



# ANNUAL STATEMENT

For the Year Ended December 31, 2009  
of the Condition and Affairs of the

## American Savings Life Insurance Company

|   |   |  |
|---|---|--|
| NAIC Group Code.....                      | NAIC Company Code..... 91910  | Employer's ID Number..... 860113763  |
| (Current Period) (Prior Period)           |   |  |
| Organized under the Laws of Arizona       | State of Domicile or Port of Entry Arizona  | Country of Domicile US   |
| Incorporated/Organized..... April 6, 1954 | Commenced Business..... April 24, 1954  |  |
| Statutory Home Office                     | 935 E. Main Street, Suite 100..... Mesa ..... AZ ..... 85203-8849<br><i>(Street and Number) (City or Town, State and Zip Code)</i>              |  |
| Main Administrative Office                | 935 E. Main Street, Suite 100..... Mesa ..... AZ ..... 85203-8849<br><i>(Street and Number) (City or Town, State and Zip Code)</i>              | 480-835-5000<br><i>(Area Code) (Telephone Number)</i>  |
| Mail Address                              | 935 E. Main Street, Suite 100..... Mesa ..... AZ ..... 85203-8849<br><i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i> |  |
| Primary Location of Books and Records     | 935 E. Main Street, Suite 100..... Mesa ..... AZ ..... 85203-8849<br><i>(Street and Number) (City or Town, State and Zip Code)</i>              | 480-835-5000<br><i>(Area Code) (Telephone Number)</i>  |
| Internet Web Site Address                 | americansavingslife.com   |  |
| Statutory Statement Contact               | RANDAL WADE JONES<br><i>(Name)</i><br>rjones@americansavingslife.com<br><i>(E-Mail Address)</i>   | 480-835-5000<br><i>(Area Code) (Telephone Number) (Extension)</i><br>480-835-5355<br><i>(Fax Number)</i> |

### OFFICERS

| Name                   | Title                 | Name                   | Title          |
|------------------------|-----------------------|------------------------|----------------|
| 1. BYRON FRIHOFF ALLEN | President             | 2. ROBERT ELIJAH ALLEN | Vice President |
| 3. DAVID KAY ALLEN     | Secretary / Treasurer | 4.                     |                |

### OTHER

### DIRECTORS OR TRUSTEES

|                       |                     |                       |                     |
|-----------------------|---------------------|-----------------------|---------------------|
| DAVID KAY ALLEN       | FRIHOFF GRANT ALLEN | CLARK ELIJAH ALLEN    | BYRON FRIHOFF ALLEN |
| WILFORD RENEER CARDON | GERALD EDWIN DUNDAR | HEBER EVERETT ALLEN # |                     |

State of..... ARIZONA  
County of..... MARICOPA

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)<br>BYRON FRIHOFF ALLEN | (Signature)<br>ROBERT ELIJAH ALLEN  | (Signature)<br>DAVID KAY ALLEN             |
| 1. (Printed Name)<br>President     | 2. (Printed Name)<br>Vice President | 3. (Printed Name)<br>Secretary / Treasurer |
| (Title)                            | (Title)                             | (Title)                                    |

Subscribed and sworn to before me  
This 25th day of February 2010

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

**ASSETS**

|  | Current Year |                            |  | Prior Year                  |
|--|--------------|----------------------------|--|-----------------------------|
|  | 1<br>Assets  | 2<br>Nonadmitted<br>Assets | 3<br>Net Admitted<br>Assets<br>(Cols. 1 - 2) | 4<br>Net<br>Admitted Assets |
| 1. Bonds (Schedule D).....   | 500,000      |                            | 500,000                                      | 500,000                     |
| 2. Stocks (Schedule D):  |              |                            |  |                             |
| 2.1 Preferred stocks.....  | 6,911        |                            | 6,911  | 6,911                       |
| 2.2 Common stocks.....   | 385,151      |                            | 385,151                                      | 364,020                     |
| 3. Mortgage loans on real estate (Schedule B):   |              |                            |  |                             |
| 3.1 First liens.....   | 17,552,446   |                            | 17,552,446                                   | 17,133,404                  |
| 3.2 Other than first liens.....  | 300,669      |                            | 300,669                                      | 407,776                     |
| 4. Real estate (Schedule A):   |              |                            |  |                             |
| 4.1 Properties occupied by the company (less \$.....0<br>encumbrances).....  | 524,532      |                            | 524,532                                      | 532,151                     |
| 4.2 Properties held for the production of income (less \$.....0<br>encumbrances).....  |              |                            | 0  |                             |
| 4.3 Properties held for sale (less \$.....0 encumbrances).....   | 2,958,586    | 1,352,722                  | 1,605,864                                    | 786,520                     |
| 5. Cash (\$.....3,922,100, Sch. E-Part 1), cash equivalents (\$.....0,<br>Sch. E-Part 2) and short-term investments (\$.....27,960, Sch. DA).....            | 3,950,059    |                            | 3,950,059                                    | 1,813,330                   |
| 6. Contract loans (including \$.....0 premium notes).....  | 116,003      |                            | 116,003                                      | 105,651                     |
| 7. Other invested assets (Schedule BA).....  |              |                            | 0  |                             |
| 8. Receivables for securities.....   |              |                            | 0  |                             |
| 9. Aggregate write-ins for invested assets.....  | 0            | 0                          | 0  | 0                           |
| 10. Subtotals, cash and invested assets (Lines 1 to 9).....  | 26,294,359   | 1,352,722                  | 24,941,636                                   | 21,649,763                  |
| 11. Title plants less \$.....0 charged off (for Title insurers only).....  |              |                            | 0  |                             |
| 12. Investment income due and accrued.....   | 287,468      |                            | 287,468                                      | 295,583                     |
| 13. Premiums and considerations:   |              |                            |  |                             |
| 13.1 Uncollected premiums and agents' balances in course of collection.....  | 251          |                            | 251  | 397                         |
| 13.2 Deferred premiums, agents' balances and installments booked but deferred<br>and not yet due (including \$.....11,192 earned but unbilled premiums)..... | 11,192       |                            | 11,192                                       | 12,905                      |
| 13.3 Accrued retrospective premiums.....   |              |                            | 0  |                             |
| 14. Reinsurance:   |              |                            |  |                             |
| 14.1 Amounts recoverable from reinsurers.....  |              |                            | 0  |                             |
| 14.2 Funds held by or deposited with reinsured companies.....  |              |                            | 0  |                             |
| 14.3 Other amounts receivable under reinsurance contracts.....   |              |                            | 0  |                             |
| 15. Amounts receivable relating to uninsured plans.....  |              |                            | 0  |                             |
| 16.1 Current federal and foreign income tax recoverable and interest thereon.....  | 28,655       |                            | 28,655                                       | 21,200                      |
| 16.2 Net deferred tax asset.....   |              |                            | 0  |                             |
| 17. Guaranty funds receivable or on deposit.....   | 53           |                            | 53   | 118                         |
| 18. Electronic data processing equipment and software.....   |              |                            | 0  |                             |
| 19. Furniture and equipment, including health care delivery assets (\$.....0).....   |              |                            | 0  |                             |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates.....  |              |                            | 0  |                             |
| 21. Receivables from parent, subsidiaries and affiliates.....  |              |                            | 0  |                             |
| 22. Health care (\$.....0) and other amounts receivable.....   |              |                            | 0  |                             |
| 23. Aggregate write-ins for other than invested assets.....  | 14,466       | 14,336                     | 130  | 130                         |
| 24. Total assets excluding Separate Accounts, Segregated Accounts and Protected<br>Cell Accounts (Lines 10 to 23).....                                       | 26,636,444   | 1,367,058                  | 25,269,386                                   | 21,980,096                  |
| 25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....   |              |                            | 0  |                             |
| 26. TOTALS (Lines 24 and 25).....  | 26,636,444   | 1,367,058                  | 25,269,386                                   | 21,980,096                  |

**DETAILS OF WRITE-INS**

|  |        |        |     |     |
|--|--------|--------|-----|-----|
| 0901.....  |        |        | 0   |     |
| 0902.....  |        |        | 0   |     |
| 0903.....  |        |        | 0   |     |
| 0998. Summary of remaining write-ins for Line 9 from overflow page.....  | 0      | 0      | 0   | 0   |
| 0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....        | 0      | 0      | 0   | 0   |
| 2301. OTHER RECEIVABLES AND DEPOSITS.....                                | 130    |        | 130 | 130 |
| 2302. LOANS ON COMPANY STOCK.....  | 158    | 158    | 0   |     |
| 2303. EMPLOYEE EDUCATION LOAN.....                                       | 14,178 | 14,178 | 0   |     |
| 2398. Summary of remaining write-ins for Line 23 from overflow page..... | 0      | 0      | 0   | 0   |
| 2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....       | 14,466 | 14,336 | 130 | 130 |

## LIABILITIES, SURPLUS AND OTHER FUNDS

|   | 1<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| 1. Aggregate reserve for life contracts \$.....6,650,274 (Exhibit 5, Line 9999999) less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve).....   | 6,650,274         | 5,313,113       |
| 2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Col. 1) (including \$.....0 Modco Reserve).....   |                   |                 |
| 3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$.....0 Modco Reserve).....  | 3,795,663         | 2,520,053       |
| 4. Contract claims:   |                   |                 |
| 4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11).....  | 24,901            | 30,295          |
| 4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11).....   |                   |                 |
| 5. Policyholders' dividends \$.....0 and coupons \$.....0 due and unpaid (Exhibit 4, Line 10).....  |                   |                 |
| 6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:   |                   |                 |
| 6.1 Dividends apportioned for payment (including \$.....0 Modco).....   | 34,322            | 31,838          |
| 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 \$.....0 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14)..... | 7,060             | 6,405           |
| 9. Contract liabilities not included elsewhere:   |                   |                 |
| 9.1 Surrender values on canceled contracts.....   |                   |                 |
| 9.2 Provision for experience rating refunds, including \$.....0 accident and health experience rating refunds.....  |                   |                 |
| 9.3 Other amounts payable on reinsurance, including \$.....0 assumed and \$.....0 ceded.....  |                   |                 |
| 9.4 Interest Maintenance Reserve (IMR, Line 6).....   | 209,673           | 254,817         |
| 10. Commissions to agents due or accrued - life and annuity contracts \$.....16,778, accident and health \$.....0 and deposit-type contract funds \$.....0.....   | 16,778            |                 |
| 11. Commissions and expense allowances payable on reinsurance assumed.....  |                   |                 |
| 12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6).....   | 69,897            | 80,081          |
| 13. Transfers to Separate Accounts due or accrued (net) (including \$.....0 accrued for expense allowances recognized in reserves, net of reinsured allowances).....  |                   |                 |
| 14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5).....  | 66,992            | 50,315          |
| 15.1 Current federal and foreign income taxes, including \$.....0 on realized capital gains (losses).....   |                   |                 |
| 15.2 Net deferred tax liability.....  |                   |                 |
| 16. Unearned investment income.....   | 85,256            | 3,881           |
| 17. Amounts withheld or retained by company as agent or trustee.....  | 303,916           | 334,569         |
| 18. Amounts held for agents' account, including \$.....0 agents' credit balances.....   |                   |                 |
| 19. Remittances and items not allocated.....  |                   |                 |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates.....   |                   |                 |
| 21. Liability for benefits for employees and agents if not included above.....  |                   |                 |
| 22. Borrowed money \$.....0 and interest thereon \$.....0.....  |                   |                 |
| 23. Dividends to stockholders declared and unpaid.....  |                   |                 |
| 24. Miscellaneous liabilities:  |                   |                 |
| 24.1 Asset valuation reserve (AVR Line 16, Col. 7).....   | 1,219,059         | 1,128,425       |
| 24.2 Reinsurance in unauthorized companies.....   |                   |                 |
| 24.3 Funds held under reinsurance treaties with unauthorized reinsurers.....  |                   |                 |
| 24.4 Payable to parent, subsidiaries and affiliates.....  |                   |                 |
| 24.5 Drafts outstanding.....  |                   |                 |
| 24.6 Liability for amounts held under uninsured plans.....  |                   |                 |
| 24.7 Funds held under coinsurance.....  |                   |                 |
| 24.8 Payable for securities.....  |                   |                 |
| 24.9 Capital notes \$.....0 and interest thereon \$.....0.....  |                   |                 |
| 25. Aggregate write-ins for liabilities.....  | C                 | C               |
| 26. Total liabilities excluding Separate Accounts business (Lines 1 to 25).....   | 12,483,793        | 9,753,792       |
| 27. From Separate Accounts Statement.....   |                   |                 |
| 28. Total liabilities (Line 26 and 27).....   | 12,483,793        | 9,753,792       |
| 29. Common capital stock.....   | 921,841           | 919,877         |
| 30. Preferred capital stock.....  |                   |                 |
| 31. Aggregate write-ins for other than special surplus funds.....   | C                 | C               |
| 32. Surplus notes.....  |                   |                 |
| 33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1).....   | 2,394,578         | 2,331,413       |
| 34. Aggregate write-ins for special surplus funds.....  | C                 | C               |
| 35. Unassigned funds (surplus).....   | 14,514,785        | 13,845,751      |
| 36. Less treasury stock, at cost:   |                   |                 |
| 36.1 4,140,529.000 shares common (value included in Line 29 \$.....414,053).....  | 5,045,612         | 4,870,737       |
| 36.2 .....0.000 shares preferred (value included in Line 30 \$.....0).....  |                   |                 |
| 37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$.....0 in Separate Accounts Statement).....  | 11,863,752        | 11,306,427      |
| 38. Totals of Lines 29, 30 and 37 (Page 4, Line 55).....  | 12,785,593        | 12,226,304      |
| 39. Totals of Lines 28 and 38 (Page 2, Line 26, Col. 3).....  | 25,269,386        | 21,980,096      |

### DETAILS OF WRITE-INS

|  |   |   |
|--|---|---|
| 2501. ....   |   |   |
| 2502. ....   |   |   |
| 2503. ....   |   |   |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | C | C |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | C | C |
| 3101. ....   |   |   |
| 3102. ....   |   |   |
| 3103. ....   |   |   |
| 3198. Summary of remaining write-ins for Line 31 from overflow page..... | C | C |
| 3199. Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above).....       | C | C |
| 3401. ....   |   |   |
| 3402. ....   |   |   |
| 3403. ....   |   |   |
| 3498. Summary of remaining write-ins for Line 34 from overflow page..... | C | C |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....       | C | C |

Annual Statement for the year 2009 of the **American Savings Life Insurance Company**  
**SUMMARY OF OPERATIONS**

|   | 1<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| 1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11).....   | 2,534,682         | 267,240         |
| 2. Considerations for supplementary contracts with life contingencies.....  |                   |                 |
| 3. Net investment income (Exhibit of Net Investment Income, Line 17).....   | 1,878,669         | 2,378,219       |
| 4. Amortization of Interest Maintenance Reserve (IMR) (Line 5).....   | 84,018            | 81,828          |
| 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).....  |                   |                 |
| 7. Reserve adjustments on reinsurance ceded.....  |                   |                 |
| 8. Miscellaneous Income:  |                   |                 |
| 8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts.....  |                   |                 |
| 8.2 Charges and fees for deposit-type contracts.....  |                   |                 |
| 8.3 Aggregate write-ins for miscellaneous income.....   | 17,662            | 11,276          |
| 9. Totals (Lines 1 to 8.3).....   | 4,515,031         | 2,738,563       |
| 10. Death benefits.....   | 46,605            | 42,970          |
| 11. Matured endowments (excluding guaranteed annual pure endowments).....   |                   |                 |
| 12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8).....  |                   |                 |
| 13. Disability benefits and benefits under accident and health contracts.....   |                   |                 |
| 14. Coupons, guaranteed annual pure endowments and similar benefits.....  |                   |                 |
| 15. Surrender benefits and withdrawals for life contracts.....  | 37,058            | 44,703          |
| 16. Group conversions.....  |                   |                 |
| 17. Interest and adjustments on contract or deposit-type contract funds.....  | 139,308           | 93,540          |
| 18. Payments on supplementary contracts with life contingencies.....  |                   |                 |
| 19. Increase in aggregate reserves for life and accident and health contracts.....  | 1,337,162         | 135,984         |
| 20. Totals (Lines 10 to 19).....  | 1,560,133         | 317,197         |
| 21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1).....  | 30,482            | 25              |
| 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).....   | 539,139           | 544,921         |
| 24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3).....  | 58,184            | 59,282          |
| 25. Increase in loading on deferred and uncollected premiums.....   | (166)             | 468             |
| 26. Net transfers to or (from) Separate Accounts net of reinsurance.....  |                   |                 |
| 27. Aggregate write-ins for deductions.....   | 0                 | 0               |
| 28. Totals (Lines 20 to 27).....  | 2,187,772         | 921,893         |
| 29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....   | 2,327,259         | 1,816,670       |
| 30. Dividends to policyholders.....   | 34,322            | 31,477          |
| 31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....  | 2,292,937         | 1,785,193       |
| 32. Federal and foreign income taxes incurred (excluding tax on capital gains).....   | 168,713           | 241,349         |
| 33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32).....                             | 2,124,224         | 1,543,844       |
| 34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$.....6,606 excluding taxes of \$.....6,067 transferred to the IMR)..... | 42,327            | 84,556          |
| 35. Net income (Line 33 plus Line 34).....  | 2,166,551         | 1,628,400       |
| <b>CAPITAL AND SURPLUS ACCOUNT</b>  |                   |                 |
| 36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2).....   | 12,226,304        | 11,906,583      |
| 37. Net income (Line 35).....   | 2,166,551         | 1,628,400       |
| 38. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0.....   | 4,001             | (21,598)        |
| 39. Change in net unrealized foreign exchange capital gain (loss).....  |                   |                 |
| 40. Change in net deferred income tax.....  |                   |                 |
| 41. Change in nonadmitted assets.....   | (185,302)         | (35,417)        |
| 42. Change in liability for reinsurance in unauthorized companies.....  |                   |                 |
| 43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 9999999, Col. 4).....   |                   |                 |
| 44. Change in asset valuation reserve.....  | (90,634)          | (71,987)        |
| 45. Change in treasury stock, (Page 3, Lines 36.1 and 36.2 Col. 2 minus Col. 1).....  | (174,875)         | (66,027)        |
| 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.....   | 1,964             | 4,944           |
| 50.2 Transferred from surplus (Stock Dividend).....   |                   |                 |
| 50.3 Transferred to surplus.....  |                   |                 |
| 51. Surplus adjustment:   |                   |                 |
| 51.1 Paid in.....   | 63,165            | 126,001         |
| 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.....  | (1,225,581)       | (1,230,632)     |
| 53. Aggregate write-ins for gains and losses in surplus.....  | 0                 | (13,963)        |
| 54. Net change in capital and surplus for the year (Lines 37 through 53).....   | 559,289           | 319,721         |
| 55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38).....   | 12,785,593        | 12,226,304      |
| <b>DETAILS OF WRITE-INS</b>   |                   |                 |
| 08.301. Profit Sharing Plan management fee.....   | 7,209             | 8,462           |
| 08.302. Computer consulting fees.....   | 10,426            | 2,739           |
| 08.303. Miscellaneous income.....   | 28                | 75              |
| 08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....   | 0                 | 0               |
| 08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....   | 17,662            | 11,276          |
| 2701. ....  |                   |                 |
| 2702. ....  |                   |                 |
| 2703. ....  |                   |                 |
| 2798. Summary of remaining write-ins for Line 27 from overflow page.....  | 0                 | 0               |
| 2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....  | 0                 | 0               |
| 5301. Sale of Holbrook Legacy Billboards recognized in 2007 received in 2008.....   |                   | (13,963)        |
| 5302. ....  |                   |                 |
| 5303. ....  |                   |                 |
| 5398. Summary of remaining write-ins for Line 53 from overflow page.....  | 0                 | 0               |
| 5399. Totals (Lines 5301 thru 5303 plus 5398) (Line 53 above).....  | 0                 | (13,963)        |

**CASH FLOW**

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| <b>CASH FROM OPERATIONS</b>  |                   |                 |
| 1. Premiums collected net of reinsurance.....  | 2,537,362         | 267,351         |
| 2. Net investment income.....  | 1,965,276         | 2,241,540       |
| 3. Miscellaneous income.....   | 128,541           | 33,912          |
| 4. Total (Lines 1 through 3).....  | 4,631,179         | 2,542,803       |
| 5. Benefit and loss related payments.....  | 226,633           | 193,489         |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                    |                   |                 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions.....                                      | 611,955           | 583,927         |
| 8. Dividends paid to policyholders.....  | 31,838            | 25,093          |
| 9. Federal and foreign income taxes paid (recovered) net of \$.....7,070 tax on capital gains (losses).....    | 181,772           | 267,744         |
| 10. Total (Lines 5 through 9).....   | 1,052,198         | 1,070,253       |
| 11. Net cash from operations (Line 4 minus Line 10).....   | 3,578,982         | 1,472,550       |
| <b>CASH FROM INVESTMENTS</b>   |                   |                 |
| 12. Proceeds from investments sold, matured or repaid:   |                   |                 |
| 12.1 Bonds.....  |                   | 100,000         |
| 12.2 Stocks.....   |                   | 13,534          |
| 12.3 Mortgage loans.....   | 4,138,053         | 3,620,003       |
| 12.4 Real estate.....  | 30,085            | 41,764          |
| 12.5 Other invested assets.....  |                   |                 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....                           |                   |                 |
| 12.7 Miscellaneous proceeds.....   | 128               | 100,075         |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7).....   | 4,168,266         | 3,875,376       |
| 13. Cost of investments acquired (long-term only):   |                   |                 |
| 13.1 Bonds.....  | 16,842            | 100,000         |
| 13.2 Stocks.....   |                   |                 |
| 13.3 Mortgage loans.....   | 4,331,057         | 3,034,351       |
| 13.4 Real estate.....  | 1,034,477         | 852,972         |
| 13.5 Other invested assets.....  | 18,500            |                 |
| 13.6 Miscellaneous applications.....   | 2,999             | 111,180         |
| 13.7 Total investments acquired (Lines 13.1 to 13.6).....  | 5,403,874         | 4,098,503       |
| 14. Net increase (decrease) in contract loans and premium notes.....   | 10,353            | 397             |
| 15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....                                  | (1,245,961)       | (223,524)       |
| <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.....   | 65,129            | 130,945         |
| 16.3 Borrowed funds.....   |                   |                 |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities.....                               | 1,139,037         | 7,799           |
| 16.5 Dividends to stockholders.....  | 1,225,581         | 1,230,632       |
| 16.6 Other cash provided (applied).....  | (174,875)         | (66,027)        |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)..... | (196,291)         | (1,157,915)     |
| <b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>                                     |                   |                 |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....   | 2,136,729         | 91,111          |
| 19. Cash, cash equivalents and short-term investments:   |                   |                 |
| 19.1 Beginning of year.....  | 1,813,330         | 1,722,219       |
| 19.2 End of year (Line 18 plus Line 19.1).....   | 3,950,059         | 1,813,330       |

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

|               |  |  |
|---------------|--|--|
| 20.0001 ..... |  |  |
|---------------|--|--|

**FIVE-YEAR HISTORICAL DATA**

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.

Show amounts of life insurance in this exhibit in thousands (omit \$000)

|   | 1<br>2009  | 2<br>2008  | 3<br>2007  | 4<br>2006  | 5<br>2005  |
|---|------------|------------|------------|------------|------------|
| <b>Life Insurance in Force (Exhibit of Life Insurance)</b>  |            |            |            |            |            |
| 1. Ordinary - whole life and endowment (Line 34, Col. 4).....   | 12,539     | 12,260     | 12,081     | 12,154     | 11,642     |
| 2. Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4).....   | 1,195      | 1,289      | 1,500      | 1,515      | 1,693      |
| 3. Credit life (Line 21, Col. 6).....   |            |            |            |            |            |
| 4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4).....  |            |            |            |            |            |
| 5. Industrial (Line 21, Col. 2).....  |            |            |            |            |            |
| 6. FEGLI/SGLI (Lines 43 & 44, Col. 4).....  |            |            |            |            |            |
| 7. Total (Line 21, Col. 10).....  | 13,734     | 13,549     | 13,581     | 13,669     | 13,335     |
| <b>New Business Issued (Exhibit of Life Insurance)</b>  |            |            |            |            |            |
| 8. Ordinary - whole life and endowment (Line 34, Col. 2).....   | 610        | 460        | 395        | 714        | 600        |
| 9. Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2).....  |            |            |            |            |            |
| 10. Credit life (Line 2, Col. 6).....   |            |            |            |            |            |
| 11. Group (Line 2, Col. 9).....   |            |            |            |            |            |
| 12. Industrial (Line 2, Col. 2).....  |            |            |            |            |            |
| 13. Total (Line 2, Col. 10).....  | 610        | 460        | 395        | 714        | 600        |
| <b>Premium Income - Lines of Business (Exhibit 1-Part 1)</b>  |            |            |            |            |            |
| 14. Industrial life (Line 20.4, Col. 2).....  |            |            |            |            |            |
| 15.1 Ordinary life insurance (Line 20.4, Col. 3).....   | 138,955    | 267,240    | 138,356    | 137,058    | 126,282    |
| 15.2 Ordinary individual annuities (Line 20.4, Col. 4).....   | 2,395,728  |            |            |            |            |
| 16. Credit life (group and individual) (Line 20.4, Col. 5).....   |            |            |            |            |            |
| 17.1 Group life insurance (Line 20.4, Col. 6).....  |            |            |            |            |            |
| 17.2 Group annuities (Line 20.4, Col. 7).....   |            |            |            |            |            |
| 18.1 A&H - group (Line 20.4, Col. 8).....   |            |            |            |            |            |
| 18.2 A&H - credit (group and individual) (Line 20.4, Col. 9).....   |            |            |            |            |            |
| 18.3 A&H - other (Line 20.4, Col. 10).....  |            |            |            |            |            |
| 19. Aggregate of all other lines of business (Line 20.4, Col. 11).....  |            |            |            |            |            |
| 20. Total.....  | 2,534,682  | 267,240    | 138,356    | 137,058    | 126,282    |
| <b>Balance Sheet (Pages 2 and 3)</b>  |            |            |            |            |            |
| 21. Total admitted assets excluding Separate Accounts business (Page 2, Line 24, Col. 3)....  | 25,269,386 | 21,980,096 | 21,418,250 | 20,673,682 | 20,668,291 |
| 22. Total liabilities excluding Separate Accounts business (Page 3, Line 26).....   | 12,483,793 | 9,753,792  | 6,811,667  | 6,065,101  | 6,445,356  |
| 23. Aggregate life reserves (Page 3, Line 1).....   | 6,650,274  | 5,313,113  | 2,477,128  | 2,450,312  | 2,402,612  |
| 24. Aggregate A&H reserves (Page 3, Line 2).....  |            |            |            |            |            |
| 25. Deposit-type contract funds (Page 3, Line 3).....   | 3,795,663  | 2,520,053  | 2,418,714  | 1,880,410  | 2,210,460  |
| 26. Asset valuation reserve (Page 3, Line 24.1).....  | 1,219,059  | 1,128,425  | 1,056,438  | 964,458    | 1,067,238  |
| 27. Capital (Page 3, Lines 29 & 30).....  | 921,841    | 919,877    | 914,933    | 914,933    | 914,933    |
| 28. Surplus (Page 3, Line 37).....  | 11,863,752 | 11,306,427 | 13,743,847 | 13,693,648 | 13,308,002 |
| <b>Cash Flow (Page 5)</b>   |            |            |            |            |            |
| 29. Net Cash from operations (Line 11).....   | 3,578,982  | 1,472,550  | 1,501,328  | 1,617,588  | 1,514,282  |
| <b>Risk-Based Capital Analysis</b>  |            |            |            |            |            |
| 30. Total adjusted capital.....   | 14,004,652 | 13,354,729 | 15,633,021 | 15,584,745 | 15,300,991 |
| 31. Authorized control level risk-based capital.....  | 673,850    | 414,050    | 735,174    | 724,760    | 826,183    |
| <b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets<br/>(Page 2, Col. 3) (Line No. /Page 2, Line 10, Col. 3) x 100.0</b> |            |            |            |            |            |
| 32. Bonds (Line 1).....   | 2.0        | 2.3        | 2.4        | 2.4        | 2.5        |
| 33. Stocks (Lines 2.1 and 2.2).....   | 1.6        | 1.7        | 1.9        | 0.2        | 0.2        |
| 34. Mortgage loans on real estate (Lines 3.1 and 3.2).....  | 71.6       | 81.0       | 84.6       | 83.1       | 84.5       |
| 35. Real estate (Line 4.1, 4.2 and 4.3).....  | 8.5        | 6.1        | 2.5        | 3.5        | 4.2        |
| 36. Cash, cash equivalents and short-term investments (Line 5).....   | 15.8       | 8.4        | 8.1        | 10.2       | 7.9        |
| 37. Contract loans (Line 6).....  | 0.5        | 0.5        | 0.5        | 0.5        | 0.6        |
| 38. Other invested assets (Line 7).....   |            |            |            |            | 0.2        |
| 39. Receivables for securities (Line 8).....  |            |            |            |            |            |
| 40. Aggregate write-ins for invested assets (Line 9).....   |            |            |            |            |            |
| 41. Cash, cash equivalents and invested assets (Line 10).....   | 100.0      | 100.0      | 100.0      | 100.0      | 100.0      |

Annual Statement for the year 2009 of the **American Savings Life Insurance Company**  
**FIVE-YEAR HISTORICAL DATA**

(continued)

|   | 1<br>2009   | 2<br>2008  | 3<br>2007  | 4<br>2006  | 5<br>2005  |
|---|-------------|------------|------------|------------|------------|
| <b>Investments in Parent, Subsidiaries and Affiliates</b>   |             |            |            |            |            |
| 42. Affiliated bonds (Sch. D Summary, Line 12 Col. 1).....  |             |            |            |            |            |
| 43. Affiliated preferred stocks (Sch. D Summary, Line 18 Col. 1).....   |             |            |            |            |            |
| 44. Affiliated common stocks (Sch. D Summary, Line 24 Col. 1).....  | 353,188     | 336,059    | 349,880    |            |            |
| 45. Affiliated short-term investments (subtotal included in Sch. DA, Verif. Col. 5, Line 10).....   |             |            |            |            |            |
| 46. Affiliated mortgage loans on real estate.....   |             |            |            |            |            |
| 47. All other affiliated.....   |             |            |            |            |            |
| 48. Total of above Lines 42 to 47.....  | 353,188     | 336,059    | 349,880    | 0          | 0          |
| <b>Total Nonadmitted and Admitted Assets</b>  |             |            |            |            |            |
| 49. Total nonadmitted assets (Page 2, Line 26, Col. 2).....   | 1,367,058   | 1,181,757  | 1,146,340  | 559,442    | 241,355    |
| 50. Total admitted assets (Page 2, Line 26, Col. 3).....  | 25,269,386  | 21,980,096 | 21,418,250 | 20,673,682 | 20,668,291 |
| <b>Investment Data</b>  |             |            |            |            |            |
| 51. Net investment income (Exhibit of Net Investment Income).....   | 1,878,669   | 2,378,219  | 2,487,352  | 2,464,621  | 2,353,413  |
| 52. Realized capital gains (losses).....  | 139,018     | 192,883    | 415,748    | 389,872    | 364,715    |
| 53. Unrealized capital gains (losses).....  | 4,001       | (21,598)   | 10,121     | 9,560      | 10,418     |
| 54. Total of above Lines 51, 52 and 53.....   | 2,021,688   | 2,549,504  | 2,913,221  | 2,864,053  | 2,728,546  |
| <b>Benefits and Reserve Increase (Page 6)</b>   |             |            |            |            |            |
| 55. Total contract benefits - life (Lines 10, 11, 12, 13, 14 and 15<br>Col. 1 less Lines 10, 11, 12, 13, 14 and 15, Cols. 9, 10 & 11).....                      | 83,663      | 87,673     | 113,909    | 68,179     | 72,498     |
| 56. Total contract benefits - A&H (Lines 13 & 14, Cols. 9, 10 & 11).....  |             |            |            |            |            |
| 57. Increase in life reserves - other than group and annuities<br>(Line 19, Cols. 2 & 3).....   | (1,054,667) | 135,984    | 26,817     | 47,699     | 18,761     |
| 58. Increase in A&H reserves (Line 19, Cols. 9, 10 & 11).....   |             |            |            |            |            |
| 59. Dividends to policyholders (Line 30, Col 1).....  | 34,322      | 31,477     | 25,287     | 23,411     | 21,273     |
| <b>Operating Percentages</b>  |             |            |            |            |            |
| 60. Insurance expense percent (Page 6, Col. 1, Lines 21, 22, & 23 less Line<br>6)/(Page 6 Col. 1, Line 1 plus Exhibit 7, Col. 2, Line 2) x 100.00.....          | 13.6        | 44.3       | 63.6       | 104.1      | 75.4       |
| 61. Lapse percent (ordinary only) [(Exhibit of Life Insurance, Col. 4, Lines 14 & 15)<br>/ 1/2 (Exhibit of Life Insurance, Col. 4, Lines 1 & 21)] x 100.00..... | 2.6         | 3.3        | 2.6        | 2.4        | 3.7        |
| 62. A&H loss percent (Schedule H, Part 1, Lines 5 & 6, Col. 2).....   |             |            |            |            |            |
| 63. A&H cost containment percent (Schedule H, Part 1, Line 4, Col. 2).....  |             |            |            |            |            |
| 64. A&H expense percent excluding cost containment expenses<br>(Schedule H, Part 1, Line 10, Col. 2).....   |             |            |            |            |            |
| <b>A&amp;H Claim Reserve Adequacy</b>   |             |            |            |            |            |
| 65. Incurred losses on prior years' claims - group health (Sch. H, Part 3, Line 3.1, Col. 2).....   |             |            |            |            |            |
| 66. Prior years' claim liability and reserve - group health (Sch. H, Part 3, Line 3.2, Col. 2).....   |             |            |            |            |            |
| 67. Incurred losses on prior years' claims - health other than group (Sch. H, Part 3,<br>Line 3.1, Col. 1 less Col. 2).....                                     |             |            |            |            |            |
| 68. Prior years' claim liability and reserve - health other than group (Sch. H, Part 3,<br>Line 3.2, Col. 1 less Col. 2).....                                   |             |            |            |            |            |
| <b>Net Gains From Operations After Federal Income Taxes by Lines of Business<br/>(Page 6, Line 33)</b>  |             |            |            |            |            |
| 69. Industrial life (Col. 2).....   |             |            |            |            |            |
| 70. Ordinary - life (Col. 3).....   | 1,853,000   | 1,543,844  | 1,496,997  | 1,460,740  | 1,516,431  |
| 71. Ordinary - individual annuities (Col. 4).....   | 271,224     |            |            |            |            |
| 72. Ordinary - supplementary contracts (Col. 5).....  |             |            |            |            |            |
| 73. Credit life (Col. 6).....   |             |            |            |            |            |
| 74. Group life (Col. 7).....  |             |            |            |            |            |
| 75. Group annuities (Col. 8).....   |             |            |            |            |            |
| 76. A&H - group (Col. 9).....   |             |            |            |            |            |
| 77. A&H - credit (Col. 10).....   |             |            |            |            |            |
| 78. A&H - other (Col. 11).....  |             |            |            |            |            |
| 79. Aggregate of all other lines of business (Col. 12).....   |             |            |            |            |            |
| 80. Total (Col. 1).....   | 2,124,224   | 1,543,844  | 1,496,997  | 1,460,740  | 1,516,431  |

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 [ ]

If no, please explain:

**NOTES TO FINANCIAL STATEMENTS**

## 1. A. Accounting Practices

The accompanying financial statements have been prepared in conformity with the NAIC Annual Statement Instructions and NAIC Accounting Practices and Procedures manual.

## 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 Policy

Life premiums are recognized as income over the premium paying period of the related policies. Expenses incurred in connection with acquiring new business, including acquisition costs such as sales commissions, are charged to operations incurred. The Company also uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the effective interest method.
- (3) Common Stocks are valued at market except that investments in stocks of subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
- (4) Preferred Stocks are stated at cost.
- (5) Mortgage Loans on real estate and Policy Loans are stated at the aggregate unpaid balance or at the amortized cost for loans purchased at a discount.
- (7) Investments in subsidiaries are accounted for using the equity method.

2. N/A

3. N/A

4. N/A

## 5. Investments

## A. Mortgage Loans

The maximum and minimum lending rates for mortgages during 2009 were 13.500% and 10.99% respectively. There was no loan exceeding 75% of the value of the security. The Company held the following mortgages with interest over due 180 days or more on December 31, 2009 and December 31, 2008 respectively:

|                                 |                                |
|---------------------------------|--------------------------------|
| December 31, 2009               | December 31, 2008              |
| Eight mortgages                 | Seven mortgages                |
| \$1,203,284 recorded investment | \$ 872,231 recorded investment |
| \$138,665 interest due          | \$ 55,981 interest due         |

## B. Debt restructuring

The Company had no restructured loans for which an impairment was recognized or which resulted in a capital loss as of December 31, 2009 or December 31, 2008, respectively.

C. N/A

D. N/A

E. N/A

6. N/A

## 7. Investment Income

A. Due and accrued income was excluded on the following basis: The default interest portion and normal interest deemed uncollectable by management on mortgage loans in process of foreclosure was excluded. No other interest was excluded.

- (1) \$148,891 of interest was excluded.

8. N/A

9. N/A



**NOTES TO FINANCIAL STATEMENTS**

10. On February 15, 2007, American Savings Life Insurance Company purchased 325,000 shares as 100% ownership of the newly formed ASL Financial Group, Inc. for \$325,000 in cash and real estate mortgage loans. ASL Financial Group then purchased 300,000 shares as 100% ownership in the newly formed American Life Financial Corporation for \$300,000 in cash and real estate mortgages loans. American Life Financial Corporation has been formed to increase the company's mortgage investing opportunities and ASL Financial Group is a holding company, which at some future date could serve as a holding company for both American Savings Life Insurance Company as well as American Life Financial Corporation.
11. N/A
12. In 1993, the Company began to sponsor a qualified profit sharing plan available to employees who meet the plan's eligibility requirements. The plan calls for annual discretionary contributions by the Company as determined by the Board of Directors. The 2009 plan contribution was \$57,257.
- In October 2007 the Company began an employee compensation in stock benefit plan available to employees, officers or directors. The terms of the plan allows employees, officers or directors to specify up to 50% of their total compensation to be taken as shares of Company stock. The allocation price of the stock is 100% of the (non-audited) GAAP book value for the month preceding enrollment. During 2009, 19,635 shares of American Savings Life Insurance Company common stock have been purchased under the plan for a total of \$65,129. The October 2009 enrollment stock price is \$3.309.
13. Capital and Surplus
- (1) The Company has 10,000,000,000 shares authorized, 9,218,410 shares issued and 5,077,881 shares outstanding. All shares are American Savings Life Insurance Company common stock.
- (2) The Company has no preferred stock.
- (3) Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, Arizona, to the lesser of 10% of its available surplus funds or 100% of the prior years net realized profits of the business.
- (4) Ordinary dividends of \$613,772 on April 10, 2009 and \$611,810 on October 9, 2009 were paid by the Company.
- (5) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- (6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- (7) N/A
- (8) N/A
- (9) N/A
- (10) The portion of surplus represented or reduced by each item below is as follows:
- |  |           |
|--|-----------|
| a. unrealized gains or losses            | \$ 26,100 |
| b. nonadmitted asset values              | 1,352,722 |
| c. separate account business             | -0-       |
| d. asset valuation reserve               | 1,219,059 |
| e. reinsurance in unauthorized companies | -0-       |
- (11) N/A
- (12) N/A
- (13) N/A
14. N/A
15. N/A
16. N/A
17. N/A
18. N/A
19. N/A

**NOTES TO FINANCIAL STATEMENTS**

20. G. The Company defines subprime loans as loans with an interest rate above prime and an initial loan to equity value above 50%. The Company does not lend above 65% loan to value using this buffer to reduce exposure to loss due to changes in asset value. All amounts held in subprime mortgage loans are:

|                                     | Book Adj Value     | Fair Value         | Value of Land & Buildings |
|-------------------------------------|--------------------|--------------------|---------------------------|
| Mortgages in process of foreclosure | \$ 458,690         | \$ 458,690         | \$ 800,000                |
| Mortgages in good standing          | <u>\$4,673,850</u> | <u>\$4,680,957</u> | <u>\$10,092,500</u>       |
| Total mortgages                     | \$5,132,540        | \$5,139,647        | \$10,892,500              |

Two subprime loans with a combined balance of \$458,690 were in process of foreclosure at December 31, 2009 with no impairment losses. The current default rate for subprime loans is 6.25%

21. N/A

22. N/A

23. N/A

24. N/A

25. N/A

26. N/A

27. N/A

28. For the reporting period ended December 31, 2009, premiums under individual life participating policies were \$54,973 or 39.6% of total life premiums earned. The Company accounts for its policyholder dividends based upon a percentage of Company profits from insurance based on policy reserves. The Company paid dividends in the amount of \$34322 to policyholders and did not allocate any additional income to such policyholders.

29. N/A

30. A. Unless specifically required by contract, the Company waives deferred fractional premiums subsequent to the death of an insured. Fractional premiums paid beyond the date of death are refunded only when paid in advance beyond a policy anniversary. No surrender value is promised in excess of the reserve as legally computed.

B. Substandard policies are valued at the equal reserve for the rated age (an age greater than the actual age) or where substandard extra premium is required, at the legal reserve plus one-half the annual substandard premium.

C. Policies with a face amount of \$130,000 have a gross premium less than required net premiums with a reserve of \$6,518 to cover the deficiency.

D. The tabular interest, tabular less actual reserve released and the tabular cost has been determined by formulas described in the instructions for page 7.

E. For the determination of tabular interest on funds not involving life contingencies under page 7, part B, line 3 for each valuation rate of interest, the tabular interest is calculated as one-hundredth of the product of such valuation rate of interest times the mean of the amount of funds subject to such valuation rate of interest held at the beginning and end of the year of valuation. The total amount of all such products is entered under page 7, part B, line 3.

F. N/A

31. Withdrawal characteristics of deposit liabilities:

| A. Subject to Discretionary Withdrawal - Without Adjustment   | Amount      | Percent of Total |
|---|-------------|------------------|
| (2) At book value less current surrender charge of 5% or more | \$2,293,971 | 37.67%           |
| (5) At book value (no charge or adjustment)                   | \$3,795,663 | 62.33%           |

Reconciliation of Total Deposit Fund Liabilities

|   |             |
|---|-------------|
| (1) Exhibit 5, Annuities, Total (net)     | \$2,293,971 |
| (3) Exhibit of Deposit Contracts, line 14 | \$3,795,663 |

32. A. Deferred and uncollected life insurance premiums as of December 31, 2009 were as follows:

| Type                      | Deferred and Uncollected Premiums Gross | Net of Loading |
|---------------------------|---|----------------|
| (2) Ordinary new business | 1,450                                   | 1,139          |
| (3) Ordinary renewal      | <u>12,926</u>                           | <u>10,304</u>  |
| (7) Totals                | \$14,376                                | \$11,443       |

33. N/A

34. N/A