

**ANNUAL STATEMENT**

**OF THE**

**Liberty Life Assurance Company of Boston**

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of

in the state of

**New Hampshire**

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**TO THE**

**Insurance Department**

**OF THE**

**FOR THE YEAR ENDED**

**December 31, 2015**

**LIFE AND ACCIDENT AND HEALTH**

**2015**



65315201520100100

# ANNUAL STATEMENT

For the Year Ended December 31, 2015  
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, US 02116  
(Street and Number) (City or Town, State, Country and Zip Code)

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

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

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

**Internet Web Site Address** www.libertymutual.com

**Statutory Statement Contact** Carolyn Lee 857-224-2354  
(Name) (Area Code) (Telephone Number) (Extension)  
Carolyn.Lee@LibertyMutual.com 603-749-4452  
(E-Mail Address) (Fax Number)

### OFFICERS

	Name	Title
1.	<u>David Henry Long</u>	<u>Chairman, President and Chief Executive Officer</u>
2.	<u>Mark Charles Touhey #</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 &amp; Chief Investment Officer</u>	<u>Thomas Peter Kalmbach</u>	<u>Vice President, CFO and Comptroller</u>
<u>James Francis Kelleher</u>	<u>Vice President &amp; Chief Legal Officer</u>	<u>Dennis James Langwell</u>	<u>Vice President</u>
<u>Stephen Joseph McAnena</u>	<u>Executive Vice President</u>		

### DIRECTORS OR TRUSTEES

<u>James Paul Condrin, III</u>	<u>Anthony Alexander Fontanes</u>	<u>James Francis Kelleher</u>	<u>Dennis James Langwell</u>
<u>David Henry Long</u>	<u>Stephen Joseph McAnena</u>	<u>Mark Charles Touhey #</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.

_____ (Signature) <u>David Henry Long</u> (Printed Name) 1. Chairman, President and Chief Executive Officer (Title)	_____ (Signature) <u>Mark Charles Touhey #</u> (Printed Name) 2. Vice President and Secretary (Title)	_____ (Signature) <u>Laurance Henry Soyer Yahia</u> (Printed Name) 3. Vice President and Treasurer (Title)
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Subscribed and sworn to (or affirmed) before me this on this  
8th day of February, 2016, 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)	13,682,828,411		13,682,828,411	12,808,227,904
2. Stocks (Schedule D):				
2.1 Preferred stocks	416,375		416,375	996,322
2.2 Common stocks	21,785,573		21,785,573	22,071,270
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	898,037,927		898,037,927	510,713,604
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 (\$ 18,903,269, Schedule E - Part 1), cash equivalents (\$ 63,294,626, Schedule E - Part 2), and short-term investments (\$ 83,867,456, Schedule DA)	166,065,351		166,065,351	202,728,732
6. Contract loans (including \$ 0 premium notes)	129,153,128		129,153,128	124,735,203
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	279,505,596		279,505,596	249,759,353
9. Receivables for securities	7,475,459		7,475,459	5,132,779
10. Securities lending reinvested collateral assets (Schedule DL)	407,156,113		407,156,113	286,214,084
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	15,592,423,933		15,592,423,933	14,210,579,251
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	165,175,657		165,175,657	153,734,134
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	37,958,010	4,310,950	33,647,060	16,546,072
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	58,902,223		58,902,223	56,430,957
15.3 Accrued retrospective premiums (\$ 10,209,039) and contracts subject to redetermination (\$ 0)	10,209,039		10,209,039	17,112,494
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	6,210,150		6,210,150	7,941,104
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts	2,410,993		2,410,993	5,801,581
17. Amounts receivable relating to uninsured plans	4,799,310		4,799,310	3,127,454
18.1 Current federal and foreign income tax recoverable and interest thereon	3,569,051		3,569,051	
18.2 Net deferred tax asset	163,464,900	102,854,550	60,610,350	51,887,150
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	16,495,335	2,154,658	14,340,677	5,180,641
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	16,061,618,601	109,320,158	15,952,298,443	14,528,340,838
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	101,774,512		101,774,512	100,413,940
28. Total (Lines 26 and 27)	16,163,393,113	109,320,158	16,054,072,955	14,628,754,778

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	14,305,298		14,305,298	5,157,634
2502. Prepaid insolvency asset	2,154,658	2,154,658		
2503. Amounts due from Separate Accounts	33,694		33,694	21,322
2598. Summary of remaining write-ins for Line 25 from overflow page	1,685		1,685	1,685
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	16,495,335	2,154,658	14,340,677	5,180,641

NONE

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Aggregate reserve for life contracts \$ 10,797,622,237 (Exhibit 5, Line 9999999) less \$ 0 included in Line 6.3 (including \$ 0 Modco Reserve)	10,797,622,237	9,896,637,432
2. Aggregate reserve for accident and health contracts (including \$ 0 Modco Reserve)	1,932,958,284	1,766,562,794
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$ 0 Modco Reserve)	1,234,135,060	1,102,888,659
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11)	103,992,465	83,088,288
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11)	30,164,483	25,283,851
5. Policyholders' dividends \$ 18,102 and coupons \$ 0 due and unpaid (Exhibit 4, Line 10)	18,102	26,941
6. Provision for policyholders' dividends and coupons payable in following calendar year -- estimated amounts:		
6.1 Dividends apportioned for payment (including \$ 0 Modco)	6,352,983	6,320,443
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 \$ 280,956 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14)	1,162,146	1,462,894
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts		
9.2 Provision for experience rating refunds, including the liability of \$ 20,658,760 accident and health experience rating refunds of which \$ 0 is for medical loss ratio rebate per the Public Health Service Act	29,765,811	29,355,206
9.3 Other amounts payable on reinsurance, including \$ 0 assumed and \$ 0 ceded		
9.4 Interest Maintenance Reserve (IMR, Line 6)	23,707,598	25,505,057
10. Commissions to agents due or accrued-life and annuity contracts \$ 11,180,599 accident and health \$ 3,854,417 and deposit-type contract funds \$ 0	15,035,015	10,431,106
11. Commissions and expense allowances payable on reinsurance assumed		
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6)	110,398,060	98,050,347
13. Transfers to Separate Accounts due or accrued (net) (including \$ (261,325) accrued for expense allowances recognized in reserves, net of reinsured allowances)	(261,325)	(469,143)
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5)	12,410,510	12,688,954
15.1 Current federal and foreign income taxes, including \$ 0 on realized capital gains (losses)		14,045,299
15.2 Net deferred tax liability		
16. Unearned investment income	518,811	562,665
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	2,489,133	5,346,073
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)	100,273,653	94,090,812
24.02 Reinsurance in unauthorized and certified \$ ( 0) companies	35,084	
24.03 Funds held under reinsurance treaties with unauthorized and certified \$ ( 0) reinsurers		
24.04 Payable to parent, subsidiaries and affiliates	64,893,749	42,362,699
24.05 Drafts outstanding	45,718,769	33,682,897
24.06 Liability for amounts held under uninsured plans		
24.07 Funds held under coinsurance		
24.08 Derivatives		
24.09 Payable for securities	7,324,465	41,415,704
24.10 Payable for securities lending	407,156,113	286,214,084
24.11 Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	59,980,488	50,346,890
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	14,985,851,694	13,625,899,952
27. From Separate Accounts statement	101,774,512	100,413,940
28. Total liabilities (Lines 26 and 27)	15,087,626,206	13,726,313,892
29. Common capital stock	2,500,000	2,500,000
30. Preferred capital stock		
31. Aggregate write-ins for other-than-special surplus funds		
32. Surplus notes		
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1)	696,893,842	696,893,842
34. Aggregate write-ins for special surplus funds	750,000	750,000
35. Unassigned funds (surplus)	266,302,907	202,297,044
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)	963,946,749	899,940,886
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55)	966,446,749	902,440,886
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	16,054,072,955	14,628,754,778
<b>DETAILS OF WRITE-IN LINES</b>		
2501. Qualified claims account - Internal Revenue Service Code 419	43,446,000	41,130,000
2502. Accounts payable	11,010,767	4,524,448
2503. Deposit suspense - Group Life	5,523,721	4,692,442
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	59,980,488	50,346,890
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page		
3199. Totals (Lines 3101 through 3103 plus 3198) (Line 31 above)		
3401. 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

NONE

## 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)	2,501,100,088	2,410,576,810
2. Considerations for supplementary contracts with life contingencies	324,401	647,903
3. Net investment income (Exhibit of Net Investment Income, Line 17)	691,116,148	637,392,786
4. Amortization of Interest Maintenance Reserve (IMR, Line 5)	3,962,384	4,896,432
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)	28,386,174	29,059,546
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	635,086	657,095
8.2 Charges and fees for deposit-type contracts		
8.3 Aggregate write-ins for miscellaneous income	3,261,863	3,415,808
9. Totals (Lines 1 to 8.3)	3,228,786,144	3,086,646,380
10. Death benefits	448,269,575	351,556,491
11. Matured endowments (excluding guaranteed annual pure endowments)		
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8)	368,171,422	344,065,658
13. Disability benefits and benefits under accident and health contracts	590,880,516	520,447,557
14. Coupons, guaranteed annual pure endowments and similar benefits		
15. Surrender benefits and withdrawals for life contracts	192,248,560	162,990,607
16. Group conversions		
17. Interest and adjustments on contract or deposit-type contract funds	41,089,170	40,582,811
18. Payments on supplementary contracts with life contingencies	483,876	678,824
19. Increase in aggregate reserves for life and accident and health contracts	1,067,349,388	1,237,870,514
20. Totals (Lines 10 to 19)	2,708,492,507	2,658,192,462
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1)	106,558,785	98,973,213
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)	281,375,303	208,555,749
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3)	45,976,375	44,000,214
25. Increase in loading on deferred and uncollected premiums	(272,917)	(90,295)
26. Net transfers to or (from) Separate Accounts net of reinsurance	(2,698,984)	(2,901,177)
27. Aggregate write-ins for deductions	1,460,192	1,539,671
28. Totals (Lines 20 to 27)	3,140,891,261	3,008,269,837
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	87,894,883	78,376,543
30. Dividends to policyholders	6,372,210	6,121,550
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	81,522,673	72,254,993
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	18,176,022	38,107,127
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)	63,346,651	34,147,866
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (9,559,803) (excluding taxes of \$ 1,165,727 transferred to the IMR)	6,561,963	2,850,210
35. Net income (Line 33 plus Line 34)	69,908,614	36,998,076
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2)	902,440,886	716,881,524
37. Net income (Line 35)	69,908,614	36,998,076
38. Change in net unrealized capital gains (losses) less capital gains tax of \$ 0	604,348	12,361,085
39. Change in net unrealized foreign exchange capital gain (loss)	(9,917,878)	(7,977,043)
40. Change in net deferred income tax	(18,512,000)	9,358,300
41. Change in nonadmitted assets	28,140,704	(4,000,231)
42. Change in liability for reinsurance in unauthorized and certified companies	(35,084)	
43. Change in reserve on account of change in valuation basis, (increase) or decrease		
44. Change in asset valuation reserve	(6,182,841)	(11,180,825)
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		150,000,000
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		
54. Net change in capital and surplus for the year (Lines 37 through 53)	64,005,863	185,559,362
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	966,446,749	902,440,886

DETAILS OF WRITE-IN LINES		
08.301 Surrender charges	1,825,507	1,687,808
08.302 Other administration fees	772,291	831,065
08.303 Miscellaneous income	664,065	896,935
08.398 Summary of 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)	3,261,863	3,415,808
2701. Miscellaneous expense	997,982	931,538
2702. Performance guarantee expense	301,302	491,970
2703. Contract Credits	160,908	116,163
2798. Summary of write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	1,460,192	1,539,671
5301. Correction of prior year errors		
5302. ....		
5303. ....		
5398. Summary of write-ins for Line 53 from overflow page		
5399. Totals (Lines 5301 through 5303 plus 5398) (Line 53 above)		

**CASH FLOW**

	1	2
<b>Cash from Operations</b>	Current Year	Prior Year
1. Premiums collected net of reinsurance	2,479,777,475	2,387,789,047
2. Net investment income	671,402,365	611,013,743
3. Miscellaneous income	35,673,110	28,888,301
4. Total (Lines 1 through 3)	3,186,852,950	3,027,691,091
5. Benefit and loss related payments	1,577,485,183	1,387,702,988
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	(2,698,984)	(2,901,177)
7. Commissions, expenses paid and aggregate write-ins for deductions	419,524,056	344,063,983
8. Dividends paid to policyholders	6,348,509	6,203,199
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	27,397,643	47,191,038
10. Total (Lines 5 through 9)	2,028,056,407	1,782,260,031
11. Net cash from operations (Line 4 minus Line 10)	1,158,796,543	1,245,431,060
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	884,154,062	908,869,076
12.2 Stocks	2,635,000	1,050,398
12.3 Mortgage loans	45,066,238	27,884,597
12.4 Real estate		
12.5 Other invested assets	20,546,756	14,055,453
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)	952,402,056	951,859,524
13. Cost of investments acquired (long-term only):		
13.1 Bonds	1,757,641,864	2,142,627,890
13.2 Stocks	761,338	639,717
13.3 Mortgage loans	432,514,451	175,786,215
13.4 Real estate		
13.5 Other invested assets	50,976,318	35,761,420
13.6 Miscellaneous applications	157,375,945	
13.7 Total investments acquired (Lines 13.1 to 13.6)	2,399,269,916	2,354,815,242
14. Net increase (decrease) in contract loans and premium notes	4,417,925	4,376,040
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(1,451,285,785)	(1,407,331,758)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		150,000,000
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities	95,037,532	50,121,531
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	160,788,329	39,674,912
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	255,825,861	239,796,443
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(36,663,381)	77,895,745
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	202,728,732	124,832,987
19.2 End of year (Line 18 plus Line 19.1)	166,065,351	202,728,732

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	2,501,100,088		583,110,130	687,159,621			392,786,848		838,039,874		3,615	
2. Considerations for supplementary contracts with life contingencies	324,401				324,401							
3. Net investment income	691,116,148		235,200,978	321,501,345	344,725		23,327,001	13,124,237	97,611,010		6,852	
4. Amortization of Interest Maintenance Reserve (IMR)	3,962,384		823,692	1,805,283	1,262		256,192	226,981	848,855		119	
5. Separate Accounts net gain from operations excluding unrealized gains or losses												
6. Commissions and expense allowances on reinsurance ceded	28,386,174		28,386,174									
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	635,086		252,040	8,587				374,459				
8.2 Charges and fees for deposit-type contracts												
8.3 Aggregate write-ins for miscellaneous income	3,261,863		918,600	2,319,571			9,092		14,600			
9. Totals (Lines 1 to 8.3)	3,228,786,144		848,691,614	1,012,794,407	670,388		416,379,133	13,725,677	936,514,339		10,586	
10. Death benefits	448,269,575		140,539,408				307,730,167					
11. Matured endowments (excluding guaranteed annual pure endowments)				344,807,262				23,364,160				
12. Annuity benefits	368,171,422											
13. Disability benefits and benefits under accident and health contracts	590,880,516								590,846,896		33,620	
14. Coupons, guaranteed annual pure endowments and similar benefits												
15. Surrender benefits and withdrawals for life contracts	192,248,560		126,244,713	58,753,977			6,785,755	464,115				
16. Group conversions												
17. Interest and adjustments on contract or deposit-type contract funds	41,089,170		960,751	38,151,006	623,322		1,428,197	(74,106)				
18. Payments on supplementary contracts with life contingencies	483,876				483,876							
19. Increase in aggregate reserves for life and accident and health contracts	1,067,349,388		399,923,535	510,703,015	(367,226)		(1,433,256)	(7,872,170)	166,432,819		(37,329)	
20. Totals (Lines 10 to 19)	2,708,492,507		667,668,407	952,415,260	739,972		314,510,863	15,881,999	757,279,715		(3,709)	
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)	106,558,785		29,232,914	31,242,442			19,453,451	7,710	26,622,268			
22. Commissions and expense allowances on reinsurance assumed												
23. General insurance expenses	281,375,303		140,349,509	17,975,230	26,471		37,143,982	261,604	85,610,070		8,437	
24. Insurance taxes, licenses and fees, excluding federal income taxes	45,976,375		14,130,506	659,036	638		8,235,965	6,713	22,943,346		171	
25. Increase in loading on deferred and uncollected premiums	(272,917)		(630,750)									
26. Net transfers to or (from) Separate Accounts net of reinsurance	(2,698,984)		(1,262,138)	(649,314)			357,833	(787,532)				
27. Aggregate write-ins for deductions	1,460,192		1,310,293	513			9,916	(55)	139,525			
28. Totals (Lines 20 to 27)	3,140,891,261		850,798,741	1,001,643,167	767,081		379,712,010	15,370,439	892,594,924		4,899	
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	87,894,883		(2,107,127)	11,151,240	(96,693)		36,667,123	(1,644,762)	43,919,415		5,687	
30. Dividends to policyholders	6,372,210		6,372,205	5								
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	81,522,673		(8,479,332)	11,151,235	(96,693)		36,667,123	(1,644,762)	43,919,415		5,687	
32. Federal income taxes incurred (excluding tax on capital gains)	18,176,022		3,040,483	7,655,377	(24,094)		8,103,014	(363,411)	(236,184)		837	
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)	63,346,651		(11,519,815)	3,495,858	(72,599)		28,564,109	(1,281,351)	44,155,599		4,850	

DETAILS OF WRITE-IN LINES											
08.301 Surrender charges	1,825,507		819,873	1,000,392			5,242				
08.302 Other administration fees	772,291		62,963	703,128			3,600		2,600		
08.303 Miscellaneous income	664,065		35,764	616,051			250		12,000		
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)	3,261,863		918,600	2,319,571			9,092		14,600		
2701. Miscellaneous expense	997,982		984,245	513			9,575	(55)	3,704		
2702. Performance guarantee expense	301,302		165,140				341		135,821		
2703. Contract credits	160,908		160,908								
2798. Summary of remaining write-ins for Line 27 from overflow page											
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	1,460,192		1,310,293	513			9,916	(55)	139,525		

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

## ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group	
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities
<b>Involving Life or Disability Contingencies (Reserves)</b>								
(Net of Reinsurance Ceded)								
1. Reserve December 31, prior year	9,896,637,432		4,590,785,096	4,663,437,131	3,698,578		447,522,177	191,194,450
2. Tabular net premiums or considerations	1,596,464,489		563,379,149	659,673,237	324,402		373,087,701	
3. Present value of disability claims incurred	26,944,033				X X X		26,944,033	
4. Tabular interest	443,906,641		192,367,907	216,390,203	206,846		20,315,930	14,625,755
5. Tabular less actual reserve released	(36,182,154)		37,369	(20,559,308)	(250,492)		(16,148,899)	739,176
6. Increase in reserve on account of change in valuation basis								
7. Other increases (net)								
8. Totals (Lines 1 to 7)	11,927,770,441		5,346,569,521	5,518,941,263	3,979,334		851,720,942	206,559,381
9. Tabular cost	494,786,945		107,418,515		X X X		387,368,430	
10. Reserves released by death	115,486,141		101,456,722	X X X	X X X		14,029,419	X X X
11. Reserves released by other terminations (net)	151,219,820		146,985,650				4,234,170	
12. Annuity, supplementary contract, and disability payments involving life contingencies	368,655,298			344,807,262	483,876			23,364,160
13. Net transfers to or (from) Separate Accounts								
14. Total deductions (Lines 9 to 13)	1,130,148,204		355,860,887	344,807,262	483,876		405,632,019	23,364,160
15. Reserve December 31, current year	10,797,622,237		4,990,708,634	5,174,134,001	3,495,458		446,088,923	183,195,221



## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 40,871,145	40,332,446
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 597,630,212	608,668,399
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 106,901	115,299
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		204,186
2.21 Common stocks of affiliates		
3. Mortgage loans	(c) 33,758,370	34,753,318
4. Real estate	(d)	
5. Contract loans		5,807,957
6. Cash, cash equivalents and short-term investments	(e) 102,756	102,756
7. Derivative instruments	(f)	
8. Other invested assets		16,021,987
9. Aggregate write-ins for investment income		1,077,595
10. Total gross investment income	695,665,286	707,083,943
11. Investment expenses		(g) 15,966,269
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 1,526
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		15,967,795
17. Net investment income (Line 10 minus Line 16)		691,116,148

DETAILS OF WRITE-IN LINES		
0901. Miscellaneous income	1,019,639	1,013,261
0902. Foreign exchange income	64,334	64,334
0903.		
0998. Summary of remaining write-ins for Line 09 from overflow page		
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)	1,083,973	1,077,595
1501.	<b>NONE</b>	
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		

(a)	Includes \$ 30,866,813 accrual of discount less \$ 22,612,776 amortization of premium and less \$ 5,880,657 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 \$ 135,789 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 \$ 70,430 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	476,176		476,176		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	10,158,081	(10,018,303)	139,778		(7,757,287)
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	829,505		829,505	(157,491)	
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates				1,186,246	
3. Mortgage loans	(257,924)		(257,924)	133,237	
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets	438,050	(103,111)	334,939	(557,645)	
9. Aggregate write-ins for capital gains (losses)		(1,189,665)	(1,189,665)		(2,160,592)
10. Total capital gains (losses)	11,643,888	(11,311,079)	332,809	604,347	(9,917,879)

DETAILS OF WRITE-IN LINES					
0901. Currency translation					(2,160,592)
0902. Gain/Loss on software writedown		(1,189,665)	(1,189,665)		
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)		(1,189,665)	(1,189,665)		(2,160,592)

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

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)	10 Other	
<b>FIRST YEAR (other than single)</b>											
1. Uncollected	(373,859)		(373,859)								
2. Deferred and accrued	6,303,159		6,303,159								
3. Deferred, accrued and uncollected:											
3.1 Direct	6,635,335		6,635,335								
3.2 Reinsurance assumed											
3.3 Reinsurance ceded	706,035		706,035								
3.4 Net (Line 1 + Line 2)	5,929,300		5,929,300								
4. Advance	33,490		33,490								
5. Line 3.4 - Line 4	5,895,810		5,895,810								
6. Collected during year:											
6.1 Direct	24,364,007		24,364,007								
6.2 Reinsurance assumed											
6.3 Reinsurance ceded	10,797,443		10,797,443								
6.4 Net	13,566,564		13,566,564								
7. Line 5 + Line 6.4	19,462,374		19,462,374								
8. Prior year (uncollected + deferred and accrued - advance)	3,590,536		3,590,536								
9. First year premiums and considerations:											
9.1 Direct	24,386,016		24,386,016								
9.2 Reinsurance assumed											
9.3 Reinsurance ceded	8,514,177		8,514,177								
9.4 Net (Line 7 - Line 8)	15,871,839		15,871,839								
<b>SINGLE</b>											
10. Single premiums and considerations:											
10.1 Direct	1,129,493,672		443,618,213	685,875,459							
10.2 Reinsurance assumed											
10.3 Reinsurance ceded											
10.4 Net	1,129,493,672		443,618,213	685,875,459							
<b>RENEWAL</b>											
11. Uncollected	45,891,411		(1,993,114)			13,268,874		34,615,651			
12. Deferred and accrued	52,599,064		52,599,018	46							
13. Deferred, accrued and uncollected:											
13.1 Direct	109,870,424		56,456,292	46		13,346,742		40,067,344			
13.2 Reinsurance assumed											
13.3 Reinsurance ceded	11,379,949		5,850,388			77,868		5,451,693			
13.4 Net (Line 11 + Line 12)	98,490,475		50,605,904	46		13,268,874		34,615,651			
14. Advance	1,128,656		672,940			174,760		280,956			
15. Line 13.4 - Line 14	97,361,819		49,932,964	46		13,094,114		34,334,695			
16. Collected during year:											
16.1 Direct	1,433,861,993		198,855,019	1,284,162		380,972,535		852,746,299		3,978	
16.2 Reinsurance assumed	10,078		10,078								
16.3 Reinsurance ceded	97,205,959		79,008,154			1,192,007		17,005,435		363	
16.4 Net	1,336,666,112		119,856,943	1,284,162		379,780,528		835,740,864		3,615	
17. Line 15 + Line 16.4	1,434,027,931		169,789,907	1,284,208		392,874,642		870,075,559		3,615	
18. Prior year (uncollected + deferred and accrued - advance)	78,293,353		46,169,829	46		87,795		32,035,683			
19. Renewal premiums and considerations:											
19.1 Direct	1,451,761,013		200,951,152	1,284,162		393,985,861		855,535,860		3,978	
19.2 Reinsurance assumed	10,078		10,078								
19.3 Reinsurance ceded	96,036,514		77,341,152			1,199,013		17,495,986		363	
19.4 Net (Line 17 - Line 18)	1,355,734,577		123,620,078	1,284,162		392,786,848		838,039,874		3,615	
<b>TOTAL</b>											
20. Total premiums and annuity considerations:											
20.1 Direct	2,605,640,701		668,955,381	687,159,621		393,985,861		855,535,860		3,978	
20.2 Reinsurance assumed	10,078		10,078								
20.3 Reinsurance ceded	104,550,691		85,855,329			1,199,013		17,495,986		363	
20.4 Net (Lines 9.4 + 10.4 + 19.4)	2,501,100,088		583,110,130	687,159,621		392,786,848		838,039,874		3,615	

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

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)	10 Other	
<b>DIVIDENDS AND COUPONS APPLIED (included in Part 1)</b>											
21. To pay renewal premiums	400,235		400,235								
22. All other	5,575,866		5,575,866								
<b>REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED</b>											
23. First year (other than single):											
23.1 Reinsurance ceded											
23.2 Reinsurance assumed											
23.3 Net ceded less assumed											
24. Single:											
24.1 Reinsurance ceded											
24.2 Reinsurance assumed											
24.3 Net ceded less assumed											
25. Renewal:											
25.1 Reinsurance ceded	28,386,174		28,386,174								
25.2 Reinsurance assumed											
25.3 Net ceded less assumed	28,386,174		28,386,174								
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6)	28,386,174		28,386,174								
26.2 Reinsurance assumed (Page 6, Line 22)											
26.3 Net ceded less assumed	28,386,174		28,386,174								
<b>COMMISSIONS INCURRED (direct business only)</b>											
27. First year (other than single)	434,004		434,004								
28. Single	59,676,779		28,423,767	31,242,442		2,860	7,710				
29. Renewal	46,448,002		375,143			19,450,591		26,622,268			
30. Deposit-type contract funds											
31. Totals (to agree with Page 6, Line 21)	106,558,785		29,232,914	31,242,442		19,453,451	7,710	26,622,268			

**EXHIBIT 2 – GENERAL EXPENSES**

	Insurance				5 Investment	6 Total
	1 Life	Accident and Health		4 All Other Lines of Business		
		2 Cost Containment	3 All Other			
1. Rent	3,423,404		4,215,255		798,313	8,436,972
2. Salaries and wages	65,639,484		80,822,245		11,176,388	157,638,117
3.11 Contributions for benefit plans for employees	8,029,632		9,886,929		478,988	18,395,549
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	7,932,030		9,766,750			17,698,780
3.32 Other agent welfare						
4.1 Legal fees and expenses	1,336,878		1,646,105			2,982,983
4.2 Medical examination fees	45,515	56,042				101,557
4.3 Inspection report fees	1,721,263	2,119,400				3,840,663
4.4 Fees of public accountants and consulting actuaries	715,557		881,070		1,596,627	3,193,254
4.5 Expense of investigation and settlement of policy claims						
5.1 Traveling expenses	4,028,359		4,960,139		79,831	9,068,329
5.2 Advertising	938,493		1,155,571			2,094,064
5.3 Postage, express, telegraph and telephone	1,513,613		1,863,720		1,117,639	4,494,972
5.4 Printing and stationery	904,618		1,113,861		399,157	2,417,636
5.5 Cost or depreciation of furniture and equipment	486,533		599,070		319,325	1,404,928
5.6 Rental of equipment	14,848		18,282			33,130
5.7 Cost or depreciation of EDP equipment and software	2,734,515		3,367,022			6,101,537
6.1 Books and periodicals	84,980		104,636			189,616
6.2 Bureau and association fees	161,621		199,005			360,626
6.3 Insurance, except on real estate	318,098		391,675			709,773
6.4 Miscellaneous losses						
6.5 Collection and bank service charges	40,927		50,393			91,320
6.6 Sundry general expenses	64,203,441		39,137,510			103,340,951
6.7 Group service and administration fees						
6.8 Reimbursements by uninsured plans			(91,138,099)			(91,138,099)
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	31,482,987		14,401,926			45,884,913
10. General expenses incurred	195,756,796	2,175,442	83,443,065		15,966,268	(a) 297,341,571
11. General expenses unpaid December 31, prior year	14,167,214		83,883,133			98,050,347
12. General expenses unpaid December 31, current year	15,989,244		94,408,816			110,398,060
13. Amounts receivable relating to uninsured plans, prior year			3,127,454			3,127,454
14. Amounts receivable relating to uninsured plans, current year			4,799,310			4,799,310
15. General expenses paid during year (Lines 10 + 11 - 12 - 13 + 14)	193,934,766	2,175,442	74,589,238		15,966,268	286,665,714

DETAILS OF WRITE-IN LINES						
09.301. Reimbursement of sales expense	25,933,804					25,933,804
09.302. Other professional fees	9,484,905		11,627,036			21,111,941
09.303. Expense allowance on future claims			7,620,966			7,620,966
09.398. Summary of remaining write-ins for Line 09.3 from overflow page	(3,935,722)		(4,846,076)			(8,781,798)
09.399. Totals (Lines 09.301 through 09.303 plus 09.398) (Line 09.3 above)	31,482,987		14,401,926			45,884,913

(a) Includes management fees of \$ 74,793,730 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	815,638	773,781			1,589,419
3. State taxes on premiums	18,045,303	15,001,493			33,046,796
4. Other state taxes, incl. \$ 0 for employee benefits	596,004	1,136,279			1,732,283
5. U.S. Social Security taxes	2,841,159	5,416,657			8,257,816
6. All other taxes	734,754	615,307		1,526	1,351,587
7. Taxes, licenses and fees incurred	23,032,858	22,943,517		1,526	45,977,901
8. Taxes, licenses and fees unpaid December 31, prior year	7,024,192	5,664,762			12,688,954
9. Taxes, licenses and fees unpaid December 31, current year	6,511,191	5,899,319			12,410,510
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9)	23,545,859	22,708,960		1,526	46,256,345

**EXHIBIT 4 – DIVIDENDS OR REFUNDS**

	1	2
	Life	Accident and Health
1. Applied to pay renewal premiums	400,235	
2. Applied to shorten the endowment or premium-paying period		
3. Applied to provide paid-up additions	5,575,866	
4. Applied to provide paid-up annuities		
5. Total Lines 1 through 4	5,976,101	
6. Paid-in cash	190,288	
7. Left on deposit	126,181	
8. Aggregate write-ins for dividend or refund options	55,939	
9. Total Lines 5 through 8	6,348,509	
10. Amount due and unpaid	18,102	
11. Provision for dividends or refunds payable in the following calendar year	6,352,983	
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	6,371,085	
16. Total from prior year	6,347,384	
17. Total dividends or refunds (Lines 9 + 15 - 16)	6,372,210	

DETAILS OF WRITE-IN LINES		
0801. Dividends applied to loan	55,939	
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)	55,939	

## 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	28,444,282		28,444,282		
0100002	1958 CSO 2 1/2% NLP 1964-1988	95,435,668		95,435,668		
0100003	1958 CET 2 1/2% NLP 1964-1981	1,943,794		1,943,794		
0100004	1958 CSO 4 1/2% NLP 1980-1988	304,492		304,492		
0100005	1/2 Annual Extra Premium 1964-2015	2,067,395		2,067,395		
0100006	1958 CSO 4% NLP 1981-1988	43,143,378		43,143,378		
0100007	1958 CSO 4% CRVM 1981-1988	53,278,716		53,278,716		
0100008	1958 CET 4% NLP 1981-1988	701,492		701,492		
0100009	1958 CSO 3 1/2% NLP 1981-1988	295,823		79,056		216,767
0100010	1958 CSO 3% NLP 1982-1988	714		714		
0100011	1960 CSG 4 1/2%	23,234				23,234
0100012	1960 CSG 2 1/2% With 1959 ADB	2,576,106				2,576,106
0100013	1958 CSO 4% Joint CRVM 1984-1988	7,422,429		7,422,429		
0100014	1958 CSO 4% Joint NLP 1984-1988	4,526,192		4,526,192		
0100015	1958 CSO 4 1/2% CRVM 1985-1988	23,153,448		23,153,448		
0100016	1958 CET 4% Joint NLP 1984-1988	19,331		19,331		
0100017	1958 CSO 3 1/2% Joint NLP 1984-1988	13,944		13,944		
0100018	150% 1980 CSO 6 1/2% NLP 1987-1988	5,657,794		5,657,794		
0100019	1980 CSO 5 1/2% NLP 1987-2003	11,475		11,475		
0100020	1980 CSO 4% CRVM 2006-2008	826,596,900		746,083,479		80,513,421
0100021	1980 CSO 4% NLP 2006-2008	982,921		982,921		
0100022	1980 CSO 4% Joint CRVM 2006-2007	617,809		617,809		
0100023	1980 CET 4% NLP 2006-2007	149,911		149,911		
0100024	1980 CSO 4 1/2% NLP 1988-2005	45,879,643		45,879,643		
0100025	1980 CSO 4 1/2% CRVM 1989-2005	1,571,310,272		1,312,284,561		259,025,711
0100026	1980 CET 4 1/2% NLP 1989-2005	1,300,230		1,300,230		
0100027	1980 CSO 4 1/2% Joint NLP 1988-2005	4,850,577		4,850,577		
0100028	1980 CSO 4 1/2% Joint CRVM 1989-2005	27,814,015		27,814,015		
0100029	1980 CET 4 1/2% Joint NLP 1996-2005	108,868		108,868		
0100030	1980 CSO 4 3/4% CRVM 1994	368,660		368,660		
0100031	1980 CSO 4 3/4% Joint CRVM 1994	10,292		10,292		
0100032	2001 CSO 4% CRVM ALB 2007-2012	1,631,292,030		1,631,292,030		
0100033	2001 CSO 3.5% CRVM ALB 2013-2015 NB	1,324,740,867		1,324,740,867		
0199997	Totals (Gross)	5,705,042,702		5,362,687,463		342,355,239
0199998	Reinsurance ceded	404,689,032		403,294,042		1,394,990
0199999	Totals (Net)	5,300,353,670		4,959,393,421		340,960,249
ANNUITIES (excluding supplementary contracts with life contingencies):						
0200001	1937 SA 3 % NL - SB 3 YRS DEFER 1975-1978	6,833	X X X	6,833	X X X	
0200002	1937 SA 2 1/2 % NL -SB 3 YRS DEFER 1975-78	2,746	X X X	2,746	X X X	
0200003	1971 GAM 7 1/2 % DEFER 1984	22,414,578	X X X		X X X	22,414,578
0200004	1971 GAM 7 3/4 % DEFER 1983	13,979,586	X X X		X X X	13,979,586
0200005	1971 GAM 9 3/4 % DEFER 1983-1984	14,686,484	X X X		X X X	14,686,484
0200006	1971 GAM 10 3/4 % DEFER 1983, 1984	3,787,810	X X X		X X X	3,787,810
0200007	1971 GAM 11 1/4 % DEFER 1983, 1984	4,155,531	X X X		X X X	4,155,531
0200008	1971 IAM 7.50%/20/7.50% IMMED 1980-1982	10,816,701	X X X	10,816,701	X X X	
0200009	1971 IAM 11.56%/20/7.75% IMMED & DEFER 1983	17,595,227	X X X	17,595,227	X X X	
0200010	CARVM 3.5% DEFERRED 1979-1980	1,034,650	X X X	1,034,650	X X X	
0200011	CARVM 3.75% DEFERRED 2012-2013, 2015	582,686,461	X X X	582,686,461	X X X	
0200012	CARVM 4.00% DEFERRED 2014	293,387,496	X X X	293,387,496	X X X	
0200013	CARVM 4.25% DEFERRED 2011	10,683,613	X X X	10,683,613	X X X	
0200014	CARVM 4.50% DEFERRED 2005, 2006, 2010	15,401,291	X X X	15,401,291	X X X	
0200015	CARVM 4.75% DEFERRED 2004, 2007, 2008	49,281,220	X X X	49,281,220	X X X	
0200016	CARVM 5.00% DEFERRED 2003, 2009	8,099,088	X X X	8,099,088	X X X	
0200017	CARVM 5.25% DEFERRED 1998-1999	828,301	X X X	828,301	X X X	
0200018	CARVM 5.5% DEFERRED 1994, 1996-1997, 2001-2002	4,104,871	X X X	4,104,871	X X X	
0200019	CARVM 5.75% DEFERRED 1993, 2000	3,169,618	X X X	3,169,618	X X X	
0200020	CARVM 6.00% DEFERRED 1995	595,700	X X X	595,700	X X X	
0200021	CARVM 6.25% DEFERRED 1992	3,728,052	X X X	3,728,052	X X X	
0200022	CARVM 6.50% DEFERRED 1987, 1990	1,347,421	X X X	1,347,421	X X X	
0200023	CARVM 6.75% DEFERRED 1991	1,935,872	X X X	1,935,872	X X X	
0200024	CARVM 7.00% DEFERRED 1988-1989	1,010,743	X X X	1,010,743	X X X	
0200025	CARVM 7.25% DEFERRED 1986	906,005	X X X	906,005	X X X	
0200026	CARVM 8.50% DEFERRED 1984-1985	4,200,927	X X X	4,200,927	X X X	
0200027	CARVM 8.75% DEFERRED 1983	2,328,536	X X X	2,328,536	X X X	
0200028	CARVM 9.00% DEFERRED 1981	442,608	X X X	442,608	X X X	
0200029	CARVM 10.00% DEFERRED 1982	2,929,235	X X X	2,929,235	X X X	
0200030	1983 A 4.0873%/20/3.50% IMMED & DEFERRED 2013	368,755,090	X X X	368,755,090	X X X	
0200031	1983 A 4.0882%/20/3.50% IMMED & DEFERRED 2015	316,120,019	X X X	316,120,019	X X X	
0200032	1983 A 4.3448%/20/3.75% IMMED & DEFERRED 2012	265,694,375	X X X	265,694,375	X X X	
0200033	1983 A 4.6174%/20/3.75% IMMED & DEFERRED 2014	396,316,621	X X X	396,316,621	X X X	
0200034	1983 A 5.199%/20/4.00% IMMED & DEFERRED 2011	226,942,560	X X X	226,942,560	X X X	
0200035	1983 A 5.3785%/20/4.25% IMMED & DEFERRED 2005	88,603,482	X X X	88,603,482	X X X	
0200036	1983 A 5.38615%/20/4.25% IMMED & DEFERRED 2006	132,529,795	X X X	132,529,795	X X X	
0200037	1983 A 5.41%/20/4.50% IMMED & DEFERRED 2004	82,883,252	X X X	82,883,252	X X X	
0200038	1983 A 5.4143%/20/4.25% IMMED & DEFERRED 2010	152,008,313	X X X	152,008,313	X X X	
0200039	1983 A 5.46%/20/4.75% IMMED & DEFERRED 2003	133,403,182	X X X	133,403,182	X X X	
0200040	1983 A 5.6497%/20/4.25% IMMED & DEFERRED 2007	138,147,856	X X X	138,147,856	X X X	
0200041	1983 A 5.6539%/20/4.50% IMMED & DEFERRED 2008	158,843,005	X X X	158,843,005	X X X	
0200042	1983 A 6.1889%/20/4.75% IMMED & DEFERRED 2009	197,084,948	X X X	197,084,948	X X X	
0200043	1983 A 6.45%/20/4.75% IMMED & DEFERRED 1998	68,657,825	X X X	68,657,825	X X X	
0200044	1983 A 6.54%/20/5.00% IMMED & DEFERRED 2002	246,548,435	X X X	246,548,435	X X X	
0200045	1983 A 6.48%/20/4.75% IMMED & DEFERRED 1999	146,081,296	X X X	146,081,296	X X X	
0200046	1983 A 6.72%/20/5.00% IMMED & DEFERRED 1994	26,398,990	X X X	26,398,990	X X X	
0200047	1983 A 6.96%/20/5.25% IMMED & DEFERRED 1997	70,201,673	X X X	70,201,673	X X X	
0200048	1983 A 6.97%/20/5.00% IMMED & DEFERRED 1996	41,917,782	X X X	41,917,782	X X X	
0200049	1983 A 7.0173%/20/5.00% IMMED & DEFER 2001	188,394,528	X X X	188,394,528	X X X	
0200050	1983 A 7.26%/20/5.25% IMMED & DEFERRED 1993	16,885,973	X X X	16,885,973	X X X	
0200051	1983 A 7.2586%/20/5.25% IMMED & DEFER 2000	168,421,442	X X X	168,421,442	X X X	
0200052	1983 A 7.51%/20/5.50% IMMED & DEFERRED 1995	47,910,904	X X X	47,910,904	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
0200053	1983 A 8.04%/20/5.75% IMMEDIATE & DEFERRED 1992	13,832,260	X X X	13,832,260	X X X	
0200054	1983 A 8.32%/20/6.00% IMMEDIATE & DEFERRED 1987	5,735,166	X X X	5,735,166	X X X	
0200055	1983 A 8.50%/20/6.00% IMMEDIATE & DEFERRED 1991	9,222,986	X X X	9,222,986	X X X	
0200056	1983 A 8.55%/20/6.00% IMMEDIATE & DEFERRED 1990	12,453,874	X X X	12,453,874	X X X	
0200057	1983 A 9.08%/20/6.25% IMMEDIATE & DEFERRED 1989	6,391,467	X X X	6,391,467	X X X	
0200058	1983 A 9.12%/20/6.25% IMMEDIATE & DEFERRED 1988	9,519,000	X X X	9,519,000	X X X	
0200059	1983 A 9.64%/20/6.50% IMMEDIATE & DEFERRED 1986	8,672,629	X X X	8,672,629	X X X	
0200060	1983 A 11.39%/20/7.50% IMMEDIATE & DEFERRED 1985	14,686,537	X X X	14,686,537	X X X	
0200061	1983 A 11.72%/20/7.50% IMMEDIATE & DEFERRED 1984	26,423,023	X X X	26,423,023	X X X	
0200062	1983 GAM 5 % DEFERRED 1994	1,226,479	X X X		X X X	1,226,479
0200063	1983 GAM 6 % DEFERRED 1987,1994	8,012,717	X X X		X X X	8,012,717
0200064	1983 GAM 6 1/2 % DEFERRED 1986, 1994,1995	28,954,300	X X X		X X X	28,954,300
0200065	1983 GAM 7 % IMMEDIATE & DEFERRED 1995	20,931	X X X		X X X	20,931
0200066	1983 GAM 7 1/4 % IMMEDIATE & DEFERRED 1987,1995	4,022,663	X X X		X X X	4,022,663
0200067	1983 GAM 7 1/2 % DEFERRED 1985	32,376,056	X X X		X X X	32,376,056
0200068	1983 GAM 7 3/4 % DEFERRED 1987, 1992	1,254,321	X X X		X X X	1,254,321
0200069	1983 GAM 8 % IMMEDIATE & DEFERRED 1986-1987	10,834,243	X X X		X X X	10,834,243
0200070	1983 GAM 8 1/4 % IMMEDIATE 1991	451	X X X		X X X	451
0200071	1983 GAM 8 3/4 % DEFERRED 1986, 1988	4,121,439	X X X		X X X	4,121,439
0200072	1983 GAM 9 1/4 % IMMEDIATE & DEFERRED 1986	2,820,466	X X X		X X X	2,820,466
0200073	1983 GAM 9 1/2 % DEFERRED 1985	17,955,852	X X X		X X X	17,955,852
0200074	1983 GAM 10 1/2 % DEFERRED 1985	5,116,659	X X X		X X X	5,116,659
0200075	1983 GAM 11 % IMMEDIATE 1985	7,320,135	X X X		X X X	7,320,135
0200076	ANNUITY 2000 4.00% IMMEDIATE 2013	40,467	X X X		X X X	40,467
0200077	ANNUITY 2012F SEL 4.00 % IMMEDIATE 2013, 2015	51,127,745	X X X	51,127,745	X X X	
0200078	ANNUITY 2012F SEL 4.25% IMMEDIATE 2012	3,468,783	X X X	3,468,783	X X X	
0200079	ANNUITY 2012F SEL 4.50% IMMEDIATE 2014	11,200,061	X X X	11,200,061	X X X	
0200080	ANNUITY 2000 5.25 % IMMEDIATE 2006	259,487,697	X X X	259,487,697	X X X	
0200081	ANNUITY 2000 5.50 % IMMEDIATE 2008	17,552,349	X X X	17,552,349	X X X	
0200082	ANNUITY 2000 5.3785%/20/4.25% IMMEDIATE 2005	36,415,484	X X X	36,415,484	X X X	
0200083	ANNUITY 2000 5.41%/20/4.50% IMMEDIATE 2004	5,172,509	X X X	5,172,509	X X X	
0200084	ANNUITY 2000 5.46%/20/4.75% IMMEDIATE 2003	3,580,989	X X X	3,580,989	X X X	
0200085	ANNUITY 2000 6.45%/20/4.75% IMMEDIATE 1998	1,074,028	X X X	1,074,028	X X X	
0200086	ANNUITY 2000 6.48%/20/4.75% IMMEDIATE 1999	2,318,365	X X X	2,318,365	X X X	
0200087	ANNUITY 2000 6.54%/20/5.00% IMMEDIATE 2002	686,288	X X X	686,288	X X X	
0200088	ANNUITY 2000 7.0173%/20/5.00% IMMEDIATE 2001	5,108,404	X X X	5,108,404	X X X	
0200089	ANNUITY 2000 7.2586%/20/5.25% IMMEDIATE 2000	11,236,039	X X X	11,236,039	X X X	
0200090	VACARVM	97,709	X X X	3,656	X X X	94,053
0299997	Totals (Gross)	5,393,839,121	X X X	5,210,643,900	X X X	183,195,221
0299998	Reinsurance ceded	36,509,899	X X X	36,509,899	X X X	
0299999	Totals (Net)	5,357,329,222	X X X	5,174,134,001	X X X	183,195,221
SUPPLEMENTARY CONTRACTS WITH LIFE CONTINGENCIES:						
0300001	1937 SA 6.0% NL-Set Back 3 Years					
0300002	1971 IAM 7 1/2%					
0300003	1983a 6 1/2%	28,361		28,361		
0300004	1983a 6 3/4%	115,765		115,765		
0300005	1983a 7%	22,657		22,657		
0300006	1983a 7 1/4%	29,523		29,523		
0300007	1983a 7 3/4%	5,743		5,743		
0300008	1983a 8%	15,271		15,271		
0300009	1983a 8 1/4%	18,255		18,255		
0300010	1983a 8 3/4%	41,070		41,070		
0300011	1983a 11%	17,214		17,214		
0300012	1983a 11 1/4%	12,225		12,225		
0300013	ANNUITY 2000 4%	352,312		352,312		
0300014	ANNUITY 2000 4.25%	169,933		169,933		
0300015	ANNUITY 2000 4.50%	378,739		378,739		
0300016	ANNUITY 2000 5%	42,652		42,652		
0300017	ANNUITY 2000 5.25%	594,368		594,368		
0300018	ANNUITY 2000 5.5%	228,968		228,968		
0300019	ANNUITY 2000 6%	267,950		267,950		
0300020	ANNUITY 2000 6 1/4%	546,107		546,107		
0300021	ANNUITY 2000 6.5%	168,519		168,519		
0300022	ANNUITY 2000 6.75%	206,762		206,762		
0300023	ANNUITY 2000 7%	233,064		233,064		
0399997	Totals (Gross)	3,495,458		3,495,458		
0399998	Reinsurance ceded					
0399999	Totals (Net)	3,495,458		3,495,458		
ACCIDENTAL DEATH BENEFITS:						
0400001	1959 ADB With 1958 CSO 2 1/2% NL	64,035		64,035		
0400002	1959 ADB With 1980 CSO 4% NL	168,266		168,266		
0400003	1959 ADB With 1980 CSO 4 1/2% NL	111,403		111,403		
0499997	Totals (Gross)	343,704		343,704		
0499998	Reinsurance ceded	142,645		142,645		
0499999	Totals (Net)	201,059		201,059		
DISABILITY — ACTIVE LIVES:						
0500001	1952 Disability Study Period 2 Benefit 5 with 1958 CSO 2 1/2% NL	4,510,569		4,510,569		
0599997	Totals (Gross)	4,510,569		4,510,569		
0599998	Reinsurance ceded					

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

1	2	3	4	5	6
Valuation Standard	Total	Industrial	Ordinary	Credit (Group and Individual)	Group
0599999 Totals (Net)	4,510,569		4,510,569		
DISABILITY — DISABLED LIVES:					
0600001 1952 Disability Study - Benefit 5, 2 1/2%	2,974,133		2,974,133		
0600002 SOA 2005 Group Waiver Table 3.20%	75,782,884				75,782,884
0600003 SOA 2005 Group Waiver Table 3.50%	6,843				6,843
0600004 SOA 2005 Group Waiver Table 3.70%	17,012,610				17,012,610
0600005 SOA 2005 Group Waiver Table 3.95%	1,149,085				1,149,085
0600006 SOA 2005 Group Waiver Table 4.00%	7,976				7,976
0600007 SOA 2005 Group Waiver Table 4.20%	5,159,038				5,159,038
0600008 SOA 2005 Group Waiver Table 4.50%	832,710				832,710
0600009 SOA 2005 Group Waiver Table 5.00%	7,795,717				7,795,717
0600010 SOA 2005 Group Waiver Table 5.50%	81,521				81,521
0699997 Totals (Gross)	110,802,517		2,974,133		107,828,384
0699998 Reinsurance ceded	2,699,710				2,699,710
0699999 Totals (Net)	108,102,807		2,974,133		105,128,674
MISCELLANEOUS RESERVES:					
0700001 Deficiency Reserves	19,988,576		19,988,576		
0700002 Non-Deduction of Deferred Fractional Premiums	3,143,862		3,143,862		
0700003 Guaranteed Minimum Death Benefit Reserve	497,014		497,014		
0799997 Totals (Gross)	23,629,452		23,629,452		
0799998 Reinsurance ceded					
0799999 Totals (Net)	23,629,452		23,629,452		
9999999 Totals (Net) - Page 3, Line 1	10,797,622,237		10,168,338,093		629,284,144

## EXHIBIT 5 – INTERROGATORIES

1.1 Has the reporting entity ever issued both participating and non-participating contracts? 1.2 If not, state which kind is issued.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
2.1 Does the reporting entity at present issue both participating and non-participating contracts? 2.2 If not, state which kind is issued.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements? If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
4. Has the reporting entity any assessment or stipulated premium contracts in force? If so, state:	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
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. 3% on Single Premium Whole Life(Liberty Series Estate Maximizer Next Generation) for preferred loans(existing or taken on or after the 10th contract anniversary)	
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? If so, state the amount of reserve on such contracts on the basis actually held:	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> \$ ..... 2,284,681,952
6.2 That would have been held (on an exact or approximate basis) using the actual ages of the annuitants; the interest rate(s) used in 6.1; and the same mortality basis used by the reporting entity for the valuation of comparable annuity benefits issued to standard lives. If the reporting entity has no comparable annuity benefits for standard lives to be valued, the mortality basis shall be the table most recently approved by the state of domicile for valuing individual annuity benefits: Attach statement of methods employed in their valuation.	\$ ..... 2,802,688,027
7. Does the reporting entity have any Synthetic GIC contracts or agreements in effect as of December 31 of the current year?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
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:	\$ ..... .....
8. Does the reporting entity have any Contingent Deferred Annuity contracts or agreements in effect as of December 31 of the current year?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
8.1 If yes, state the total dollar amount of account value covered by these contracts or agreements: 8.2 State the amount of reserves established for this business: 8.3 Identify where the reserves are reported in the blank:	\$ ..... \$ ..... .....
9. Does the reporting entity have any Guaranteed Lifetime Income Benefit contracts, agreements or riders in effect as of December 31 of the current year?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
9.1 If yes, state the total dollar amount of any account value associated with these contracts, agreements or riders: 9.2 State the amount of reserves established for this business: 9.3 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)	<b>NONE</b>		
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
<b>ACTIVE LIFE RESERVE</b>									
1. Unearned premium reserves	663,136	662,420			716				
2. Additional contract reserves (a)	12,580				12,580				
3. Additional actuarial reserves - Asset/Liability analysis									
4. Reserve for future contingent benefits									
5. Reserve for rate credits									
6. Aggregate write-ins for reserves									
7. Totals (Gross)	675,716	662,420			13,296				
8. Reinsurance ceded	5				5				
9. Totals (Net)	675,711	662,420			13,291				
<b>CLAIM RESERVE</b>									
10. Present value of amounts not yet due on claims	1,967,354,817	1,967,232,255			122,562				
11. Additional actuarial reserves-Asset/Liability analysis									
12. Reserve for future contingent benefits	25,937,793	25,937,793							
13. Aggregate write-ins for reserves									
14. Totals (Gross)	1,993,292,610	1,993,170,048			122,562				
15. Reinsurance ceded	61,010,037	60,993,451			16,586				
16. Totals (Net)	1,932,282,573	1,932,176,597			105,976				
17. <b>TOTAL (Net)</b>	1,932,958,284	1,932,839,017			119,267				
18. <b>TABULAR FUND INTEREST</b>	72,418,350	72,414,920			3,430				

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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	1,102,331,642		1,033,601,197	3,530,166	8,475,329	56,724,950
2. Deposits received during the year	247,654,726		209,744,337	846,993	126,181	36,937,215
3. Investment earnings credited to the account	36,288,747		34,753,592	19,966	281,968	1,233,221
4. Other net change in reserves	(70,248)					(70,248)
5. Fees and other charges assessed						
6. Surrender charges						
7. Net surrender or withdrawal payments	152,616,373		118,479,913	964,217	537,357	32,634,886
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)	1,233,588,494		1,159,619,213	3,432,908	8,346,121	62,190,252
10. Reinsurance balance at the beginning of the year	557,017		557,017			
11. Net change in reinsurance assumed	(10,451)		(10,451)			
12. Net change in reinsurance ceded						
13. Reinsurance balance at the end of the year (Lines 10 + 11 - 12)	546,566		546,566			
14. Net balance at the end of current year after reinsurance (Lines 9 + 13)	1,234,135,060		1,160,165,779	3,432,908	8,346,121	62,190,252

## 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	3,965,080			3,965,080							
1.2 Reinsurance assumed											
1.3 Reinsurance ceded											
1.4 Net	3,965,080			3,965,080							
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	76,578,649		21,249,604	1,991,736	23,906		47,754,007		5,558,099		1,297
2.22 Reinsurance assumed	25,950						25,950				
2.23 Reinsurance ceded	3,986,626		3,088,796	666,400			231,430				
2.24 Net	72,617,973		(b)	18,160,808	23,906	(b)	(b)		(b)	5,558,099	(b)
2.24 Net			(b)	1,325,336		(b)	47,548,527		(b)	5,558,099	(b)
3. Incurred but unreported:											
3.1 Direct	58,821,791		2,169,307				30,799,501		25,852,983		
3.2 Reinsurance assumed											
3.3 Reinsurance ceded	1,247,896								1,247,896		
3.4 Net	57,573,895		(b)	2,169,307		(b)	30,799,501		(b)	24,605,087	(b)
4. TOTALS											
4.1 Direct	139,365,520		23,418,911	5,956,816	23,906		78,553,508		31,411,082		1,297
4.2 Reinsurance assumed	25,950						25,950				
4.3 Reinsurance ceded	5,234,522		3,088,796	666,400			231,430		1,247,896		
4.4 Net	134,156,948	(a)	(a)	20,330,115	23,906		(a)	78,348,028		30,163,186	1,297

(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 \$ 2,972,976, Individual Annuities \$ 1,157, Credit Life (Group and Individual) \$ 0, and Group Life \$ 105,128,674, are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$ 1,932,176,597, Credit (Group and Individual) Accident and Health \$ 0, and Other Accident and Health \$ 105,976 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	1,430,679,393		174,432,493	343,930,218	479,939		291,115,446	23,364,160	597,312,993		44,144
1.2 Reinsurance assumed	1,920,259		21,272	1,714,921					184,066		
1.3 Reinsurance ceded	52,310,027		37,350,640	2,715,357			1,384,858		10,850,772		8,400
1.4 Net	(d) 1,380,289,625		137,103,125	342,929,782	479,939		289,730,588	23,364,160	586,646,287		35,744
2. Liability December 31, current year from Part 1:											
2.1 Direct	139,365,520		23,418,911	5,956,816	23,906		78,553,508		31,411,082		1,297
2.2 Reinsurance assumed	25,950						25,950				
2.3 Reinsurance ceded	5,234,522		3,088,796	666,400			231,430		1,247,896		
2.4 Net	134,156,948		20,330,115	5,290,416	23,906		78,348,028		30,163,186		1,297
3. Amounts recoverable from reinsurers December 31, current year	6,210,150		3,287,275				57,434		2,863,341		2,100
4. Liability December 31, prior year:											
4.1 Direct	115,505,960		24,241,723	4,085,242	19,969		60,576,118		26,579,486		3,422
4.2 Reinsurance assumed	9,500						9,500				
4.3 Reinsurance ceded	7,143,321		5,000,835	672,306			171,123		1,299,057		
4.4 Net	108,372,139		19,240,888	3,412,936	19,969		60,414,495		25,280,429		3,422
5. Amounts recoverable from reinsurers December 31, prior year	7,941,104		5,634,331				123,480		2,181,193		2,100
6. Incurred benefits:											
6.1 Direct	1,454,538,953		173,609,681	345,801,792	483,876		309,092,836	23,364,160	602,144,589		42,019
6.2 Reinsurance assumed	1,936,709		21,272	1,714,921			16,450		184,066		
6.3 Reinsurance ceded	48,670,274		33,091,545	2,709,451			1,379,119		11,481,759		8,400
6.4 Net	1,407,805,388		140,539,408	344,807,262	483,876		307,730,167	23,364,160	590,846,896		33,619

- (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 \$ 419,035 premiums waived under total and permanent disability benefits.

## EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
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	4,310,950	4,361,046	50,096
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums and contracts subject to redetermination			
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	102,854,550	130,089,750	27,235,200
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	2,154,658	3,010,066	855,408
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	109,320,158	137,460,862	28,140,704
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	109,320,158	137,460,862	28,140,704

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	2,154,658	2,839,027	684,369
2502. Accounts receivable		171,039	171,039
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	2,154,658	3,010,066	855,408

## NOTES TO FINANCIAL STATEMENTS

### Note 1 - Summary of Significant Accounting Policies

#### A. Accounting Practices

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, 2015 National Association of Insurance Commissioners' Accounting Practices and Procedures manual.

Reconciliation of the Company's net income and capital & surplus between NAIC SAP and the state of NH is shown below.

#### NET INCOME

	2015	2014	State of Domicile
1. Liberty Life Assurance Company of Boston state basis (Page 4, Line 35, Columns 1 & 2)	\$ 69,908,614	36,998,076	NH
2. State Prescribed Practices that increase/(decrease) NAIC SAP:			
e.g. Depreciation of Fixed Assets	<u>Net Income</u> 2015	<u>Net Income</u> 2014	State of Domicile
<i>None</i>			
Totals (Lines 01A0200 thru 01A0200)			
3. State Permitted Practices that increase/(decrease) NAIC SAP:			
e.g. Depreciation of Home Office Property	<u>Net Income</u> 2015	<u>Net Income</u> 2014	State of Domicile
<i>None</i>			
Totals (Lines 01A0300 thru 01A0300)			
4. NAIC SAP.....(1 - 2 - 3 = 4)	\$ 69,908,614	36,998,076	NH

#### SURPLUS

	2015	2014	State of Domicile
5. Company state basis (Page 3, Line 38, Columns 1 & 2)	\$ 966,446,749	902,440,886	NH
6. State Prescribed Practices that increase/(decrease) NAIC SAP:			
e.g., Goodwill, net, Fixed Assets, net	<u>Surplus</u> 2015	<u>Surplus</u> 2014	State of Domicile
<i>None</i>			
Totals (Lines 01A0600 thru 01A0600)			
7. State Permitted Practices that increase/(decrease) NAIC SAP:			
e.g., Home Office Property	<u>Surplus</u> 2015	<u>Surplus</u> 2014	State of Domicile
<i>None</i>			
Totals (Lines 01A0700 thru 01A0700)			
8. NAIC SAP.....(5 - 6 - 7 = 8)	\$ 966,446,749	902,440,886	NH

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

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. Accounting Policies

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.

## NOTES TO FINANCIAL STATEMENTS

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 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.
12. The Company's capitalization policy did not change from the prior period.
13. The Company had no pharmaceutical rebate receivables on December 31, 2015.

### **Note 2 - Accounting Changes and Corrections of Errors**

The company had no accounting changes or corrections of errors in 2015.

### **Note 3 - Business Combinations and Goodwill**

A-D. Business Combinations and Goodwill

The Company neither purchased nor combined with any companies in 2015.

### **Note 4 - Discontinued Operations**

A. The Company had no discontinued operations in 2015.

### **Note 5 - Investments**

A. Mortgage Loans, including Mezzanine Real Estate Loans

1. The maximum and minimum lending rates for mortgage loans during 2015 were:

Farm mortgages	N/A
Residential mortgages	N/A
Commercial mortgages	3.500% and 6.250%
Mezzanine	N/A

2. The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was: 75 %

## NOTES TO FINANCIAL STATEMENTS

	<u>2015</u>	<u>2014</u>
3. Taxes, assessments and any amounts advanced and not included in the mortgage loan total	\$ 57,275	\$ 24,403

## 4. Age Analysis of Mortgage Loans

<u>Farm</u>	<u>Residential</u>		<u>Commercial</u>		<u>Mezzanine</u>	<u>Total</u>
	<u>Insured</u>	<u>All Other</u>	<u>Insured</u>	<u>All Other</u>		

## a. Current Year

## 1. Recorded Investment (All)

(a) Current	\$ -	\$ -	\$ -	\$ -	\$897,569,806	\$ -	\$897,569,806
(b) 30-59 Days Past Due	-	-	-	-	52,131	-	52,131
(c) 60-89 Days Past Due	-	-	-	-	959,507	-	959,507
(d) 90-179 Days Past Due	-	-	-	-	109,505	-	109,505
(e) 180+ Days Past Due	-	-	-	-	101,827	-	101,827

## 2. Accruing Interest 90-179 Days Past Due

(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-------------------------	------	------	------	------	------	------	------

(b) Interest Accrued	-	-	-	-	-	-	-
----------------------	---	---	---	---	---	---	---

## 3. Accruing Interest 180+ Days Past Due

(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-------------------------	------	------	------	------	------	------	------

(b) Interest Accrued	-	-	-	-	-	-	-
----------------------	---	---	---	---	---	---	---

## 4. Interest Reduced

(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 4,214,152	\$ -	\$ 4,214,152
-------------------------	------	------	------	------	--------------	------	--------------

(b) Number of Loans	-	-	-	-	537	-	537
---------------------	---	---	---	---	-----	---	-----

(c) Percent Reduced	-%	-%	-%	-%	1.752%	-%	1.752%
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## b. Prior Year

## 1. Recorded Investment (All)

(a) Current	\$ -	\$ -	\$ -	\$ -	\$ 510,872,519	\$ -	\$ 510,872,519
-------------	------	------	------	------	----------------	------	----------------

(b) 30-59 Days Past Due	-	-	-	-	486,830	-	486,830
-------------------------	---	---	---	---	---------	---	---------

(c) 60-89 Days Past Due	-	-	-	-	-	-	-
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(d) 90-179 Days Past Due	-	-	-	-	1,517	-	1,517
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(e) 180+ Days Past Due	-	-	-	-	240,824	-	240,824
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## 2. Accruing Interest 90-179 Days Past Due

(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-------------------------	------	------	------	------	------	------	------

(b) Interest Accrued	-	-	-	-	-	-	-
----------------------	---	---	---	---	---	---	---

## 3. Accruing Interest 180+ Days Past Due

(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-------------------------	------	------	------	------	------	------	------

(b) Interest Accrued	-	-	-	-	-	-	-
----------------------	---	---	---	---	---	---	---

## 4. Interest Reduced

(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 5,297,751	\$ -	\$ 5,297,751
-------------------------	------	------	------	------	--------------	------	--------------

(b) Number of Loans	-	-	-	-	352	-	352
---------------------	---	---	---	---	-----	---	-----

(c) Percent Reduced	-%	-%	-%	-%	1.676%	-%	1.676%
---------------------	----	----	----	----	--------	----	--------

## 5. Investment in Impaired Loans With or Without Allowance for Credit Losses:

<u>Farm</u>	<u>Residential</u>		<u>Commercial</u>		<u>Mezzanine</u>	<u>Total</u>
	<u>Insured</u>	<u>All Other</u>	<u>Insured</u>	<u>All Other</u>		

## a. Current Year

1. With Allowance for Credit Losses	\$-	\$-	\$-	\$-	\$ 1,304,553	\$-	\$ 1,304,553
-------------------------------------	-----	-----	-----	-----	--------------	-----	--------------

2. No Allowance for Credit Losses	-	-	-	-	800,937	-	800,937
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## b. Prior Year

1. With Allowance for Credit Losses	\$-	\$-	\$-	\$-	\$ 1,409,046	\$-	\$ 1,409,046
-------------------------------------	-----	-----	-----	-----	--------------	-----	--------------



## NOTES TO FINANCIAL STATEMENTS

2. No Allowance for Credit Losses - - - - 839,628 - 839,628

6. Investment in Impaired Loans - Average Recorded Investment, Interest Income Recognized, Recorded Investment on Nonaccrual Status and Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting:

	Residential		Commercial		Mezzanine	Total
	Farm	Insured	All Other	Insured		
a. Current Year						
1. Average Recorded Investment	\$-	\$-	\$-	\$-	\$2,177,083	\$- \$2,177,083
2. Interest Income Recognized	-	-	-	-	358,095	- 358,095
3. Recorded Investments on Nonaccrual Status	-	-	-	-	212,150	- 212,150
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	134,976	- 134,976
b. Prior Year						
1. Average Recorded Investment	\$-	\$-	\$-	\$-	\$2,464,609	\$- \$2,464,609
2. Interest Income Recognized	-	-	-	-	138,234	- 138,234
3. Recorded Investments on Nonaccrual Status	-	-	-	-	242,340	- 242,340
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	124,545	- 124,545

2015                      2014

7. Allowance for credit losses:		
a. Balance at beginning of period	\$888,085	\$716,770
b. Additions charged to operations	192,754	390,319
c. Direct write-downs charged against the allowances	(325,991)	(272,554)
d. Recoveries of amounts previously charged off	-	53,550
e. Balance at end of period	\$754,848	\$888,085

8. Mortgage Loans Derecognized as a Result of Foreclosure:	<u>2015</u>
a. Aggregate amount of mortgage loans derecognized	\$ 16,032
b. Real estate collateral recognized	17,784
c. Other collateral recognized	-
d. Receivables recognized from a government guarantee of the foreclosed mortgage loan	-

9. Interest income on impaired commercial mortgage loans is recognized until the loans are more than 90 days delinquent. Interest income and accrued interest receivable are reversed when a loan is put on non-accrual status. Interest income on loans more than 90 days delinquent is recognized in the period the cash is collected. Interest income recognition is continued when the loan becomes less than 90 days delinquent and management determines it is probable that the loan will continue to perform.

B. Debt Restructuring

	2015	2014
1. The total recorded investment in restructured loans, as of year end	\$2,641,659	\$2,521,450
2. The realized capital losses related to these loans	\$-	\$-
3. Total contractual commitments to extend credit to debtors owing receivables whose terms have been modified in troubled debt restructurings	\$-	\$-
4. The Company accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 90 days) 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. Reverse Mortgages

The company does not have any Reverse Mortgages

D. Loan Backed Securities

- Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.
- All Loaned Backed Securities with a recognized other-than-temporary impairment disclosed the aggregate during 2015 as of December 31, 2015: NONE

## NOTES TO FINANCIAL STATEMENTS

3. Each Loaned Backed Security with a recognized other-than-temporary impairment held by the company at December 31, 2015:

1	2	3	4	5	6	7
CUSIP	Book/Adj Carrying Value Amortized cost before current period OTTI	Projected Cash Flows	Recognized other-than-temp orary impairment	Amortized cost after other-than-tempo rary impairment	Fair Value at time of OTTI	Date of Financial Statement Where Report
12544LAD3	1,296,806	1,309,053	12,248	1,309,053	1,306,848	12/31/2015
12544LAD3	3,458,149	3,490,809	32,660	3,490,809	3,484,927	12/31/2015
12544LAD3	864,537	872,702	8,165	872,702	871,232	12/31/2015

14. All impaired Loaned Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2015:

a. The aggregate amount of unrealized losses:			
	1. Less than 12 Months	\$	(3,121,684)
	2. 12 Months or Longer	\$	(1,014,526)
b. The aggregate related fair value of securities with unrealized losses:			
	1. Less than 12 Months	\$	237,574,708
	2. 12 Months or Longer	\$	38,945,676

15. 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 Securities Lending

1. The Company did not enter into any repurchase agreements during the year. For securities lending agreements, the Company requires a minimum of 102% of the fair value of the securities loaned at the outset of the contract as collateral. Cash collateral received is invested in cash equivalent and short term investments and the offsetting collateral liability is included in Collateral From Lending Activities. United States government-issued securities are also accepted as collateral..
2. The Company has not pledged any of its assets as collateral as of December 31, 2015.

### 3. Collateral Received

#### Aggregate Amount Cash Collateral Received

	Fair Value
<b>1. Repurchase Agreement</b>	
(a) Open	\$ -
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	-
(g) Securities Received	-
(h) Total Collateral Received	\$ -
<b>2. Securities Lending</b>	
(a) Open	-
(b) 30 Days or Less	188,834,803
(c) 31 to 60 Days	158,769,875
(d) 61 to 90 Days	59,551,435
(e) Greater Than 90 Days	-
(f) Sub-Total	407,156,113
(g) Securities Received	115,629,422
(h) Total Collateral Received	\$522,785,535
<b>3. Dollar Repurchase Agreement</b>	
(a) Open	\$ -
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	-
(g) Securities Received	-
(h) Total Collateral Received	\$ -

## NOTES TO FINANCIAL STATEMENTS

- b. The aggregate fair value of all securities acquired from the sale, trade or use of the accepted collateral (reinvested collateral) \$522,785,535
- c. The reporting entity receives cash and/or securities collateral in an amount in excess of the fair value of the securities lent.
4. Securities Lending Transactions Administered by an Affiliated Agent

Not Applicable

5. Collateral Reinvestment  
d. Aggregate Amount Cash Collateral Reinvested

	<u>Amortized Cost</u>	<u>Fair Value</u>
1. Repurchase Agreement		
(a) Open	\$ -	\$ -
(b) 30 Days or Less	-	-
(c) 31 to 60 Days	-	-
(d) 61 to 90 Days	-	-
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2 to 3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	-	-
(l) Securities Received	-	-
(m) Total Collateral Reinvested	\$ -	\$ -
2. Securities Lending		
(a) Open	\$ -	\$ -
(b) 30 Days or Less	188,854,064	188,853,122
(c) 31 to 60 Days	158,794,039	158,789,292
(d) 61 to 90 Days	59,566,076	59,586,290
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2 to 3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	407,214,179	407,228,705
(l) Securities Received	-	-
(m) Total Collateral Reinvested	\$ 407,214,179	\$ 407,228,705
3. Dollar Repurchase Agreement		
(a) Open	\$ -	\$ -
(b) 30 Days or Less	-	-
(c) 31 to 60 Days	-	-
(d) 61 to 90 Days	-	-
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2 to 3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	-	-
(l) Securities Received	-	-
(m) Total Collateral Reinvested	\$ -	\$ -

6. Collateral that is not permitted by contract or custom to sell or repledge

Not Applicable

7. Security lending transactions that extend beyond one year

None

F. Liberty Life Assurance Company of Boston had no real estate investments as of December 31, 2015.

G. The Company does not have any investments in low-income tax housing credits.

H. The Company does not have any restricted assets as of December 31, 2015.

I. The Company does not have any working capital finance investments.

## NOTES TO FINANCIAL STATEMENTS

- J. The Company does not have any offsetting and netting of assets and liabilities per SSAP No. 64.
- K. Liberty Life Assurance Company of Boston has no structured notes as of December 31, 2015.

### **Note 6 - Joint Ventures, Partnerships and Limited Liability Companies**

- A. Investments in joint ventures, partnerships and limited liability companies that exceed 10% of its admitted assets

The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

- B. Impairments on joint ventures, partnerships or limited

The Company invests in various limited partnerships that are reported in accordance with SSAP No. 48. These limited partnerships are valued by the equity method using traditional private equity valuation measures. Interim poor performance which indicates a probable inability to recover the carrying amount of the assets leads to impairment losses being recognized by management. The Company realized limited partnership impairment losses of \$ 103,111 in 2015.

### **Note 7 - Investment Income**

- A. Accrued Investment Income

All investment income due and accrued over 90 days past due is excluded from investment income.

- B. Amounts Nonadmitted

The amount excluded in 2015 was \$ 0.

### **Note 8 - Derivative Instruments**

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.

### **Note 9 - Income Taxes**

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

1.

	12/31/2015		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$251,977,796	\$ 15,971,900	\$ 267,949,696
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	251,977,796	15,971,900	267,949,696
(d) Deferred Tax Assets Nonadmitted	95,943,796	6,910,750	102,854,546
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	156,034,000	9,061,150	165,095,150
(f) Deferred Tax Liabilities	103,821,900	662,900	104,484,800
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	\$ 52,212,100	\$ 8,398,250	\$ 60,610,350

	12/31/2014		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
(a) Gross Deferred Tax Assets	\$241,827,950	\$ 10,636,500	\$ 252,464,450
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	241,827,950	10,636,500	252,464,450
(d) Deferred Tax Assets Nonadmitted	125,462,050	4,627,700	130,089,750
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	116,365,900	6,008,800	122,374,700
(f) Deferred Tax Liabilities	70,460,250	27,300	70,487,550
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	\$ 45,905,650	\$ 5,981,500	\$ 51,887,150

## NOTES TO FINANCIAL STATEMENTS

	Change		
	(7)	(8)	(9)
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ 10,149,846	\$ 5,335,400	\$ 15,485,246
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	10,149,846	5,335,400	15,485,246
(d) Deferred Tax Assets Nonadmitted	(29,518,254)	2,283,050	(27,235,204)
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	39,668,100	3,052,350	42,720,450
(f) Deferred Tax Liabilities	33,361,650	635,600	33,997,250
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	\$ 6,306,450	\$ 2,416,750	\$ 8,723,200

2.

	12/31/2015		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	\$ 52,208,100	\$ 8,398,250	\$60,606,350
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	4,000	-	4,000
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	4,000	-	4,000
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	135,880,800
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	103,821,900	662,900	104,484,800
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	\$156,034,000	\$ 9,061,150	\$ 165,095,150
	12/31/2014		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	\$ 45,905,650	\$ 5,981,500	\$51,887,150
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	-	-	-
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	-	-	-
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	127,583,100
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	70,460,250	27,300	70,487,550
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	\$116,365,900	\$ 6,008,800	\$ 122,374,700

	Change		
	(7)	(8)	(9)
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	\$6,302,450	\$2,416,750	\$ 8,719,200
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	4,000	-	4,000
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	4,000	-	4,000
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	8,297,700

## NOTES TO FINANCIAL STATEMENTS

(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	33,361,650	635,600	33,997,250
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 39,668,100	\$ 3,052,350	\$ 42,720,450

3.

	2015	2014
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	612%	650%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	1,009,286,544	947,804,770

4.

	12/31/2015		12/31/2014		Change	
	(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) (Col 1-3) Ordinary	(6) (Col 2-4) Capital
Impact of Tax-Planning Strategies						
(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.						
1. Adjusted Gross DTAs amount from Note 9A1 (c)	\$ 251,977,796	\$ 15,971,900	\$ 241,827,950	\$ 10,636,500	\$ 10,149,846	\$ 5,335,400
2. Percentage of adjusted gross DTAs by tax character to the impact of tax planning strategies.	0%	3%	0%	2%	0%	1%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1 (e)	\$ 156,034,000	\$ 9,061,150	\$ 116,365,900	\$ 6,008,800	\$ 39,668,100	\$ 3,052,350
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies.	0%	5%	0%	12%	0%	(7)%

(b) Does the Company's tax-planning strategies include the use of reinsurance: Yes \_\_\_ No X

B. The Company does not have any DTLs described in SSAP No. 101 Income Taxes, a Replacement of SSAP No. 10R and SSAP No. 10, paragraph 23.

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

	(1) 12/31/2015	(2) 12/31/2014	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$18,174,496	\$39,112,850	\$ (16,760,342)
(b) Foreign	1,526	-	1,526
(c) Subtotal	18,176,022	39,112,850	(20,936,828)
(d) Federal income tax on net capital gains	(9,559,803)	1,488,200	(11,048,003)
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	\$ 8,616,219	\$ 40,601,050	\$ (31,984,831)
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	-	-	-
(2) Unearned premium reserve	\$ 66,150	\$ 106,950	\$ (40,800)
(3) Policyholder reserves	93,169,300	70,601,000	22,568,300
(4) Investments	38,259,200	57,535,000	(19,275,800)
(5) Deferred acquisition costs	103,628,700	95,092,000	8,536,700
(6) Policyholder dividends accrual	1,428,000	1,387,000	41,000
(7) Fixed Assets	-	-	-
(8) Compensation and benefits accrual	-	-	-
(9) Pension accrual	-	-	-
(10) Receivables – nonadmitted	2,263,100	2,520,000	(256,900)
(11) Net operating loss carry-forward	-	-	-

## NOTES TO FINANCIAL STATEMENTS

(12) Tax credit carry-forward	899,000	-	899,000
(13) Other (including items <5% of total ordinary tax assets)	12,264,346	14,586,000	(2,321,650)
(99) Subtotal	251,977,796	241,827,950	10,149,846
(b) Statutory valuation allowance adjustment			
(c) Nonadmitted	95,943,796	125,462,050	(29,518,254)
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	156,034,000	116,365,900	39,668,100
(e) Capital			
(1) Investments	15,971,900	10,636,500	5,335,400
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	15,971,900	10,636,500	5,335,400
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	6,910,750	4,627,700	2,283,050
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	9,061,150	6,008,800	3,052,350
(i) Admitted deferred tax assets (2d + 2h)	165,095,150	122,374,700	42,720,450
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	58,485,350	52,804,000	5,681,350
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	17,417,750	17,623,000	(205,250)
(4) Policyholder reserves	27,783,350	-	27,783,350
(5) Other (including items <5% of total capital tax liabilities)	135,450	33,250	102,200
(99) Subtotal	103,821,900	70,460,250	33,361,650
(b) Capital:			
(1) Investments	662,900	27,300	635,600
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	662,900	27,300	635,600
(c) Deferred tax liabilities (3a99 + 3b99)	104,484,800	70,487,550	33,997,250
4. Net deferred tax assets/liabilities (2i – 3c)	\$60,610,350	\$51,887,150	\$ 8,723,200

- D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of statutory and tax reserve differences, change in deferred and uncollected premium, change in policy reserves, capitalization of policy acquisition costs, impairments, audit settlements and revisions to prior year estimates.
- E. The Company has no net operating loss carry-forwards or alternative minimum tax credit carry-forwards.

The Company has a General Business Credit Carryforward of \$ 4,000 set to expire in 2034.

The Company has foreign tax credit carry-forwards which expire as follows:

Year Generated	Amount	Expiration
2011	\$ 264,524	2021
2012	\$ 181,660	2022
2013	\$ 69,800	2023
2014	\$ 152,388	2024
2015	\$ 227,707	2025

The amount of Federal income taxes incurred and available for recoupment in the event of future losses are \$ 24,414,000 from the current year, \$30,761,000 from 2014, and \$57,539,000 from 2013.

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 entities:

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

The method of federal income tax allocation is subject to a written agreement. Allocation is based upon separate return calculations with credit applied for losses as appropriate. The Company has the enforceable right to recoup prior year payments in the event of future losses.

G. The Company does not expect the Federal and Foreign income tax loss contingencies, as determined in accordance with SSAP No. 5R, Liabilities, Contingencies and Impairments of Assets, with the modifications provided in SSAP No. 101, Income Taxes – A Replacement of SSAP No. 10R and SSAP No. 10, to significantly increase within twelve months.



## NOTES TO FINANCIAL STATEMENTS

### **Note 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. There were no capital contributions received from the Parent in 2015.
- D. As of December 31, 2015 the Company reported a \$64,893,749 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.

### **Note 11 - Debt**

- A. As of December 31, 2015 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 structured as debt.

### **Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit 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).
- G. The Company participates in a post-retirement benefit plan sponsored by Liberty Mutual, its parent. The Company has no legal obligation for benefits under this plan. Liberty Mutual allocates amounts to the Company each year. The Company's expense for the plan was \$ 18,395,549 in 2015 and \$15,461,462 in 2014.
- H-I. See A-F above.

## NOTES TO FINANCIAL STATEMENTS

### **Note 13 - Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations**

1. The Company has 12,000 shares authorized, 8,000 shares issued and outstanding. All shares are Class A shares.
2. The Company has no preferred stock outstanding.
3. Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the state of New Hampshire.
4. The Company has paid \$ 8,900,000 in dividends to shareholders. The last dividend payment to shareholders was in December, 2006 for \$4,100,000.
5. 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.
6. Restricted surplus for Participating shareholders is \$ (39,654,227).
7. There are no advances to surplus held by the Company.
8. The Company holds no stock for special purposes.
9. There were no changes in the amount of special surplus funds held in 2015.
10. The portion of unassigned surplus represented or reduced by each item below is as follows:
 

a. unrealized gains and losses	\$ 8,639,818
b. non admitted asset values	\$ 109,320,158
c. separate account business	\$ 750,000
d. asset valuation reserves	\$ 100,273,653
e. reinsurance in unauthorized companies	\$ 35,084
11. As of December 31, 2015 the Company has not issued any surplus debentures.
12. The Company has not undertaken any quasi-reorganizations in 2015.
13. Quasi-reorganization (effective date)  
Not applicable.

### **Note 14 - Contingencies**

- A. The Company has no material contingent liabilities as of December 31, 2015.
- 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 2015.
- 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, 2015. In the opinion of the Company, the ultimate liability, if any, would not have a material adverse financial effect upon the Company.

### **Note 15 – Leases**

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

### **Note 16 - Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk**

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

### **Note 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

## NOTES TO FINANCIAL STATEMENTS

in excess of 102% of the market value of the loaned securities. Acceptable collateral may be in the form of cash or U.S. Government securities, such as Treasuries and Agency Bonds. The market value of the loaned securities is monitored and additional collateral is obtained if the market value of the collateral falls below 102% of the market 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 collateral is unrestricted and 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, 2015 the total fair value of securities on loan for the Company was \$ 510,876,586 with a corresponding collateral value of \$ 522,785,535 of which \$ 407,228,705 represents cash collateral.

- C. In the course of the company's asset management, securities are sold and reacquired within 30 days of the sale date to enhance the company's yield on its investment portfolio. The Company had no wash sales during 2015.

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

A. ASO Plans

	Uninsured Plans	Uninsured Portion Partially Insured Plans	Total
Net reimbursement or administrative expenses over (under) actual expenses	\$5,287,000	\$ -	\$ 5,287,000
Other income or (expense)	\$ -	\$ -	\$ -
Net gain or loss from operations	<u>\$ 5,287,000</u>	<u>\$ -</u>	<u>\$ 5,287,000</u>
Claim Payment Volume	\$ 746,500,000	\$ -	\$ 746,500,000

B. ASC Plans - None

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract - None

### **Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

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

### **Note 20 - Fair Value Measurements**

A. Inputs Used for Assets and Liabilities Measured at Fair Value

1. Fair Value Measurements by Levels 1, 2 and 3

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 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, 2015, along with a brief description of the valuation technique for each type of asset

The following table summarizes the Company's assets and liabilities that are measured at fair value at December 31, 2015:

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations	\$ -	\$3,513,500	\$-	\$3,513,500
Non-Issuer Obligations	\$ -	-	-	-
Total Bonds	<u>\$ -</u>	<u>\$ 3,513,500</u>	<u>\$-</u>	<u>\$3,513,500</u>
Preferred Stocks				
Industrial and Miscellaneous (Unaffiliated)	\$ -	\$416,375	\$ -	\$ 416,375
Total Preferred Stocks	<u>\$ -</u>	<u>\$ 416,375</u>	<u>\$ -</u>	<u>\$ 416,375</u>
Common Stocks				

## NOTES TO FINANCIAL STATEMENTS

Industrial and Miscellaneous	\$ -	\$ -	\$5,932,000	\$5,932,000
Total Common Stocks	\$ -	\$ -	\$5,932,000	\$5,932,000
Other Assets				
Other Assets	\$ -	\$ -	\$-	\$-
Total Other Assets	\$ -	\$ -	\$-	\$-
Separate Account assets	\$37,475,832	\$ -	\$64,298,680	\$101,774,512
Total assets at fair value	\$ 37,475,832	\$3,929,875	\$70,230,680	\$111,636,387
Liabilities at fair value				
Derivative Liabilities	\$ -	\$ -	\$ -	\$ -
Total liabilities at fair value	\$ -	\$ -	\$ -	\$ -

The Company did not have significant transfers between Levels 1 and 2 during the period ended December 31, 2015.

### 2. Rollforward of Level 3 Items

The following tables set forth the fair values of assets basis classified as Level 3 within the fair value hierarchy:

1	2	3	4	5	6	7	8	9	10	11
	Balance at 12/31/2014	Trans. into Level 3	Transfers out of Level 3	Total gains and (losses) include d in Net Income	Total gains and (losses) included in Surplus	Purchases	Issu .	Sales	Settlements	Balance at 12/31/2015
Bonds	\$ -	\$18,605,250	\$(19,207,597)	\$ -	\$6,638	\$340,000	\$ -	\$-	\$ 255,709	0
Preferred Stock	-	-	-	-	-	-	-	-	-	-
Common Stock	6,553,700	-	-	-	-	378,300	-	(1,000,000)	-	5,932,000
Other Assets	-	-	-	-	-	-	-	-	-	0
Separate account assets	59,854,548	-	-	-	6,818,516	-	-	(2,374,384)	-	64,298,680
Total	\$66,408,248	\$ 18,605,250	\$(19,207,597)	\$ -	\$6,825,154	\$718,300	\$ -	(\$3,374,384)	\$ 255,709	\$70,230,680

### 3. Policy on Transfers Into and Out of Level 3

The Company holds NAIC designated 3-6 securities at the lower of cost or market defined by SSAP No. 26. Market fluctuations cause securities to change from being held at cost to fair value or vice versa. These changes result in a transfer in or out of Level 3. In addition, the Company also transfers securities in or out of level 3 as a result of re-evaluation of the observability of pricing inputs.

### 4. Inputs and Techniques Used for Fair Value

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 is 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 un-observable, 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.

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. Impaired bonds with a carrying value of \$ 11,405,527 and \$7,803,805 at December 31, 2015 and 2014, respectively were reported at fair value.

## NOTES TO FINANCIAL STATEMENTS

5. The company did have any derivative assets and liabilities as of December 31, 2015.

**B. Other Fair Value Disclosures**

The Company is not required to disclose.

**C. Aggregate Fair Value of All Financial Instruments**

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Cash, Cash Equivalents and Short Term	\$166,065,351	\$166,065,351	\$166,065,351	\$-		\$-
Bonds	14,441,742,755	13,682,828,412	80,682,425	14,171,925,010	189,135,320	-
Preferred Stock	416,375	416,375	-	416,375	-	-
Common Stock	5,932,000	5,932,000	-	-	5,932,000	-
Other Assets	-	-	-	-	-	-
Securities Lending	407,156,113	407,156,113	-	407,156,113	-	-
Mortgage Loans	905,947,783	898,037,927	-	-	905,947,783	-
Surplus Notes	165,776,113	147,057,217	-	154,518,913	11,257,200	-
Separate Accounts	101,774,512	101,774,512	37,475,832	-	64,298,680	-
Contract Loans	129,153,128	129,153,128	-	-	129,153,128	-
<b>Total</b>	<b>\$16,323,964,130</b>	<b>\$15,538,421,035</b>	<b>\$284,223,608</b>	<b>\$14,734,016,411</b>	<b>\$1,305,724,111</b>	<b>\$-</b>

**D. Reasons Not Practicable to Estimate Fair Value**

Not applicable

**Note 21 - Other Items**

**A. Extraordinary Items**

The Company has no reporting requirements referred to in Statement of Statutory Accounting Principles number 24 "Discontinued Operations and Extraordinary Items".

**B. Troubled Debt Restructuring: Debtors**

The Company has no reporting requirements referred to in Statement of Statutory Accounting Principles number 36 "Trouble Debt Restructuring".

**C. Other Disclosures**

In 2015, the Company adjusted its Long Term Disability reserves based on updated termination assumptions. The effect on the financial statements was a decrease to Reserves for Accident and Health Contracts and an increase to Net Gain from Operations of \$ 51,800,000.

In 2015, the Company incurred an expense of \$ 33,139,856 as a result of an impairment of a capitalized software asset owned by the Company's Parent, Liberty Mutual Insurance Company. The effect on the income statement was a decrease to Net Gain from Operations of \$ 33,139,856.

In 2015, the Company adjusted its Premium Tax Liability as the result of a true up of the effective premium tax rate applied to premium. The effect on the financial statements was a decrease to the liability for Taxes, Licenses and Fees and an increase to Net Gain from Operations of \$3,172,043.

**D. Business Interruption Insurance Recoveries**

The Company routinely assesses the collectability 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. State Transferable and Non-transferable Tax Credit**

The Company has no State Transferable Tax Credits as of December 31, 2015.

**F. Subprime-Mortgage-Related Risk Exposure**

The Company has no material exposure to subprime mortgage related risk in 2015.

**G. Offsetting and Netting of Assets and Liabilities**

1. 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

## NOTES TO FINANCIAL STATEMENTS

statements on Exhibit 7, Column 6. The Company paid interest rates on these deposits of 1.0% in 2015. 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. Number and balance of retained asset accounts in force

	In Force			
	As End of Current Year		As End of Prior Year	
	Number	Balance	Number	Balance
a. Up to and including 12 months	310	\$21,713,895	245	\$17,709,217
b. 13 to 24 months	186	\$9,953,275	162	\$7,841,378
c. 25 to 37 months	118	\$4,886,194	124	\$5,766,423
d. 37 to 48 months	94	\$4,035,662	73	\$4,644,544
e. 49 to 60 months	59	\$3,858,411	42	\$1,813,613
f. Over 60 months	209	\$7,868,233	212	\$7,630,350
g. Total	976	\$52,315,670	858	\$45,405,525

### 3. Segregations between individual and group contracts

	Individual		Group	
	Number	Balance	Number	Balance
a. Number/balance of retained asset accounts at the beginning of the year	425	\$17,047,789	433	\$28,357,737
b. Number/amount of retained asset accounts issued/added during the year	185	\$14,598,967	196	\$22,338,248
c. Investment earnings credited to retained asset accounts during the year	N/A	\$190,671	N/A	\$293,465
d. Fees and other charges assessed to retained asset accounts during the year	N/A	\$0	N/A	\$0
e. Number/amount of retained asset accounts transferred to state unclaimed property funds during the year		\$	1	\$355
f. Number/amount of retained asset accounts closed/withdrawn during the year	116	\$10,514,544	146	\$19,996,308
g. Number/balance of retained asset accounts at the end of the year	494	\$21,322,883	482	30,992,787

#### **Note 22 - Events Subsequent**

- A. The Company is not aware of any events occurring subsequent to the close of the books for this statement which may have a material effect on its financial condition.

#### **Note 23 - Reinsurance**

##### A. Ceded Reinsurance Report

###### Section 1 - General Interrogatories

1. Are any of the reinsurers, listed in schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the Company?

Yes ( ) No (X)

If yes, give full details.

2. Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) which is 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

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

## NOTES TO FINANCIAL STATEMENTS

2. Does the Company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts which, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( ) No ( )

If yes, give full details.

### Section 3 - Ceded Reinsurance Report - Part B

1. What is the estimated amount of the aggregate reduction in surplus, for agreements not reflected in Section 2 above, of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate. \$ 0.

2. Have any new agreements been 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 ( ) No (X)

If yes, what is the amount of reinsurance credits, whether as asset or a reduction of liability, taken for such agreements

#### B. Uncollectible Reinsurance

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

#### C. Commutation of Ceded Reinsurance

The Company had no Reinsurance Treaty Commutations in 2015.

#### D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

The Company did not have any reinsurance agreements with Certified Reinsurers whose ratings were downgraded or subject to revocation in 2015.

### **Note 24 - Retrospectively Rated Contracts and 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 2015 were \$ 200,500,000 . This represented approximately 16% of total written premium for group policies.
- D. The Company does not recognize a liability for medical loss ratio rebates pursuant to the Public Health Service Act, as the Company does not write accident and health insurance subject to the Affordable Care Act.
- E. Liberty Life Assurance Company of Boston does no write accident and health insurance subject to the Affordable Care Act.

### **Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses**

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.

### **Note 26 - Intercompany Pooling Arrangements**

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

### **Note 27 - Structured Settlements**

The Company did not purchase any structured settlements in 2015.

### **Note 28 - Health Care Receivables**

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

### **Note 29 - Participating Policies**

For the year ending December 31, 2015 premiums earned under participating policies was \$38,200,872 , or 1.5% 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 \$6,348,509 in 2015 and did not allocate any additional income to such policyholders.

## NOTES TO FINANCIAL STATEMENTS

### **Note 30 – Premium Deficiency Reserves**

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

### **Note 31 – Reserves for Life Contracts and Annuity Contracts**

1. 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 interest bases consistent with the basic policy. Surrender values are not promised in excess of the legally computed reserves.
2. 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.
3. As of December 31, 2015 the Company had \$ 5,556,406,879 of insurance in force for for which gross premiums are less than the net premiums according to the standard of valuation set by the State of New Hampshire.
4. 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.
5. 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.
6. There were no other reserve changes for 2015.

### **Note 32 - Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics**

A. Subject to discretionary withdrawal	General Account	Separate Account Nonguaranteed	Total	% of Total
1. With Market Value Adjustment	\$ -	\$ -	\$ -	0%
2. At Book Value less Surrender Chg	481,350,175		481,350,175	7.15%
3. At Market Value		37,217,370	37,217,370	0.55%
4. Total with adjustment or at Mkt Value	481,350,174	37,217,370	518,567,544	7.70%
5. At Book Value without adjustment	577,297,485		577,297,485	8.57%
B. Not Subject to Discretionary Withdrawal	5,572,821,980	64,210,680	5,637,032,660	83.72%
C. Total (gross)	6,631,469,636	101,428,050	6,732,897,686	100.00%
D. Reinsurance Ceded	36,509,899		36,509,899	
E. Total Net* (C-D)	\$ 6,594,959,740	\$ 101,428,050	\$6,696,387,790	

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

#### F. Life and Accident and Health Annual Statement:

1. Exhibit 5, Annuities section, Total (net)	\$ 5,357,329,222
2. Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net)	3,495,458
3. Exhibit 7, Deposit-Type Contracts, Line 14, Column 1	1,234,135,060
4. Subtotal	56,594,959,740

#### Separate Account Annual Statement

5. Exhibit 3, Line 0299999, Column 2	\$ 5,657,371
6. Exhibit 3, Line 0399999, Column 2	72,027
7. Policyholder dividend and coupon accumulations	-
8. Policyholder premiums	-
9. Guaranteed interest contracts	-
10. Other contract deposit funds	95,698,652
11. Subtotal	\$ 101,428,050
12. Combined Total	\$ 6,696,387,790

### **Note 33 - Premium and Annuity Considerations Deferred and Uncollected**

A. Deferred and uncollected life insurance premiums and annuity considerations as of December 31, 2015 were as follows:

Type	Gross	Net of Loading
1. Industrial	\$ -	\$ -
2. Ordinary New Business	6,635,334	4,092,149
3. Ordinary Renewal Business	56,456,292	52,228,703
4. Credit Life	-	-



## NOTES TO FINANCIAL STATEMENTS

5. Group Life	22,453,793	21,331,103
6. Group Annuity	-	-
7. Totals	\$ 85,545,419	\$ 77,651,955

### **Note 34 - Separate Accounts**

#### A. Separate Account Activity

- 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

- All Separate Account Assets of Liberty Life Assurance Company of Boston are legally insulated from the general account. As of December 31, 2015 and 2014 the amounts of legally insulated assets were \$ 101,774,512 and \$100,413,940, respectively.
- All of the Company's Separate Accounts are non-guaranteed.
- The Separate Accounts of the Company do not participate in security lending transactions.

#### B. General Nature and Characteristics of Separate Accounts Business

	Nonguaranteed Separate Accounts
1. Premiums, considerations or deposits for year	\$ 2,580,541
2. Market Value invested assets at 12/31/2015	101,774,512
3. Assets Categorized by Withdrawal Characteristics:	
a. Subject to Discretionary Withdrawal	-
b. With Market Value adjustment	-
c. At book value without MV adjustment and with current surrender charge 5% or more	-
d. At Fair Value	37,475,832
e. At book value without MV adjustment and with current surrender charge less than 5%	-
f. Subtotal	37,475,832
g. Not subject to discretionary withdrawal	64,298,680
h. Total withdrawal	-
Total Market Value	\$ 101,774,512

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 and the General Account

1. Transfers as reported in the Separate Accounts Statement:	
a. Transfers to Separate Accounts (Page 4 Line 1.4)	\$ 2,580,540
b. Transfers from Separate Accounts (Page 4, Line 10)	5,261,907
c. Net transfers	(2,681,367)
2. Reconciling Adjustments:	
a. Net transfer of reserves from (to) Separate Accounts	(289,202)
b. Other transfers to Separate Accounts	271,585
3. Transfers as reported in the Summary of Operations of the Life, Accident & Health Annual Statement	\$ (2,698,984)

### **Note 35 - Loss/Claim Adjustment Expenses**

- The balance in the liability for unpaid accident and health claim adjustment expenses as of 2015 and 2014 was \$ 77.6 million and \$ 70.0 million, respectively.
- The Company incurred \$ 85.7 million of claim adjustment expenses in 2015.
- The Company paid \$ 78.1 million of claim adjustment expenses in 2015, of which \$ 48.7 million of the paid amount is attributable to insured or covered events of prior years.
- 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  ]
- If yes, complete Schedule Y, Parts 1, 1A and 2.
- 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. 12/31/2013
- 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. 12/31/2013
- 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). 06/17/2015
- 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
.....	.....	.....
.....	.....	.....

## GENERAL INTERROGATORIES

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [ X ]

6.2 If yes, give full information:

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

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

7.2 If yes,

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

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

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 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 FDIC	6 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 18A 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 where the issuing or confirming bank is not on the SVO Bank List? 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 committee thereof? Yes [X] No [ ]

17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No [ ]

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

## FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers	\$ _____
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]

## GENERAL INTERROGATORIES

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	\$ _____

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

24.01 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 24.03) Yes [ X ] No [ ]

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

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

24.03 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  
 .....  
 .....  
 .....

24.04 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 [ ]

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 522,775,605

24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ \_\_\_\_\_

24.07 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 [ ]

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

24.09 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 [ ]

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$ <u>407,156,113</u>
24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$ <u>407,156,113</u>
24.103 Total payable for securities lending reported on the liability page	\$ <u>407,156,113</u>

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 24.03). Yes [ X ] No [ ]

## GENERAL INTERROGATORIES

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	Placed under option agreements	\$ _____
25.26	Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$ _____
25.27	FHLB Capital Stock	\$ <u>5,932,000</u>
25.28	On deposit with states	\$ <u>5,367,108</u>
25.29	On deposit with other regulatory bodies	\$ <u>4,368,046</u>
25.30	Pledged as collateral - excluding collateral pledged to an FHLB	\$ _____
25.31	Pledged as collateral to FHLB - including assets backing funding agreements	\$ _____
25.32	Other	\$ _____

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
FHLB Capital Stock	Federal Home Loan Bank Boston	5,932,000

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?  
If no, attach a description with this statement. Yes [ ] No [ ] N/A [X]

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, NY, 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]

## GENERAL INTERROGATORIES

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 Group Asset Mgmt. Inc.	175 Berkeley Street, Boston, MA, 02116
N/A	Liberty Mutual Investment Advisors, LLC	175 Berkeley Street, Boston, MA, 02116
N/A	Stancorp Mortgage Investors	110 SW Sixth Avenue, Portland, OR 97204
N/A	Prudential Mortgage Capital Company	4 Embarcadero Center, San Francisco, CA 94111

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D – Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes [ ] No [ X ]

29.2 If yes, complete the following schedule:

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

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

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	13,766,695,867	14,525,607,363	758,911,496
30.2 Preferred stocks	416,375	416,375	
30.3 Totals	13,767,112,242	14,526,023,738	758,911,496

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

The primary source for reported fair values is our pricing vendor, Interactive Data Corporation, followed by backfill from Reuters, Bloomberg, Barclays, Merrill Lynch, and Markit for Term Loan securities. 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 [ ]



## GENERAL INTERROGATORIES

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 Investment Analysis Office been followed?

Yes  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?

\$ 390,181

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
American Council of Life Insurers .....	\$ ..... 206,052
LL Global Inc. ....	\$ ..... 115,608
	\$ .....

34.1 Amount of payments for legal expenses, if any?

\$ 1,408,647

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
Sheppard, Mullin, Richter .....	\$ ..... 479,365
.....	\$ .....
	\$ .....

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

\$ 42,702

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
American Council of Life Insurers .....	\$ ..... 40,592
.....	\$ .....
	\$ .....

# GENERAL INTERROGATORIES

## PART 2 – LIFE INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes  No   
 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	\$ 2,501,100,088		\$ 2,410,576,810
2.3 Premium Ratio (2.1 / 2.2)			
2.4 Reserve Numerator	\$ _____		\$ _____
2.5 Reserve Denominator	\$ 12,841,108,017		\$ 11,754,660,064
2.6 Reserve Ratio (2.4 / 2.5)			

3.1 Does this reporting entity have Separate Accounts? Yes  No

3.2 If yes, has a Separate Accounts statement been filed with this Department? Yes  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 Board of Directors

.....

.....

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

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

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

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

4.2 Net reimbursement of such expenses between reporting entities:

4.21 Paid \$ 361,555,032  
 4.22 Received \$ \_\_\_\_\_

5.1 Does the reporting entity write any guaranteed interest contracts? Yes  No

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: \$ 696,893,842

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

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  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 total premi	None	N/A	N/A	2,038,210	3,656	Exhibit 5	0	
Greater of total premi	None	N/A	N/A	3,706,976	6,238	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

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

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

12.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes  No  N/A

12.2 If the answer to 12.1 is yes, please provide the following:

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other
.....	.....	.....	.....	.....	.....	.....

13. Provide the following for individual ordinary life insurance\* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded).

13.1	Direct Premium Written	\$ 631,041,712
13.2	Total Incurred Claims	\$ 162,272,786
13.3	Number of Covered Lives	401,502

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without secondary guarantee)
Universal Life (with or without secondary guarantee)
Variable Universal Life (with or without secondary guarantee)

**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
	2015	2014	2013	2012	2011
<b>Life Insurance in Force</b>					
(Exhibit of Life Insurance)					
1. Ordinary-whole life and endowment (Line 34, Col. 4)	16,170,596	15,198,037	14,029,608	12,967,211	11,776,411
2. Ordinary-term (Line 21, Col. 4, less Line 34, Col. 4)	42,083,270	38,671,552	36,090,626	33,721,124	31,270,125
3. Credit life (Line 21, Col. 6)					
4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4)	197,972,613	148,946,517	118,054,035	96,588,413	88,275,988
5. Industrial (Line 21, Col. 2)					
6. FEGLI/SGLI (Lines 43 & 44, Col. 4)					
7. Total (Line 21, Col. 10)	256,226,479	202,816,106	168,174,269	143,276,748	131,322,524
<b>New Business Issued</b>					
(Exhibit of Life Insurance)					
8. Ordinary-whole life and endowment (Line 34, Col. 2)	1,606,003	1,757,133	1,628,622	1,682,199	1,732,883
9. Ordinary-term (Line 2, Col. 4, less Line 34, Col. 2)	5,643,655	4,797,750	4,615,283	4,582,066	4,216,113
10. Credit life (Line 2, Col. 6)					
11. Group (Line 2, Col. 9)	48,736,133	28,801,578	22,737,097	12,516,706	15,302,562
12. Industrial (Line 2, Col. 2)					
13. Total (Line 2, Col. 10)	55,985,791	35,356,461	28,981,002	18,780,971	21,251,558
<b>Premium Income - Lines of Business</b>					
(Exhibit 1 – Part 1)					
14. Industrial life (Line 20.4, Col. 2)					
15.1 Ordinary life insurance (Line 20.4, Col. 3)	583,110,130	612,159,516	548,616,394	594,948,181	557,271,455
15.2 Ordinary individual annuities (Line 20.4, Col. 4)	687,159,621	778,719,418	662,922,195	427,975,911	292,458,087
16. Credit life, (group and individual) (Line 20.4, Col. 5)					
17.1 Group life insurance (Line 20.4, Col. 6)	392,786,848	300,868,052	226,750,668	195,030,886	182,084,350
17.2 Group annuities (Line 20.4, Col. 7)			2,000	1,000	
18.1 A & H-group (Line 20.4, Col. 8)	838,039,874	718,825,544	657,624,440	589,112,663	609,665,483
18.2 A & H-credit (group and individual) (Line 20.4, Col. 9)					
18.3 A & H-other (Line 20.4, Col. 10)	3,615	4,280	5,544	7,314	9,276
19. Aggregate of all other lines of business (Line 20.4, Col. 11)					
20. Total	2,501,100,088	2,410,576,810	2,095,921,241	1,807,075,955	1,641,488,651
<b>Balance Sheet</b>					
(Pages 2 and 3)					
21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Col. 3)	15,952,298,443	14,528,340,838	13,005,869,465	12,051,307,622	11,077,505,953
22. Total liabilities excluding Separate Accounts business (Page 3, Line 26)	14,985,851,694	13,625,899,952	12,288,987,941	11,362,669,476	10,416,874,261
23. Aggregate life reserves (Page 3, Line 1)	10,797,622,237	9,896,637,432	8,816,718,056	7,933,778,555	7,169,591,274
24. Aggregate A & H reserves (Page 3, Line 2)	1,932,958,284	1,766,562,794	1,608,616,588	1,495,794,099	1,409,376,933
25. Deposit-type contract funds (Page 3, Line 3)	1,234,135,060	1,102,888,659	1,017,120,891	946,955,050	907,773,479
26. Asset valuation reserve (Page 3, Line 24.01)	100,273,653	94,090,812	82,909,987	91,310,767	79,903,081
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)	963,946,749	899,940,886	714,381,524	686,138,146	658,131,692
<b>Cash Flow (Page 5)</b>					
29. Net cash from operations (Line 11)	1,158,796,543	1,245,431,060	1,118,917,637	941,453,283	769,551,920
<b>Risk-Based Capital Analysis</b>					
30. Total adjusted capital	1,069,896,894	999,691,920	799,791,511	783,811,077	744,971,693
31. Authorized control level risk-based capital	164,844,080	145,831,124	121,227,029	115,445,082	111,397,960
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b>					
(Page 2, Col. 3) (Line No./Page 2, Line 12, Col. 3) x 100.0					
32. Bonds (Line 1)	87.8	90.1	90.9	88.8	88.3
33. Stocks (Lines 2.1 and 2.2)	0.1	0.2	0.2	1.0	1.1
34. Mortgage loans on real estate (Lines 3.1 and 3.2)	5.8	3.6	2.9	2.0	1.9
35. Real estate (Lines 4.1, 4.2 and 4.3)					
36. Cash, cash equivalents and short-term investments (Line 5)	1.1	1.4	1.0	1.3	1.3
37. Contract loans (Line 6)	0.8	0.9	0.9	1.0	1.1
38. Derivatives (Page 2, Line 7)					
39. Other invested assets (Line 8)	1.8	1.8	1.7	1.7	1.6
40. Receivables for securities (Line 9)	0.0	0.0	0.0	0.1	0.0
41. Securities lending reinvested collateral assets (Line 10)	2.6	2.0	2.4	4.2	4.8
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
	2015	2014	2013	2012	2011
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
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)	15,853,573	15,517,570	15,040,513	109,188,986	106,983,106
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	15,853,573	15,517,570	15,040,513	109,188,986	106,983,106
51. Total investment in parent included in Lines 44 to 49 above					
<b>Total Nonadmitted and Admitted Assets</b>					
52. Total nonadmitted assets (Page 2, Line 28, Col. 2)	109,320,158	137,459,865	133,458,149	94,280,569	60,897,361
53. Total admitted assets (Page 2, Line 28, Col. 3)	16,054,072,955	14,628,754,778	13,115,090,983	12,403,179,525	15,165,147,528
<b>Investment Data</b>					
54. Net investment income (Exhibit of Net Investment Income)	691,116,148	637,392,786	607,888,826	571,705,065	542,626,618
55. Realized capital gains (losses) (Page 4, Line 34, Column 1)	6,561,963	2,850,210	(5,923,028)	(24,797)	846,742
56. Unrealized capital gains (losses) (Page 4, Line 38, Column 1)	604,348	12,361,085	(17,916,810)	3,751,940	2,901,294
57. Total of above Lines 54, 55 and 56	698,282,459	652,604,081	584,048,988	575,432,208	546,374,654
<b>Benefits and Reserve Increase (Page 6)</b>					
58. Total contract benefits-life (Lines 10, 11, 12, 13, 14 and 15, Col.1 minus Lines 10, 11, 12, 13, 14 and 15, Cols. 9, 10 and 11)	1,008,689,557	858,612,756	775,840,186	672,962,200	629,202,233
59. Total contract benefits-A & H (Lines 13 & 14, Cols. 9, 10 & 11)	590,880,516	520,447,557	468,586,475	447,852,104	417,199,826
60. Increase in life reserves-other than group and annuities (Line 19, Cols. 2 & 3)	399,923,535	470,122,473	388,827,786	478,205,717	465,256,116
61. Increase in A & H reserves (Line 19, Cols. 9, 10 & 11)	166,395,490	157,946,206	112,822,489	89,955,246	142,020,068
62. Dividends to policyholders (Line 30, Col. 1)	6,372,210	6,121,550	6,300,268	7,547,853	8,588,893
<b>Operating Percentages</b>					
63. Insurance expense percent (Page 6, Col. 1, Lines 21, 22 & 23 less Line 6)/(Page 6 Col. 1, Line 1 plus Exhibit 7, Col. 2, Line 2) x 100.00	14.4	11.6	13.1	13.4	11.7
64. 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	5.3	5.6	5.9	6.1	6.3
65. A & H loss percent (Schedule H, Part 1, Lines 5 & 6, Col. 2)	90.6	94.7	88.8	91.7	92.1
66. A & H cost containment percent (Schedule H, Part 1, Line 4, Col. 2)	0.3	0.3	0.3	0.5	0.4
67. A & H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Col. 2)	15.9	14.3	18.5	16.6	11.9
<b>A &amp; H Claim Reserve Adequacy</b>					
68. Incurred losses on prior years' claims-group health (Sch. H, Part 3, Line 3.1, Col. 2)	1,746,587,107	1,628,964,346	1,427,893,720	1,351,467,610	1,246,785,595
69. Prior years' claim liability and reserve-group health (Sch. H, Part 3, Line 3.2, Col. 2)	1,791,001,062	1,631,028,070	1,517,655,144	1,426,293,039	1,283,206,904
70. Incurred losses on prior years' claims-health other than group (Sch. H, Part 3, Line 3.1, Col. 1 less Col. 2)	138,867	190,950	175,971	157,989	193,262
71. Prior years' claim liability and reserve-health other than group (Sch. H, Part 3, Line 3.2, Col. 1 less Col. 2)	143,240	156,376	153,946	146,032	239,333
<b>Net Gains From Operations After Federal Income</b>					
<b>Taxes by Lines of Business</b>					
(Page 6, Line 33)					
72. Industrial life (Col. 2)					
73. Ordinary-life (Col. 3)	(11,519,815)	(3,588,402)	11,984,307	(4,281,894)	3,835,237
74. Ordinary-individual annuities (Col. 4)	3,495,858	1,699,847	(1,747,302)	3,530,947	4,895,781
75. Ordinary-supplementary contracts (Col. 5)	(72,599)	(243,799)	(232,264)	(265,704)	(63,400)
76. Credit life (Col. 6)					
77. Group life (Col. 7)	28,564,109	18,781,258	9,025,735	5,205,547	(2,732,319)
78. Group annuities (Col. 8)	(1,281,351)	234,639	1,341,021	989,911	2,775,614
79. A & H-group (Col. 9)	44,155,599	17,277,449	24,721,087	26,219,928	43,751,947
80. A & H-credit (Col. 10)					
81. A & H-other (Col. 11)	4,850	(13,126)	(18,634)	(24,411)	47,274
82. Aggregate of all other lines of business (Col. 12)					
83. Total (Col. 1)	63,346,651	34,147,866	45,073,950	31,374,324	52,510,134

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

Yes [ ] No [ X ]

If no, please explain:

The Company has not been party to a merger.

### 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			389,058	53,869,588			436	1,470,921	146,046,487	199,916,075
2. Issued during year			40,878	7,249,658			110	468,267	48,736,133	55,985,791
3. Reinsurance assumed										
4. Revived during year			1,219	725,498						725,498
5. Increased during year (net)			4,418					46,635	10,998,780	10,998,780
6. Subtotals, Lines 2 to 5			46,515	7,975,156			110	514,902	59,734,913	67,710,069
7. Additions by dividends during year	X X X		X X X	(402)	X X X		X X X	X X X		(402)
8. Aggregate write-ins for increases										
9. Totals (Lines 1 and 6 to 8)			435,573	61,844,342			546	1,985,823	205,781,400	267,625,742
Deductions during year:										
10. Death			2,813	166,112			X X X	5,276	277,233	443,345
11. Maturity			6	119			X X X			119
12. Disability							X X X			
13. Expiry			1,204	44,319				3	138	44,457
14. Surrender			12,045	1,380,623				165	7,681	1,388,304
15. Lapse			11,186	1,607,692			40	85,043	7,522,933	9,130,625
16. Conversion			2,365	304,180			X X X	X X X	X X X	304,180
17. Decreased (net)				87,431				(5)	802	88,233
18. Reinsurance										
19. Aggregate write-ins for decreases										
20. Totals (Lines 10 to 19)			29,619	3,590,476			40	90,482	7,808,787	11,399,263
21. In force end of year (Line 9 minus Line 20)			405,954	58,253,866			506	1,895,341	197,972,613	256,226,479
22. Reinsurance ceded end of year	X X X		X X X	41,211,433	X X X		X X X	X X X	243,579	41,455,012
23. Line 21 minus Line 22	X X X		X X X	17,042,433	X X X	(b)	X X X	X X X	197,729,034	214,771,467
<b>DETAILS OF WRITE-IN LINES</b>										
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	336,108
25. Other paid-up insurance			78,604	5,538,856
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			1,870	92,972
28. Term policies - other	20,074	5,626,404	156,689	40,850,686
29. Other term insurance - decreasing	X X X		X X X	7,687
30. Other term insurance	X X X	14,121	X X X	721,574
31. Totals, (Lines 27 to 30)	20,074	5,640,525	158,559	41,672,919
Reconciliation to Lines 2 and 21:				
32. Term additions	X X X		X X X	302,575
33. Totals, extended term insurance	X X X	X X X	4,330	107,776
34. Totals, whole life and endowment	20,804	1,606,003	243,065	16,170,596
35. Totals (Lines 31 to 34)	40,878	7,246,528	405,954	58,253,866

**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	7,212,519	37,139	55,511,766	2,742,101
38. Credit Life (Group and Individual)				
39. Group	48,736,133		197,972,613	
40. Totals (Lines 36 to 39)	55,948,652	37,139	253,484,379	2,742,101

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

	Credit Life		Group	
	1 Number of Individual Policies and Group Certificates	2 Amount of Insurance (a)	3 Number of Certificates	4 Amount of Insurance (a)
41. Amount of insurance included in Line 2 ceded to other companies	X X X		X X X	
42. Number in force end of year if the number under shared groups is counted on a pro-rata basis	<b>NONE</b>			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)	326,483
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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 issue 1/31/81 and prior which is 1.1 times the scheduled amount.
47.2 Family Protection at \$ 5,000 per unit. Children's Portection 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			43,789	3,388,545			1,483,300	155,283,375
49. Disability Income								
50. Extended Benefits			X X X	X X X				
51. Other								
52. Total		(b)	43,789	(b) 3,388,545		(b)	1,483,300	(b) 155,283,375

(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	82	35	2	
2. Issued during year		9		
3. Reinsurance assumed				
4. Increased during year (net)	3	1		
5. Total (Lines 1 to 4)	85	45	2	
Deductions during year:				
6. Decreased (net)		3		
7. Reinsurance ceded				
8. Totals (Lines 6 and 7)		3		
9. In force end of year	85	42	2	
10. Amount on deposit	(a)	1,203,521		(a)
11. Income now payable	85	42	2	
12. Amount of income payable	(a) 204,135	(a) 881,867	(a) 4,731	(a)

**ANNUITIES**

	Ordinary		Group	
	1 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year	32,946	21,521	78	16,251
2. Issued during year	2,333	7,092		
3. Reinsurance assumed				
4. Increased during year (net)	988	(35)		
5. Total (Lines 1 to 4)	36,267	28,578	78	16,251
Deductions during year:				
6. Decreased (net)	1,581	1,974	1	562
7. Reinsurance ceded				
8. Totals (Lines 6 and 7)	1,581	1,974	1	562
9. In force end of year	34,686	26,604	77	15,689
Income now payable:				
10. Amount of income payable	(a) 483,262,188	X X X	X X X	(a) 23,315,222
Deferred fully paid:				
11. Account Balance	X X X	(a) 2,040,878,589	X X X	(a) 40,137,647
Deferred not fully paid:				
12. Account Balance	X X X	(a) 31,647,914	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	3,323,750	726,454,000			31	4,180
2. Issued during year	764,380	131,642,534				
3. Reinsurance assumed						
4. Increased during year (net)	70,721	X X X		X X X		X X X
5. Total (Lines 1 to 4)	4,158,851	X X X		X X X	31	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)	132,315	X X X		X X X	1	X X X
8. Reinsurance ceded		X X X		X X X		X X X
9. Totals (Lines 6 to 8)	132,315	X X X		X X X	1	X X X
10. In force end of year	4,026,536	(a) 884,895,000		(a)	30	(a) 4,069

**DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS**

	1 Deposit Funds Contracts	2 Dividend Accumulations Contracts
1. In force end of prior year	42,037	4,327
2. Issued during year	3,065	
3. Reinsurance assumed		
4. Increased during year (net)	2	
5. Total (Lines 1 to 4)	45,104	4,327
Deductions during year:		
6. Decreased (net)	3,034	156
7. Reinsurance ceded		
8. Totals (Lines 6 and 7)	3,034	156
9. In force end of year	42,070	4,171
10. Amount of account balance	(a) 62,190,252	(a) 8,346,121

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



## SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

### Allocated by States and Territories

States, Etc.	1	Direct Business Only						
		Active Status	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	19,017,634	2,873,315	13,242,123		35,133,072	155,000
2. Alaska	AK	L	281,097	300	687,948		969,345	
3. Arizona	AZ	L	11,783,106	1,301,305	15,341,525		28,425,936	
4. Arkansas	AR	L	8,080,861	6,101,399	9,298,137		23,480,397	
5. California	CA	L	80,022,075	3,889,179	158,729,902		242,641,156	191,014
6. Colorado	CO	L	10,274,900	309,903	10,965,296		21,550,099	426,167
7. Connecticut	CT	L	21,851,724	8,754,982	24,887,300		55,494,006	
8. Delaware	DE	L	5,482,994	261,090,117	2,182,737		268,755,848	95,081,804
9. District of Columbia	DC	L	1,754,953	1,875,000	1,693,263		5,323,216	
10. Florida	FL	L	45,169,135	21,386,323	32,890,932		99,446,390	93,470
11. Georgia	GA	L	25,320,828	2,403,215	21,444,961		49,169,004	
12. Hawaii	HI	L	3,216,766	24,573	4,065,018		7,306,357	
13. Idaho	ID	L	2,152,624	261,071	1,565,434		3,979,129	
14. Illinois	IL	L	24,533,554	4,154,558	26,997,275		55,685,387	
15. Indiana	IN	L	20,465,526	889,607	16,004,130		37,359,263	
16. Iowa	IA	L	2,827,659	122,944	9,105,835		12,056,438	
17. Kansas	KS	L	2,458,855		4,178,315		6,637,170	
18. Kentucky	KY	L	9,469,632	250,515	11,937,576		21,657,723	
19. Louisiana	LA	L	10,892,772	11,373,145	13,587,191		35,853,108	
20. Maine	ME	L	9,544,691	4,346,893	5,652,481		19,544,065	
21. Maryland	MD	L	18,815,969	2,367,230	12,196,797		33,379,996	
22. Massachusetts	MA	L	47,529,046	31,112,918	43,282,669		121,924,633	2,687,329
23. Michigan	MI	L	27,403,900	1,625,936	18,712,690		47,742,526	
24. Minnesota	MN	L	9,491,994	241,696	13,284,746		23,018,436	
25. Mississippi	MS	L	4,561,373	2,148,241	5,419,909		12,129,523	
26. Missouri	MO	L	11,400,862	5,418,109	11,290,645		28,109,616	
27. Montana	MT	L	680,631		1,474,339		2,154,970	
28. Nebraska	NE	L	2,467,845	260,717	2,978,576		5,707,138	166,366
29. Nevada	NV	L	5,509,879	765,566	3,899,307		10,174,752	167,639
30. New Hampshire	NH	L	10,332,801	7,195,436	3,661,246		21,189,483	
31. New Jersey	NJ	L	39,141,384	37,239,745	25,749,774		102,130,903	243,844
32. New Mexico	NM	L	2,481,270	113,280	3,560,264		6,154,814	
33. New York	NY	L	187,929,342	150,751,665	59,547,512		398,228,519	625,006
34. North Carolina	NC	L	23,967,033	3,373,664	38,057,999		65,398,696	708,438
35. North Dakota	ND	L	455,422		853,338		1,308,760	
36. Ohio	OH	L	40,695,069	1,467,907	22,717,069		64,880,045	40,462
37. Oklahoma	OK	L	5,667,017	243,255	6,254,548		12,164,820	
38. Oregon	OR	L	7,437,345	429,675	8,601,564		16,468,584	
39. Pennsylvania	PA	L	73,024,647	8,530,861	31,911,881		113,467,389	
40. Rhode Island	RI	L	5,869,227	2,000,402	1,887,007		9,756,636	(4,974)
41. South Carolina	SC	L	9,193,672	18,251,549	18,459,915		45,905,136	
42. South Dakota	SD	L	670,671		1,480,011		2,150,682	
43. Tennessee	TN	L	21,356,707	4,408,076	13,492,847		39,257,630	87,878
44. Texas	TX	L	70,455,937	4,938,031	64,212,767		139,606,735	60,223
45. Utah	UT	L	5,331,652	546,002	6,031,527		11,909,181	
46. Vermont	VT	L	2,087,101	1,319,971	1,188,044		4,595,116	69,576
47. Virginia	VA	L	22,886,144	1,634,258	22,008,737		46,529,139	
48. Washington	WA	L	9,684,740	1,153,658	8,066,545		18,904,943	500,058
49. West Virginia	WV	L	3,930,804	141,428	3,903,586		7,975,818	
50. Wisconsin	WI	L	8,913,661	559,733	11,088,670		20,562,064	
51. Wyoming	WY	L	1,372,760	1,091	1,833,726		3,207,577	
52. American Samoa	AS	N						
53. Guam	GU	N						
54. Puerto Rico	PR	N	234,036		672,902		906,938	
55. US Virgin Islands	VI	N	750		(165)		585	
56. Northern Mariana Islands	MP	N						
57. Canada	CAN	L	200,416		511,670		712,086	
58. Aggregate Other Alien	OT	X X X		67,784,451			67,784,451	108,803,735
59. Subtotal	(a) 51		995,782,493	687,432,895	852,750,041		2,535,965,429	210,103,035
90. Reporting entity contributions for employee benefits plans	X X X		46,973,842				46,973,842	
91. Dividends or refunds applied to purchase paid-up additions and annuities	X X X		4,641,225				4,641,225	
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		412,214		240		412,454	
94. Aggregate other amounts not allocable by State	X X X							
95. Totals (Direct Business)	X X X		1,047,809,774	687,432,895	852,750,281		2,587,992,950	210,103,035
96. Plus Reinsurance Assumed	X X X		10,078				10,078	
97. Totals (All Business)	X X X		1,047,819,852	687,432,895	852,750,281		2,588,003,028	210,103,035
98. Less Reinsurance Ceded	X X X		90,997,603		17,005,798		108,003,401	
99. Totals (All Business) less Reinsurance Ceded	X X X		956,822,249	687,432,895	(b) 835,744,483		2,479,999,627	210,103,035

DETAILS OF WRITE-INS								
58001. BRB Barbados		X X X		67,784,451			67,784,451	108,803,735
58002.		X X X						
58003.		X X X						
58998. Summary of remaining write-ins for Line 58 from overflow page		X X X						
58999. Total (Lines 58001 through 58003 plus 58998) (Line 58 above)		X X X		67,784,451			67,784,451	108,803,735
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

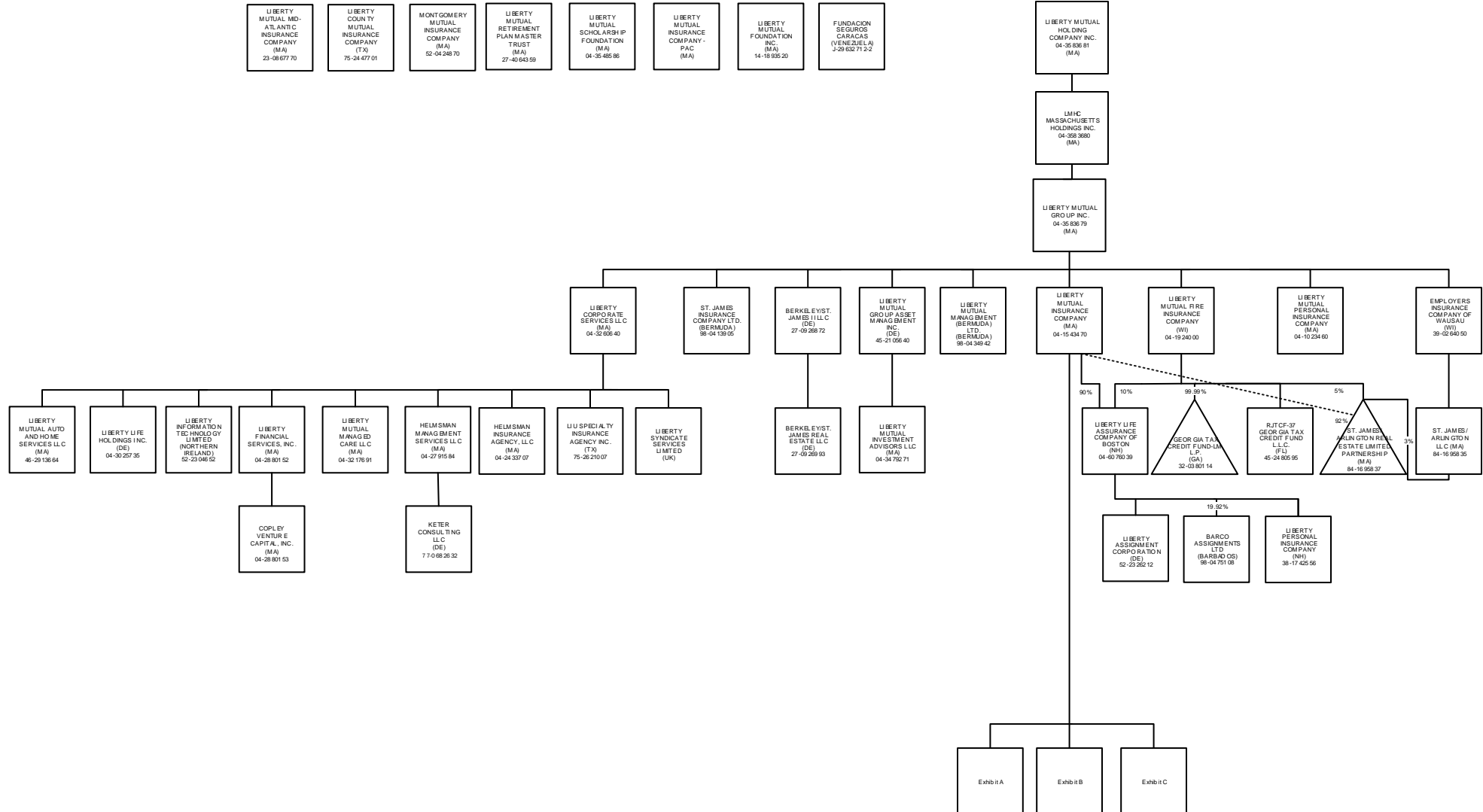
For Individual lines of business, premiums are reported based on the residence of the policyholder. For Group lines of business, premium is allocated based on the residence of the insured provided by the policyholder.

(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

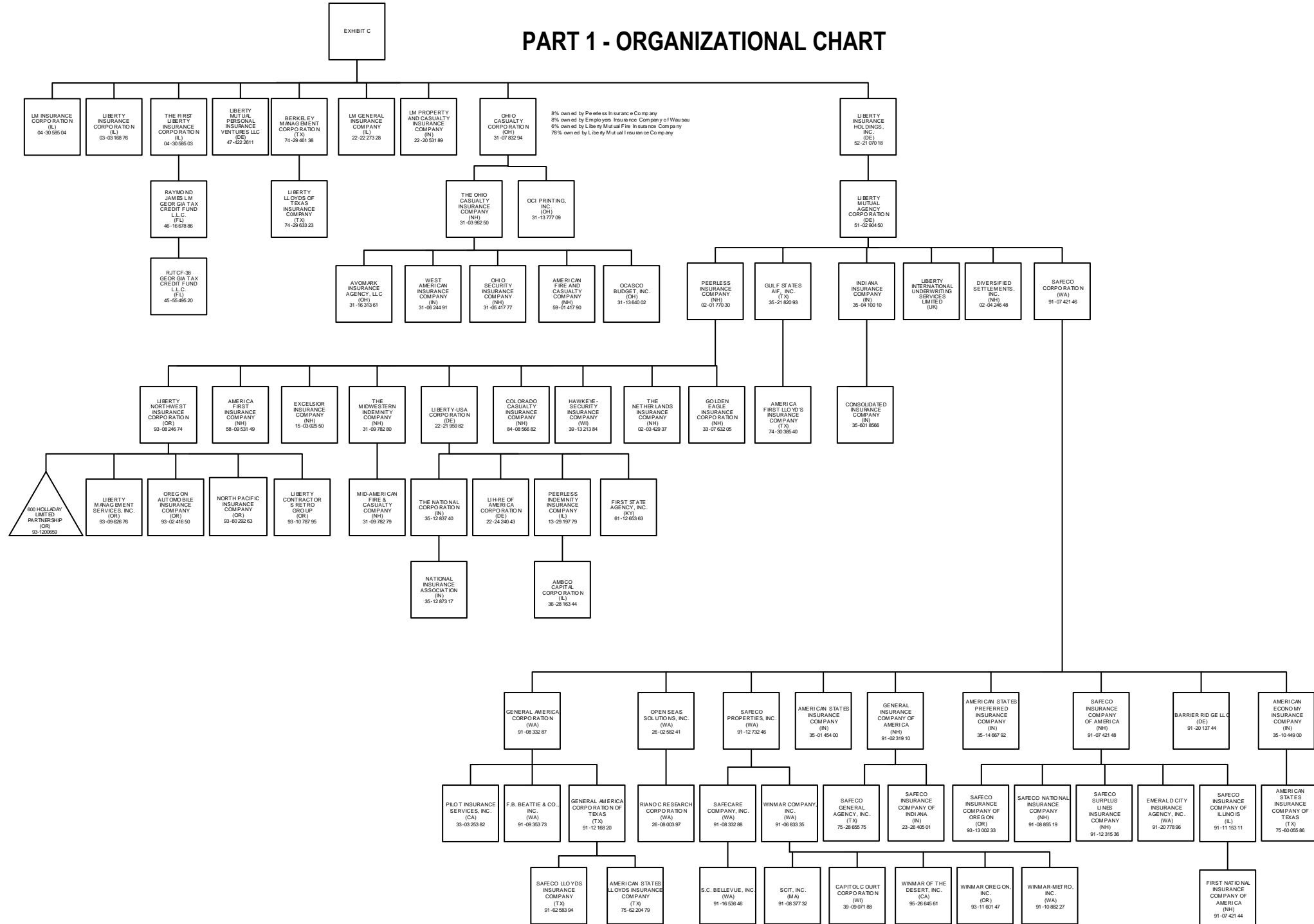






# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

## PART 1 - ORGANIZATIONAL CHART



**OVERFLOW PAGE FOR WRITE-INS**

**Page 2 - Continuation**

**ASSETS**

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
<b>REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS</b>				
2504. Shortage account - VUL	1,685		1,685	1,685
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	1,685		1,685	1,685

**OVERFLOW PAGE FOR WRITE-INS**

**Page 3 - Continuation  
LIABILITIES, SURPLUS AND OTHER FUNDS**

	1	2
	Current Year	Prior Year
<b>REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES</b>		
2504. Contingent Liability		
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)		

**OVERFLOW PAGE FOR WRITE-INS**

**Page 4 - Continuation  
SUMMARY OF OPERATIONS**

	1	2
	Current Year	Prior Year
<b>REMAINING WRITE-INS AGGREGATED AT LINE 27 FOR DEDUCTIONS</b>		
2704. Surrender charges		
2797. Totals (Lines 2704 through 2796) (Page 4, Line 2798)		



**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			
<b>REMAINING WRITE-INS AGGREGATED AT LINE 09.3 FOR EXPENSES</b>						
09.304 Administrative service expenses	(3,935,722)		(4,846,076)			(8,781,798)
09.397 Totals (Lines 09.304 through 09.396) (Page 11, Line 09.398)	(3,935,722)		(4,846,076)			(8,781,798)

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