

American Savings Life Insurance Company

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Years Ended December 31, 2017 and 2016



AMERICAN SAVINGS LIFE INSURANCE COMPANY

C O N T E N T S

	<u>Page</u>
Independent Auditor’s Report	2-3
Statutory Financial Statements:	
Statements of Admitted Assets, Liabilities, and Capital and Surplus	4
Statements of Operations	5
Statements of Changes in Capital and Surplus	6
Statements of Cash Flow.....	7
Notes to Statutory Financial Statements	8-26
Other Legal and Regulatory Information:	
Independent Auditor’s Report on Other Legal and Regulatory Information	28
Schedule 1 - Selected Financial Data	29-30
Schedule 2 - Summary Investment Schedule	31
Schedule 3 – Investment Risk Interrogatories.....	32-35



Independent Auditor's Report

To the Board of Directors
American Savings Life Insurance Company:

Report on the Statutory Financial Statements

We have audited the accompanying statutory financial statements of **American Savings Life Insurance Company**, which comprise the statutory statements of admitted assets, liabilities, and capital and surplus as of December 31, 2017 and 2016, and the related statutory statements of operations, changes in capital and surplus, and cash flow for the years then ended, and the related notes to the statutory financial statements.

Management's Responsibility for the Statutory Financial Statements

Management is responsible for the preparation and fair presentation of these statutory financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statutory financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these statutory financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statutory financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statutory financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statutory financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the statutory financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statutory financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the statutory financial statements, the **American Savings Life Insurance Company** prepared these statutory financial statements using accounting practices prescribed or permitted by the Insurance Department of the State of Arizona, which is a basis of accounting other than U.S. generally accepted accounting principles.

The effects on the statutory financial statements of the variances between the statutory basis of accounting described in Note 2 and U.S. generally accepted accounting principles, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the statutory financial statements referred to above do not present fairly, in accordance with U.S. generally accepted accounting principles, the financial position of **American Savings Life Insurance Company** as of December 31, 2017 and 2016, or the results of operations or cash flow for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the statutory financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of **American Savings Life Insurance Company** as of December 31, 2017 and 2016, and the results of its operations and its cash flow for the years then ended, on the basis of accounting described in Note 2.

Lausen & Company PC

Salt Lake City, Utah
April 17, 2018

AMERICAN SAVINGS LIFE INSURANCE COMPANY
STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND CAPITAL AND SURPLUS
AS OF DECEMBER 31, 2017 AND 2016

	2017	2016
<u>ADMITTED ASSETS</u>		
CASH AND INVESTMENTS		
Bonds, mutual funds, long term certificates of deposit	\$ 5,231,878	\$ 3,251,935
Common Stock	3,804,901	6,277,729
Mortgage loans, net	40,481,787	34,152,840
Properties occupied by the Company	431,515	442,560
Properties held for sale	3,829,106	4,401,597
Cash and short-term investments	6,001,589	8,585,881
Policy contract loans	79,511	73,717
Other invested assets	615,172	889,353
Total cash and investments	60,475,459	58,075,612
INVESTMENT INCOME DUE AND ACCRUED	442,806	351,001
PREMIUMS DEFERRED AND UNCOLLECTED	10,788	10,376
CURRENT FEDERAL INCOME TAX RECOVERABLE	71,253	-
NET DEFERRED TAX ASSET	552,870	63,983
OTHER ASSETS	1,634	1,106
Total admitted assets	\$ 61,554,810	\$ 58,502,078
<u>LIABILITIES AND CAPITAL AND SURPLUS</u>		
LIABILITIES		
Reserves for life policies and annuity contracts	\$ 31,902,001	\$ 30,868,414
Liability for deposit-type contracts	11,084,353	10,425,248
Reserves for policy and contract claims	20,000	14,050
Other policyholder funds	53,469	46,792
Interest maintenance reserve	12,020	8,436
Accounts payable, accrued expenses and other	1,284,153	899,291
Asset valuation reserve	1,544,750	1,445,610
Total liabilities	45,900,746	43,707,841
CAPITAL AND SURPLUS		
Common stock - \$.10 par value 10,000,000,000 shares authorized; 9,289,609 issued and 4,617,649 outstanding in 2017; 9,280,930 issued and 4,642,202 outstanding in 2016	928,961	928,093
Paid-in capital and contributed surplus	2,640,296	2,607,542
Unassigned surplus	18,833,617	17,889,151
Treasury stock	(6,748,810)	(6,630,549)
Total capital and surplus	15,654,064	14,794,237
Total liabilities and capital and surplus	\$ 61,554,810	\$ 58,502,078

The accompanying notes to the statutory financial statements are an integral part of these statements

AMERICAN SAVINGS LIFE INSURANCE COMPANY
STATUTORY STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
REVENUES AND DEPOSITS		
Premiums and annuity considerations	\$ 1,759,519	\$ 2,423,880
Considerations for supplementary contracts with life contingencies	-	22,533
Net investment income	4,138,714	4,109,451
Amortization of interest maintenance reserve	2,549	1,687
Miscellaneous income	8,988	7,562
Total revenues and deposits	5,909,770	6,565,113
EXPENSES AND WITHDRAWALS		
Death benefits	32,042	36,241
Annuity benefits	1,665,724	1,694,625
Surrender benefits	24,656	22,685
Interest on policy for contract funds	295,117	2,016,547
Increase in life insurance and annuity reserves	1,033,588	(39,245)
Commissions on premiums	58,705	45,499
General insurance expenses	773,680	727,603
Insurance taxes licenses and fees (excluding federal income tax)	85,668	73,448
Increase in loading	100	(585)
Total expenses and withdrawals	3,969,280	4,576,818
Net gain from operations before dividends and federal income taxes	1,940,490	1,988,295
Dividends to policy holders	(46,493)	(42,414)
Federal income tax (excluding tax on capital gains of \$6,085 and \$21,137 for 2017 and 2016, respectively)	(327,864)	(352,370)
Net realized capital gains less capital gains tax and transfers to interest maintenance reserve	18,210	84,549
NET INCOME	\$ 1,584,343	\$ 1,678,060

The accompanying notes to the statutory financial statements
are an integral part of these statements

AMERICAN SAVINGS LIFE INSURANCE COMPANY
STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	Capital Stock	Capital in Excess of Par	Stockholder and Employee Receivables Not Admitted	Unrealized Net Gain on Marketable Securities	Unassigned Surplus	Treasury Stock	Total
Balances, December 31, 2015	\$ 927,173	\$ 2,574,241	\$ (167)	\$ 60,526	\$ 17,396,886	\$ (6,375,756)	\$ 14,582,903
Net income					1,678,060		1,678,060
Dividends declared and paid					(1,118,357)		(1,118,357)
Issue employee compensation in stock	919	33,301					34,220
Repurchase capital stock						(254,793)	(254,793)
Change in unrealized capital gains (losses)				(17,570)	92,252		74,682
Change in net deferred income tax					(19,376)		(19,376)
Change in nonadmitted assets			(63)		55,292		55,229
Change in asset valuation reserve					(103,280)		(103,280)
Correction of error, reserve valuation					(6,125)		(6,125)
Correction of error, URLGL on subsidiary					(128,926)		(128,926)
Balances, December 31, 2016	\$ 928,092	\$ 2,607,542	\$ (230)	\$ 42,956	\$ 17,846,426	\$ (6,630,549)	\$ 14,794,237
Net income					1,584,343		1,584,343
Dividends declared and paid					(1,110,011)		(1,110,011)
Issue employee compensation in stock	869	32,754					33,623
Repurchase capital stock						(118,261)	(118,261)
Change in unrealized capital gains (losses)				24,870	(209,516)		(184,646)
Change in net deferred income tax					475,289		475,289
Change in nonadmitted assets			(585)		279,217		278,632
Change in asset valuation reserve					(99,142)		(99,142)
Balances, December 31, 2017	\$ 928,961	\$ 2,640,296	\$ (815)	\$ 67,826	\$ 18,766,606	\$ (6,748,810)	\$ 15,654,064

The accompanying notes to the statutory financial statements
are an integral part of these statements

AMERICAN SAVINGS LIFE INSURANCE COMPANY
STATUTORY STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
OPERATING ACTIVITIES:		
Premiums received	\$ 1,761,716	\$ 2,448,693
Investment and other income received (excluding net realized gains and net of investment expenses)	4,163,875	4,309,417
Total funds provided by operations	5,925,591	6,758,110
Benefit and loss related payments	(2,011,589)	(1,880,396)
Commissions, other expenses and taxes paid	(920,918)	(935,183)
Dividends paid to policyholders	(42,526)	(39,333)
Federal income tax (excluding tax on capital gains of \$6,085 and \$21,137 for 2017 and 2016, respectively)	(525,385)	(296,046)
Total cash used for operations	(3,500,418)	(3,150,958)
Net cash provided by operating activities	2,425,173	3,607,152
INVESTING ACTIVITIES:		
Proceeds from investments sold, matured or repaid:		
Bonds	697,639	524,776
Stocks	3,546,722	69,593
Mortgage loans	12,054,793	16,135,685
Real Estate	537,181	1,308,239
Other invested assets	377,033	70,904
Total investment proceeds	17,213,368	18,109,197
Cost of long-term investments acquired:		
Bonds	(2,725,764)	(863,037)
Stocks	(921,057)	(5,741,054)
Mortgage loans	(18,333,880)	(14,187,000)
Real Estate	(146,376)	(247,920)
Total investments acquired	(22,127,077)	(21,039,011)
(Increase) decrease in policy loans	(5,794)	(2,523)
Net cash used for investing activities	(4,919,503)	(2,932,337)
FINANCING ACTIVITIES (OTHER CASH PROVIDED OR APPLIED):		
Capital and paid in surplus, less treasury stock	(84,639)	(220,572)
Net deposits on deposit type contract funds	659,105	950,889
Cash dividends paid	(1,110,011)	(1,118,357)
Other cash (applied)	445,583	(170,898)
Net cash used for financing activities	(89,962)	(558,938)
CHANGE IN CASH AND SHORT-TERM INVESTMENTS	(2,584,292)	115,877
CASH AND SHORT-TERM INVESTMENTS, beginning of year	8,585,881	8,470,004
CASH AND SHORT-TERM INVESTMENTS, end of year	\$ 6,001,589	\$ 8,585,881

The accompanying notes to the statutory financial statements are an integral part of these statements

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 1 – Organization

American Savings Life Insurance Company (the Company) is a registered capital stock life, health and accident insurance company authorized to conduct business in the states of Arizona and Utah. The Company is currently engaged in life and disability insurance business. While it is customary in the insurance industry for a significant portion of income to be derived from investments in mortgage loans, securities and bank deposits, a majority of the Company's income is derived from such sources.

Company Reorganization

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 mortgage 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 Saving Life Insurance Company as well as American Life Financial Corporation

Note 2 – Summary of Significant Accounting Policies

The significant accounting policies applicable to the Company's statutory financial statements are summarized below:

Basis of Presentation

The accompanying statutory financial statements have been prepared in conformity with the accounting and valuation practices prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and/or the Arizona Department of Insurance. The principal differences between statutory basis financial statements and those prepared on a U.S. generally accepted accounting principles (U.S. GAAP) basis as they affect the Company, are that for statutory purposes:

- Investments in real estate are reported net of related obligations, if any, rather than on a gross basis. Changes between cost and admitted asset investment amounts are credited or charged directly to unassigned surplus rather than to a separate surplus account;
- Valuation allowances, if necessary, are established for mortgage loans based on the difference between the unpaid loan balance and the estimated fair value of the underlying real estate when such loans are determined to be in default as to the scheduled payments. Under U.S. GAAP, valuation allowances would be established when the Company determined it is probable that it will be unable to collect all amounts (both principal and interest) due according to the contractual terms of the loan agreement. Such allowances are based on the present value of expected future cash flows discounted at the loan's effective interest rate or, if foreclosure is probable, on the estimated fair value of the underlying real estate, less estimated cost to sell;

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 2 – Summary of Significant Accounting Policies (continued)

- Investments in bonds are reported at amortized cost or fair value based on their National Association of Insurance Commissioners (NAIC) rating as described below in valuation of investments, unrealized gains or losses are credited or charged directly to surplus; for U.S GAAP, such fixed maturity investments would be designated at purchase as held-to-maturity, trading, or available-for-sale. Held-to-maturity fixed investments would be reported at amortized cost, and the remaining fixed maturity investments would be reported at fair value with unrealized holding gains and losses reported in operations for those designated as trading and as a separate component of surplus for those designated as available-for-sale;
- Investments in 100% owned subsidiary companies are not filed with the Securities Valuation Office so they are considered non-admitted and therefore not reported on the statutory basis;
- Certain assets designated as “nonadmitted,” principally furniture and equipment, agents’ debit balances, and other assets not specifically identified as an admitted asset within the National Association of Insurance Commissioners’ (NAIC) Accounting Practices and Procedures manual (NAIC SAP) are excluded from the accompanying statement of admitted assets, liabilities and stockholders’ surplus and are charged directly to unassigned surplus. Under U.S. GAAP, such assets are included in the balance sheet;
- Policy acquisition costs incurred in connection with acquiring new business are charged to current operations rather than being deferred and amortized over the premium paying period of the policy;
- Deferred tax assets are limited to 1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse by the end of the subsequent calendar year, subject to a valuation allowance for deferred tax assets not realizable, plus 2) the lesser of the remaining gross deferred tax assets expected to be realized within one to three years of the balance sheet date or 15% of stockholders’ surplus excluding any net deferred tax assets, EDP equipment and operating software, plus 3) the amount of remaining gross deferred tax assets that can be offset against existing gross deferred tax liabilities. The remaining deferred tax assets are nonadmitted. Deferred taxes do not include amounts for state income taxes. Under U.S. GAAP, state income taxes are included in the computation of deferred taxes, a deferred tax asset is recorded for the amount of gross deferred tax assets expected to be realized in future years, and a valuation allowance is established for deferred tax assets not realizable;
- A liability for guaranty fund and other assessments (net of certain offsets depending on state rules) is accrued after insolvency has occurred regardless of whether the assessment is based on premiums written before or after the insolvency. Under U.S. GAAP, the assessment recognized is typically accrued when premiums are written because the assessment generally is based on prospective premium writings;
- Cash and short-term investments in the statements of cash flow represent cash balances and investments with initial maturities of one year or less. Under U.S. GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less;

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 2 – Summary of Significant Accounting Policies (continued)

- Interest rate related realized capital gains (net of losses) are reported as a liability (Interest Maintenance Reserve) and amortized to the maturity date of the instrument sold or called. Under U.S. GAAP, the realized capital gains (net of losses) are recorded in the income statement in the year incurred instead of being amortized over the remaining life of the instrument sold or called;
- An Asset Valuation Reserve is set up to establish a reserve to offset potential credit-related investment losses on all invested asset categories. Under U.S. GAAP such losses are recognized in the income statement when incurred;
- Policy reserves are based on statutory mortality and interest requirements and without consideration of withdrawals, whereas U.S. GAAP reserves are based on Company experience for mortality, interest and withdrawals;
- On a statutory basis, the Company does not report comprehensive income, as required by FASB codification *ASC 220, Comprehensive Income*;

The effects of the foregoing variances from U.S. GAAP on the accompanying statutory basis financial statements have not been determined, but are presumed to be material.

The Insurance Department of the State of Arizona recognizes only statutory accounting practices prescribed or permitted by the State of Arizona for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Arizona Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Arizona.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of one year or less at the time of purchase to be cash equivalents.

Restricted Securities

In accordance with the State of Arizona Insurance Regulations, long-term bonds with an aggregate value of \$522,716 and \$531,579 in 2017 and 2016, respectively, were assigned, as a security deposit, for the benefit of the Arizona State Treasurer.

Investments

Bonds, which management generally intends to hold until maturity (unless market conditions warrant the realization of capital appreciation to maximize overall yields), are carried at amortized cost. Common stock and mutual funds are generally required to be reported at the market value. Mortgage loans are carried at the aggregate unpaid balance, real estate, which consists of land, is carried at lower of cost or market less accumulated depreciation. Investments in partnership interest are carried at the underlying GAAP equity of the investee.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 2 – Summary of Significant Accounting Policies (continued)

Valuations of Investments

Investments are stated at valuation rates prescribed by, or deemed acceptable to, the NAIC. Bonds not backed by other loans are stated at amortized cost using the interest method, and equity security values approximate fair values, unless otherwise prescribed by the NAIC. Under NAIC guidelines, when market value rates are not available for bonds, fair value rates are determined by the Company. Realized gains or losses on the sale of bonds are determined based on the specific amortized cost of the investments sold and are included in net income. Realized gains or losses on the sale of equity securities are based on the specific-identification method and are included in net income. Unrealized gains and losses from revaluation of equity securities are reflected in stockholders' surplus. Mortgage loans on real estate, real estate contracts for sale and policy loans, are stated at the aggregate unpaid principal balances. The Company reviews its investment portfolio for reductions in fair value below cost that, in the opinion of the Company, represent a permanent or other-than temporary impairment (OTTI). Declines in fair value of investments deemed to be OTTI or permanent are accounted for as a realized loss. During the years ended December 31, 2017 and 2016, the Company recognized OTTIs on properties held for sale, realizing a loss of \$10,765 and \$86,903, respectively. During the year ended December 31, 2017, the Company recognized an OTTI on a partnership interest realizing a loss of \$57,000.

Furniture and Equipment

The Company has a policy of expensing all data processing and furniture and equipment related costs that are within the annual limits as established by IRC Section 179 income tax deduction. Maintenance and repairs that do not materially extend the useful lives are charged to earnings as incurred.

Depreciation of data processing equipment and furniture and fixtures is provided over the estimated useful lives of the assets on the straight-line method. The useful lives for data processing equipment are three years. The useful lives for furniture and fixtures are seven to ten years. Depreciation expense for furniture and fixtures for the years ended December 31, 2017 and 2016 totaled \$3,059 and \$1,382, respectively.

Aggregate Policy Reserves

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. 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. No policies have a gross premium less than required net premiums. Tabular interest, tabular less actual reserves released, tabular cost and tabular interest on fund not involving life contingencies are determined by formulas outlined in the annual statement instructions. For the determination of tabular interest on funds not involving life 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 interest rates range from 2.75% - 5.5%.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 2 – Summary of Significant Accounting Policies (continued)

Income Taxes

During the year ended December 31, 2014, the Company adopted SSAP 101, *Income Taxes*, and began accounting for deferred income taxes. Please see Note 11 for additional information.

Basis of Premium Revenue Recognition

Premiums on life contracts are recognized as revenue when due on an annualized premium basis. Premiums on deferred annuities are recognized as revenue when collected in accordance with *Statements of Statutory Accounting Principles No. 50 – Classifications and Definitions of Contracts in Force*.

Deferred and uncollected life insurance premiums as of December 31 were as follows:

<u>Type</u>	<u>2017</u>	
	<u>Gross</u>	<u>Net of Loading</u>
Ordinary new business	\$ -	\$ -
Ordinary renewal	13,493	10,788
Totals	<u>\$ 13,493</u>	<u>\$ 10,788</u>

<u>Type</u>	<u>2016</u>	
	<u>Gross</u>	<u>Net of Loading</u>
Ordinary new business	\$ -	\$ -
Ordinary renewal	12,981	10,376
Totals	<u>\$ 12,981</u>	<u>\$ 10,376</u>

Policy Claims Pending

The liability for policy claims is based on estimates of the costs on individual claims reported plus estimated claims incurred but unreported prior to December 31, 2017.

Reinsurance

The Company had no agreements with nonaffiliated reinsurers or reinsured policies during the period covered by this report.

Estimates

The preparation of these statutory financial statements in conformity with the accounting and valuation practices prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and/or the Arizona Department of Insurance requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the statutory financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 2 – Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of temporary cash investments, fixed maturity securities and mortgage loans.

Reclassifications

Certain amounts as of December 31, 2016 have been reclassified to conform to the December 31, 2017 presentation.

Note 3 – Cash and Investments

The Company maintains certificates of deposit at several banks with amounts not exceeding \$250,000. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000.

The money market funds utilized by the Company invest in short-term U.S. government and commercial paper securities. Cash on demand deposits exceeding FDIC insurance amounted to \$1,505,734 and \$2,804,157 at December 31, 2017 and 2016, respectively.

Cash and short-term investments consist of the following:

	December 31	
	2017	2016
Money market mutual funds	\$ 113,600	\$ 140,339
Bonds	-	100,196
Certificates of deposit	497,000	997,759
Demand Deposits	5,390,989	7,347,587
Total cash and short-term investments	\$ 6,001,589	\$ 8,585,881

Bonds

Bonds at year end are summarized as follows:

	2017		
	Fair Value	Book/ Adjusted Carrying Value	Excess of Book Value over Fair Value
Bonds:			
U.S. Government	\$ 2,228,981	\$ 2,282,724	\$ (53,743)
Industrial and miscellaneous	2,973,708	2,949,154	24,554
Total bonds	\$ 5,202,689	\$ 5,231,878	\$ (29,189)
	2016		
	Fair Value	Book/ Adjusted Carrying Value	Excess of Book Value over Fair Value
Bonds:			
U.S. Government	\$ 527,447	\$ 531,579	\$ (4,132)
Industrial and miscellaneous	2,702,052	2,720,356	(18,304)
Total bonds	\$ 3,229,499	\$ 3,251,935	\$ (22,436)

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 3 – Cash and Investments (continued)

Maturities of bonds by amortized cost (admitted asset value) and fair value of bonds as of December 31, 2017, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	<u>Book Value</u>	<u>Fair Value</u>
2018	\$ 902,642	\$ 903,821
2019 through 2022	944,860	946,045
2023 through 2027	844,363	862,735
Over 20 Years	<u>2,540,013</u>	<u>2,490,088</u>
Totals	<u>\$ 5,231,878</u>	<u>\$ 5,202,689</u>

The proceeds from sales of bonds and gross realized gains and gross realized losses on sales of bonds as of December 31 are as follows:

	<u>2017</u>	<u>2016</u>
Proceeds from sales	\$ 697,639	\$ 524,776
Gross realized gains	8,809	57,697
Gross realized losses	(1,142)	-

Common Stock

The Company's investments in common stock consist of the following:

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Unaffiliated common stock - fair value	\$ 1,105,732	\$ 626,597
Unaffiliated common stock - cost basis	\$ 992,202	\$ 517,649
Mutual funds - fair value	\$ 2,699,169	\$ 5,651,132
Mutual funds - cost basis	\$ 2,744,873	\$ 5,717,127

Mortgage Loans

Mortgage loans consist of commercial and consumer loans collateralized by real estate. The Company's lending policies are to loan up to 65% of appraised values at interest rates ranging from 6.99% or more and terms ranging from 1 to 15 years. The Company has a concentration of mortgage loans in central Arizona.

The Company has a valuation allowance for loans where it is probable that all amounts due will be uncollectable. This allowance is comprised of the recorded value of the loan less the fair value of the collateral and consideration of high risk loans.

The Company defines subprime loans as loans with an interest rate above prime and an initial loan to property 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.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 3 – Cash and Investments (continued)

All amounts held in subprime mortgage loans as of December 31, 2017 are as follows:

	<u>Book Value</u>	<u>Fair Value</u>	<u>Value of Land & Buildings</u>
Subprime mortgages in process of foreclosure	\$ 2,490,011	\$ 2,490,011	\$ 4,274,000
Subprime mortgages in good standing	11,794,251	11,794,251	23,978,000
Total subprime mortgages	<u>\$ 14,284,262</u>	<u>\$ 14,284,262</u>	<u>\$ 28,252,000</u>

All amounts held in subprime mortgage loans as of December 31, 2017 are as follows:

	<u>Book Value</u>	<u>Fair Value</u>	<u>Value of Land & Buildings</u>
Subprime mortgages in process of foreclosure	\$ 912,360	\$ 912,360	\$ 1,685,000
Subprime mortgages in good standing	10,622,607	10,622,607	19,664,000
Total subprime mortgages	<u>\$ 11,534,967</u>	<u>\$ 11,534,967</u>	<u>\$ 21,349,000</u>

Two subprime loans with a balances of \$1,336,464 and \$1,153,547 and were in the process of foreclosure at December 31, 2017 with no impairment losses. The current default rate for subprime loans is 14.2%

The following is the composition of the mortgage receivable aging at year-end:

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
In good standing with interest accruing	\$ 35,863,453	\$ 32,475,548
Over 90 days with interest accruing	43,338	1,009,727
In foreclosure, interest accruing	<u>4,765,368</u>	<u>912,360</u>
Mortgage receivable	40,672,159	34,397,635
Deferred gain on installment sales	(114,293)	(201,798)
Deferred income on installment sales	<u>(76,079)</u>	<u>(42,997)</u>
Total mortgage loans	<u>\$ 40,481,787</u>	<u>\$ 34,152,840</u>

Real Estate

In 2011, the Company acquired property in Willcox, AZ as an investment property with a current book value of \$70,342. In 2009, the Company acquired property in Coolidge, AZ as an investment property with a current book value of \$69,239. In November 2007, the Company acquired 40 acres near Salome, Arizona as an investment property with a current book value of \$105,285. In May 2006, the Company entered into a real estate investment joint venture with Boa Sorte, LLC (The Cardon Group) for the purchase of approximately 4,700 acres near Holbrook, AZ with a current book value of \$986,035. In 1974, the Company acquired property in Sunvalley, AZ as an investment property with a current book value of \$91,071. These investments are non-admitted assets with a total current book value of \$1,321,972 and therefore, are not included with the Company's admitted assets in the accompanying statutory financial statements.

During 2017, the Company sold six properties acquired through foreclosure, reporting a loss of \$76,781 and gain of \$27,792 respectively.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 3 – Cash and Investments (continued)

Properties

Properties occupied by the Company consist of a portion of the building located at 935 E. Main Street, Mesa AZ. The cost of the building and improvements is depreciated over the estimated useful life of the building (39 years). Depreciation is computed on the straight-line method for statutory purposes. In accordance with Statements of *Statutory Accounting Principles No. 40*, properties 50% occupied by the reporting entity, including common areas, will be reported as property occupied by the company.

The following is a summary of properties occupied by the Company:

	December 31	
	2017	2016
Building	\$ 434,605	\$ 434,605
Improvements	130,884	130,884
	<u>565,489</u>	<u>565,489</u>
Accumulated depreciation	(209,607)	(198,562)
	<u>355,882</u>	<u>366,927</u>
Land	75,633	75,633
	<u>\$ 431,515</u>	<u>\$ 442,560</u>

Net Investment Income

Net investment income is primarily made up of mortgage loan interest and interest and dividends received or accrued on bonds. It also includes amortization of any purchase premium or discount using the interest method, adjusted prospectively for any change in estimated yield-to-maturity. Net investment income is reduced by direct and allocated investment expenses.

The following summarizes the components of net investment income at year end:

	December 31	
	2017	2016
Bonds and long term certificates of deposits	\$ 122,396	\$ 98,597
Common stock	86,284	73,827
Common stock of affiliates	-	0
Cash and short term investments	28,450	41,327
Mortgage loans	4,392,442	4,345,400
Receivables secured by real estate	422,331	349,037
Other invested assets	18,665	66,416
Policy loans	3,942	3,905
Gross investment income	<u>5,074,510</u>	<u>4,978,509</u>
Investment expenses	(776,432)	(701,514)
Investment taxes (excluding federal income tax)	(91,423)	(109,537)
Depreciation on real estate and other invested assets	<u>(67,941)</u>	<u>(58,007)</u>
Net investment income	<u>\$ 4,138,714</u>	<u>\$ 4,109,451</u>

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 3 – Cash and Investments (continued)

Fair Value Measurement

Investments are being disclosed utilizing an established framework for measuring fair value, and an established fair value hierarchy which prioritizes valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income, or cost approach, are used to measure fair value.

The fair value hierarchy prioritizes valuation techniques used to measure fair value into three broad levels:

- **Level 1 investments** use quoted prices in active markets for identical assets the entity has the ability to access.
- **Level 2 investments** use inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly.
- **Level 3 investments** have no observable values for the assets and rely on management's own assumptions that market participants would use in pricing the asset. The entity has no such investments.

The following table presents the entity's fair value hierarchy for those investments measured at fair value on a recurring basis as of December 31:

	2017			
Assets at fair value	Level 1	Level 2	Level 3	Total
Common Stocks (affiliated)	\$ -	\$ -	\$ 325,734	\$ 325,734
Common Stocks (unaffiliated)	1,105,732	-	-	1,105,732
Common Stocks (mutual funds)	2,699,169	-	-	2,699,169
Other Invested Assets	-	-	615,172	615,172
	<u>\$ 3,804,901</u>	<u>\$ -</u>	<u>\$ 940,906</u>	<u>\$ 4,745,807</u>

	2016			
Assets at fair value	Level 1	Level 2	Level 3	Total
Common Stocks (affiliated)	\$ -	\$ -	\$ 407,899	\$ 407,899
Common Stocks (unaffiliated)	6,277,729	-	-	6,277,729
Common Stocks (mutual funds)	140,339	-	-	140,339
Other Invested Assets	-	-	889,353	889,353
	<u>\$ 6,418,068</u>	<u>\$ -</u>	<u>\$ 1,297,252</u>	<u>\$ 7,715,320</u>

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 3 – Cash and Investments (continued)

The fair value measurements of investments in level 3 of the fair value hierarchy are presented in the following tables:

		2017					
Assets:	Beginning Balance at 1/1/2017	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Settlements	Ending Balance at 12/31/2017
Common Stocks (affiliated)	\$ 407,899	\$ -	\$ -	\$ -	\$ (82,165)	\$ -	\$ 325,734
Other Invested Assets	889,353	-	-	-	(127,351)	(146,830)	615,172
	<u>\$ 1,297,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (209,515)</u>	<u>\$ (146,830)</u>	<u>\$ 940,906</u>

		2016					
Assets:	Beginning Balance at 1/1/2016	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Settlements	Ending Balance at 12/31/2016
Common Stocks (affiliated)	\$ 453,926	\$ -	\$ -	\$ -	\$ (46,027)	\$ -	\$ 407,899
Other Invested Assets	880,000	-	-	-	9,353	-	889,353
	<u>\$ 1,333,926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,674)</u>	<u>\$ -</u>	<u>\$ 1,297,252</u>

There were no purchases, issuances, or sales of level 3 investments during the years ended December 31, 2017 and 2016, respectively.

The fair value and admitted asset value of assets are as follows as of December 31:

		2017				
Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	
Bonds	\$ 5,202,689	\$ 5,231,878	\$ -	\$ 5,202,689	\$ -	
Common Stocks	4,130,635	3,804,901	3,804,901	-	325,734	
Mortgage Loans	40,481,788	40,481,788	-	-	40,481,788	
Real Estate	5,582,593	4,260,621	-	-	5,582,593	
Contract Loans	79,511	79,511	-	-	79,511	
Other Invested Assets	678,763	615,172	-	-	678,763	

		2016				
Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	
Bonds	\$ 3,229,499	\$ 3,251,935	\$ -	\$ 3,229,499	\$ -	
Common Stocks	6,685,628	6,277,729	6,277,729	-	407,899	
Mortgage Loans	34,152,840	34,152,840	-	-	34,152,840	
Real Estate	6,101,094	4,844,158	-	-	6,101,094	
Contract Loans	73,717	73,717	-	-	73,717	
Other Invested Assets	1,240,143	889,353	-	-	1,240,143	

Management uses a market approach to determine the fair value of mortgage loans and properties held for sale. Loans are adjusted for changes in the market value of the property collateralized based on local market indices. Property held for sale is adjusted to the most recent appraisal performed. The cost approach is used to determine the fair value of properties occupied by the Company and the property contract loans.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 3 – Cash and Investments (continued)

On a quarterly basis, the Company reviews its investment portfolio for securities in an unrealized loss position for other-than-temporary impairment. This review for potential impairment is performed on a specific identification basis and requires significant management judgment related to a number of qualitative and quantitative factors including the severity of the impairment, the duration of the impairment, recent trends and expected market performance. Management believes that the Company's unrealized losses on individual securities at December 31, 2017 and 2016, respectively, represent a temporary decline in market value. The investments summarized below are in an unrealized loss position for which other-than-temporary declines in value have not been recognized:

	Less than 12 Months		
	Cost/Amortized Cost	Unrealized Loss	Fair Value
Bonds and mutual funds	\$ 2,298,811	\$ (57,344)	\$ 2,241,467
Unaffiliated common stocks	117,294	(15,027)	102,267
	12 Months or More		
	Cost/Amortized Cost	Unrealized Loss	Fair Value
Bonds and mutual funds	\$ 3,701,108	\$ (68,547)	\$ 3,632,561
Unaffiliated common stocks	30,080	(3,061)	27,020
Totals	\$ 6,147,293	\$ (143,979)	\$ 6,003,314

Note 4 – Reserve for Life Policies and Contracts

The Company accrues liabilities for unpaid claims on its life insurance policies, estimated incurred but unrecorded claims and estimated cost of future claims. The reserve reflects the liability for aggregate reserve amounts which, with additions from premiums to be received and with interest compounded annually at an interest assumption between 2.75% and 5.5% are calculated to be sufficient to meet policy obligations as they mature. The following is the reserves activity during 2017 and 2016 respectively:

	Life Policies and Contracts	Policy and Contract Claims
Reserves, January 1, 2016	\$ 30,901,534	\$ 19,050
Prior year claims paid in current year	-	(5,000)
Incurred claims	-	36,241
Decrease in life and annuity reserve	(33,120)	-
Current year claims paid	-	(36,241)
Reserves December 31, 2016	\$ 30,868,414	\$ 14,050
Prior year claims paid in current year	-	-
Incurred claims	-	32,042
Increase in life and annuity reserve	1,033,587	-
Current year claims paid	-	(26,092)
Reserves December 31, 2017	\$ 31,902,001	\$ 20,000

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 4 – Reserve for Life Policies and Contracts (continued)

Subject to Discretionary Withdrawal - Without Adjustment	Amount	Percent of Total
At book value less current surrender charge of 5% or more	\$ 6,145,028	15.30%
At book value (minimal or no charge or adjustment)	\$ 34,020,381	84.70%
Reconciliation of Total Deposit Fund Liabilities		
Exhibit 5, Annuities, Total (net)	\$ 29,081,056	
Exhibit of Deposit Contracts, line 14	\$ 11,084,353	

Note 5 – Guaranteed Investment Contracts

Guaranteed Interest Contracts are amounts held on behalf of outside parties. Interest is paid yearly at a rate equal to Federal Reserve 6-month CD and is updated each month with a guaranteed minimum rate of 2.00%. Guaranteed investment contracts are considered a level 3 financial instrument under the fair value hierarchy referred to in Note 3.

Management uses a cost approach to report the fair value of these contracts and the amounts are not adjusted based on any additional criteria.

Note 6 – Capital and Surplus

State of Arizona insurance regulations require the Company to keep a minimum capital of \$300,000 and a minimum free surplus of \$150,000. At December 31, 2017 and December 31, 2016, the Company had capital amounts of \$928,961 and \$928,093 respectively and free surplus of \$14,725,103 and \$13,866,144, respectively. Free surplus was reduced by the \$6,748,810 and \$6,630,549 cost of treasury stock in 2017 and 2016 respectively. On February 8, 2011 the Board of Directors authorized the purchase of up to 300,000 shares of Company stock at 90% of the most recent equity value. The equity value is prepared monthly using U.S. GAAP standards and adjusted for any accrued dividends payable.

During 2017, treasury stock increased by the purchase of 33,232 shares of capital stock at prices ranging from \$3.49 to \$3.60 per share. During 2016, treasury stock increased by the purchase of 74,110 shares of capital stock at prices ranging from \$3.33 to \$3.53 per share.

The portion of surplus represented or reduced by each item below is as follows:

The portion of surplus represented or reduced by each item below is as follows:

Net unrealized capital gains or (losses)	\$ (49,438)
Nonadmitted asset values	\$ (2,020,439)
Asset valuation reserve	\$ (1,544,751)
Net deferred income taxes	\$ 792,849

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 7 – Participating Insurance Policies

The allocation of dividends to participating policy owners is based on actuarial mortality rates with consideration for investment yields (which are subject to periodic review), issue ages, policy durations and premium charges. The mortality rates correspond with rates assumed in the calculation of the premium charges. Participating business comprised approximately 22% of total life insurance in force at December 31, 2017, and 22% at December 31, 2016.

Note 8 – Claims and Contingencies

The Company has various other legal proceedings and claims pending that are common to its operations. While it is not possible to determine the ultimate outcome of these matters, it is the opinion of management that they will not result in monetary damages that in the aggregate would be material to the business or operations of the Company.

Note 9 – Related Parties

There is a significant inter-relationship between policyholders who are also stockholders and members of Company management. Related party transactions involving this group during the years ended December 31, 2017 and 2016, have consisted only of ordinary compensation, expense reimbursement and similar items incurred in the ordinary course of business, except as follows:

- a) Life Insurance premiums paid by Company officers and directors totaled 12.8% and 12.5% of total premiums paid in 2017 and 2016, respectively. Company officers and directors also owned 5.4% and 5.8% of total policy face value in 2017 and 2016, respectively.

The Company also entered into various transactions with its wholly owned subsidiary, American Life Financial Corporation (ALF) relating to shared administration costs. During 2017 and 2016, ALF personnel provided labor to the Company in the amount of \$30,591 and \$31,662 respectively, all of which was reimbursed as of December 31, 2017. The Company personnel provided labor to ALF under the agreement in the amount of \$17,616 and \$42,289 for the years ended December 31, 2017 and 2016, respectively. As of December 31, 2017 and 2016, there was a net payable due to ALF of \$0 and \$0, respectively. As of December 31, 2017 and 2016 there was a net receivable due from ALF with the balance of \$0 and \$6,552, respectively. The Company paid ALF for mortgage loan origination and underwriting services provided to the Company in the amount of \$357,514 and \$299,488 during the years ended December 31, 2017 and 2016, respectively.

The Company pays the full amount of expenses for office space and other office support expenses. ALF reimburses the Company for a portion of those expenses. The total expenses reimbursed by ALF for office space and other support expenses were \$16,810 and \$13,885 for both 2017 and 2016, respectively.

Note 10 – Employee Benefit Plans

In 1993 the Company began to sponsor a qualified profit sharing plan available to full-time employees who meet the plan's eligibility requirements. The terms of the plan call for annual discretionary contributions by the Company as determined by the board. The plan contribution was \$71,808 for 2017 and \$64,994 for 2016.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 10 – Employee Benefit Plans (continued)

The Company has an employee stock benefit compensation plan, available to employees and directors. The terms of the plan allow employees or directors to specify up to 50% of their total compensation for shares of company stock. The allocation price of the stock is 100% of the non-audited generally accepted accounting principles book value for the month preceding enrollment. During 2017 and 2016, 8,679 and 9,198 shares, respectively, of Company common stock were purchased under the plan for a total of \$33,623 and \$34,220, respectively. The October 2017 enrollment stock price was \$3.886 and as of December 31, 2017, \$7,578 of employee and directors compensation had been set aside for stock purchase.

Note 11 – Income Taxes

The Company has an effective income tax rate substantially different from the statutory rate applied to net income for the years ended December 31, 2017 and 2016. The largest difference is due to the qualification of the Company under Internal Revenue Code Section 806(a) for the small life insurance company deduction on its federal income tax return; a deduction that is not recognized on the statutory basis financial statements.

The following is a summary of the differences between statutory pre-tax net income and taxable income:

	2017	2016
Statutory pre-tax net income	\$ 1,912,207	\$ 2,030,430
Dividends received deduction	(39,276)	(30,093)
Net due and deferred premiums	312	1,696
Tax exempt interest income	(4,936)	37,288
Difference between tax and book depreciation	-	2,614
Deferred acquisition costs	(38,657)	(28,887)
Interest maintenance reserve	(2,549)	(1,687)
Statutory reserve adjustment	5,141	3,936
OTTI impairment	19,356	74,903
Other items	23,292	(35,699)
	<hr/>	<hr/>
Taxable income before small life insurance company deduction	1,874,890	2,054,501
Small life insurance company deduction	(1,124,934)	(1,241,756)
	<hr/>	<hr/>
Net taxable income	\$ 749,956	\$ 812,745

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 11 – Income Taxes (continued)

Deferred Tax

During the year ended December 31, 2016, the Company adopted SSAP 101, *Income Taxes*, and began accounting for deferred income taxes.

	2017			2016			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Change
Gross deferred tax assets	\$ 956,136	\$ 30,176	\$ 986,312	\$ 1,231,349	\$ 25,466	\$ 1,256,815	\$ (275,213)	\$ 4,710	\$ (270,503)
Statutory valuation allowance adjustments	(143,187)	(3,658)	(146,845)	(845,412)	-	(845,412)	702,225	(3,658)	698,567
Adjusted gross deferred tax assets (1a-1b)	812,949	26,518	839,467	385,937	25,466	411,403	427,012	1,052	428,064
Deferred tax assets nonadmitted	(217,759)	(22,219)	(239,978)	(253,576)	-	(253,576)	35,817	(22,219)	13,598
Net admitted deferred tax asset (1c-1d)	595,190	4,299	599,489	132,361	25,466	157,827	462,829	(21,167)	441,662
Deferred tax liabilities	(42,319)	(4,299)	(46,618)	(21,180)	(72,664)	(93,844)	(21,139)	68,365	47,226
Net admitted deferred tax assets / (liabilities) (1e-1f)	\$ 552,871	\$ -	\$ 552,871	\$ 111,181	\$ (47,198)	\$ 63,983	\$ 441,690	\$ 47,198	\$ 488,888

Admissible calculation components per SSAP No. 101, *Income Taxes – A Replacement of SSAP No. 10R and SSAP No. 10* are as follows:

	2017			2016			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Federal taxes paid in prior years that can be recovered through loss carrybacks, by tax character	\$ 16,895	\$ -	\$ 16,895	\$ 111,180	\$ -	\$ 111,180	\$ (94,285)	\$ -	\$ (94,285)
Amount of adjusted gross DTAs expected to be realized (excluding amount of DTAs report in 9A(2)(a) above) after application of threshold limitation, by tax character (lesser of 2(b)1 and	535,976	-	535,976	-	-	-	535,976	-	535,976
Amount of adjusted gross DTAs, expected to be realized within the applicable period following the balance sheet date, by tax character (see Realization Threshold Limitation Tab	-	-	-	-	-	-	-	-	-
Amount of applicable percentage of statutory capital and surplus as required to be shown on the statutory balance sheet adjusted to exclude any net DTAs, EDP equipment and operating system software and any net positive goodwill. (see Realization Threshold Limitation Table)	xxx	xxx	535,976	xxx	xxx	2,179,243	xxx	xxx	(1,643,267)
Amount of adjusted gross DTAs (excluding amount of DTAs reported in 9A(2)a and 9A(2)b that can be offset against existing gross DTLs, by tax character	42,319	4,299	46,618	21,180	25,467	46,647	21,139	(21,168)	(29)
Amount of DTAs admitted as result of application of SSAP No. 101 by tax character (the sum of 9A(2)a, 9A(2)b and 9A(2)c)	\$ 595,190	\$ 4,299	\$ 599,489	\$ 132,360	\$ 25,467	\$ 157,827	\$ 462,830	\$ (21,168)	\$ 441,662

The ratio percentage and the amount of adjusted capital and surplus used to determine the recovery period and threshold limitation amounts for the admissibility test was 1,092% and \$15,101,194 for the year ended in December 31, 2017.

There is no impact of management's tax planning strategies on the Adjusted Gross DTAs and Net Admitted DTAs.

Current income taxes incurred consist of the following major components:

	2017	2016	Change
Current income tax:			
Federal income taxes	\$ 327,995	\$ 351,831	\$ (23,836)
Foreign income taxes	-	-	-
Subtotal	327,995	351,831	(23,836)
Federal income tax on net capital gains	-	-	-
Other	5,954	7,198	(1,244)
Federal and foreign income taxes incurred	\$ 333,949	\$ 359,029	\$ (25,080)

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 11 – Income Taxes (continued)

The tax effects of temporary differences that give rise to significant portion of the deferred tax assets and deferred tax liabilities are as follows:

	2017	2016	Change
Deferred tax assets:			
Ordinary:			
Life Reserve Discounting	\$ 27,449	\$ 28,058	\$ (609)
Deferred Acquisition Costs	32,445	65,755	(33,310)
Fixed Assets	88	-	88
AMT Credit	470,957	382,619	88,338
Non-Admitted Assets	373,897	695,468	(321,571)
Operating Loss Carryforward	-	-	-
Other	51,300	59,449	(8,149)
Subtotal	956,136	1,231,349	(275,213)
Statutory valuation allowance adjustments	(143,187)	(845,412)	702,225
Nonadmitted	(217,759)	(253,576)	35,817
Admitted Ordinary Deferred Tax Assets	595,190	132,360	462,830
Capital:			
OTTI	30,176	25,467	4,709
Investments	-	-	-
Capital loss carryforward	-	-	-
Other	-	-	-
Subtotal	30,176	25,467	4,709
Statutory valuation allowance adjustments	(3,658)	-	(3,658)
Nonadmitted	(22,219)	-	(22,219)
Admitted Capital Deferred Tax Assets	4,299	25,467	(21,168)
Admitted Deferred Tax Assets:	\$ 599,489	\$ 157,827	\$ 441,662
Deferred tax liabilities:			
Ordinary:			
Fixed Assets	\$ -	\$ (1,239)	\$ 1,239
Deferred and Uncollected Premiums	(1,697)	(2,080)	383
Other	(40,622)	(17,860)	(22,762)
Subtotal:	(42,319)	(21,180)	(21,140)
Capital:			
Investments	(4,299)	(68,409)	64,110
Other	-	(4,256)	4,256
Subtotal:	(4,299)	(72,665)	68,366
Deferred Tax Liability	(46,618)	(93,845)	47,227
Net admitted deferred tax asset (liability)	\$ 552,871	\$ 63,983	\$ 488,888

There are no differences for which deferred tax liabilities are not recognized. The change in deferred tax assets is reflected as a change in capital and surplus in the accompanying statutory statements.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 11 – Income Taxes (continued)

The valuation allowance adjustment to gross deferred tax assets as of December 31, 2017 and December 31, 2016 was \$143,187 and \$845,412 respectively. The net change in the total valuation allowance adjustments for December 31, 2017 was a decrease of \$702,225.

The Company's income tax expense and change in deferred tax assets/deferred tax liabilities differs from the amount obtained by applying the federal statutory rate of 34% to income before taxes for the following reasons:

	Amount	Effective tax rate (%)
Provision computed at statutory rate	\$ 654,305	34.0%
Small company deduction	(382,478)	-19.9%
Tax exempt interest deduction	903	0.0%
Dividends received deduction	(13,354)	-0.7%
Proration of tax exempt investment income	(2,581)	-0.1%
Disallowed travel and entertainment	808	0.0%
IMR in operating income	(867)	0.0%
Change in statutory valuation reserve	(702,225)	-36.5%
Change in nonadmitted assets	90,111	4.7%
AMT credit	(73,010)	-3.8%
Other (Includes Tax Rate Differential of 375,606 (Deferred) and 65,510 (Current))	362,174	18.8%
Totals	\$ (66,214)	-3.4%
Federal and foreign income taxes incurred	\$ 333,949	17.4%
Realized capital gains tax	-	0.0%
Change in net deferred income taxes	(400,163)	-20.8%
Total statutory income taxes	\$ (66,214)	-3.4%

As of December 31, 2017, the Company did not have any unused operating loss or tax credit carryforwards to offset against future taxable income.

The following amounts of federal income taxes are available for recoupment in the event of future losses:

2017	\$	327,995
2016	\$	356,775
2015	\$	296,488

The Company's federal income tax return is not consolidated with any other entity. The Company's tax returns for the years ended in 2014 through 2016 are subject to IRS audits if requested by the IRS. The Company is subject to state premium taxes and, accordingly, is exempt from state income taxes in a majority of the states in which the Company does business.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 11 – Income Taxes (continued)

In June 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48), replaced by Accounting Standard Codification (ASC) 740, Income Taxes. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes (FAS 109), also replaced by Accounting Standard Codification (ASC) 740, *Income Taxes*. This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on derecognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure, and transition. As of December 31, 2017 and 2016 the Company has not adopted the provisions of ASC 740 because it is not required by the accounting practices prescribed or permitted by the State of Arizona Department of Insurance. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to ASC 740.

Note 12 – Correction of Error

The Company recorded a correction of error in the statutory financial statements for the year ended December 31, 2016. During the 2016 financial statement preparation, the Company discovered an error in the compiling and reporting of investment income from ASL Financial Group (a subsidiary). In the prior year, investment income earned from ASL Financial Group (included in Summary of Operation, Line 3) was overstated by \$57,114. Since the inception of ASL Financial Group, investment income earned from affiliates (included in Summary of Operation, Line 3) was overstated by \$128,926. Unassigned funds (surplus) and Line 38 on the Unrealized Gains Losses section of the Summary of Operations have been adjusted in the current year to correct for this error.

Note 13 – Subsequent Events

In February 2018, the Company foreclosed on 15 luxury residential condominiums in Houston, Texas with a cost basis of \$2,810,000. The appraised values for these loans at the time of origination in 2015 were \$4,274,000. As of December 31, 2017 real estate investments was 8.4% of total assets. After foreclosure of these condominiums, real estate investments are now 12.8% of total assets.

Management has evaluated subsequent events through the date of this report, which is the date the statutory financial statements were available to be issued. No events or transactions occurred after year-end that require adjustments to the statutory financial statements.

OTHER LEGAL AND REGULATORY INFORMATION

**Independent Auditor's Report on Other Legal
and Regulatory Information**

To the Board of Directors

American Savings Life Insurance Company:

We have audited the statutory financial statements of **American Savings Life Insurance Company** as of and for the year ended December 31, 2017, and our report thereon dated Month Date, 2017, which expressed an unmodified opinion on those statutory financial statements, appears on pages 2-3. The Schedule 1 - Selected Financial Data, Schedule 2 – Summary Investment Schedule and Schedule 3 – Investment Risk Interrogatories are presented for purposes of additional analysis and is not a required part of the statutory financial statements, but are required as other legal and regulatory information required by the National Association of Insurance Commissioners' Accounting Practices and Procedures Manual. This information is presented in a format consistent with the Annual Statement filed by **American Savings Life Insurance Company** with the State of Arizona Insurance Department. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the statutory financial statements. The information has been subjected to the auditing procedures applied in the audit of the statutory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory financial statements or to the statutory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the statutory financial statements as a whole.

Larson & Company PC

Salt Lake City, Utah
April 17, 2018

AMERICAN SAVINGS LIFE INSURANCE COMPANY
SCHEDULE 1 – SELECTED FINANCIAL DATA (continued)
 FOR THE YEAR ENDED DECEMBER 31, 2017

INVESTMENT INCOME EARNED	2017
Other bonds (unaffiliated)	\$ 122,396
Common stocks (unaffiliated)	86,284
Common stocks of affiliates	-
Mortgages loans	4,392,442
Real estate	422,331
Premium notes, policy loans and liens	3,942
Cash on hand and short term investments	28,450
Other invested assets	18,665
	<u>5,074,510</u>
Gross Investment Income	<u>\$ 5,074,510</u>
 REAL ESTATE OWNED - BOOK VALUE	 <u>\$ 5,582,593</u>
 MORTGAGE LOANS - BOOK VALUE	
Residential mortgages	\$ 11,406,113
Commercial mortgages	29,055,252
Total mortgage loans	<u>\$ 40,461,365</u>
 MORTGAGE LOANS BY STANDING - BOOK VALUE	
Good standing	\$ 35,652,659
Interest overdue more than 90 days, not in foreclosure	43,338
Foreclosure in process	4,765,368
	<u>\$ 40,461,365</u>
 OTHER LONG TERM ASSETS - STATEMENT VALUE	 <u>\$ 615,172</u>
 BONDS AND SHORT-TERM INVESTMENTS BY NAIC DESIGNATION AND MATURITY	
<i>Bonds by Maturity – Statement Value:</i>	
Due within one year less	\$ 902,642
Over 1 year through 5 years	944,860
Over 5 years through 10 years	844,363
Over 10 years through 20 years	674,794
Over 20 years	1,865,219
Total by Maturity	<u>\$ 5,231,878</u>
<i>Bonds by NAIC Designation – Statement Value:</i>	
NAIC 1	\$ 3,780,412
NAIC 2	923,374
NAIC 3	426,936
NAIC 4	101,156
Total by NAIC Designation	<u>\$ 5,231,878</u>
<i>Total Bonds Publicly Traded</i>	<u>\$ 5,231,878</u>

Total Bonds Privately Placed

See independent auditor's report on other
 legal and regulatory information

AMERICAN SAVINGS LIFE INSURANCE COMPANY
SCHEDULE 1 – SELECTED FINANCIAL DATA (continued)
 FOR THE YEAR ENDED DECEMBER 31, 2017

	2017
Common Stocks – Market Value	<u>\$ 4,130,635</u>
Short Term Investments – Book Value	<u>\$ -</u>
Cash on Deposit	<u>\$ 5,887,989</u>
Life Insurance In Force:	
Ordinary	<u>\$ 17,763,760</u>
Amount of Accidental Death Insurance In Force Under Ordinary Policies	<u>\$ 29,486</u>
Annuities in Force	
Immediate – Amount of Income Payable	<u>\$ 297,441</u>
Deferred – Fully Paid Account Balance	<u>\$ 25,277,586</u>
Deposit Funds and Dividend Accumulations:	
Deposit Funds – Account Balance	<u>\$ 11,066,253</u>
Dividend Accumulations – Account Balance	<u>\$ 18,100</u>

See independent auditor's report on other
 legal and regulatory information

AMERICAN SAVINGS LIFE INSURANCE COMPANY
SCHEDULE 2 – SUMMARY INVESTMENT SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2017

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	6 Percentage
1. Bonds:				
1.1 U.S. treasury securities.....		0.0		0.0
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....		0.0		0.0
1.22 Issued by U.S. government sponsored agencies.....		0.0		0.0
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities).....		0.0		0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....		0.0		0.0
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations.....	522,719	0.8	522,719	0.9
1.43 Revenue and assessment obligations.....		0.0		0.0
1.44 Industrial development and similar obligations.....		0.0		0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA.....	1,760,005	2.8	1,760,005	2.9
1.512 Issued or guaranteed by FNMA and FHLMC.....		0.0		0.0
1.513 All other.....		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA.....		0.0		0.0
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-based securities issued or guaranteed by agencies shown in Line 1.521.....		0.0		0.0
1.523 All other.....		0.0		0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities).....	2,847,814	4.6	2,847,814	4.7
2.2 Unaffiliated non-U.S. securities (including Canada).....	101,339	0.2	101,339	0.2
2.3 Affiliated securities.....		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds.....	2,699,169	4.3	2,699,169	4.5
3.2 Preferred stocks:				
3.21 Affiliated.....		0.0		0.0
3.22 Unaffiliated.....		0.0		0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....	325,734	0.5		0.0
3.32 Unaffiliated.....	1,105,732	1.8	1,105,732	1.8
3.4 Other equity securities:				
3.41 Affiliated.....		0.0		0.0
3.42 Unaffiliated.....		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....		0.0		0.0
3.52 Unaffiliated.....		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development.....		0.0		0.0
4.2 Agricultural.....		0.0		0.0
4.3 Single family residential properties.....	1,843,634	3.0	1,843,634	3.0
4.4 Multifamily residential properties.....	9,906,398	15.9	9,906,398	16.4
4.5 Commercial loans.....	28,731,756	46.2	28,731,756	47.5
4.6 Mezzanine real estate loans.....		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company.....	431,515	0.7	431,515	0.7
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt).....		0.0		0.0
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt).....	5,151,078	8.3	3,829,106	6.3
6. Contract loans.....	79,511	0.1	79,511	0.1
7. Derivatives.....		0.0		0.0
8. Receivables for securities.....		0.0		0.0
9. Securities lending (Line 10, Asset Page reinvested collateral).....		0.0		XXX
10. Cash, cash equivalents and short-term investments.....	6,001,589	9.7	6,001,589	9.9
11. Other invested assets.....	678,763	1.1	615,172	1.0
12. Total invested assets.....	62,186,756	100.0	60,475,459	100.0

See independent auditor's report on other legal and regulatory information

AMERICAN SAVINGS LIFE INSURANCE COMPANY
SCHEDULE 3 – INVESTMENT RISK INTERROGATORIES
FOR THE YEAR ENDED DECEMBER 31, 2017

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. \$.....61,554,810

2. Ten largest exposures to a single issuer/borrower/investment.

	1	2	3	4
	<u>Issuer</u>	<u>Description of Exposure</u>	<u>Amount</u>	<u>Percentage of Total Admitted Assets</u>
2.01	112797 MHALE FAMILY LLP.....	MORTGAGE LOAN.....	\$..... 2,124,395	3.5 %
2.02	112813 AVALANCHE INVESTMENTS LLC.....	MORTGAGE LOAN.....	\$..... 2,000,000	3.2 %
2.03	112744 GREEN FIELDS SCHOOL.....	MORTGAGE LOAN.....	\$..... 1,374,597	2.2 %
2.04	112811 OSCAR AND FELICITAS G BENAVIDES.....	MORTGAGE LOAN.....	\$..... 1,351,854	2.2 %
2.05	112715 CITY SCAPE RENTALS LLC.....	MORTGAGE LOAN.....	\$..... 1,336,464	2.2 %
2.06	112800 TOWN PARK OFFICE WAREHOUSE LLC.....	MORTGAGE LOAN.....	\$..... 1,302,542	2.1 %
2.07	112803 AVALANCE INVESTMENTS & SUPERSTITION COMMON.....	MORTGAGE LOAN.....	\$..... 1,300,000	2.1 %
2.08	140001 800 TULLY ROAD.....	REAL ESTATE.....	\$..... 1,237,292	2.0 %
2.09	112720 CITY SCAPE RENTALS LLC.....	MORTGAGE LOAN.....	\$..... 1,153,547	1.9 %
2.10	112784 LAS VEGAS DRAGON HOTEL LLC.....	MORTGAGE LOAN.....	\$..... 1,093,449	1.8 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

	1	2
	<u>Bonds</u>	<u>Preferred Stocks</u>
3.01	NAIC 1.....	\$..... 3,780,412 .....6.1 %
3.02	NAIC 2.....	\$..... 923,374 .....1.5 %
3.03	NAIC 3.....	\$..... 426,936 .....0.7 %
3.04	NAIC 4.....	\$..... 101,156 .....0.2 %
3.05	NAIC 5.....	\$.....0.0 %
3.06	NAIC 6.....	\$.....0.0 %
3.07	P/RP-1.....	\$.....0.0 %
3.08	P/RP-2.....	\$.....0.0 %
3.09	P/RP-3.....	\$.....0.0 %
3.10	P/RP-4.....	\$.....0.0 %
3.11	P/RP-5.....	\$.....0.0 %
3.12	P/RP-6.....	\$.....0.0 %

4. Assets held in foreign investments:

4.01	Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets?	Yes [X] No []
If response to 4.01 above is yes, responses are not required for interrogatories 5-10.		
4.02	Total admitted assets held in foreign investments	\$.....0.0 %
4.03	Foreign-currency-denominated investments	\$.....0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	\$.....0.0 %

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

	1	2
5.01	Countries designated NAIC 1.....	\$.....0.0 %
5.02	Countries designated NAIC 2.....	\$.....0.0 %
5.03	Countries designated NAIC 3 or below.....	\$.....0.0 %

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

	1	2
Countries designated NAIC 1:		
6.01	Country 1:	\$.....0.0 %
6.02	Country 2:	\$.....0.0 %
Countries designated NAIC 2:		
6.03	Country 1:	\$.....0.0 %
6.04	Country 2:	\$.....0.0 %
Countries designated NAIC 3 or below:		
6.05	Country 1:	\$.....0.0 %
6.06	Country 2:	\$.....0.0 %

7. Aggregate unhedged foreign currency exposure..... \$.....0.0 %

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

	1	2
8.01	Countries designated NAIC 1.....	\$.....0.0 %
8.02	Countries designated NAIC 2.....	\$.....0.0 %
8.03	Countries designated NAIC 3 or below.....	\$.....0.0 %

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

	1	2
Countries designated NAIC 1:		
9.01	Country 1:	\$.....0.0 %
9.02	Country 2:	\$.....0.0 %
Countries designated NAIC 2:		
9.03	Country 1:	\$.....0.0 %
9.04	Country 2:	\$.....0.0 %
Countries designated NAIC 3 or below:		
9.05	Country 1:	\$.....0.0 %
9.06	Country 2:	\$.....0.0 %

See independent auditor's report on other legal and regulatory information

AMERICAN SAVINGS LIFE INSURANCE COMPANY
SCHEDULE 3 – INVESTMENT RISK INTERROGATORIES (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:				
	1	2	3	4
	<u>Issuer</u>	<u>NAIC Designation</u>		
10.01	.....	.....	\$.....	0.0 %
10.02	.....	.....	\$.....	0.0 %
10.03	.....	.....	\$.....	0.0 %
10.04	.....	.....	\$.....	0.0 %
10.05	.....	.....	\$.....	0.0 %
10.06	.....	.....	\$.....	0.0 %
10.07	.....	.....	\$.....	0.0 %
10.08	.....	.....	\$.....	0.0 %
10.09	.....	.....	\$.....	0.0 %
10.10	.....	.....	\$.....	0.0 %
11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:				
11.01	Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets?			Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
	If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.			
11.02	Total admitted assets held in Canadian investments.....		\$.....	0.0 %
11.03	Canadian currency-denominated investments.....		\$.....	0.0 %
11.04	Canadian-denominated insurance liabilities.....		\$.....	0.0 %
11.05	Unhedged Canadian currency exposure.....		\$.....	0.0 %
12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.				
12.01	Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets?			Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
	If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.			
	1	2	3	
12.02	Aggregate statement value of investments with contractual sales restrictions.....		\$.....	0.0 %
	Largest three investments with contractual sales restrictions:			
12.03	.....		\$.....	0.0 %
12.04	.....		\$.....	0.0 %
12.05	.....		\$.....	0.0 %
13. Amounts and percentages of admitted assets held in the ten largest equity interests:				
13.01	Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets?			Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
	If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.			
	1	2	3	
	<u>Name of Issuer</u>			
13.02	VANGUARD SHORT-TERM INVESTMENT-GRADE FUND ADMIRAL SHARES.....	901,293	\$.....	1.5 %
13.03	VANGUARD SHORT-TERM CORPORATE BOND INDEX FUND ADMIRAL SHARES.....	900,916	\$.....	1.5 %
13.04	VANGUARD SHORT-TERM BOND INDEX FUND ADMIRAL SHARES.....	896,959	\$.....	1.5 %
13.05	ASL FINANCIAL GROUP.....	325,734	\$.....	0.5 %
13.06	BERKSHIRE HATHAWAY INC CLASS A.....	297,600	\$.....	0.5 %
13.07	VANGUARD STAR FD.....	267,007	\$.....	0.4 %
13.08	ACCENTURE PLC IRELAND.....	21,280	\$.....	0.0 %
13.09	ADOBE SYSTEMS INC.....	20,854	\$.....	0.0 %
13.10	FACEBOOK INC CL A.....	19,764	\$.....	0.0 %
13.11	ALPHABET INC.....	18,835	\$.....	0.0 %
14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:				
14.01	Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets?			Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
	If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.			
	1	2	3	
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities.....		\$.....	0.0 %
	Largest three investments held in nonaffiliated, privately placed equities:			
14.03	.....		\$.....	0.0 %
14.04	.....		\$.....	0.0 %
14.05	.....		\$.....	0.0 %
15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:				
15.01	Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets?			Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
	If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.			
	1	2	3	
15.02	Aggregate statement value of investments held in general partnership interests.....		\$.....	0.0 %
	Largest three investments in general partnership interests:			
15.03	.....		\$.....	0.0 %
15.04	.....		\$.....	0.0 %
15.05	.....		\$.....	0.0 %

See independent auditor's report on other legal and regulatory information

AMERICAN SAVINGS LIFE INSURANCE COMPANY
SCHEDULE 3 – INVESTMENT RISK INTERROGATORIES (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:
 16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes No
 If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

1	2	3
<u>Type (Residential, Commercial, Agricultural)</u>		
16.02 COMMERCIAL.....	\$..... 2,124,395	.....3.5 %
16.03 RESIDENTIAL.....	\$..... 2,000,000	.....3.2 %
16.04 COMMERCIAL.....	\$..... 1,374,597	.....2.2 %
16.05 COMMERCIAL.....	\$..... 1,351,854	.....2.2 %
16.06 RESIDENTIAL.....	\$..... 1,336,464	.....2.2 %
16.07 COMMERCIAL.....	\$..... 1,302,542	.....2.1 %
16.08 RESIDENTIAL.....	\$..... 1,300,000	.....2.1 %
16.09 RESIDENTIAL.....	\$..... 1,153,547	.....1.9 %
16.10 COMMERCIAL.....	\$..... 1,093,449	.....1.8 %
16.11 COMMERCIAL.....	\$..... 1,093,182	.....1.8 %

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

	<u>Loans</u>
16.12 Construction loans.....	\$.....0.0 %
16.13 Mortgage loans over 90 days past due.....	\$..... 43,338 .....0.1 %
16.14 Mortgage loans in the process of foreclosure.....	\$..... 4,765,368 .....7.7 %
16.15 Mortgage loans foreclosed.....	\$.....0.0 %
16.16 Restructured mortgage loans.....	\$.....0.0 %

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

	<u>Residential</u>		<u>Commercial</u>		<u>Agricultural</u>	
	1	2	3	4	5	6
17.01 above 95%.....	\$.....0.0 %	\$.....0.0 %	\$.....0.0 %	\$.....0.0 %	\$.....0.0 %	\$.....0.0 %
17.02 91% to 95%.....	\$.....0.0 %	\$.....0.0 %	\$.....0.0 %	\$.....0.0 %	\$.....0.0 %	\$.....0.0 %
17.03 81% to 90%.....	\$.....0.0 %	\$.....0.0 %	\$.....0.0 %	\$.....0.0 %	\$.....0.0 %	\$.....0.0 %
17.04 71% to 80%.....	\$.....0.0 %	\$.....0.0 %	\$.....0.0 %	\$.....0.0 %	\$.....0.0 %	\$.....0.0 %
17.05 below 70%.....	\$.....0.0 %	\$.....0.0 %	\$.....0.0 %	\$.....0.0 %	\$.....0.0 %	\$.....0.0 %

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

- 18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes No
 If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate:

<u>Description</u>	2	3
18.02 140001 800 TULLY ROAD.....	\$..... 1,237,292	.....2.0 %
18.03 202020 1861 PETRIFIED FOREST DRIVE.....	\$..... 986,035	.....1.6 %
18.04 140002 208 N GREEN STREET.....	\$..... 697,133	.....1.1 %
18.05 141250 14400 CAVE CREEK ROAD.....	\$..... 484,667	.....0.8 %
18.06 146352 I-8 & VEKOL VALLEY INTERCHANGE.....	\$..... 439,801	.....0.7 %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans.

- 19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's admitted assets? Yes No
 If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

1	2	3
19.02 Aggregate statement value of investments held in mezzanine real estate loans	\$.....	.....0.0 %
Largest three investments held in mezzanine real estate loans:		
19.03 .....	\$.....	.....0.0 %
19.04 .....	\$.....	.....0.0 %
19.05 .....	\$.....	.....0.0 %

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	<u>At Year-End</u>		<u>At End of Each Quarter</u>		
	1	2	1st Qtr	2nd Qtr	3rd Qtr
20.01 Securities lending agreements (do not include assets held as collateral for such transactions).....	\$.....0.0 %	\$.....	\$.....	\$.....	\$.....
20.02 Repurchase agreements.....	\$.....0.0 %	\$.....	\$.....	\$.....	\$.....
20.03 Reverse repurchase agreements.....	\$.....0.0 %	\$.....	\$.....	\$.....	\$.....
20.04 Dollar repurchase agreements.....	\$.....0.0 %	\$.....	\$.....	\$.....	\$.....
20.05 Dollar reverse repurchase agreements.....	\$.....0.0 %	\$.....	\$.....	\$.....	\$.....

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps and floors:

	<u>Owned</u>		<u>Written</u>	
	1	2	3	4
21.01 Hedging.....	\$.....0.0 %	\$.....	\$.....	\$.....0.0 %
21.02 Income generation.....	\$.....0.0 %	\$.....	\$.....	\$.....0.0 %
21.03 Other.....	\$.....0.0 %	\$.....	\$.....	\$.....0.0 %

See independent auditor's report on other legal and regulatory information

AMERICAN SAVINGS LIFE INSURANCE COMPANY
SCHEDULE 3 – INVESTMENT RISK INTERROGATORIES (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	<u>At Year-End</u>		<u>At End of Each Quarter</u>		
	1	2	<u>1st Qtr</u> 3	<u>2nd Qtr</u> 4	<u>3rd Qtr</u> 5
22.01 Hedging.....	\$.....	.....0.0 %	\$.....	\$.....	\$.....
22.02 Income generation.....	\$.....	.....0.0 %	\$.....	\$.....	\$.....
22.03 Replications.....	\$.....	.....0.0 %	\$.....	\$.....	\$.....
22.04 Other.....	\$.....	.....0.0 %	\$.....	\$.....	\$.....

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	<u>At Year-End</u>		<u>At End of Each Quarter</u>		
	1	2	<u>1st Qtr</u> 3	<u>2nd Qtr</u> 4	<u>3rd Qtr</u> 5
23.01 Hedging.....	\$.....	.....0.0 %	\$.....	\$.....	\$.....
23.02 Income generation.....	\$.....	.....0.0 %	\$.....	\$.....	\$.....
23.03 Replications.....	\$.....	.....0.0 %	\$.....	\$.....	\$.....
23.04 Other.....	\$.....	.....0.0 %	\$.....	\$.....	\$.....

See independent auditor's report on other legal and regulatory information