewal premiums	712,050	
2. Applied to shorten the endowment or premium-paying period		
3. Applied to provide paid-up additions	10,608,878	
4. Applied to provide paid-up annuities		
5. Total Lines 1 through 4	11,320,928	
6. Paid-in cash	372,745	
7. Left on deposit	256,278	
8. Aggregate write-ins for dividend or refund options	125,964	
9. Total Lines 5 through 8	12,075,915	
10. Amount due and unpaid	87,768	
11. Provision for dividends or refunds payable in the following calendar year	8,873,839	
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	8,961,607	
16. Total from prior year	12,448,629	
17. Total dividends or refunds (Lines 9 + 15 - 16)	8,588,893	

DETAILS OF WRITE-IN LINES		
0801. Dividends applied to loan	125,964	
0802.		
0803.		
0898. Summary of remaining write-ins for Line 08 from overflow page		
0899. Totals (Lines 0801 through 0803 plus 0898) (Line 08 above)	125,964	

EXHIBIT 5 – AGGREGATE RESERVE FOR LIFE CONTRACTS

1		2	3	4	5	6
Valuation Standard		Total	Industrial	Ordinary	Credit (Group and Individual)	Group
LIFE INSURANCE:						
0100001	1958 CSO 2 1/2% CRVM, 1973-1984	33,021,771		33,021,771		
0100002	1958 CSO 2 1/2% NLP 1964-1988	104,826,976		104,826,976		
0100003	1958 CET 2 1/2% NLP 1964-1981	2,231,988		2,231,988		
0100004	1958 CSO 4 1/2% NLP 1980-1988	451,611		451,611		
0100005	1/2 Annual Extra Premium 1964-2011	1,739,190		1,739,190		
0100006	1958 CSO 4% NLP 1981-1988	43,718,645		43,718,645		
0100007	1958 CSO 4% CRVM 1981-1988	56,400,098		56,400,098		
0100008	1958 CET 4% NLP 1981-1988	676,239		676,239		
0100009	1958 CSO 3 1/2% NLP 1981-1988	73,526		73,526		
0100010	1958 CSO 3% NLP 1982-1988	1,921		1,921		
0100011	1960 CSG 4 1/2%	57,942				57,942
0100012	1960 CSG 2 1/2% With 1959 ADB	2,439,960				2,439,960
0100013	1958 CSO 4% Joint CRVM 1984-1988	8,033,386		8,033,386		
0100014	1958 CSO 4% Joint NLP 1984-1988	4,755,678		4,755,678		
0100015	1958 CSO 4 1/2% CRVM 1985-1988	24,890,639		24,890,639		
0100016	1958 CET 4% Joint NLP 1984-1988	39,891		39,891		
0100017	1958 CSO 3 1/2% Joint NLP 1984-1988	394,412		17,133		377,279
0100018	150% 1980 CSO 6 1/2% NLP 1987-1988	5,034,889		5,034,889		
0100019	1980 CSO 5 1/2% NLP 1987-2003	20,868		20,868		
0100020	1980 CSO 4% CRVM 2006-2008	487,044,137		389,595,775		97,448,362
0100021	1980 CSO 4% NLP 2006-2008	387,834		387,834		
0100022	1980 CSO 4% Joint CRVM 2006-2007	481,097		481,097		
0100023	1980 CET 4% NLP 2006-2007	60,734		60,734		
0100024	1980 CSO 4 1/2% NLP 1988-2005	33,746,479		33,746,479		
0100025	1980 CSO 4 1/2% CRVM 1989-2005	1,887,964,078		1,576,146,826		311,817,252
0100026	1980 CET 4 1/2% NLP 1989-2005	1,069,786		1,069,786		
0100027	1980 CSO 4 1/2% Joint NLP 1988-2005	5,868,266		5,868,266		
0100028	1980 CSO 4 1/2% Joint CRVM 1989-2005	26,020,411		26,020,411		
0100029	1980 CET 4 1/2% Joint NLP 1996-2005	142,781		142,781		
0100030	1980 CSO 4 3/4% CRVM 1994	480,265		480,265		
0100031	1980 CSO 4 3/4% Joint CRVM 1994	15,074		15,074		
0100032	2001 CSO 4% CRVM ALB 2007-2011 NB	1,141,591,838		1,141,591,838		
0199997	Totals (Gross)	3,873,682,410		3,461,541,615		412,140,795
0199998	Reinsurance ceded	230,661,276		228,890,392		1,770,884
0199999	Totals (Net)	3,643,021,134		3,232,651,223		410,369,911
ANNUITIES (excluding supplementary contracts with life contingencies):						
0200001	1937 SA 3 % NL - SB 3 YRS DEFER 1975-1978	16,696	X X X	16,696	X X X	
0200002	1937 SA 2 1/2 % NL -SB 3 YRS DEFER 1975-78	6,491	X X X	6,491	X X X	
0200003	1971 GAM 7 1/2 % DEFER 1984	21,958,069	X X X		X X X	21,958,069
0200004	1971 GAM 7 3/4 % DEFER 1983	13,808,125	X X X		X X X	13,808,125
0200005	1971 GAM 9 3/4 % DEFER 1983-1984	20,290,757	X X X		X X X	20,290,757
0200006	1971 GAM 10 3/4 % DEFER 1983, 1984	6,189,482	X X X		X X X	6,189,482
0200007	1971 GAM 11 1/4 % DEFER 1983, 1984	8,808,830	X X X		X X X	8,808,830
0200008	1971 IAM 7.50%/20/7.50% IMMED 1980-1982	10,660,072	X X X	10,660,072	X X X	
0200009	1971 IAM 11.56%/20/7.75% IMMED & DEFER 1983	22,323,870	X X X	22,323,870	X X X	
0200010	CARVM 3.5% DEFERRED 1979-1980	1,025,153	X X X	1,025,153	X X X	
0200011	CARVM 4.50% DEFERRED 2005, 2006	7,758,805	X X X	7,758,805	X X X	
0200012	CARVM 4.75% DEFERRED 2004, 2007, 2008	85,242,018	X X X	85,242,018	X X X	
0200013	CARVM 5.00% DEFERRED 2003, 2009-2011	42,570,989	X X X	42,570,989	X X X	
0200014	CARVM 5.25% DEFERRED 1998-1999	1,398,929	X X X	1,398,929	X X X	
0200015	CARVM 5.5% DEFERRED 1994, 1996-1997, 2001-2002	6,264,192	X X X	6,264,192	X X X	
0200016	CARVM 5.75% DEFERRED 1993, 2000	3,368,207	X X X	3,368,207	X X X	
0200017	CARVM 6.00% DEFERRED 1995	778,669	X X X	778,669	X X X	
0200018	CARVM 6.25% DEFERRED 1992	4,043,128	X X X	4,043,128	X X X	
0200019	CARVM 6.50% DEFERRED 1987, 1990	1,313,170	X X X	1,313,170	X X X	
0200020	CARVM 6.75% DEFERRED 1991	1,998,912	X X X	1,998,912	X X X	
0200021	CARVM 7.00% DEFERRED 1988-1989	1,057,932	X X X	1,057,932	X X X	
0200022	CARVM 7.25% DEFERRED 1986	946,316	X X X	946,316	X X X	
0200023	CARVM 8.50% DEFERRED 1984-1985	4,317,597	X X X	4,317,597	X X X	
0200024	CARVM 8.75% DEFERRED 1983	2,482,805	X X X	2,482,805	X X X	
0200025	CARVM 9.00% DEFERRED 1981	465,332	X X X	465,332	X X X	
0200026	CARVM 10.00% DEFERRED 1982	3,076,330	X X X	3,076,330	X X X	
0200027	1983 A 5.199%/20/4.00% IMMED & DEFERRED 2011	245,266,128	X X X	245,266,128	X X X	
0200028	1983 A 5.3785%/20/4.25% IMMED & DEFERRED 2005	97,475,835	X X X	97,475,835	X X X	
0200029	1983 A 5.38615%/20/4.25% IMMED & DEFERRED 2006	145,847,652	X X X	145,847,652	X X X	
0200030	1983 A 5.41%/20/4.50% IMMED & DEFERRED 2004	89,645,524	X X X	89,645,524	X X X	
0200031	1983 A 5.4143%/20/4.25% IMMED & DEFERRED 2010	163,013,295	X X X	163,013,295	X X X	
0200032	1983 A 5.46%/20/4.75% IMMED & DEFERRED 2003	140,935,238	X X X	140,935,238	X X X	
0200033	1983 A 5.6497%/20/4.25% IMMED & DEFERRED 2007	155,955,538	X X X	155,955,538	X X X	
0200034	1983 A 5.6539%/20/4.50% IMMED & DEFERRED 2008	176,428,456	X X X	176,428,456	X X X	
0200035	1983 A 6.1889%/20/4.75% IMMED & DEFERRED 2009	212,804,406	X X X	212,804,406	X X X	
0200036	1983 A 6.45%/20/4.75% IMMED & DEFERRED 1998	75,063,836	X X X	75,063,836	X X X	
0200037	1983 A 6.54%/20/5.00% IMMED & DEFERRED 2002	243,441,151	X X X	243,441,151	X X X	
0200038	1983 A 6.48%/20/4.75% IMMED & DEFERRED 1999	145,517,645	X X X	145,517,645	X X X	
0200039	1983 A 6.72%/20/5.00% IMMED & DEFERRED 1994	24,185,373	X X X	24,185,373	X X X	
0200040	1983 A 6.96%/20/5.25% IMMED & DEFERRED 1997	75,828,891	X X X	75,828,891	X X X	
0200041	1983 A 6.97%/20/5.00% IMMED & DEFERRED 1996	42,860,586	X X X	42,860,586	X X X	
0200042	1983 A 7.0173%/20/5.00% IMMED & DEFER 2001	187,164,624	X X X	187,164,624	X X X	

EXHIBIT 5 – AGGREGATE RESERVE FOR LIFE CONTRACTS

1		2	3	4	5	6
Valuation Standard		Total	Industrial	Ordinary	Credit (Group and Individual)	Group
0200043	1983 A 7.26%/20/5.25% IMMED & DEFERRED 1993	15,635,466	X X X	15,635,466	X X X	
0200044	1983 A 7.2586%/20/5.25% IMMED & DEFER 2000	173,837,176	X X X	173,837,176	X X X	
0200045	1983 A 7.51%/20/5.50% IMMED & DEFERRED 1995	50,319,099	X X X	50,319,099	X X X	
0200046	1983 A 8.04%/20/5.75% IMMED & DEFERRED 1992	14,097,255	X X X	14,097,255	X X X	
0200047	1983 A 8.32%/20/6.00% IMMED & DEFERRED 1987	5,832,154	X X X	5,832,154	X X X	
0200048	1983 A 8.50%/20/6.00% IMMED & DEFERRED 1991	9,771,137	X X X	9,771,137	X X X	
0200049	1983 A 8.55%/20/6.00% IMMED & DEFERRED 1990	13,748,175	X X X	13,748,175	X X X	
0200050	1983 A 9.08%/20/6.25% IMMED & DEFERRED 1989	6,936,092	X X X	6,936,092	X X X	
0200051	1983 A 9.12%/20/6.25% IMMED & DEFERRED 1988	10,604,689	X X X	10,604,689	X X X	
0200052	1983 A 9.64%/20/6.50% IMMED & DEFERRED 1986	9,298,043	X X X	9,298,043	X X X	
0200053	1983 A 11.39%/20/7.50% IMMED & DEFERRED 1985	15,722,311	X X X	15,722,311	X X X	
0200054	1983 A 11.72%/20/7.50% IMMED & DEFERRED 1984	28,493,783	X X X	28,493,783	X X X	
0200055	1983 GAM 5 % DEFERRED 1994	1,281,941	X X X		X X X	1,281,941
0200056	1983 GAM 6 % DEFERRED 1987,1994	7,908,586	X X X		X X X	7,908,586
0200057	1983 GAM 6 1/2 % DEFERRED 1986, 1994,1995	26,989,926	X X X		X X X	26,989,926
0200058	1983 GAM 7 % IMMED & DEFERRED 1995	24,020	X X X		X X X	24,020
0200059	1983 GAM 7 1/4 % IMMED & DEFERRED 1987,1995	5,128,804	X X X		X X X	5,128,804
0200060	1983 GAM 7 1/2 % DEFERRED 1984-1985	32,044,699	X X X		X X X	32,044,699
0200061	1983 GAM 7 3/4 % DEFERRED 1983, 1987, 1992	1,940,399	X X X		X X X	1,940,399
0200062	1983 GAM 8 % IMMED & DEFERRED 1986-1987	14,850,530	X X X		X X X	14,850,530
0200063	1983 GAM 8 1/4 % IMMEDIATE 1991	26,322	X X X		X X X	26,322
0200064	1983 GAM 8 3/4 % DEFERRED 1986, 1988-1989	5,875,700	X X X		X X X	5,875,700
0200065	1983 GAM 9 1/4 % IMMED & DEFER 1986	5,713,328	X X X		X X X	5,713,328
0200066	1983 GAM 9 1/2 % DEFERRED 1985	23,546,121	X X X		X X X	23,546,121
0200067	1983 GAM 10 1/2 % DEFERRED 1985	8,131,160	X X X		X X X	8,131,160
0200068	1983 GAM 11 % IMMED & DEFER 1985	14,869,760	X X X		X X X	14,869,760
0200069	ANNUITY 2000 4.00 % IMMEDIATE	41,680	X X X		X X X	41,680
0200070	ANNUITY 2000 5.00 % IMMEDIATE 2011	159,621	X X X	159,621	X X X	
0200071	ANNUITY 2000 5.25 % IMMEDIATE 2005, 2006	364,879,971	X X X	364,879,971	X X X	
0200072	ANNUITY 2000 5.50 % IMMEDIATE 2004, 2007, 2008	26,727,225	X X X	26,727,225	X X X	
0200073	ANNUITY 2000 6.00 % IMMEDIATE 2003, 2009, 2010	519,612	X X X	519,612	X X X	
0200074	ANNUITY 2000 6 1/4 % IMMEDIATE 1998, 1999	373,523	X X X	373,523	X X X	
0200075	ANNUITY 2000 6 1/2 % IMMEDIATE 2002, 2006	328,238	X X X	328,238	X X X	
0200076	ANNUITY 2000 6 3/4 % IMMEDIATE 2001	320,537	X X X	320,537	X X X	
0200077	ANNUITY 2000 7.0% IMMEDIATE 2000	152,754	X X X	152,754	X X X	
0200078	ANNUITY 2000 5.20%/20/4.75% IMMEDIATE 2003	4,406,000	X X X	4,406,000	X X X	
0200079	ANNUITY 2000 5.33%/20/4.50% IMMEDIATE 2004	5,648,436	X X X	5,648,436	X X X	
0200080	ANNUITY 2000 5.3785%/20/4.25% IMMEDIATE 2005	54,412,107	X X X	54,412,107	X X X	
0200081	ANNUITY 2000 6.45%/20/4.75% IMMEDIATE 1998	1,270,859	X X X	1,270,859	X X X	
0200082	ANNUITY 2000 6.47%/20/5.00% IMMEDIATE 2002	819,051	X X X	819,051	X X X	
0200083	ANNUITY 2000 6.48%/20/4.75% IMMEDIATE 1999	3,222,271	X X X	3,222,271	X X X	
0200084	ANNUITY 2000 7.0173%/20/5.00% IMMEDIATE 2001	6,452,371	X X X	6,452,371	X X X	
0200085	ANNUITY 2000 7.2586%/20/5.25% IMMEDIATE 2000	14,326,448	X X X	14,326,448	X X X	
0200086	VACARVM	279,361	X X X	37,455	X X X	241,906
0299997	Totals (Gross)	3,480,571,795	X X X	3,260,901,650	X X X	219,670,145
0299998	Reinsurance ceded	39,362,473	X X X	39,362,473	X X X	
0299999	Totals (Net)	3,441,209,322	X X X	3,221,539,177	X X X	219,670,145
SUPPLEMENTARY CONTRACTS WITH LIFE CONTINGENCIES:						
0300001	1983a 6 1/2%	58,564		58,564		
0300002	1983a 6 3/4%	217,384		217,384		
0300003	1983a 7%	37,720		37,720		
0300004	1983a 7 1/4%	71,786		71,786		
0300005	1983a 7 3/4%	17,790		17,790		
0300006	1983a 8%	18,544		18,544		
0300007	1983a 8 1/4%	24,958		24,958		
0300008	1983a 8 3/4%	74,910		74,910		
0300009	1983a 9 1/4%	1,591		1,591		
0300010	1983a 11%	18,511		18,511		
0300011	1983a 11 1/4%	14,070		14,070		
0300012	ANNUITY 2000 5%	44,862		44,862		
0300013	ANNUITY 2000 5.25%	11,321		11,321		
0300014	ANNUITY 2000 6%	155,399		155,399		
0300015	ANNUITY 2000 6 1/4%	350,118		350,118		
0300016	ANNUITY 2000 6.5%	77,687		77,687		
0300017	ANNUITY 2000 7%	136,712		136,712		
0399997	Totals (Gross)	1,331,927		1,331,927		
0399998	Reinsurance ceded					
0399999	Totals (Net)	1,331,927		1,331,927		
ACCIDENTAL DEATH BENEFITS:						
0400001	1959 ADB With 1958 CSO 2 1/2% NL	110,392		110,392		
0400002	1959 ADB With 1980 CSO 4% NL	101,179		101,179		
0400003	1959 ADB With 1980 CSO 4 1/2% NL	108,990		108,990		
0499997	Totals (Gross)	320,561		320,561		
0499998	Reinsurance ceded	133,138		133,138		

EXHIBIT 5 – AGGREGATE RESERVE FOR LIFE CONTRACTS

1	2	3	4	5	6
Valuation Standard	Total	Industrial	Ordinary	Credit (Group and Individual)	Group
0499999 Totals (Net)	187,423		187,423		
DISABILITY — ACTIVE LIVES:					
0500001 1952 Disability Study Period 2 Benefit 5					
0500002 with 1958 CSO 2 1/2% NL	4,788,949		4,788,949		
0599997 Totals (Gross)	4,788,949		4,788,949		
0599998 Reinsurance ceded					
0599999 Totals (Net)	4,788,949		4,788,949		
DISABILITY — DISABLED LIVES:					
0600001 1952 Disability Study - Benefit 5, 2 1/2%	2,917,789		2,917,789		
0600002 SOA 2005 WAIVER DISAB. MOD 3.50%	8,259				8,259
0600003 SOA 2005 WAIVER DISAB. MOD 3.70%	17,276,823				17,276,823
0600004 SOA 2005 WAIVER DISAB. MOD 3.95%	15,710,407				15,710,407
0600005 SOA 2005 WAIVER DISAB. MOD 4.00%	42,532				42,532
0600006 SOA 2005 WAIVER DISAB. MOD 4.20%	11,971,963				11,971,963
0600007 SOA 2005 WAIVER DISAB. MOD 4.50%	1,132,899				1,132,899
0600008 SOA 2005 WAIVER DISAB. MOD 4.70%	7,539,954				7,539,954
0600009 SOA 2005 WAIVER DISAB. MOD 5.00%	11,944,285				11,944,285
0600010 SOA 2005 WAIVER DISAB. MOD 5.50%	169,779				169,779
0699997 Totals (Gross)	68,714,690		2,917,789		65,796,901
0699998 Reinsurance ceded	5,087,918				5,087,918
0699999 Totals (Net)	63,626,772		2,917,789		60,708,983
MISCELLANEOUS RESERVES:					
0700001 Deficiency Reserves	10,773,335		10,773,335		
0700002 Non-Deduction of Deferred Fractional Premiums	3,554,690		3,554,690		
0700003 Guaranteed Minimum Death Benefit Reserve	1,097,722		1,097,722		
0799997 Totals (Gross)	15,425,747		15,425,747		
0799998 Reinsurance ceded					
0799999 Totals (Net)	15,425,747		15,425,747		
9999999 Totals (Net) - Page 3, Line 1	7,169,591,274		6,478,842,235		690,749,039

EXHIBIT 5 – INTERROGATORIES

- 1.1 Has the reporting entity ever issued both participating and non-participating contracts? Yes No
- 1.2 If not, state which kind is issued. Yes No

- 2.1 Does the reporting entity at present issue both participating and non-participating contracts? Yes No
- 2.2 If not, state which kind is issued. Yes No

- 3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements? Yes No
 If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions.
- 4. Has the reporting entity any assessment or stipulated premium contracts in force? Yes No
 If so, state:
 - 4.1 Amount of insurance? \$
 - 4.2 Amount of reserve? \$
 - 4.3 Basis of reserve: \$

- 4.4 Basis of regular assessments: \$

- 4.5 Basis of special assessments: \$

- 4.6 Assessments collected during the year: \$
- 5. If the contract loan interest rate guaranteed in any one or more of its currently issued contracts is less than 5%, not in advance, state the contract loan rate guarantees on any such contracts.
 4% on non-NY Single Premium Whole Life (Liberty Series Estate Maximizer issued 1/1/2011 - 5/22/2011) for preferred loans (existing or taken on or after 10th contract anniversary). 3% on Single Premium Whole Life (Liberty Series Estate Maximizer Next Generation issued 5/23/2011 - 12/31/2011) for preferred loans (existing or taken out on or after the 10th contract anniversary). 3% on Performance UL and
- 6. Does the reporting entity hold reserves for any annuity contracts that are less than the reserves that would be held on a standard basis? Yes No
- 6.1 If so, state the amount of reserve on such contracts on the basis actually held: \$ 1,798,363,238
- 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: \$ 2,237,621,989
 Attach statement of methods employed in their valuation.
- 7. Does the reporting entity have any Synthetic GIC contracts or agreements in effect as of December 31 of the current year? Yes No
- 7.1 If yes, state the total dollar amount of assets covered by these contracts or agreements: \$
- 7.2 Specify the basis (fair value, amortized cost, etc.) for determining the amount: \$

- 7.3 State the amount of reserves established for this business: \$
- 7.4 Identify where the reserves are reported in the blank: \$

EXHIBIT 5A – CHANGES IN BASES OF VALUATION DURING THE YEAR

1 Description of Valuation Class	Valuation Basis		4 Increase in Actuarial Reserve Due to Change
	2 Changed From	3 Changed To	
LIFE CONTRACTS (Including supplementary contracts set upon a basis other than that used to determine benefits) (Exhibit 5)			
0199999 Subtotal (Page 7, Line 6)	X X X	X X X	
ACCIDENT AND HEALTH CONTRACTS (Exhibit 6)	NONE		
0299999 Subtotal	X X X	X X X	
DEPOSIT-TYPE CONTRACTS (Exhibit 7)			
0399999 Subtotal	X X X	X X X	
9999999 TOTAL (Column 4 only)	X X X	X X X	

EXHIBIT 6 – AGGREGATE RESERVES FOR ACCIDENT AND HEALTH CONTRACTS

	1 Total	2 Group Accident and Health	3 Credit Accident and Health (Group and Individual)	4 Collectively Renewable	Other Individual Contracts				
					5 Non- Cancelable	6 Guaranteed Renewable	7 Non-Renewable for Stated Reasons Only	8 Other Accident Only	9 All Other
ACTIVE LIFE RESERVE									
1. Unearned premium reserves	760,419	758,810			1,609				
2. Additional contract reserves (a)	44,244				44,244				
3. Additional actuarial reserves - Asset/Liability analysis									
4. Reserve for future contingent benefits									
5. Reserve for rate credits	3,538,080	3,538,080							
6. Aggregate write-ins for reserves									
7. Totals (Gross)	4,342,743	4,296,890			45,853				
8. Reinsurance ceded	2,239				2,239				
9. Totals (Net)	4,340,504	4,296,890			43,614				
CLAIM RESERVE									
10. Present value of amounts not yet due on claims	1,415,016,198	1,414,484,971			531,227				
11. Additional actuarial reserves-Asset/Liability analysis									
12. Reserve for future contingent benefits	19,685,563	19,685,563							
13. Aggregate write-ins for reserves									
14. Totals (Gross)	1,434,701,761	1,434,170,534			531,227				
15. Reinsurance ceded	29,665,332	29,276,343			388,989				
16. Totals (Net)	1,405,036,429	1,404,894,191			142,238				
17. TOTAL (Net)	1,409,376,933	1,409,191,081			185,852				
18. TABULAR FUND INTEREST	62,229,096	62,223,211			5,885				

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DETAILS OF WRITE-IN LINES									
0601.									
0602.									
0603.									
0698. Summary of remaining write-ins for Line 06 from overflow page									
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)									
1301.									
1302.									
1303.									
1398. Summary of remaining write-ins for Line 13 from overflow page									
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)									

NONE

NONE

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

EXHIBIT 7 – DEPOSIT TYPE CONTRACTS

	1	2	3	4	5	6
	Total	Guaranteed Interest Contracts	Annuities Certain	Supplemental Contracts	Dividend Accumulations or Refunds	Premium and Other Deposit Funds
1. Balance at the beginning of the year before reinsurance	885,524,991		839,235,980	694,072	8,907,270	36,687,669
2. Deposits received during the year	104,777,510		82,241,963	234,450	256,278	22,044,819
3. Investment earnings credited to the account	40,740,020		39,212,519	219,003	246,352	1,062,146
4. Other net change in reserves	258,913			6,855		252,058
5. Fees and other charges assessed						
6. Surrender charges						
7. Net surrender or withdrawal payments	124,112,880		104,542,452	313,259	533,935	18,723,234
8. Other net transfers to or (from) Separate Accounts						
9. Balance at the end of current year before reinsurance (Lines 1 + 2 + 3 + 4 - 5 - 6 - 7 - 8)	907,188,554		856,148,010	841,121	8,875,965	41,323,458
10. Reinsurance balance at the beginning of the year	612,401		612,401			
11. Net change in reinsurance assumed	(27,476)		(27,476)			
12. Net change in reinsurance ceded						
13. Reinsurance balance at the end of the year (Lines 10 + 11 - 12)	584,925		584,925			
14. Net balance at the end of current year after reinsurance (Lines 9 + 13)	907,773,479		856,732,935	841,121	8,875,965	41,323,458

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 Life (Group and Individual)	Other
1. Due and unpaid:											
1.1 Direct	4,067,988			4,067,988							
1.2 Reinsurance assumed											
1.3 Reinsurance ceded											
1.4 Net	4,067,988			4,067,988							
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	43,172,115		14,975,857	1,259,812	9,405		22,704,912		4,218,335		3,794
2.22 Reinsurance assumed	64,500						64,500				
2.23 Reinsurance ceded	4,620,771		2,903,611	740,364			976,796				
2.24 Net	38,615,844		(b)	12,072,246	9,405	(b)	(b)		(b)	4,218,335	(b)
3. Incurred but unreported:											
3.1 Direct	46,039,083		2,903,837				24,348,566		18,786,680		
3.2 Reinsurance assumed											
3.3 Reinsurance ceded	2,033,797						427,630		1,606,167		
3.4 Net	44,005,286		(b)	2,903,837		(b)	(b)		(b)	23,920,936	(b)
4. TOTALS											
4.1 Direct	93,279,186		17,879,694	5,327,800	9,405		47,053,478		23,005,015		3,794
4.2 Reinsurance assumed	64,500						64,500				
4.3 Reinsurance ceded	6,654,568		2,903,611	740,364			1,404,426		1,606,167		
4.4 Net	86,689,118	(a)	(a)	14,976,083	9,405		(a)		21,398,848		3,794

(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 \$ 2,916,632, Individual Annuities \$ 1,157, Credit Life (Group and Individual) \$ 0, and Group Life \$ 60,708,983, are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$ 1,404,894,191, Credit (Group and Individual) Accident and Health \$ 0, and Other Accident and Health \$ 142,238 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	2	Ordinary			6	Group		Accident and Health		
			3	4	5		7	8	9	10	11
	Total	Industrial Life (a)	Life Insurance (b)	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance (c)	Annuities	Group	Credit Life (Group and Individual)	Other
1. Settlements during the year:											
1.1 Direct	968,933,657		87,804,785	267,865,049	292,792		167,123,084	26,707,211	419,077,922		62,814
1.2 Reinsurance assumed	2,650,064		192,706	2,075,887			119,419		262,052		
1.3 Reinsurance ceded	36,633,488		24,853,929	3,675,268			3,860,418		4,235,473		8,400
1.4 Net	(d) 934,950,233		63,143,562	266,265,668	292,792		163,382,085	26,707,211	415,104,501		54,414
2. Liability December 31, current year from Part 1:											
2.1 Direct	93,279,186		17,879,694	5,327,800	9,405		47,053,478		23,005,015		3,794
2.2 Reinsurance assumed	64,500						64,500				
2.3 Reinsurance ceded	6,654,568		2,903,611	740,364			1,404,426		1,606,167		
2.4 Net	86,689,118		14,976,083	4,587,436	9,405		45,713,552		21,398,848		3,794
3. Amounts recoverable from reinsurers December 31, current year	6,295,381		3,891,646				1,310,717		1,093,018		
4. Liability December 31, prior year:											
4.1 Direct	74,790,326		12,676,784	4,234,427	123,663		36,941,065		20,808,470		5,917
4.2 Reinsurance assumed	37,750						37,750				
4.3 Reinsurance ceded	6,287,097		2,347,833	1,451,865			836,605		1,650,404		390
4.4 Net	68,540,979		10,328,951	2,782,562	123,663		36,142,210		19,158,066		5,527
5. Amounts recoverable from reinsurers December 31, prior year	6,350,388		5,034,550				420,958		894,880		
6. Incurred benefits:											
6.1 Direct	987,422,517		93,007,695	268,958,422	178,534		177,235,497	26,707,211	421,274,467		60,691
6.2 Reinsurance assumed	2,676,814		192,706	2,075,887			146,169		262,052		
6.3 Reinsurance ceded	36,945,952		24,266,803	2,963,767			5,317,998		4,389,374		8,010
6.4 Net	953,153,379		68,933,598	268,070,542	178,534		172,063,668	26,707,211	417,147,145		52,681

- (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. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	2,996,311	3,255,201	258,890
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	56,701,050	43,352,750	(13,348,300)
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	1,200,000		(1,200,000)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	60,897,361	46,607,951	(14,289,410)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	60,897,361	46,607,951	(14,289,410)

DETAILS OF WRITE-IN LINES			
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. Prepaid Insolvency Asset	1,200,000		(1,200,000)
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)	1,200,000		(1,200,000)

NONE

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

- A. The financial statements of Liberty Life Assurance Company of Boston (the Company) are presented on the basis of accounting policies prescribed or permitted by the New Hampshire Insurance Department. The New Hampshire Insurance Department Recognizes only statutory accounting practices prescribed by the state for determining and reporting the financial conditions and results of operation of an insurance company. New Hampshire has adopted the prescribed practices set forth in the January 1, 2011 National Association of Insurance Commissioners' Accounting Practices and Procedures manual.
- B. The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.
- C. The accounting policies of the Company do not deviate materially from those Prescribed in the National Association of Insurance Commissioners' Accounting Practices and Procedures manual.

The Company uses the following accounting policies with regards to investments:

1. Investment grade short-term investments are carried at cost adjusted where appropriate for amortization of premium or discount, or markets as specified by the Purposes and Procedures Manual of the NAIC Securities Valuation Office (SVO Manual).
2. Investment grade bonds are carried at cost adjusted where appropriate for amortization of premium or discount, or market as specified by the SVO Manual.
3. Common stocks are carried at market value except that investments in stocks of subsidiaries and affiliates are carried on the equity basis.
4. Preferred stocks are carried at cost or market in accordance with the SVO Manual.
5. Mortgage loans are carried at unpaid balances less impairments as Specified by the Purposes and Procedures Manual of the NAIC Securities Valuation Office (SVO Manual).
6. Mortgage-backed/asset backed securities are stated at amortized value. Prepayment assumptions for single class mortgage-backed/asset backed securities and multi-class securities were obtained from internal estimates. These assumptions are consistent with the current interest rate and economic environment. The retrospective adjustment method is used to value all single class mortgage-backed/asset-backed securities and multi-class securities. Non-investment grade mortgage-backed/asset-backed securities are stated at the lower of amortized value or fair value.
7. The Company carries its investments in subsidiaries, controlled, and affiliated (SCA) companies in accordance with SSAP No. 46 and the SVO Manual. Schedule D, Part 6-Section 1 illustrates the valuation method used for each SCA company.
8. Investments in joint ventures, partnerships, and limited liability companies are carried at the underlying audited GAAP equity value, when available.
9. Liberty Life Assurance Company of Boston does not invest in derivatives. However, the Company may acquire derivatives as additions to securities investments. These derivatives are ancillary to the investment and immaterial to the underlying portfolio.
10. The Company does not use anticipated investment income as a factor in the premium deficiency calculation.
11. Long Term Disability disabled lives reserves and loss adjustment expense reserves are tabular reserves from the 1987 CGDT modified during the first two years to reflect intracompany experience with interest rates varying by year of disability. The incurred but not reported claims reserves are a function of earned premium and Short Term Disability claim experience. Short Term Disability claim reserves use the completion factor method. Retrospective rating reserves are calculated from emerging experience of the policies with the retrospective agreement.

NOTES TO FINANCIAL STATEMENTS

12. The Company's capitalization policy did not change from the prior period.
13. The Company had no pharmaceutical rebate receivables on December 31, 2011.

2. Accounting Changes and Corrections of Errors

- A. The Company reported no material accounting changes or corrections of errors in 2011.

3. Business Combinations and Goodwill

- A. The Company neither purchased nor combined with any companies in 2011.

4. Discontinued Operations

- A. The Company had no discontinued operations in 2011.

5. Investments

- A. During 2011, the Company participated in direct investment in commercial mortgage loans using an experienced external manager, Stancorp Mortgage Investors. (1) The maximum and minimum lending rates for mortgage loans during 2011 were 7.00% and 5.00% respectively. (2) During 2011, the Company did not reduce interest rates of any outstanding mortgage loans. (3) The maximum loan to value of any loan written during 2011 was 75%. (4) As of December 31, 2011 the company held mortgages with interest more than 180 days past due with a recorded investment, excluding accrued, of \$415,151. (a) Total interest due on mortgages with interest more than 180 days past due was \$51,593. (5) There were \$25,079 in taxes, assessments or any amounts advanced and not included in the mortgage loan. (6) The total recorded investment in impaired loans as of December 31, 2011 was \$3,835,206, of which there was a related allowance for credit losses of \$1,747,387. (7) There were no recorded investment in impaired loans without a related allowance for credit losses. (8) The average recorded investment in impaired loans was \$116,218 during 2011. (9) There was \$55,654 interest income recognized for impaired loans during 2011. (10) There was \$55,654 interest income recognized on a cash basis for impaired loans during 2011. (11)(a) The balance in the allowance for credit losses at the beginning of 2011 was \$1,362,386 and at the beginning of 2010 was \$332,259. (b) There were \$1,856,873 of additions to the allowance charged to operations in 2011 and \$1,730,008 in 2010. (c) There were \$1,471,872 of direct write-downs charged against the allowance in 2011 and \$699,882 in 2010. (d) There were no recoveries of amounts previously charged off. (e) The balance in the allowance for credit losses was \$1,747,386 in 2011 and \$1,362,386 in 2010. (12) The company recognizes interest income on its impaired loans upon receipt.
- B. (1) There was \$4,410,348 of recorded investment in mortgage loans for which impairment has been recognized. (2) There were no realized capital losses. (3) There were no commitments to lend additional funds to debtors owing receivables whose terms have been modified in troubled debt restructuring. (4) The company accrues interest income on impaired loans to the extent it is deemed collectible and the loan continues to perform under its original or restructured contractual terms. Interest income on non performing loans is generally recognized on a cash basis.
- C. Liberty Life Assurance Company of Boston does not have any Reverse Mortgages.
- D. Loan - Backed Securities
- (1) Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.
- (2) All Loaned Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 2011 as of December 31, 2011: NONE
- (3) Each Loaned Backed Security with a recognized other-than-temporary impairment held by the company at December 31, 2011:

1	2	3	4	5	6	7
CUSIP	Book/Adj Carrying Value Amortized cost before current period OTTI	Projected Cash Flows	Recognized other -than-temporary impairment	Amortized cost after other -than-temporary impairment	Fair Value at time of OTTI	Date of Financial Statement Where Report
021468AD5	1,958,934	1,725,655	233,279	1,725,655	1,228,732	6/30/2009

NOTES TO FINANCIAL STATEMENTS

021468AD5	7,835,736	6,902,621	933,115	6,902,621	4,914,926	6/30/2009
021468AD5	1,725,655	1,655,156	70,499	1,655,156	1,575,844	9/30/2010
021468AD5	6,902,620	6,620,625	281,996	6,620,625	6,303,376	9/30/2010
021468AD5	1,655,156	1,647,620	7,536	1,647,620	1,575,964	12/31/2010
021468AD5	6,620,625	6,590,480	30,145	6,590,480	6,303,856	12/31/2010
021468AD5	1,614,199	1,573,423	40,776	1,573,423	1,482,159	3/31/2011
021468AD5	6,456,797	6,293,693	163,104	6,293,693	5,928,637	3/31/2011
021468AD5	1,525,880	1,505,898	19,982	1,505,898	1,365,568	6/30/2011
021468AD5	6,102,523	6,023,593	79,930	6,023,593	5,462,272	6/30/2011
021468AD5	1,480,687	1,466,199	14,488	1,466,199	1,288,500	9/30/2011
021468AD5	5,922,748	5,864,796	57,952	5,864,796	5,154,002	9/30/2011
021468AD5	1,440,355	1,382,138	58,218	1,382,138	1,125,935	12/31/2011
021468AD5	5,761,422	5,528,551	232,871	5,528,551	4,503,741	12/31/2011
02147LAD5	2,810,522	2,686,241	124,280	2,686,241	2,587,179	9/30/2010
02147LAD5	2,810,522	2,686,241	124,280	2,686,241	2,587,179	9/30/2010
02147LAD5	642,405	613,998	28,407	613,998	591,355	9/30/2010
02147LAD5	2,672,480	2,572,483	99,997	2,572,483	2,468,491	12/31/2010
02147LAD5	2,672,480	2,572,483	99,997	2,572,483	2,468,491	12/31/2010
02147LAD5	610,853	587,997	22,856	587,997	564,226	12/31/2010
02147LAD5	2,536,517	2,502,823	33,694	2,502,823	2,243,495	3/31/2011
02147LAD5	2,536,517	2,502,823	33,694	2,502,823	2,243,495	3/31/2011
02147LAD5	579,775	572,074	7,701	572,074	512,799	3/31/2011
02147LAD5	2,442,416	2,424,091	18,325	2,424,091	2,115,778	6/30/2011
02147LAD5	2,442,416	2,424,091	18,325	2,424,091	2,115,778	6/30/2011
02147LAD5	558,267	554,078	4,189	554,078	483,606	6/30/2011
02147LAD5	2,373,265	2,354,972	18,294	2,354,972	2,043,978	9/30/2011
02147LAD5	2,373,265	2,354,972	18,294	2,354,972	2,043,978	9/30/2011
02147LAD5	542,461	538,279	4,181	538,279	467,195	9/30/2011
02147LAD5	2,264,345	2,225,624	38,721	2,225,624	1,963,794	12/31/2011
02147LAD5	2,264,345	2,225,624	38,721	2,225,624	1,963,794	12/31/2011
02147LAD5	517,565	508,714	8,850	508,714	448,867	12/31/2011
81375BAM4	15,417	1,545	13,872	1,545	1,545	6/30/2009
81375BAM4	3,854	386	3,468	386	386	6/30/2009
81375BAM4	19,272	1,932	17,340	1,932	1,932	6/30/2009
74922EAG4	2,488,144	2,458,585	29,559	2,458,585	2,280,296	12/31/2010
74922EAG4	2,843,594	2,809,813	33,781	2,809,813	2,606,053	12/31/2010
74922EAG4	710,898	702,453	8,445	702,453	651,513	12/31/2010
74922EAG4	683,075	671,877	11,198	671,877	625,956	3/31/2011
74922EAG4	2,732,302	2,687,508	44,794	2,687,508	2,503,824	3/31/2011
74922EAG4	2,390,764	2,351,569	39,195	2,351,569	2,190,846	3/31/2011
74922EAG4	640,537	635,733	4,804	635,733	548,084	6/30/2011
74922EAG4	2,562,147	2,542,930	19,217	2,542,930	2,192,337	6/30/2011
74922EAG4	2,241,879	2,225,064	16,815	2,225,064	1,918,295	6/30/2011
74922EAG4	596,496	584,698	11,798	584,698	487,024	12/31/2011
74922EAG4	2,385,985	2,338,793	47,192	2,338,793	1,948,096	12/31/2011
74922EAG4	2,087,737	2,046,444	41,293	2,046,444	1,704,584	12/31/2011
761118XS2	3,096,688	3,058,210	38,478	3,058,210	2,533,486	12/31/2010
761118XS2	2,322,516	2,293,657	28,859	2,293,657	1,900,114	12/31/2010
12545CAU4	1,483,648	1,364,898	118,750	1,364,898	1,297,619	6/30/2011
12545CAU4	494,549	454,966	39,583	454,966	432,540	6/30/2011
12545CAU4	2,967,296	2,729,796	237,500	2,729,796	2,595,237	6/30/2011
12545CAU4	4,945,493	4,549,660	395,833	4,549,660	4,325,395	6/30/2011
12545CAU4	4,304,405	4,216,147	88,258	4,216,147	3,856,216	12/31/2011
12545CAU4	2,582,643	2,529,688	52,955	2,529,688	2,313,729	12/31/2011
12545CAU4	430,441	421,615	8,826	421,615	385,622	12/31/2011
12545CAU4	1,291,322	1,264,844	26,477	1,264,844	1,156,865	12/31/2011

4. All impaired Loan Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2011:

	1	2
	Less Than 12 Months	Greater Than 12 Months
Gross Unrealized Loss	(1,952,459)	(7,807,228)
Fair Value of Securities with Unrealized Losses	68,089,333	71,208,445

NOTES TO FINANCIAL STATEMENTS

5. The Company reviews fixed income securities for impairment on a quarterly basis. Securities are reviewed for both quantitative and qualitative considerations including, but not limited to: (a) the extent of the decline in fair value below book value, (b) the duration of the decline, (c) significant adverse changes in the financial condition or near term prospects of the investment or issuer, (d) significant change in the business climate or credit ratings of the issuer, (e) general market conditions and volatility, (f) industry factors, and (g) the past impairment of the security holding or the issuer. If the Company believes a decline in the value of a particular investment is temporary, the decline is recorded as an unrealized loss in policyholders' equity. If the decline is believed to be "other-than-temporary," and the Company believes it will not be able to collect all cash flows due on its fixed income securities, then the carrying value of the investment is written down to the expected cash flow amount and a realized loss is recorded as a credit impairment.

E. Repurchase Agreements and/or Securities Lending Transactions

1. The Company did not participate in repurchase agreements or securities lending during the year. The Company did not enter into any repurchase agreements during the year. The Company did not have any open securities lending positions as of December 31, 2011. The Company does not have any open reinvested collateral positions as of December 31, 2011, refer to note 17B.
2. The Company has not pledged any of its assets as collateral as of December 31, 2011.
3. The aggregate collateral received by loan type is:
- | | |
|------------------------------|-------------------------|
| a. Cash Received Open | \$518,714,376.10 |
| b-e Cash Received Term | <u>0.00</u> |
| f. Cash Received Subtotal | \$518,714,316.10 |
| g. Securities Received | <u>\$ 12,810,320.47</u> |
| h. Total Collateral Received | \$531,524,696.57 |

4. Not Applicable

5. The aging of the Company collateral is as follows:

(1) Amortized cost of open reinvested collateral		(2) Fair value of open reinvested collateral	
Under 30 Days	\$128,621,680	Under 30 Days	\$128,622,095
31-60 Days	\$253,896,033	31-60 Days	\$253,900,468
61-90 Days	\$136,654,131	61-90 Days	\$136,662,409
Over 90 Days	\$ 0.00	Over 90 Days	\$ 0.00
Total	\$519,171,844	Total	\$519,184,973

- F. Liberty Life Assurance Company of Boston had no real estate investments as of December 31, 2011.
- G. The Company does not have any investments in low-income tax housing credits.

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
- B. The Company invests in various limited partnerships that are reported in accordance with SSAP No. 48. The partnerships are valued by the equity method using traditional private equity metrics. Interim poor performance with the partnerships may lead to impairment losses being recognized by management. The Company realized limited partnership impairment losses of \$ 0.1 million in 2011.

7. Investment Income

- A. All investment income due and accrued over 90 days past due is excluded from investment income.
- B. The amount excluded in 2011 was \$ 0.

NOTES TO FINANCIAL STATEMENTS

8. Derivative Instruments

- A. The Company's investment activities do not include derivatives. However, the Company may acquire derivatives as additions to bond, common stock, or preferred stock investments. These derivatives are ancillary to the overall investment and immaterial to the underlying investment portfolio.

9. Income Taxes

- A. The components of the net deferred tax assets (DTAs) and liabilities (DTLs) recognized in the Company's Assets, Liabilities, Surplus and Other Funds are as follows:

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2 - 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross Deferred Tax Assets	118,925,200	8,807,000	127,732,200	109,855,950	30,066,750	139,922,700	9,069,250	(21,259,750)	(12,190,500)
Statutory Valuation Allowance Adjust.	0	0	0	0	0	0	0	0	0
Adjusted Gross Deferred Tax Assets	118,925,200	8,807,000	127,732,200	109,855,950	30,066,750	139,922,700	9,069,250	(21,259,750)	(12,190,500)
Deferred Tax Liabilities	(27,852,000)	(637,000)	(28,489,000)	(28,778,250)	(3,349,000)	(32,127,250)	926,250	2,712,000	3,638,250
Net DTA (DTL)	91,073,200	8,170,000	99,243,200	81,077,700	26,717,750	107,795,450	9,995,500	(18,547,750)	(8,552,250)
Deferred Tax Assets Nonadmitted	(56,701,050)	0	(56,701,050)	(43,352,750)	0	(43,352,750)	(13,348,300)	0	(13,348,300)
Net Admitted DTA (DTL)	34,372,150	8,170,000	42,542,150	37,724,950	26,717,750	64,442,700	(3,352,800)	(18,547,750)	(21,900,550)

The Company has elected to admit additional DTAs pursuant to SSAP No. 10R, paragraph 10e. The current period election does not differ from the prior reporting period.

The amount of each result or component of the calculation, by tax character, of paragraphs 10a., 10bi., 10bii., 10c.:

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2 - 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10a.)	13,568,150	0	13,568,150	14,186,000	0	14,186,000	(617,850)	0	(617,850)
Lesser of:									
Expected to be recognized within one year (10bi.)	0	7,435,000	7,435,000	0	26,956,000	26,956,000	0	(19,521,000)	(19,521,000)
10% of adjusted capital and surplus (10bii.)			58,671,000			54,265,000			4,406,000
Adj. gross DTAs offset against existing DTLs (10c.)	27,852,000	637,000	28,489,000	28,778,250	3,349,000	32,127,250	(926,250)	(2,712,000)	(3,638,250)
Total	41,420,150	8,072,000	49,492,000	42,964,250	30,305,000	73,269,250	(1,544,100)	(22,233,000)	(23,777,100)

The amount of each result or component of the calculation, by tax character, of paragraphs 10ei., 10eii., 10eib., and 10eiii.:

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2 - 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10ei.)	24,789,000	0	24,789,000	37,487,000	0	37,487,000	(12,698,000)	0	(12,698,000)
Lesser of:									
Expected to be recognized within three years (10eii.)	10,318,000	7,435,000	17,753,000	0	26,956,000	26,956,000	10,318,000	(19,521,000)	(9,203,000)
15% of adjusted capital and surplus (10eib.)			88,007,000			81,398,000			6,609,000
Adj. gross DTAs offset against existing DTLs (10eiii.)	27,852,000	637,000	28,489,000	28,778,250	3,349,000	32,127,250	(926,250)	(2,712,000)	(3,638,250)
Total	62,959,000	8,072,000	71,031,000	66,265,250	30,305,000	96,570,250	(3,306,250)	(22,233,000)	(25,539,250)

	December 31, 2011	December 31, 2010	Change
Used in SSAP No. 10R, Paragraph 10.d.			
Total Adjusted Capital	744,971,693	711,978,346	32,993,347
Authorized Control Level	111,397,960	97,150,199	14,247,761

NOTES TO FINANCIAL STATEMENTS

The following amounts result from the calculation in paragraphs 10a., 10b., and 10c.:

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2 - 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	13,568,150	7,435,000	21,003,150	14,186,000	26,956,000	41,142,000	(617,850)	(19,521,000)	(20,138,850)
Admitted Assets			14,974,087,119			14,160,737,501			813,349,618
Adjusted Statutory Surplus			586,710,000			542,650,000			44,060,000
Total Adjusted Capital from DTAs			21,003,150			41,142,000			(20,138,850)

Increase due to SSAP No. 10R, Paragraph 10.e.	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2 - 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	21,539,000	0	21,539,000	23,301,180	0	23,301,180	(1,762,180)	0	(1,762,180)
Admitted Assets	21,539,000	0	21,539,000	23,301,180	0	23,301,180	(1,762,180)	0	(1,762,180)
Statutory Surplus	21,539,000	0	21,539,000	23,301,180	0	23,301,180	(1,762,180)	0	(1,762,180)

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2 - 5)	(Col 7 + 8)
Impact of Tax Planning Strategies	Ordinary Percent	Capital Percent	Total Percent	Ordinary Percent	Capital Percent	Total Percent	Ordinary Percent	Capital Percent	Total Percent
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0%	10%	10%	0%	28%	28%	0%	(18%)	(18%)
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Gross DTAs)	0%	17%	17%	0%	42%	42%	0%	(25%)	(25%)

B. The Company does not have any DTLs described in SSAP No. 10R, Income Taxes, paragraph 6d.

C. Current income taxes incurred consist of the following major components for the years ended December 31:

	2011	2010	Change
Federal	23,882,000	35,488,000	(11,606,000)
Foreign			
Federal Income Tax on net capital gains	(566,233)	(3,580,070)	3,013,837
Federal and foreign income taxes incurred	23,315,767	31,907,930	(8,592,163)

The Company's deferred tax assets and liabilities result primarily from differences in Statutory and Tax policy reserves, amortization of acquisition expenses, reversal of discount accretion on bonds, deferred and uncollected premium and recognition of impairment losses.

D. Effective tax rates differ from the current statutory rate of 35%, principally due to effects of tax-exempt interest, dividends received deductions, interest maintenance reserve capitalization and amortization and revisions to prior year's estimates.

E. The Company has no net operating loss carry-forward available to offset future net income subject to Federal income taxes in 2011.

The Company has Federal income taxes available for recoupment in the event of future net losses as follows:

Year Generated	Amount
2011	\$32,200,200
2010	\$27,200,000
2009	\$6,800,000

The Company does not have deposits admitted under Section 6603 of the Internal Revenue Code.

NOTES TO FINANCIAL STATEMENTS

- F. The Company's federal income tax return is consolidated with the following companies of the Liberty Mutual Group:

Access Insurance Services, Co. (Dissolved 10/24/2011)	Liberty Mutual Holding Company Inc.
AMBCO Capital Corporation	Liberty Mutual Insurance Company
America First Insurance Company	Liberty Mutual Personal Insurance Company
America First Lloyds Insurance Company	Liberty Northwest Insurance Corporation
American Economy Insurance Company	Liberty Personal Insurance Company
American Fire & Casualty Company	Liberty RE (Bermuda) Limited
American States Insurance Company	Liberty Sponsored Insurance (Vermont) Inc.
American States Insurance Company of Texas	Liberty Surplus Insurance Corporation
American States Lloyds Insurance Company	LIH-RE of America Corporation
American States Preferred Insurance Company	LIU Specialty Insurance Agency Inc.
Barrier Ridge LLC	LM General Insurance Company
Berkeley Holding Company Associates, Inc.	LM Insurance Corporation
Berkeley Management Corporation	LM Property & Casualty Insurance Company
Bridgefield Casualty Insurance Company	LMHC Massachusetts Holdings Inc.
Bridgefield Employers Insurance Company	LRE Properties, Inc.
Capitol Court Corporation	Mid-American Fire & Casualty Company
Capitol Agency, Inc., The (Arizona corporation) (Dissolved 1/20/2011)	North Pacific Insurance Company
Cascade Disability Management, Inc.	OCASCO Budget, Inc.
Colorado Casualty Insurance Company	OCI Printing, Inc.
Commercial Aviation Insurance, Inc.	Ohio Casualty Corporation
Consolidated Insurance Company	Ohio Security Insurance Company
Copley Venture Capital, Inc.	Open Seas Solutions, Inc.
Diversified Settlements, Inc.	Oregon Automobile Insurance Company
Emerald City Insurance Agency, Inc.	Peerless Indemnity Insurance Company
Employers Insurance Company of Wausau	Peerless Insurance Company
Excelsior Insurance Company	Pilot Insurance Services, Inc.
F.B. Beattie & Co., Inc.	Rianoc Research Corporation
First National Insurance Company of America	S.C. Bellevue, Inc.
First State Agency Inc.	SAFECARE Company, Inc.
General America Corporation	Safeco Corporation
General America Corporation of Texas	Safeco General Agency, Inc.
General Insurance Company of America	Safeco Insurance Company of America
Golden Eagle Insurance Corporation	Safeco Insurance Company of Illinois
Gulf States AIF, Inc.	Safeco Insurance Company of Indiana
Hawkeye-Security Insurance Company	Safeco Insurance Company of Oregon
Heritage-Summit HealthCare, Inc.	Safeco Lloyds Insurance Company
Indiana Insurance Company	Safeco National Insurance Company
Insurance Company of Illinois	Safeco Properties, Inc.
LEXCO Limited	Safeco Surplus Lines Insurance Company
Liberty-USA Corporation	San Diego Insurance Company
Liberty Assignment Corporation	SCIT, Inc.
Liberty Energy Canada, Inc.	St. James Insurance Company Ltd.
Liberty Financial Services, Inc.	Summit Consulting, Inc.
Liberty Hospitality Group, Inc.	Summit Consulting, Inc. of Louisiana
Liberty Insurance Corporation	Summit Holding Southeast, Inc.
Liberty Insurance Holdings, Inc.	The First Liberty Insurance Corporation
Liberty Insurance Underwriters Inc.*	The Midwestern Indemnity Company
Liberty International Europe Inc.	The National Corporation
Liberty International Holdings Inc.	The Netherlands Insurance Company
Liberty Life Assurance Company of Boston	The Ohio Casualty Insurance Company
Liberty Life Holdings Inc.	Wausau Business Insurance Company
Liberty Lloyds of Texas Insurance Company	Wausau General Insurance Company
Liberty Management Services, Inc.	Wausau Underwriters Insurance Company
Liberty Mexico Holdings Inc.	West American Insurance Company
Liberty Mutual Agency Corporation	Winmar Company, Inc.
Liberty Mutual Fire Insurance Company	Winmar of the Desert, Inc.
Liberty Mutual Group Asset Management Inc.**	Winmar Oregon, Inc.
Liberty Mutual Group Inc.	Winmar-Metro, Inc.

* Merged with and into LM Personal Insurance Company and LM Personal Insurance Company changed its name to Liberty Insurance Underwriters Inc. on January 3, 2011.

** This company joined the consolidated group in 2011 and its activity from the date it joined the group is included in the consolidated return.

NOTES TO FINANCIAL STATEMENTS

The method of federal income tax allocation is subject to a written agreement. Allocation is based upon separate return calculation with credit applied for losses as appropriate.

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

- A. The Company is directly owned 90% by Liberty Mutual Insurance Company, domiciled in Massachusetts, and 10% by Liberty Mutual Fire Insurance Company, Domiciled in Wisconsin.
- B. All of the non-insurance transactions which the Company had with its parent company involved less than 1/2 of 1% of the admitted assets of the reporting entity.
- C. In 2011 the Company received no capital contributions from its parent.
- D. As of December 31, 2011 the Company reported a \$ 22.5 million payable to the parent company. The terms of the settlement require that these amounts are settled within 30 days.
- E. The Company has a guarantee of payment in effect with Liberty Assignment Corporation. This guarantee does not result in a material contingent exposure to the reporting entity's or any related party's assets or liabilities. The Company is also party to a net worth maintenance agreement under which the Company agrees to cause BARCO Assignments Ltd. to have a net worth and liquidity at levels specified in the agreement. Pursuant to a guarantee agreement effective February 3, 1998 and as amended on March 3, 2006 Liberty Mutual Insurance Company unconditionally guarantees to the Company, on behalf of and for the benefit of the Company and owners of life insurance contracts and annuity contracts issued by the Company, that Liberty Mutual Insurance Company will, on demand, make funds available to for the timely payment of contractual obligations under any insurance policy or annuity contract issued by us.
- F. There is a service agreement between the Company and Liberty Mutual Insurance Company under which the latter provides the former with services of personnel, equipment, telephone, wire service, computers and similar machines to the extent necessary and appropriate. The Company reimburses the parent for the cost of all services provided under this agreement and for any other services that shall be supplied at the request of the Company. There is an investment management agreement between the Company and Liberty Mutual Group Asset Management Inc., under which the latter provides the former with investment management services. The Company reimburses the parent for the cost of these investment management services. There is also an Investment Services Agreement between the Company and Liberty Mutual Group Inc., which administers investments in connection with assets held under a group annuity contract. The Company is also party to a Cash Management Agreement with Liberty Mutual Investment Advisor LLC. Finally, the Company is party to a revolving credit agreement under which the Company may borrow up to \$ 150,000,000 from Liberty Mutual Insurance Company. The purpose of the extension of credit is for operating liquidity to accommodate fluctuations in daily cash flow and to promote efficient management of investments.
- G. All outstanding shares of the Company are owned by the Liberty Mutual Insurance Company (90%), domiciled in Massachusetts and the Liberty Mutual Fire Insurance Company (10%), domiciled in Wisconsin.
- H. The Company does not own any shares of an upstream intermediate or ultimate parent, either directly or indirectly.
- I. The Company has no investments in subsidiaries, controlled or affiliated entities which exceed 10% of the admitted assets of the Company.
- J. The Company did not recognize any impairment write down for its investments in subsidiary, controlled or affiliated companies during the statement period.
- K. Not applicable.
- L. Not applicable.

11. Debt

- A. As of December 31, 2011 the Company had no outstanding capital notes or other debt obligations not already addressed in other notes as described in Statement of Statutory Accounting Principles number 15.
- B. The Company has no Federal Home Loan Bank agreements.

NOTES TO FINANCIAL STATEMENTS

12. Deferred Compensation and Retirement Plans

A-F. The Company does not have any direct employees and therefore, does not have any direct obligations for a defined benefit plan, deferred compensation arrangements, compensated absences or other post retirement benefit plans. Services for the operation of the Company are provided under provision of an intercompany cost-sharing arrangement as described in note 10(f).

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

- A. The Company has 12,000 shares authorized, 8,000 shares issued and outstanding. All shares are Class A shares.
- B. The Company has no preferred stock outstanding.
- C. Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the state of New Hampshire.
- D. The Company has paid \$ 8.9 M in dividends to shareholders. The last dividend payment to shareholders was in December, 2006 for \$4.1M.
- E. According to a resolution voted by the Board of Directors, not more than the larger of 10% of the statutory profits on participating business or 50 cents per \$ 1,000 of participating business in force may accrue to the shareholders' surplus account.
- F. Restricted surplus for Participating shareholders is \$ (38,494,787).
- G. There are no advances to surplus held by the Company.
- H. The Company holds no stock for special purposes.
- I. There were no changes in the amount of special surplus funds held in 2011.
- J. The portion of unassigned surplus represented or reduced by each item below is as follows:
- | | |
|--|---------------|
| 1. unrealized gains and losses | \$ 6,198,619 |
| 2. non admitted asset values | \$ 60,897,361 |
| 3. separate account business | \$ 750,000 |
| 4. asset valuation reserves | \$ 79,903,081 |
| 5. reinsurance in unauthorized companies | \$ 0 |
- K. As of December 31, 2011 the Company has not issued any surplus debentures.
- L. The Company has not undertaken any quasi-reorganizations in 2011.
- M. Not applicable.

14. Contingencies

- A. The Company has no material contingent liabilities as of December 31, 2011.
- B. The Company is not aware of any impending assessments which may have a material financial impact on its financial position.
- C. The Company is not aware of any material gain contingencies per SSAP No. 5.
- D. The Company had no claims related extra contractual obligations or bad faith losses stemming from lawsuits in 2011.
- E. In the normal course of its business operations, The Company is involved in litigation from time to time with claimants, beneficiaries and others, and several lawsuits were pending on December 31, 2011. In the opinion of the Company, the ultimate liability, if any, would not have a material adverse financial effect upon the Company.

15. Leases

A-B. The Company does not have any lease obligations.

NOTES TO FINANCIAL STATEMENTS

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

- A. The Company owns no Financial Instruments with Off-Balance Sheet Risk or Financial Instruments with Concentrations of Credit Risk.

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

- A. The Company did not have any transfers of receivables reported as sales during the year.
- B. The Company participates in a Securities Lending Program to generate additional income, whereby certain fixed income and mortgage backed securities are loaned for a period of time from the Company's portfolio to qualifying third parties, via a lending agent. The Company does not participate in term loans; therefore, the Company does not have contractual collateral transactions that extend beyond one year from the reporting date. Borrowers of these securities provide collateral equal to or in excess of 102% of the fair value of the loaned securities. Acceptable collateral may be in the form of cash, Agency and U.S. Government securities. The fair value of the loaned securities is monitored and additional collateral is obtained if the fair value of the collateral falls below 102% of the fair value of the loaned securities. Additionally, the lending agent indemnifies the Company against borrower defaults. Cash collateral is carried as an asset with an offsetting liability on the balance sheet, as the Company can exercise discretion as to how the collateral is invested. The loaned securities remain a recorded asset of the Company.

At December 31, 2011 the total fair value of securities on loan for the Company was \$ 531,524,697 with a corresponding collateral value of \$ 531,524,697 of which \$ 518,714,376 represents cash collateral.

- C. In the course of the company's asset management, securities are sold and required within 30 days of the sale date to enhance the company's yield on its investment portfolio. The Company had no wash sales during 2011.

18. Gain or (Loss) to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

	Uninsured Plans	Uninsured Portion Partially Insured Plans	Total
Net reimbursement or administrative expenses over (under) actual expenses	\$ 4.734 mil	\$0	\$ 4.734 mil
Other income or (expense)	\$0	\$0	\$0
Net gain or loss from operations	\$ 4.734 mil	\$0	\$ 4.734 mil
Claim Payment Volume	\$ 152.3 mil	\$0	\$152.3 mil

19. Direct Premium Written By Managing General Agents/Third Party Administrators

- A. The Company does not have any direct premium written by managing general agents/third party administrators.

20. Fair Value Measurements

- A. Included in various investment related line items in the financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or, for certain bonds and preferred stock, when carried at the lower of cost or market. The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by the fair value guidance as codified in the Financial Accounting Standards Board's Accounting Standards Codification Topic 820, Fair Value

NOTES TO FINANCIAL STATEMENTS

Measurements and Disclosures. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels (“Level 1, 2 and 3”). Level 1 inputs are observable inputs that reflect quoted prices for identical assets or liabilities in active markets that the Companies have the ability to access at the measurement date. Level 2 inputs are observable inputs, other than quoted prices included in Level 1, for the asset or liability. Level 3 inputs are unobservable inputs reflecting the Companies’ estimates of the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). The hierarchy requires the use of market observable information when available for assessing fair value. The following table summarizes the Company’s assets that are measured at fair value on a recurring basis as of December 31, 2011, along with a brief description of the valuation technique for each type of asset

Assets, at Fair Value,	As of December 31, 2011			
	Level 1	Level 2	Level 3	Total
Common stock	\$ -	\$ -	\$ 7,709,600	\$ 7,709,600
Preferred stock	-	848,743	-	848,743
Separate Account assets	1,685,855,450	2,227,664,665	174,121,459	4,087,641,574
Total assets	\$1,685,855,450	\$2,228,513,408	\$ 181,831,059	\$4,096,199,917

Assets, at Fair Value,	As of December 31, 2010			
	Level 1	Level 2	Level 3	Total
Common stock	\$ -	\$ -	\$ -	\$ -
Preferred stock	-	1,118,991	-	1,118,991
Separate Account assets	1,793,903,521	1,938,110,039	161,321,147	3,893,334,707
Total assets	\$1,793,903,521	\$1,939,229,030	\$ 161,321,147	\$3,894,453,698

Common stocks are recorded at fair value and preferred stocks are reported at book value, fair value, or the lower of book value or fair value, depending on their NAIC designation, in the Company’s financial statements. The fair value of common stocks are generally based on quoted prices in active markets. As such, common stocks are generally categorized as Level 1 of the fair value hierarchy. However, the Company receives common stock distributions from limited partnerships and they are categorized as level 3 as they are not in the active market. The fair value of preferred stocks are generally determined by quoted prices for similar instruments in active markets, hence they are categorized as Level 2 of the fair value hierarchy.

Separate account assets primarily consist of fixed maturity and equity securities, Fixed maturities are recorded at book/adjusted carrying value in the Company’s financial statements. In instances where there are quoted prices in active markets for identical instruments, as is the case within the U.S. Treasury market, these securities are categorized as Level 1 of the fair value hierarchy. For securities where the fair value of fixed income securities are estimated using recently executed transactions, market price quotations, bond spread, or models that have inputs from published interest rate yield curves, these securities are generally categorized as Level 2 of the hierarchy. Additionally, in some instances where fixed maturity securities use significant inputs that are unobservable, they are categorized as Level 3 of the hierarchy. Equity securities are measured based on the methodology discussed above. The activity in separate account assets is offset by an equal amount for separate account liabilities, which results in a net zero impact for the Company.

The following table sets forth the fair values of assets on a recurring basis classified as Level 3 within the fair value:

	Balance January 1, 2011	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Net Purchases, (Sales) & Maturities	Transfer in and/or out of Level 3	Balance December 31, 2011
Equities	\$ -	\$ -	\$ -	\$ 7,709,600	\$ -	\$ 7,709,600
Separate Account assets	161,321,147	14,150,320	(867,133)	20,984,143	(21,467,018)	174,121,459
Total assets	\$161,321,147	\$14,150,320	\$(867,133)	\$28,693,743	\$(21,467,018)	\$181,831,059

NOTES TO FINANCIAL STATEMENTS

	Balance January 1, 2010	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Net Purchases, (Sales) & Maturities	Transfer in and/ or out of Level 3	Balance December 31, 2010
Equities	\$ 83,750	\$ 76,911	\$ (20,464)	\$ (140,197)	\$ -	\$ -
Separate Account assets	186,987,903	10,866,459	(3,559,152)	(16,663,326)	(16,330,737)	161,321,147
Total assets	\$187,071,653	\$10,963,370	\$(3,579,616)	\$(16,803,523)	\$(16,330,737)	\$161,321,147

Financial Instruments Measured at Fair Value on a Non-Recurring Basis

Certain financial assets are measured at fair value on a non-recurring basis, such as certain bonds valued at the lower of cost or fair value, or investments impaired (bonds with a carrying value of: \$25,272,879 and \$35,354,000 at December 31, 2011 and 2010, respectively, categorized as level 2) during the reporting period and recorded at fair value on the balance sheet.

- B. Disclosure removed by NAIC.
- C. Not required.
- D. Not applicable.

21. Other Items

- A. The Company has no reporting requirements referred to in Statement of Statutory Accounting Principles number 24 "Discontinued Operations and Extraordinary Items".
- B. The Company has no reporting requirements referred to in Statement of Statutory Accounting Principles number 36 "Trouble Debt Restructuring".
- C. At this time the Company is not aware of any other disclosures which have a material financial impact.
- D. The Company routinely assesses the collectibility of receivables on its balance sheet and based on Company experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Company's financial condition.
- E. Not applicable
- F. The Company has no State Transferable Tax Credits as of December 31, 2011.
- G. The Company has no material exposure to subprime mortgage related risk in 2011.
- H. Under an election made by a life insurance beneficiary, the Company transfers the proceeds of amounts due to an unaffiliated bank or thrift institution in the name of said beneficiary. These amounts are reported in the financial statements on Exhibit 7, Column 6. The Company paid interest rates on these deposits of 1.0% in 2011. Interest rates are reviewed for possible adjustment on a weekly basis. The company charges no fees to the beneficiaries related to these retained asset accounts. Retained asset accounts are not the default method for satisfying life insurance claims.

(2)

	In Force			
	As End of Current Year		As End of Prior Year	
	Number	Balance	Number	Balance
a. Up to and including 12 months	168	\$11,918,287	105	\$7,539,480
b. 13 to 24 months	91	\$3,871,064	81	\$5,048,282
c. 25 to 37 months	60	\$4,208,325	73	\$1,206,654
d. 37 to 48 months	54	\$783,495	85	\$2,848,002
e. 49 to 60 months	66	\$2,225,925	54	\$783,827
f. Over 60 months	279	\$5,132,945	301	\$5,387,152
g. Total	718	\$28,140,041	699	\$22,813,397

NOTES TO FINANCIAL STATEMENTS

(3)

	Individual		Group	
	Number	Balance	Number	Balance
a. Number/balance of retained asset accounts at the beginning of the year	413	\$10,395,137	286	\$12,418,260
b. Number/amount of retained asset accounts issued/added during the year	96	\$7,859,904	115	\$14,184,915
c. Investment earnings credited to retained asset accounts during the year	N/A	\$106,003	N/A	\$144,292
d. Fees and other charges assessed to retained asset accounts during the year	N/A	\$59	N/A	\$90
e. Number/amount of retained asset accounts transferred to state unclaimed property funds during the year	0	\$0	0	\$0
f. Number/amount of retained asset accounts closed/withdrawn during the year	117	\$7,648,598	75	\$9,319,725
g. Number/balance of retained asset accounts at the end of the year	392	\$10,712,387	326	\$17,428,652

22. Events Subsequent

- A. On January 3, 2012, Liberty Mutual Insurance Company began transferring its Group Pension Assets and Liabilities out of the Company's Separate Accounts. The transfer should be complete by mid-year 2012. This will have no effect on Liberty Life Assurance Company of Boston's financial condition.

23. Reinsurance

- A. Ceded Reinsurance Report

Section 1 - General Interrogatories

- Are any of the reinsurers, listed in schedule S as non affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the of the Company? Yes () No (X) If yes, give full details.
- Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) which is owned in excess of 10% or controlled directly or indirectly, by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business? Yes () No (X) If yes, give full details.

Section 2 - Ceded Reinsurance Report - Part A

- Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits? Yes () No (X)
- Does the Company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts which, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? Yes () No (X) If yes, give full details.

Section 3 - Ceded Reinsurance Report - Part B

- What is the estimated amount of the aggregate reduction in surplus, for agreements not reflected in Section 2 above, of termination of all reinsurance agreements, by either party, as of the date of this

NOTES TO FINANCIAL STATEMENTS

statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate. \$ 0.

2. Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts which were in-force or which had existing reserves established by the Company as of the effective date of the agreement? Yes (X) No () If yes, what is the amount of reinsurance credits, whether as asset or a reduction of liability, taken for such agreements or amendments: \$ 0 See Schedule S Part 3, Section 1- St James YRT/I

B. Uncollectible Reinsurance

1. The Company had no uncollectible reinsurance balances written off through income and expenses in the current year.

C. Commutation of Ceded Reinsurance

1. The Company had no Reinsurance Treaty Commutations in 2011.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. The Company estimates accrued retrospective premium adjustments for its Group Life and Group Disability contracts. The estimate for each case is derived from actual policy year-to-date premiums and paid claims, along with estimates for unpaid claims reserves and expenses.
- B. Accrued retrospective premiums are recorded through earned premium.
- C. Annual Premiums Subject to Retrospective Ratings in 2011 were \$ 210.3 million. This represented approximately 27% of total written premium for group policies.
- D. None

25. Change in Incurred Losses and Loss Adjustment Expenses

- A. Reserves are calculated on a tabular basis. There are no material changes in the provision of incurred loss and loss adjustment expenses as a result of additional information becoming available on an individual claim from prior year insured events.

26. Intercompany Pooling Arrangements

- A. Liberty Life Assurance Company of Boston is not a part of any intercompany pooling arrangements.

27. Structured Settlements

- A. The Company did not purchase any structured settlements in 2011.

28. Health Care Receivables

- A. The Company has no Health Care Receivables in accordance with SSAP No. 84.

29. Participating Policies

- A. For the year ending December 31, 2011 premiums collected under participating Policies were \$ 51.2 million, or 3.1% of total premium collected by our Company. The Company holds a liability for any dividends that will be declared at the end of the current policy year for all of our participating policies. We also hold a liability for all unpaid but declared dividends. The Company paid dividends of \$ 8.6 million in 2011 and did not allocate any additional income to such policyholders.

30. Premium Deficiency Reserves

- A. The Company has no premium deficiency reserves for its accident and health business.

31. Reserves for Life Contracts and Annuity Contracts

- A. The Company waives deductions of deferred fractional premiums upon death of the Insured on all policies and returns any portion of the final premium beyond the date of death for all policies issued on the Extra Value Life form, and for all policies issued in Massachusetts since July 1, 1976, and for all policies issued since February 1, 1981. The Company holds a net level premium reserve on mortality and

NOTES TO FINANCIAL STATEMENTS

interest bases consistent with the basic policy. Surrender values are not promised in excess of the legally computed reserves.

- B. Additional premiums are charged for policies issued on sub-standard lives according to underwriting classification. Mean reserves are determined by computing the regular mean reserve for the plan at the issue age and duration and holding an additional one-half of the extra premium for the year.
- C. As of December 31, 2011 the Company had \$ 1,627,896,668 of insurance in force for which gross premiums are less than the net premiums according to the standard of valuation set by the State of New Hampshire.
- D. The Tabular Interest (Page 7, Part A, Line 4), Tabular less Actuarial Reserves Released (Page 7, Part A, Line 5) and Tabular Cost (Page 7, Part A, Line 9) have been determined by the formula as described for these lines in the instructions for Page 7.
- E. The Tabular Interest (Page 7, Part B, Line 3) has been determined by the formula as described for these lines in the instructions for Page 7.
- F. There were no other reserve changes for 2011.

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

A. Subject to discretionary withdrawal:	Amount	% of Total
1.1 - With Market Value Adjustment	0	
1.2 - at Book Value less Surrender Chg	\$ 28,174,562	0.3%
1.3 - at Market Value	<u>4,022,147,560</u>	<u>47.8%</u>
1.4 - Total with adjustment or at Mkt Value	4,050,322,122	48.1%
1.5 - at Book Value without adjustment	190,156,530	2.3%
 B. Not Subject to Discretionary Withdrawal	 <u>4,171,346,109</u>	 <u>49.6%</u>
C. Total (gross)	8,411,824,761	100.0%
D. Reinsurance Ceded	<u>39,362,473</u>	
E. Total Net (C-D)	<u>\$ 8,372,462,288</u>	

Reconciliation of total annuity actuarial reserves, deposit liabilities and other liabilities:

F. Life and Accident and Health Annual Statement:

1. Exhibit 5, Section B, Net	\$ 3,441,209,322
2. Exhibit 5, Section C, Net	1,331,927
3. Exhibit 7, Column 1, Line 14	<u>907,773,479</u>
4. Subtotal	\$ 4,350,314,728

Separate Account Annual Statement

5. Exhibit 6, Line 0299999, Column 2	0
6. Exhibit 6, Line 0399999, Column 2	0
7. Page 3, Lines 1 + 2	\$ 4,022,147,560
8. Subtotal	\$ 4,022,147,560
9. Total	\$ <u>8,372,462,288</u>

G. FHLB(Federal Home Loan Bank) Agreements

- 1-6. The Company purchased shares of the Federal Home Loan Board of Boston in December, 2011. The amount purchased was \$ 7,709,600. There was no other activity in 2011 concerning this purchase.

NOTES TO FINANCIAL STATEMENTS

33. Premium and Annuity Considerations Deferred and Uncollected

- A. Deferred and uncollected life insurance premiums and annuity considerations as of December 31, 2011 were as follows:

	Gross	Net of Loading
Ordinary New Business	\$ 6,280,940	\$ 2,955,491
Ordinary Renewal Business	47,979,867	43,958,372
Individual Annuity	145	121
Group Life	9,795,155	9,305,397
Group Annuity	<u>0</u>	<u>0</u>
Total	\$ <u>64,056,107</u>	\$ <u>56,219,381</u>

34. Separate Accounts

- A. Separate Account Activity

1. The Company utilizes separate accounts to record and account for assets and liabilities for particular lines of business and/or transactions. For the current reporting year, the Company reported assets and liabilities from the following product lines/transactions into a separate account:

Variable Life Insurance Products
Variable Annuities
Separate Account Group Annuities

2. All Separate Account Assets of Liberty Life Assurance Company of Boston are legally insulated from the general account.
3. All of the Company's Separate Accounts are non-guaranteed.
4. The Separate Accounts of the Company do not participate in security lending transactions.

- B. General Nature and Characteristics of Separate Accounts Business

	<u>Nonguaranteed Separate Accounts</u>
1. Premiums, considerations or deposits for year	\$ 282,163,375
2. Market Value invested assets at 12/31/2011	4,054,035,945
3. Assets Categorized by Withdrawal Characteristics:	
a. Subject to Discretionary Withdrawal	0
b. With Market Value adjust	0
c. At book value without MV adjustment and with current surrender charge 5% or more	0
d. At Market Value	3,877,131,620
e. At book value without MV adjustment and with current surrender charge less than 5%	0
f. Subtotal	\$ 3,877,131,620
g. Not subject to discretionary withdrawal	176,904,325
h. Total withdrawal	<u>0</u>
Total Market Value	<u>\$ 4,054,035,945</u>

NOTES TO FINANCIAL STATEMENTS

Separate Accounts assets and liabilities represent designated funds held and invested by the Company for the benefit of contract holders. Separate Accounts invested assets are carried at market value. Investment income and changes in asset values do not affect the operating results of the Company. Separate Accounts business is maintained independently from the general account of the Company. The Company provides administrative services for these contracts.

C. Reconciliation of Net Transfers to (from) Separate Accounts

1. Transfers as reported in the Separate Accounts Statement;

a. Transfers to Separate Accounts (Page 4 Line 1.4)	\$ 3,372,660
b. Transfers from Separate Accounts (Page 4, Line 10)	<u>4,174,368</u>
c. Net transfers	(801,708)

2. Reconciling Adjustments:

a. Net transfer of reserves from (to) Separate Accounts	(472,229)
b. Other transfers to Separate Accounts	(1,288,646)

3. Transfers as reported in the Summary of Operations of the Life, Accident & Health Annual Statement

\$	(<u>2,562,583</u>)
----	----------------------

35. Loss/Claim Adjustment Expenses

- A. The balance in the liability for unpaid accident and health claim adjustment expenses as of 2011 and 2010 was \$ 29.4 million and \$ 28.3 million, respectively.
- B. The Company incurred \$ 31.9 million of claim adjustment expenses in 2011.
- C. The Company paid \$ 30.8 million of claim adjustment expenses in 2011, of which \$ 11.5 million of the paid amount is attributable to insured or covered events of prior years.
- D. The Company does not have any anticipated salvage or subrogation in its loss adjustment expense reserves.

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No
- 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
- 1.3 State Regulating? _____ New Hampshire _____
- 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
- 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. _____ 12/31/2009 _____
- 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. _____ 12/31/2009 _____
- 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). _____ 06/11/2011 _____
- 3.4 By what department or departments?
New Hampshire
.....
.....
.....
.....
- 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
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No

4.12 renewals? Yes No
- 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

4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 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

GENERAL INTERROGATORIES

6.2 If yes, give full information:

.....

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

7.2 If yes,

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

1 Nationality	2 Type of Entity
.....

8.1 Is the company a subsidiary of a bank holding company regulated 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 locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

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

Ernst & Young LLP, 200 Clarendon Street, Boston, MA 02116

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:

.....

GENERAL INTERROGATORIES

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes No N/A

10.6 If the response 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?

Mary Madden, 100 Liberty Way, Dover, NH 03820 Employee

.....

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

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

\$ _____

12.2 If yes, provide explanation:

.....

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

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

.....

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

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

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

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?

- 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.

Yes No

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

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

.....

GENERAL INTERROGATORIES

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
.....
.....

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 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	\$ _____
20.12 To stockholders not officers	\$ _____
20.13 Trustees, supreme or grand (Fraternal only)	\$ _____

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers	\$ _____
20.22 To stockholders not officers	\$ _____
20.23 Trustees, supreme or grand (Fraternal only)	\$ _____

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	\$ _____
21.22 Borrowed from others	\$ _____
21.23 Leased from others	\$ _____
21.24 Other	\$ _____

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	\$ _____
22.22 Amount paid as expenses	\$ _____
22.23 Other amounts paid	\$ _____

GENERAL INTERROGATORIES

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ _____

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 [X] No []

24.2 If no, give full and complete information, relating thereto:

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):
 Please reference Note 17B

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 [X] No [] N/A []

24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. \$ _____ 531,935,864

24.6 If answer to 24.4 is no, report amount of collateral for other programs. \$ _____

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 [X] No [] N/A []

24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [X] No [] N/A []

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 [X] No [] N/A []

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 [X] No []

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

	25.21	Subject to repurchase agreements	\$ _____
	25.22	Subject to reverse repurchase agreements	\$ _____
	25.23	Subject to dollar repurchase agreements	\$ _____
	25.24	Subject to reverse dollar repurchase agreements	\$ _____
	25.25	Pledged as collateral	\$ _____
	25.26	Placed under option agreements	\$ _____
	25.27	Letter stock or securities restricted as to sale	\$ _____
	25.28	On deposit with state or other regulatory body	\$ _____ 11,322,803
	25.29	Other	\$ _____

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.

GENERAL INTERROGATORIES

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. \$ _____

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	1 Chase Manhattan Plaza, New York, NY 10005
Royal Trust	77 King Street West, Toronto, Ontario M5W 1 P9

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 advisors, 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
N/A	Liberty Mutual Investment Advisors, LLC	175 Berkeley Street, Boston, MA 02116
N/A	Liberty Mutual Group Asset Managemen	175 Berkeley Street, Boston, MA 02116
N/A	Stancorp Mortgage Investors	1100 SW Sixth Avenue, Portland, OR 97204

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		

GENERAL INTERROGATORIES

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	9,680,372,610	10,964,697,721	1,284,325,111
30.2 Preferred stocks	356,607	769,600	412,993
30.3 Totals	9,680,729,217	10,965,467,321	1,284,738,104

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

The primary source is published unit prices from the NAIC Securities Valuation Office. The secondary source is the pricing vendor, Interactive Data Corporation, followed by backfill from Bloomberg and Markit. Lastly, management determines fair value based on quoted market prices of similar financial instruments or by using industry recognized valuation techniques.

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 [] No [X]

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 [] No []

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

.....

.....

.....

.....

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC 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? \$ 447,353

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
STANDARD & POORS	\$ 169,100
AMERICAN COUNCIL OF LIFE INSURERS	\$ 164,973
	\$

34.1 Amount of payments for legal expenses, if any? \$ 1,714,269

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
	\$
	\$
	\$

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

\$ 89,946

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

1 Name	2 Amount Paid
	\$
	\$
	\$

GENERAL INTERROGATORIES

PART 2 – LIFE INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
 1.2 If yes, indicate premium earned on U.S. business only. \$ _____
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ _____

1.31 Reason for excluding:

.....

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ _____
 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ _____

- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$ _____
 1.62 Total incurred claims \$ _____
 1.63 Number of covered lives _____
- All years prior to most current three years:
- 1.64 Total premium earned \$ _____
 1.65 Total incurred claims \$ _____
 1.66 Number of covered lives _____

- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$ _____
 1.72 Total incurred claims \$ _____
 1.73 Number of covered lives _____
- All years prior to most current three years:
- 1.74 Total premium earned \$ _____
 1.75 Total incurred claims \$ _____
 1.76 Number of covered lives _____

2. Health Test:

	1 Current Year		2 Prior Year
2.1 Premium Numerator	\$ _____		\$ _____
2.2 Premium Denominator	\$ 1,641,488,650		\$ 1,390,293,767
2.3 Premium Ratio (2.1 / 2.2)			
2.4 Reserve Numerator	\$ _____		\$ _____
2.5 Reserve Denominator	\$ 8,646,693,498		\$ 7,843,962,384
2.6 Reserve Ratio (2.4 / 2.5)			

- 3.1 Does this reporting entity have Separate Accounts? Yes [X] No []
- 3.2 If yes, has a Separate Accounts statement been filed with this Department? Yes [X] No [] N/A []
- 3.3 What portion of capital and surplus funds of the reporting entity covered by assets in the Separate Accounts statement, is not currently distributable from the Separate Accounts to the general account for use by the general account? \$ _____
- 3.4 State the authority under which Separate Accounts are maintained:
 New Hampshire general law and resolution by the Board of Directors

- 3.5 Was any of the reporting entity's Separate Accounts business reinsured as of December 31? Yes [] No [X]

- 3.6 Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31? Yes [] No [X]
- 3.7 If the reporting entity has assumed Separate Accounts business, how much, if any, reinsurance assumed receivable for reinsurance of Separate Accounts reserve expense allowances is included as a negative amount in the liability for "Transfers to Separate Accounts due or accrued (net)?" \$ _____

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

- 4.2 Net reimbursement of such expenses between reporting entities:
- 4.21 Paid \$ 84,445,192
 4.22 Received \$ _____

- 5.1 Does the reporting entity write any guaranteed interest contracts? Yes [] No [X]

- 5.2 If yes, what amount pertaining to these items is included in:
- 5.21 Page 3, Line 1 \$ _____
 5.22 Page 4, Line 1 \$ _____

6. For stock reporting entities only:
- 6.1 Total amount paid in by stockholders as surplus funds since organization of the reporting entity: \$ 546,893,842

7. Total dividends paid stockholders since organization of the reporting entity:
- 7.11 Cash \$ 8,900,000
 7.12 Stock \$ _____

- 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 []

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	_____	_____	_____

GENERAL INTERROGATORIES

PART 2 – LIFE INTERROGATORIES

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:

	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? \$ _____

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

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

Type		3	4	5	6	7	8	9
1 Guaranteed Death Benefit	2 Guaranteed Living Benefit	Waiting Period Remaining	Account Value Related to Col. 3	Total Related Account Values	Gross Amount of Reserve	Location of Reserve	Portion Reinsured	Reinsurance Reserve Credit
Greater of premiu	None	N/A	N/A	3,274,108	37,455	Exhibit 5	0	
Greater of premiu	None	N/A	N/A	6,675,699	106,187	Exhibit 5	0	

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

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

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

1 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. \$ _____

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. \$ _____

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	2	3	4	5
	2011	2010	2009	2008	2007
Life Insurance in Force					
(Exhibit of Life Insurance)					
1. Ordinary-whole life and endowment (Line 34, Col. 4)	11,776,411	10,391,264	9,391,088	8,588,320	8,689,202
2. Ordinary-term (Line 21, Col. 4, less Line 34, Col. 4)	31,270,125	29,144,825	26,931,842	24,540,490	22,107,114
3. Credit life (Line 21, Col. 6)					
4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4)	88,275,988	80,226,186	80,345,076	66,303,792	53,894,148
5. Industrial (Line 21, Col. 2)					
6. FEGLI/SGLI (Lines 43 & 44, Col. 4)					
7. Total (Line 21, Col. 10)	131,322,524	119,762,275	116,668,006	99,432,602	84,690,464
New Business Issued					
(Exhibit of Life Insurance)					
8. Ordinary-whole life and endowment (Line 34, Col. 2)	1,732,883	1,425,285	1,139,034	788,120	720,361
9. Ordinary-term (Line 2, Col. 4, less Line 34, Col. 2)	4,216,113	4,152,920	4,367,334	4,267,788	4,026,528
10. Credit life (Line 2, Col. 6)					
11. Group (Line 2, Col. 9)	15,302,562	10,489,388	9,570,609	10,939,556	16,950,344
12. Industrial (Line 2, Col. 2)					
13. Total (Line 2, Col. 10)	21,251,558	16,067,593	15,076,977	15,995,464	21,697,233
Premium Income - Lines of Business					
(Exhibit 1 – Part 1)					
14. Industrial life (Line 20.4, Col. 2)					
15.1 Ordinary life insurance (Line 20.4, Col. 3)	557,271,455	481,692,848	348,706,829	244,793,416	228,784,961
15.2 Ordinary individual annuities (Line 20.4, Col. 4)	292,458,087	211,856,989	248,226,075	262,923,323	206,796,675
16. Credit life, (group and individual) (Line 20.4, Col. 5)					
17.1 Group life insurance (Line 20.4, Col. 6)	182,084,350	169,695,286	163,172,212	180,474,001	150,393,340
17.2 Group annuities (Line 20.4, Col. 7)		6,889		9,253	9,000
18.1 A & H-group (Line 20.4, Col. 8)	609,665,483	527,027,383	448,417,707	415,623,233	355,208,434
18.2 A & H-credit (group and individual) (Line 20.4, Col. 9)					
18.3 A & H-other (Line 20.4, Col. 10)	9,276	14,372	193,203	155,569	136,639
19. Aggregate of all other lines of business (Line 20.4, Col. 11)					
20. Total	1,641,488,651	1,390,293,767	1,208,716,026	1,103,978,795	941,329,049
Balance Sheet					
(Pages 2 and 3)					
21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Col. 3)	11,077,505,953	10,267,402,794	9,422,583,171	8,543,551,034	7,846,653,015
22. Total liabilities excluding Separate Accounts business (Page 3, Line 26)	10,416,874,261	9,629,749,400	8,825,040,427	8,083,103,275	7,363,986,177
23. Aggregate life reserves (Page 3, Line 1)	7,169,591,274	6,526,923,589	6,032,644,803	5,596,047,473	5,137,990,407
24. Aggregate A & H reserves (Page 3, Line 2)	1,409,376,933	1,267,356,865	1,148,300,864	1,021,339,094	898,371,881
25. Deposit-type contract funds (Page 3, Line 3)	907,773,479	886,137,391	905,764,553	908,135,933	921,695,016
26. Asset valuation reserve (Page 3, Line 24.01)	79,903,081	68,126,983	61,326,131	57,306,821	68,051,864
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)	658,131,692	635,153,394	595,042,744	457,947,759	480,166,838
Cash Flow (Page 5)					
29. Net cash from operations (Line 11)	769,551,920	712,790,860	599,176,939	568,151,037	441,516,588
Risk-Based Capital Analysis					
30. Total adjusted capital	744,971,693	711,978,346	664,844,920	523,524,581	556,257,984
31. Authorized control level risk-based capital	111,397,960	97,150,199	108,857,239	97,074,818	83,194,141
Percentage Distribution of Cash, Cash Equivalents and Invested Assets					
(Page 2, Col. 3) (Line No./Page 2, Line 12, Col. 3) x 100.0					
32. Bonds (Line 1)	88.3	87.4	86.1	86.2	89.1
33. Stocks (Lines 2.1 and 2.2)	1.1	1.1	1.1	0.5	0.6
34. Mortgage loans on real estate (Lines 3.1 and 3.2)	1.9	1.8	2.0	2.3	1.7
35. Real estate (Lines 4.1, 4.2 and 4.3)					
36. Cash, cash equivalents and short-term investments (Line 5)	1.3	1.5	6.3	6.3	3.9
37. Contract loans (Line 6)	1.1	1.1	1.1	1.2	1.2
38. Derivatives (Page 2, Line 7)			X X X	X X X	X X X
39. Other invested assets (Line 8)	1.6	1.4	3.4	3.7	3.5
40. Receivables for securities (Line 9)	0.0	0.0			
41. Securities lending reinvested collateral assets (Line 10)	4.8	5.8	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	2	3	4	5
	2011	2010	2009	2008	2007
Investments in Parent, Subsidiaries and Affiliates					
44. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
45. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)					
46. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	106,983,106	104,895,818	102,514,781	129,644	332,233
47. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)					
48. Affiliated mortgage loans on real estate					
49. All other affiliated					
50. Total of above Lines 44 to 49	106,983,106	104,895,818	102,514,781	129,644	332,233
Total Nonadmitted and Admitted Assets					
51. Total nonadmitted assets (Page 2, Line 28, Col. 2)	60,897,361	46,607,951	40,974,245	57,759,329	74,899,724
52. Total admitted assets (Page 2, Line 28, Col. 3)	15,165,147,528	14,160,737,501	12,983,174,690	11,605,062,479	11,185,421,236
Investment Data					
53. Net investment income (Exhibit of Net Investment Income)	542,626,618	524,185,440	494,456,703	469,364,066	445,825,160
54. Realized capital gains (losses) (Page 4, Line 34, Column 1)	846,742	(5,883,877)	(15,112,903)	(41,215,114)	25,374,969
55. Unrealized capital gains (losses) (Page 4, Line 38, Column 1)	2,901,294	13,663,619	(20,803,899)	(13,877,599)	7,574,425
56. Total of above Lines 53, 54 and 55	546,374,654	531,965,182	458,539,901	414,271,353	478,774,554
Benefits and Reserve Increase (Page 6)					
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 and 11)	629,202,233	569,531,752	535,654,134	497,514,685	482,840,439
58. Total contract benefits-A & H (Lines 13 & 14, Cols. 9, 10 & 11)	417,199,826	375,603,716	329,417,841	278,630,975	258,851,579
59. Increase in life reserves-other than group and annuities (Line 19, Cols. 2 & 3)	465,256,116	392,583,336	271,850,714	192,431,978	123,680,537
60. Increase in A & H reserves (Line 19, Cols. 9, 10 & 11)	142,020,068	119,045,287	126,961,770	122,967,213	73,838,632
61. Dividends to policyholders (Line 30, Col. 1)	8,588,893	12,116,297	11,693,715	11,299,831	10,867,007
Operating Percentages					
62. Insurance expense percent (Page 6, Col. 1, Lines 21, 22 & 23 less Line 6)/(Page 6 Col. 1, Line 1 plus Exhibit 7, Col. 2, Line 2) x 100.00	11.7	12.9	14.6	13.7	15.5
63. Lapse percent (ordinary only) [Exhibit of Life Insurance, Column 4, Lines 14 & 15] / ½ (Exhibit of Life Insurance, Column 4, Lines 1 & 21)] x 100.00	6.3	6.6	7.2	7.5	7.7
64. A & H loss percent (Schedule H, Part 1, Lines 5 & 6, Col. 2)	92.1	94.4	102.5	97.4	93.0
65. A & H cost containment percent (Schedule H, Part 1, Line 4, Col. 2)	0.4	0.5	0.7	0.7	0.7
66. A & H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Col. 2)	11.9	13.7	15.0	15.1	16.4
A & H Claim Reserve Adequacy					
67. Incurred losses on prior years' claims-group health (Sch. H, Part 3, Line 3.1, Col. 2)	1,246,785,595	1,115,276,062	1,020,953,171	907,655,936	806,371,402
68. Prior years' claim liability and reserve-group health (Sch. H, Part 3, Line 3.2, Col. 2)	1,283,206,904	1,158,291,213	1,039,192,263	908,327,321	837,712,050
69. Incurred losses on prior years' claims-health other than group (Sch. H, Part 3, Line 3.1, Col. 1 less Col. 2)	193,262	295,902	316,478	276,512	271,362
70. Prior years' claim liability and reserve-health other than group (Sch. H, Part 3, Line 3.2, Col. 1 less Col. 2)	239,333	266,837	245,254	213,367	239,595
Net Gains From Operations After Federal Income					
Taxes by Lines of Business					
(Page 6, Line 33)					
71. Industrial life (Col. 2)					
72. Ordinary-life (Col. 3)	3,835,237	(1,525,515)	(17,806)	8,513,171	7,184,666
73. Ordinary-individual annuities (Col. 4)	4,895,781	4,787,826	(6,333,854)	(24,267,932)	(4,698,011)
74. Ordinary-supplementary contracts (Col. 5)	(63,400)	16,784	(23,862)	(8,563)	(33,923)
75. Credit life (Col. 6)					
76. Group life (Col. 7)	(2,732,319)	21,028,638	2,600,717	8,421,320	4,719,062
77. Group annuities (Col. 8)	2,775,614	1,814,761	2,002,726	2,568,677	3,136,705
78. A & H-group (Col. 9)	43,751,947	22,300,090	(4,083,486)	11,688,356	11,026,547
79. A & H-credit (Col. 10)					
80. A & H-other (Col. 11)	47,274	4,322	140,895	90,360	136,344
81. Aggregate of all other lines of business (Col. 12)					
82. Total (Col. 1)	52,510,134	48,426,906	(5,714,670)	7,005,389	21,471,390

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

Yes [] No [X]

EXHIBIT OF LIFE INSURANCE

	Industrial		Ordinary		Credit Life (Group and Individual)		Group			10 Total Amount of Insurance (a)
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Individual Policies and Group Certificates	6 Amount of Insurance (a)	7 Number of		9 Amount of Insurance (a)	
							7 Policies	8 Certificates		
1. In force end of prior year			309,533	39,536,089			326	900,253	80,226,185	119,762,274
2. Issued during year			41,174	5,948,996			43	126,187	15,302,562	21,251,558
3. Reinsurance assumed										
4. Revived during year			1,451	661,339						661,339
5. Increased during year (net)			3,833						5,403,811	5,403,811
6. Subtotals, Lines 2 to 5			46,458	6,610,335			43	126,187	20,706,373	27,316,708
7. Additions by dividends during year	X X X		X X X	2,046	X X X		X X X	X X X		2,046
8. Aggregate write-ins for increases										
9. Totals (Lines 1 and 6 to 8)			355,991	46,148,470			369	1,026,440	100,932,558	147,081,028
Deductions during year:										
10. Death			1,596	86,939			X X X	3,446	157,381	244,320
11. Maturity			5	67			X X X			67
12. Disability							X X X			
13. Expiry			1,062	32,163						32,163
14. Surrender			10,230	1,095,582				279	15,853	1,111,435
15. Lapse			10,069	1,490,329			46	101,109	12,481,887	13,972,216
16. Conversion			2,785	331,285			X X X	X X X	X X X	331,285
17. Decreased (net)				65,569				9,116	1,449	67,018
18. Reinsurance										
19. Aggregate write-ins for decreases										
20. Totals (Lines 10 to 19)			25,747	3,101,934			46	113,950	12,656,570	15,758,504
21. In force end of year (Line 9 minus Line 20)			330,244	43,046,536			323	912,490	88,275,988	131,322,524
22. Reinsurance ceded end of year	X X X		X X X	30,729,897	X X X		X X X	X X X	2,202,384	32,932,281
23. Line 21 minus Line 22	X X X		X X X	12,316,639	X X X	(b)	X X X	X X X	86,073,604	98,390,243
DETAILS OF WRITE-IN LINES										
0801.										
0802.										
0803.										
0898. Summary of remaining write-ins for Line 08 from overflow page										
0899. Totals (Lines 0801 through 0803 plus 0898) (Line 08 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	354,181
25. Other paid-up insurance			53,532	3,529,201
26. Debit ordinary insurance	X X X	X X X		

ADDITIONAL INFORMATION ON ORDINARY INSURANCE

Term Insurance Excluding Extended Term Insurance	Issued During Year (included in Line 2)		In Force End of Year (included in Line 21)	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
27. Term policies - decreasing			3,017	169,766
28. Term policies - other	17,037	4,168,554	120,480	29,760,398
29. Other term insurance - decreasing	X X X		X X X	14,674
30. Other term insurance	X X X	32,435	X X X	890,650
31. Totals, (Lines 27 to 30)	17,037	4,200,989	123,497	30,835,488
Reconciliation to Lines 2 and 21:				
32. Term additions	X X X		X X X	367,250
33. Totals, extended term insurance	X X X	X X X	3,464	67,385
34. Totals, whole life and endowment	24,137	1,732,883	203,283	11,776,411
35. Totals (Lines 31 to 34)	41,174	5,933,872	330,244	43,046,534

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	5,859,615	89,381	39,969,060	3,077,475
38. Credit Life (Group and Individual)				
39. Group	15,302,562		88,275,988	
40. Totals (Lines 36 to 39)	21,162,177	89,381	128,245,048	3,077,475

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	306,051
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)	252,880
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BASIS OF CALCULATION OF ORDINARY TERM INSURANCE

47. State basis of calculation of (47.1) decreasing term insurance contained in Family Income, Mortgage Protection, etc., policies and riders and of (47.2) term insurance on wife and children under Family, Parent and Children, etc., policies and riders included above.
47.1 Current commuted value or scheduled amount, except mortgage protection, on policies issued 1/31/81 and prior which is 1.1 times the scheduled amount.
47.2 Family Protection at \$5,000 per unit. Children's Protection at \$2,500 per unit.

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			53,171	3,871,366			649,304	63,172,668
49. Disability Income								
50. Extended Benefits			X X X	X X X				
51. Other								
52. Total		(b)	53,171	(b) 3,871,366		(b)	649,304	(b) 63,172,668

(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	102	25	2	
2. Issued during year				
3. Reinsurance assumed				
4. Increased during year (net)	1	20		
5. Total (Lines 1 to 4)	103	45	2	
Deductions during year:				
6. Decreased (net)	8			
7. Reinsurance ceded				
8. Totals (Lines 6 and 7)	8			
9. In force end of year	95	45	2	
10. Amount on deposit	(a) 95	734,591	(a) 2	
11. Income now payable	95	45	2	
12. Amount of income payable	(a) 203,330	(a) 588,104	(a) 4,731	(a)

ANNUITIES

	Ordinary		Group	
	1 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year	26,645	9,973	78	18,881
2. Issued during year	1,859	1,223		
3. Reinsurance assumed				
4. Increased during year (net)		968		
5. Total (Lines 1 to 4)	28,504	12,164	78	18,881
Deductions during year:				
6. Decreased (net)	2,637	252		777
7. Reinsurance ceded				
8. Totals (Lines 6 and 7)	2,637	252		777
9. In force end of year	25,867	11,912	78	18,104
Income now payable:				
10. Amount of income payable	(a) 452,163,996	X X X	X X X	(a) 27,279,888
Deferred fully paid:				
11. Account Balance	X X X	(a) 1,502,448,234	X X X	(a) 50,601,247
Deferred not fully paid:				
12. Account Balance	X X X	(a) 23,187	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	2,306,275	549,859,000			92	12,721
2. Issued during year	436,049	98,188,000				
3. Reinsurance assumed						
4. Increased during year (net)		X X X		X X X		X X X
5. Totals (Lines 1 to 4)	2,742,324	X X X		X X X	92	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)	161,879	X X X		X X X	22	X X X
8. Reinsurance ceded		X X X		X X X		X X X
9. Totals (Lines 6 to 8)	161,879	X X X		X X X	22	X X X
10. In force end of year	2,580,445	(a) 630,168,000		(a)	70	(a) 9,611

DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS

	1 Deposit Funds Contracts	2 Dividend Accumulations Contracts
1. In force end of prior year	39,691	5,200
2. Issued during year	3,159	
3. Reinsurance assumed		
4. Increased during year (net)	26	
5. Totals (Lines 1 to 4)	42,876	5,200
Deductions during year:		
6. Decreased (net)	2,372	214
7. Reinsurance ceded		
8. Totals (Lines 6 and 7)	2,372	214
9. In force end of year	40,504	4,986
10. Amount of account balance	(a) 41,323,458	(a) 8,868,796

(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.	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	L	12,998,235	18,575	11,074,860		24,091,670	
2. Alaska	AK	L	268,174	300	507,175		775,649	
3. Arizona	AZ	L	11,136,394	634,643	10,685,925		22,456,962	
4. Arkansas	AR	L	4,971,746	496,556	3,708,269		9,176,571	
5. California	CA	L	67,005,186	2,165,592	115,754,293		184,925,071	24,436
6. Colorado	CO	L	6,170,218	16,181	8,656,234		14,842,633	
7. Connecticut	CT	L	14,693,055	168,131	13,964,275		28,825,461	
8. Delaware	DE	L	1,872,962	202,362,627	1,880,329		206,115,918	48,989,070
9. District of Columbia	DC	L	1,004,013	53,600	1,660,967		2,718,580	
10. Florida	FL	L	26,381,666	2,415,970	22,342,058		51,139,694	282,085
11. Georgia	GA	L	16,095,408	792,331	15,197,194		32,084,933	44,789
12. Hawaii	HI	L	3,487,684	107,443	2,116,279		5,711,406	
13. Idaho	ID	L	1,331,285	167,874	1,245,535		2,744,694	
14. Illinois	IL	L	14,613,977	106,028	17,565,348		32,285,353	
15. Indiana	IN	L	18,512,960	30,779	10,501,205		29,044,944	
16. Iowa	IA	L	2,147,627		5,961,582		8,109,209	
17. Kansas	KS	L	1,676,834		4,639,671		6,316,505	
18. Kentucky	KY	L	4,507,550	79,120	5,174,370		9,761,040	
19. Louisiana	LA	L	8,193,759	361,218	4,277,064		12,832,041	179,496
20. Maine	ME	L	5,060,233	221,548	2,584,851		7,866,632	
21. Maryland	MD	L	17,219,476	190,963	8,085,435		25,495,874	424,939
22. Massachusetts	MA	L	29,926,575	10,290,862	26,826,606		67,044,043	2,287,618
23. Michigan	MI	L	24,138,911	239,747	14,727,415		39,106,073	
24. Minnesota	MN	L	4,504,632	21,096	10,092,769		14,618,497	34,150
25. Mississippi	MS	L	1,884,609		2,580,162		4,464,771	
26. Missouri	MO	L	6,130,172	574,084	6,471,023		13,175,279	
27. Montana	MT	L	219,779		920,852		1,140,631	
28. Nebraska	NE	L	2,204,060	357,000	1,737,888		4,298,948	
29. Nevada	NV	L	5,195,428	100,841	2,962,607		8,258,876	
30. New Hampshire	NH	L	6,767,435	165,218	2,965,376		9,898,029	
31. New Jersey	NJ	L	24,198,654	682,786	14,742,684		39,624,124	170,000
32. New Mexico	NM	L	1,525,657	33,552	1,260,145		2,819,354	
33. New York	NY	L	197,918,420	1,651,206	35,641,011		235,210,637	46,436
34. North Carolina	NC	L	19,853,809	32,217	27,072,781		46,958,807	
35. North Dakota	ND	L	850,016	43,913	629,359		1,523,288	
36. Ohio	OH	L	37,741,738	336,742	16,601,732		54,680,212	113,250
37. Oklahoma	OK	L	3,074,045	445,860	5,325,860		8,845,765	
38. Oregon	OR	L	7,659,914	24,602	5,841,479		13,525,995	25,000
39. Pennsylvania	PA	L	45,891,346	1,158,463	23,172,153		70,221,962	125,000
40. Rhode Island	RI	L	4,516,024	271,956	2,395,462		7,183,442	(11,680)
41. South Carolina	SC	L	7,079,336	71,062	13,618,322		20,768,720	
42. South Dakota	SD	L	233,860		1,496,950		1,730,810	
43. Tennessee	TN	L	16,130,815	1,007,826	10,152,345		27,290,986	
44. Texas	TX	L	31,292,226	760,486	37,667,226		69,719,938	
45. Utah	UT	L	2,982,904	5,100	3,659,743		6,647,747	
46. Vermont	VT	L	1,330,210		425,105		1,755,315	
47. Virginia	VA	L	15,032,690	700,176	15,982,860		31,715,726	50,000
48. Washington	WA	L	7,875,914	1,205,728	9,026,805		18,108,447	
49. West Virginia	WV	L	2,033,528	51,100	2,631,724		4,716,352	
50. Wisconsin	WI	L	4,824,992	412,479	6,130,083		11,367,554	
51. Wyoming	WY	L	191,068		376,744		567,812	
52. American Samoa	AS	N						
53. Guam	GU	N						
54. Puerto Rico	PR	N	42,017		452,727		494,744	
55. US Virgin Islands	VI	N						
56. Northern Mariana Islands	MP	N						
57. Canada	CN	L	115,846		94,219		210,065	
58. Aggregate Other Alien	OT	X X X		61,422,926			61,422,926	29,457,374
59. Subtotal	(a) 51		752,715,072	292,456,507	571,265,136		1,616,436,715	82,241,963
90. Reporting entity contributions for employee benefits plans	X X X		35,168,499				35,168,499	
91. Dividends or refunds applied to purchase paid-up additions and annuities	X X X		8,079,694				8,079,694	
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		336,710		698		337,408	
94. Aggregate other amounts not allocable by State	X X X							
95. Totals (Direct Business)	X X X		796,299,975	292,456,507	571,265,834		1,660,022,316	82,241,963
96. Plus Reinsurance Assumed	X X X		25,847				25,847	
97. Totals (All Business)	X X X		796,325,822	292,456,507	571,265,834		1,660,048,163	82,241,963
98. Less Reinsurance Ceded	X X X		64,298,589		10,835,687		75,134,276	
99. Totals (All Business) less Reinsurance Ceded	X X X		732,027,233	292,456,507	(b) 560,430,147		1,584,913,887	82,241,963

DETAILS OF WRITE-INS								
5801. Aggregate Other Alien	X X X			61,422,926			61,422,926	29,457,374
5802.	X X X							
5803.	X X X							
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X							
5899. Total (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X			61,422,926			61,422,926	29,457,374
9401.	X X X							
9402.	X X X							
9403.	X X X							
9498. Summary of remaining write-ins for Line 94 from overflow page	X X X							
9499. Total (Lines 9401 through 9403 plus 9498) (Line 94 above)	X X X							

NONE

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

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

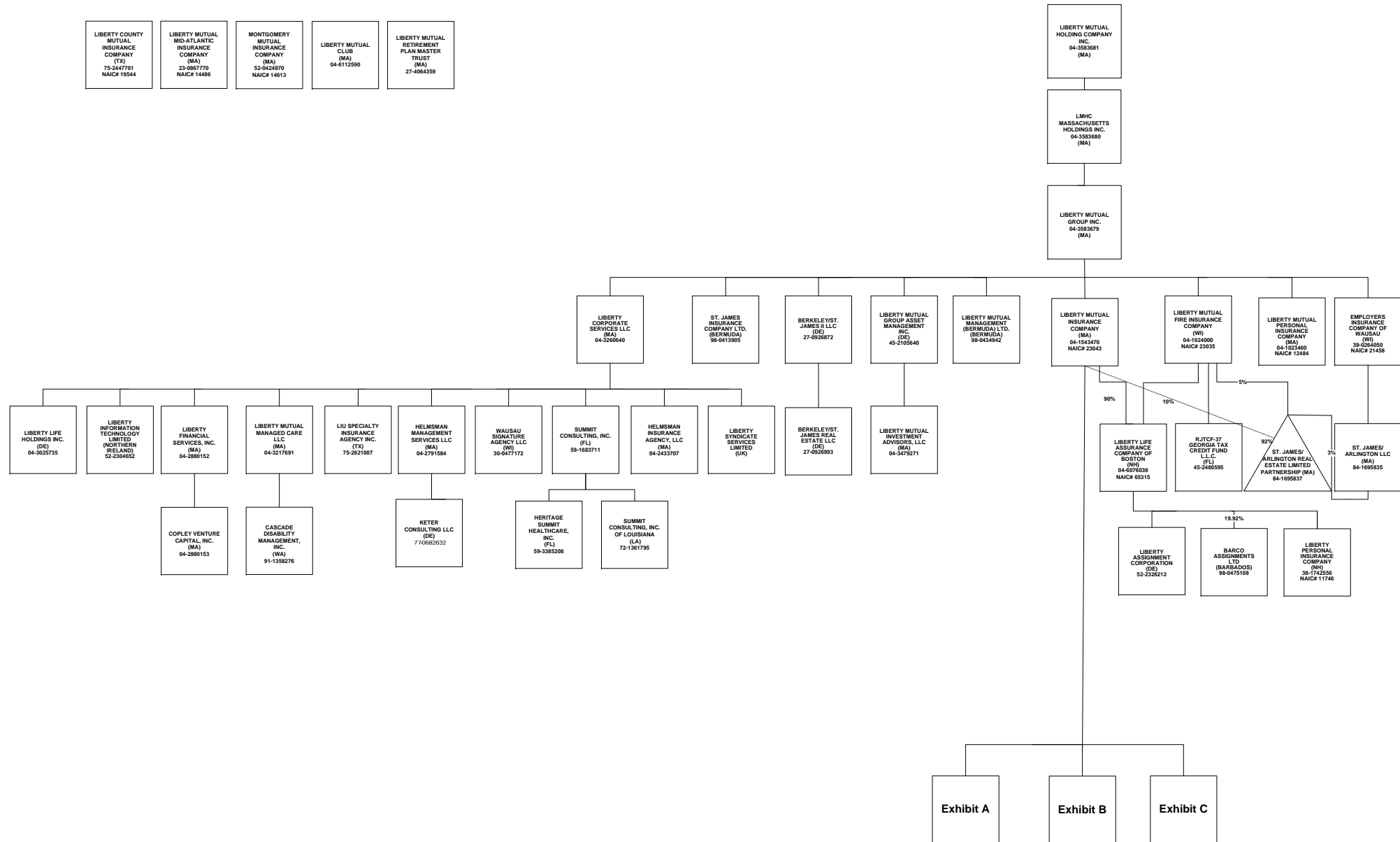
For individual lines of business, premiums are allocated based on the residence of the policyholder. For Group business premium is allocated based on the residence of the policyholder based on a census provided by the insured.

(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

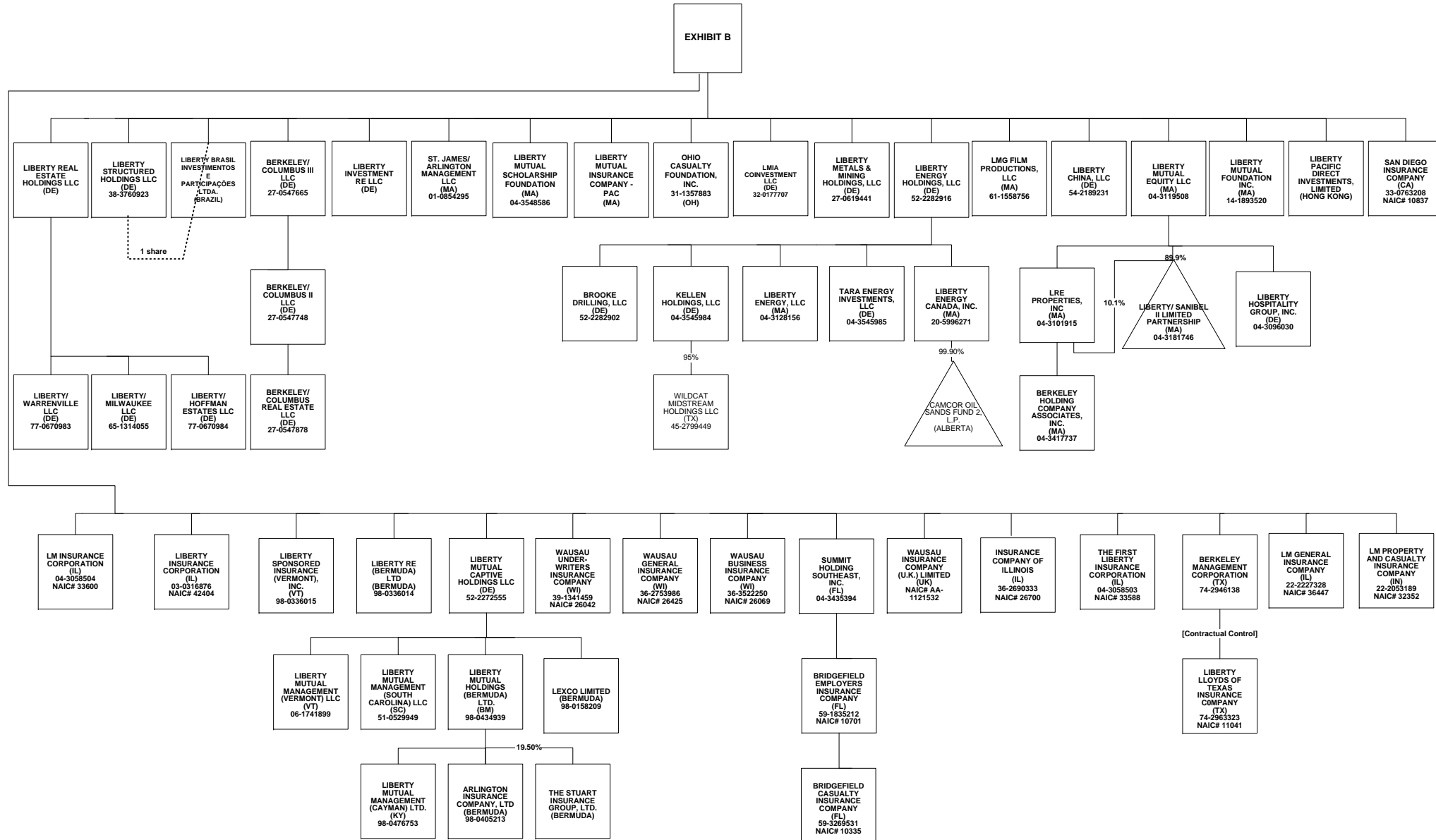
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



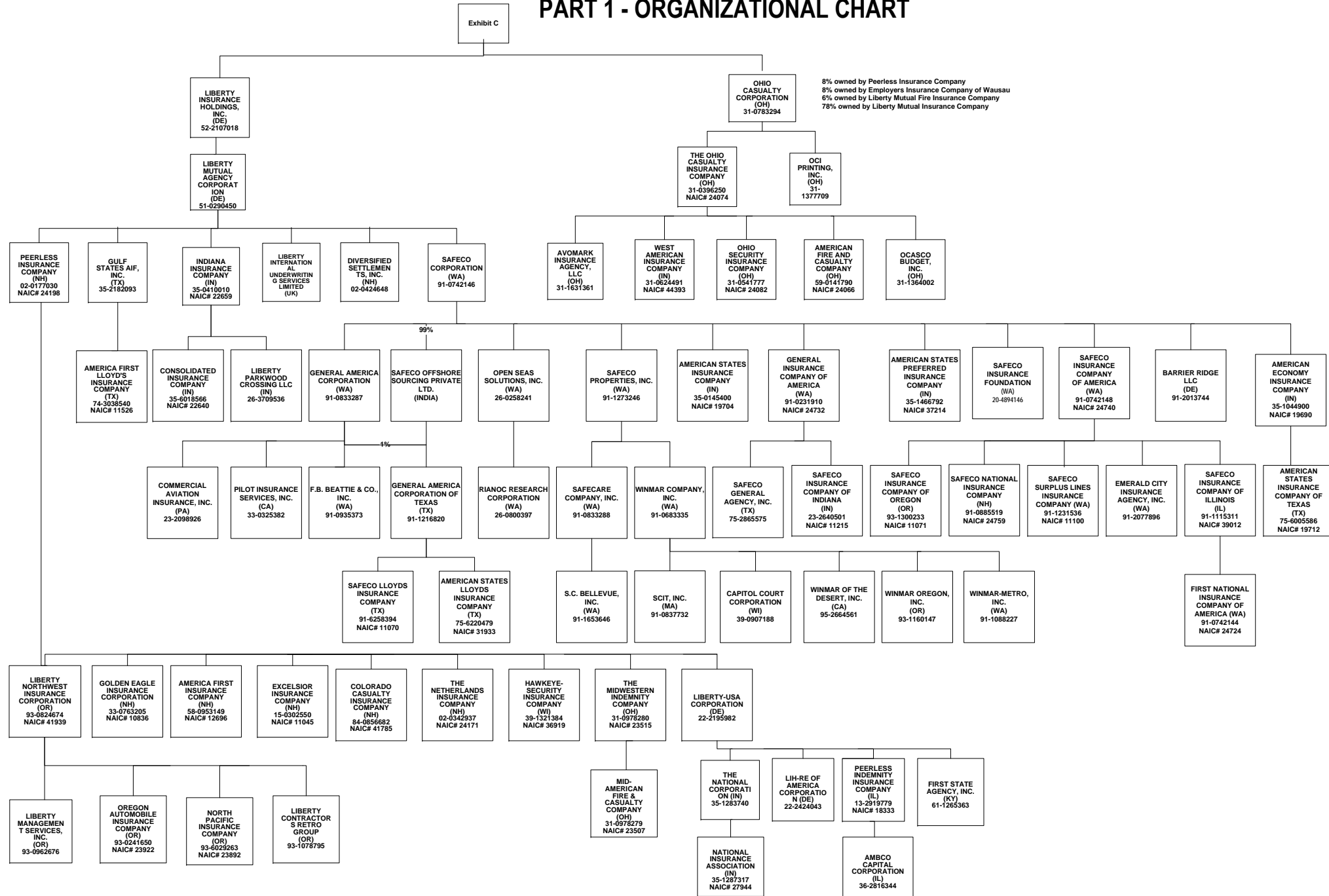
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. Shortage account - VUL	(207,141)		(207,141)	(58,806)
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	(207,141)		(207,141)	(58,806)

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

	1	2
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES	Current Year	Prior Year
2504. Deposit suspense - Group Life	3,611,173	2,820,086
2505. Contingent Liability	2,700,000	
2506. Branch liability due to foreign exchange rate	1,009,668	1,009,668
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)	7,320,841	3,829,754

OVERFLOW PAGE FOR WRITE-INS**Page 4 - Continuation**

	1	2
REMAINING WRITE-INS AGGREGATED AT LINE 08.3 FOR MISCELLANEOUS INCOME	Current Year	Prior Year
08.304 Commission income		(276)
08.397 Totals (Lines 08.304 through 08.396) (Page 4, Line 08.398)		(276)

	1	2
REMAINING WRITE-INS AGGREGATED AT LINE 27 FOR DEDUCTIONS	Current Year	Prior Year
2704. Contract Credits	56,406	20,067
2705. Increase(Decrease) in provision for experience rating refunds	(2,115,502)	3,860,016
2797. Totals (Lines 2704 through 2796) (Page 4, Line 2798)	(2,059,096)	3,880,083

OVERFLOW PAGE FOR WRITE-INS

Page 6 - Continuation

	1	2	Ordinary			6	Group		Accident and Health			12
			3	4	5		7	8	9	10	11	
REMAINING WRITE-INS AGGREGATED AT LINE 27 FOR MISCELLANEOUS INCOME	Total	Industrial Life	Life Insurance	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance (a)	Annuities	Group	Credit (Group and Individual)	Other	Aggregate of All Other Lines of Business
2704. Contract Credits	56,406		56,406									
2705. Experience Rating Refund	(2,115,502)						(2,115,502)					
2797. Totals (Lines 2704 through 2796) (Page 6, Line 2798)	(2,059,096)		56,406				(2,115,502)					

OVERFLOW PAGE FOR WRITE-INS

Page 11 - Continuation

	Insurance				5 Investment	6 Total
	1 Life	Accident and Health		4 All Other Lines of Business		
		2 Cost Containment	3 All Other			
REMAINING WRITE-INS AGGREGATED AT LINE 09.3 FOR EXPENSES						
09.304 Other expenses	1,539		2,542			4,081
09.305 Expense allowance on future claims			1,106,208			1,106,208
09.397 Totals (Lines 09.304 through 09.396) (Page 11, Line 09.398)	1,539		1,108,750			1,110,289

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Exhibit 8 – Claims for Life and Accident and Health Contracts – Part 2	17	Schedule DB – Part C – Section 2	SI13
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