

ANNUAL STATEMENT

OF THE

of _____

in the state of _____

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2010

LIFE AND ACCIDENT AND HEALTH

2010



99546201020100100

ANNUAL STATEMENT

For the Year Ended December 31, 2010
OF THE CONDITION AND AFFAIRS OF THE

Texas Directors Life Insurance Company

NAIC Group Code 4712 0000 NAIC Company Code 99546 Employer's ID Number 75-2446017
(Current Period) (Prior Period)

Organized under the Laws of Texas, State of Domicile or Port of Entry Texas

Country of Domicile United States

Incorporated/Organized: May 16, 1980 Commenced Business July 1, 1981

Statutory Home Office 2211 N.E. Loop 410, San Antonio, TX 78217
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office: 2211 N.E. Loop 410
(Street and Number)

San Antonio, TX 78217 210-357-2222
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address: GPM Life Bldg-P.O. Box 659567, San Antonio, TX 78265-9567
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records: 2211 N.E. Loop 410 San Antonio, TX 78217 210-357-2222
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.texasdirectorslife.com

Statutory Statement Contact: Lourdes Mendoza 210-357-2222
(Name) (Area Code) (Telephone Number) (Extension)
alm@gpmlife.com 210-357-6722
(E-Mail Address) (Fax Number)

OFFICERS

Name	Title
1. <u>Peter John Hennessey III #</u>	<u>Chairman of the Board, President and CEO</u>
2. <u>Charles Alan Ferguson #</u>	<u>Sr. VP, General Counsel and Secretary</u>
3. <u>Maria de Lourdes Mendoza #</u>	<u>Vice President and Treasurer</u>

VICE-PRESIDENTS

Name	Title	Name	Title
<u>Pamela A Hutchins #</u>	<u>Sr. Vice President and Chief Actuary</u>	<u>Peter John Hennessey IV #</u>	<u>Sr. Vice President - Marketing</u>
<u>Charles Alan Ferguson #</u>	<u>Sr. Vice President, General Counsel and Secretary</u>		

DIRECTORS OR TRUSTEES

<u>Peter John Hennessey III - Chairman #</u>	<u>Pamela A Hutchins #</u>	<u>Charles Alan Ferguson #</u>	<u>Maria de Lourdes Mendoza #</u>
<u>Peter John Hennessey IV #</u>	<u>Robert Roy Draper #</u>		

State of Texas

County of Bexar ss

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

(Signature)
Peter John Hennessey III
(Printed Name)
1.
Chairman of the Board, President and CEO
(Title)

(Signature)
Charles Alan Ferguson
(Printed Name)
2.
Sr. VP, General Counsel and Secretary
(Title)

(Signature)
Maria de Lourdes Mendoza
(Printed Name)
3.
Vice President and Treasurer
(Title)

Subscribed and sworn to (or affirmed) before me on this
_____ day of March, 2011, by

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	5,184,602		5,184,602	8,622,510
2. Stocks (Schedule D):				
2.1 Preferred stocks	150,000		150,000	500,220
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 24,753, Schedule E - Part 1), cash equivalents (\$ 0, Schedule E - Part 2), and short-term investments (\$ 265,514, Schedule DA)	290,267		290,267	404,753
6. Contract loans (including \$ 0 premium notes)	10,628		10,628	12,923
7. Derivatives				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	5,635,497		5,635,497	9,540,406
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	80,668		80,668	128,700
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	1,756		1,756	1,464
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	2,435		2,435	3,120
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	219,347	193,903	25,444	27,074
19. Guaranty funds receivable or on deposit	26,732		26,732	26,733
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$ 0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	100,000		100,000	
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	22,035	18,272	3,763	2,025
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	6,088,470	212,175	5,876,295	9,729,522
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	6,088,470	212,175	5,876,295	9,729,522

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Negative IMR	16,220	16,220		
2502. State taxes recoverable	3,763		3,763	
2503. Other receivable	2,025	2,025		2,025
2598. Summary of remaining write-ins for Line 25 from overflow page	27	27		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	22,035	18,272	3,763	2,025

NONE

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$ 5,439,023 (Exhibit 5, Line 9999999) less \$ 0 included in Line 6.3 (including \$ 0 Modco Reserve)	5,439,023	5,616,705
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)		
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11)	34,319	31,780
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)		
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)	8,151	15,536
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)		
10. Commissions to agents due or accrued-life and annuity contracts \$ 0 accident and health \$ 0 and deposit-type contract funds \$ 0		4,888
11. Commissions and expense allowances payable on reinsurance assumed		
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6)		
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)	586	790
15.1 Current federal and foreign income taxes, including \$ 0 on realized capital gains (losses)	4,121	11,724
15.2 Net deferred tax liability		
16. Unearned investment income	402	484
17. Amounts withheld or retained by company as agent or trustee		
18. Amounts held for agents' account, including \$ 4,456 agents' credit balances	4,456	
19. Remittances and items not allocated	1,840	5,147
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above		
22. Borrowed money \$ 0 and interest thereon \$ 0		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve (AVR, Line 16, Col. 7)		
24.02 Reinsurance in unauthorized companies		
24.03 Funds held under reinsurance treaties with unauthorized reinsurers		
24.04 Payable to parent, subsidiaries and affiliates		
24.05 Drafts outstanding		
24.06 Liability for amounts held under uninsured plans		
24.07 Funds held under coinsurance		
24.08 Derivatives		
24.09 Payable for securities		
24.10 Payable for securities lending		
24.11 Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	134	
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	5,493,032	5,687,054
27. From Separate Accounts statement		
28. Total liabilities (Lines 26 and 27)	5,493,032	5,687,054
29. Common capital stock	200,000	100,000
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds		
32. Surplus notes		
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1)	30,000	30,000
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	153,263	3,912,468
36. Less treasury stock, at cost:		
36.1 0 shares common (value included in Line 29 \$ 0)		
36.2 0 shares preferred (value included in Line 30 \$ 0)		
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$ 0 in Separate Accounts Statement)	183,263	3,942,468
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55)	383,263	4,042,468
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	5,876,295	9,729,522

DETAILS OF WRITE-IN LINES		
2501. Accrued interest on death claims	134	
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	134	
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page	NONE	
3199. Totals (Lines 3101 through 3103 plus 3198) (Line 31 above)		
3401.		
3402.		
3403.		
3498. Summary of remaining write-ins for Line 34 from overflow page	NONE	
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)		

SUMMARY OF OPERATIONS

	1	2
	Current Year	Prior Year
1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11)	406,807	449,424
2. Considerations for supplementary contracts with life contingencies		
3. Net investment income (Exhibit of Net Investment Income, Line 17)	484,062	519,212
4. Amortization of Interest Maintenance Reserve (IMR, Line 5)	(9,942)	8,681
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	652	246
9. Totals (Lines 1 to 8.3)	881,579	977,563
10. Death benefits	500,913	474,819
11. Matured endowments (excluding guaranteed annual pure endowments)	36,032	
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	13,185	10,945
16. Group conversions		
17. Interest and adjustments on contract or deposit-type contract funds	209	
18. Payments on supplementary contracts with life contingencies		
19. Increase in aggregate reserves for life and accident and health contracts	(177,682)	(100,868)
20. Totals (Lines 10 to 19)	372,657	384,896
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1)	29,973	31,385
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)	104,592	111,989
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3)	1,052	(8,409)
25. Increase in loading on deferred and uncollected premiums	43	(501)
26. Net transfers to or (from) Separate Accounts net of reinsurance		
27. Aggregate write-ins for deductions		
28. Totals (Lines 20 to 27)	508,317	519,360
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	373,262	458,203
30. Dividends to policyholders		
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	373,262	458,203
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	123,703	114,044
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)	249,559	344,159
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ 120,602 (excluding taxes of \$ 9,998 transferred to the IMR)	(163,909)	(90,437)
35. Net income (Line 33 plus Line 34)	85,650	253,722
CAPITAL AND SURPLUS ACCOUNT		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2)	4,042,468	3,632,000
37. Net income (Line 35)	85,650	253,722
38. Change in net unrealized capital gains (losses) less capital gains tax of \$ 0	13,924	29,986
39. Change in net unrealized foreign exchange capital gain (loss)		
40. Change in net deferred income tax	20,456	(6,261)
41. Change in nonadmitted assets	82,465	133,021
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		
45. Change in treasury stock (Page 3, Lines 36.1 and 36.2 Col. 2 minus Col. 1)		
46. Surplus (contributed to) withdrawn from Separate Accounts during period		
47. Other changes in surplus in Separate Accounts statement		
48. Change in surplus notes		
49. Cumulative effect of changes in accounting principles		
50. Capital changes:		
50.1 Paid in	100,000	
50.2 Transferred from surplus (Stock Dividend)		
50.3 Transferred to surplus		
51. Surplus adjustment:		
51.1 Paid in		
51.2 Transferred to capital (Stock Dividend)		
51.3 Transferred from capital		
51.4 Change in surplus as a result of reinsurance		
52. Dividends to stockholders	(3,961,700)	
53. Aggregate write-ins for gains and losses in surplus		
54. Net change in capital and surplus for the year (Lines 37 through 53)	(3,659,205)	410,468
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	383,263	4,042,468

DETAILS OF WRITE-IN LINES		
08.301. Miscellaneous income	652	239
08.302. Over and short		7
08.303.		
08.398. Summary of write-ins for Line 08.3 from overflow page		
08.399. Totals (Lines 08.301 through 08.303 plus 08.398) (Line 08.3 above)	652	246
2701.		
2702.		
2703.		
2798. Summary of write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)		
5301.		
5302.		
5303.		
5398. Summary of write-ins for Line 53 from overflow page		
5399. Totals (Lines 5301 through 5303 plus 5398) (Line 53 above)		

NONE

NONE

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	399,773	450,075
2. Net investment income	528,875	519,257
3. Miscellaneous income	652	157
4. Total (Lines 1 through 3)	929,300	969,489
5. Benefit and loss related payments	547,666	496,595
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	139,584	142,549
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 130,600 tax on capital gains (losses)	131,306	86,869
10. Total (Lines 5 through 9)	818,556	726,013
11. Net cash from operations (Line 4 minus Line 10)	110,744	243,476
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	4,982,271	2,631,637
12.2 Stocks	35,900	169,002
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	5,018,171	2,800,639
13. Cost of investments acquired (long-term only):		
13.1 Bonds	1,226,398	2,880,018
13.2 Stocks		370
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications	130,600	
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,356,998	2,880,388
14. Net increase (decrease) in contract loans and premium notes	(1,811)	4,972
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	3,662,984	(84,721)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock	100,000	
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	3,961,701	
16.6 Other cash provided (applied)	(26,512)	57,203
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(3,888,213)	57,203
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(114,485)	215,958
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	404,753	188,795
19.2 End of year (Line 18 plus Line 19.1)	290,268	404,753

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

20.0001		
20.0002		
20.0003		

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health			12 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities	5 Supple- mentary Contracts		7 Life Insurance (a)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other	
1. Premiums and annuity considerations for life and accident and health contracts	406,807		406,807									
2. Considerations for supplementary contracts with life contingencies												
3. Net investment income	484,062		484,062									
4. Amortization of Interest Maintenance Reserve (IMR)	(9,942)		(9,942)									
5. Separate Accounts net gain from operations excluding unrealized gains or losses												
6. Commissions and expense allowances on reinsurance ceded												
7. Reserve adjustments on reinsurance ceded												
8. Miscellaneous Income:												
8.1 Fees associated with income from investment 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	652		652									
9. Totals (Lines 1 to 8.3)	881,579		881,579									
10. Death benefits	500,913		500,913									
11. Matured endowments (excluding guaranteed annual pure endowments)	36,032		36,032									
12. Annuity benefits												
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	13,185		13,185									
16. Group conversions												
17. Interest and adjustments on contract or deposit-type contract funds	209		209									
18. Payments on supplementary contracts with life contingencies												
19. Increase in aggregate reserves for life and accident and health contracts	(177,682)		(177,682)									
20. Totals (Lines 10 to 19)	372,657		372,657									
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)	29,973		29,973									
22. Commissions and expense allowances on reinsurance assumed												
23. General insurance expenses	104,592		104,592									
24. Insurance taxes, licenses and fees, excluding federal income taxes	1,052		1,052									
25. Increase in loading on deferred and uncollected premiums	43		43									
26. Net transfers to or (from) Separate Accounts net of reinsurance												
27. Aggregate write-ins for deductions												
28. Totals (Lines 20 to 27)	508,317		508,317									
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	373,262		373,262									
30. Dividends to policyholders												
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	373,262		373,262									
32. Federal income taxes incurred (excluding tax on capital gains)	123,703		123,703									
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)	249,559		249,559									

DETAILS OF WRITE-IN LINES											
08.301. Miscellaneous Income	652		652								
08.302.											
08.303.											
08.398. Summary of remaining write-ins for Line 08.3 from overflow page											
08.399. Totals (Lines 08.301 through 08.303 plus 08.398) (Line 08.3 above)	652		652								
2701.											
2702.											
2703.											
2798. Summary of remaining write-ins for Line 27 from overflow page											
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)											

NONE

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

ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group	
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities
Involving Life or Disability Contingencies (Reserves) (Net of Reinsurance Ceded)								
1. Reserve December 31, prior year	5,616,705		5,616,705					
2. Tabular net premiums or considerations	192,309		192,309					
3. Present value of disability claims incurred					X X X			
4. Tabular interest	213,457		213,457					
5. Tabular less actual reserve released								
6. Increase in reserve on account of change in valuation basis								
7. Other increases (net)								
8. Totals (Lines 1 to 7)	6,022,471		6,022,471					
9. Tabular cost	142,839		142,839		X X X			
10. Reserves released by death	262,608		262,608	X X X	X X X			X X X
11. Reserves released by other terminations (net)	178,001		178,001					
12. Annuity, supplementary contract, and disability payments involving life contingencies								
13. Net transfers to or (from) Separate Accounts								
14. Total deductions (Lines 9 to 13)	583,448		583,448					
15. Reserve December 31, current year	5,439,023		5,439,023					

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 54,912	33,565
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 493,000	466,314
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 10,931	10,931
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		268
6. Cash, cash equivalents and short-term investments	(e) 670	19
7. Derivative instruments	(f) 19	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	559,532	511,097
11. Investment expenses		(g) 27,036
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		27,036
17. Net investment income (Line 10 minus Line 16)		484,061

DETAILS OF WRITE-IN LINES			
0901.	NONE		
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)			
1501.	NONE		
1502.			
1503.			
1598. Summary of remaining write-ins for Line 15 from overflow page			
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)			

- (a) Includes \$ 17,652 accrual of discount less \$ 14,031 amortization of premium and less \$ 8,484 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	22,734		22,734	26	
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	56,513	(79,048)	(22,535)	13,898	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	(14,100)		(14,100)		
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	65,147	(79,048)	(13,901)	13,924	

DETAILS OF WRITE-IN LINES					
0901.	NONE				
0902.					
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)					

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

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)	10 Other	
FIRST YEAR (other than single)											
1. Uncollected											
2. Deferred and accrued											
3. Deferred, accrued and uncollected:											
3.1 Direct											
3.2 Reinsurance assumed											
3.3 Reinsurance ceded											
3.4 Net (Line 1 + Line 2)											
4. Advance											
5. Line 3.4 - Line 4											
6. Collected during year:											
6.1 Direct											
6.2 Reinsurance assumed											
6.3 Reinsurance ceded											
6.4 Net											
7. Line 5 + Line 6.4											
8. Prior year (uncollected + deferred and accrued - advance)											
9. First year premiums and considerations:											
9.1 Direct											
9.2 Reinsurance assumed											
9.3 Reinsurance ceded											
9.4 Net (Line 7 - Line 8)											
SINGLE											
10. Single premiums and considerations:											
10.1 Direct											
10.2 Reinsurance assumed											
10.3 Reinsurance ceded											
10.4 Net											
RENEWAL											
11. Uncollected	3,369		3,369								
12. Deferred and accrued	4,347		4,347								
13. Deferred, accrued and uncollected:											
13.1 Direct	7,715		7,715								
13.2 Reinsurance assumed											
13.3 Reinsurance ceded											
13.4 Net (Line 11 + Line 12)	7,715		7,715								
14. Advance	8,151		8,151								
15. Line 13.4 - Line 14	(436)		(436)								
16. Collected during year:											
16.1 Direct	401,773		401,773								
16.2 Reinsurance assumed											
16.3 Reinsurance ceded	2,000		2,000								
16.4 Net	399,773		399,773								
17. Line 15 + Line 16.4	399,337		399,337								
18. Prior year (uncollected + deferred and accrued - advance)	(7,470)		(7,470)								
19. Renewal premiums and considerations:											
19.1 Direct	408,807		408,807								
19.2 Reinsurance assumed											
19.3 Reinsurance ceded	2,000		2,000								
19.4 Net (Line 17 - Line 18)	406,807		406,807								
TOTAL											
20. Total premiums and annuity considerations:											
20.1 Direct	408,807		408,807								
20.2 Reinsurance assumed											
20.3 Reinsurance ceded	2,000		2,000								
20.4 Net (Lines 9.4 + 10.4 + 19.4)	406,807		406,807								

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

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)	10 Other	
DIVIDENDS AND COUPONS APPLIED (included in Part 1)											
21. To pay renewal premiums											
22. All other											
REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED											
23. First year (other than single):											
23.1 Reinsurance ceded											
23.2 Reinsurance assumed											
23.3 Net ceded less assumed											
24. Single:											
24.1 Reinsurance ceded											
24.2 Reinsurance assumed											
24.3 Net ceded less assumed											
25. Renewal:											
25.1 Reinsurance ceded											
25.2 Reinsurance assumed											
25.3 Net ceded less assumed											
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6)											
26.2 Reinsurance assumed (Page 6, Line 22)											
26.3 Net ceded less assumed											
COMMISSIONS INCURRED (direct business only)											
27. First year (other than single)											
28. Single											
29. Renewal	29,973		29,973								
30. Deposit-type contract funds											
31. Totals (to agree with Page 6, Line 21)	29,973		29,973								

EXHIBIT 2 – GENERAL EXPENSES

	Insurance				5 Investment	6 Total
	1 Life	Accident and Health		4 All Other Lines of Business		
		2 Cost Containment	3 All Other			
1. Rent	709					709
2. Salaries and wages	11,504					11,504
3.11 Contributions for benefit plans for employees	268					268
3.12 Contributions for benefit plans for agents						
3.21 Payments to employees under non-funded benefit plans						
3.22 Payments to agents under non-funded benefit plans						
3.31 Other employee welfare	1,048					1,048
3.32 Other agent welfare						
4.1 Legal fees and expenses	436					436
4.2 Medical examination fees	42					42
4.3 Inspection report fees						
4.4 Fees of public accountants and consulting actuaries	5,587					5,587
4.5 Expense of investigation and settlement of policy claims						
5.1 Traveling expenses	2,854					2,854
5.2 Advertising	680					680
5.3 Postage, express, telegraph and telephone	697					697
5.4 Printing and stationery	462					462
5.5 Cost or depreciation of furniture and equipment	151					151
5.6 Rental of equipment	290					290
5.7 Cost or depreciation of EDP equipment and software	638					638
6.1 Books and periodicals	17					17
6.2 Bureau and association fees	30					30
6.3 Insurance, except on real estate	108					108
6.4 Miscellaneous losses						
6.5 Collection and bank service charges	52					52
6.6 Sundry general expenses	808					808
6.7 Group service and administration fees						
6.8 Reimbursements by uninsured plans						
7.1 Agency expense allowance						
7.2 Agents' balances charged off (less \$ 0 recovered)						
7.3 Agency conferences other than local meetings						
9.1 Real estate expenses	25					25
9.2 Investment expenses not included elsewhere						
9.3 Aggregate write-ins for expenses	78,186			27,036		105,222
10. General expenses incurred	104,592			27,036	(a)	131,628
11. General expenses unpaid December 31, prior year						
12. General expenses unpaid December 31, current year						
13. Amounts receivable relating to uninsured plans, prior year						
14. Amounts receivable relating to uninsured plans, current year						
15. General expenses paid during year (Lines 10 + 11 - 12 - 13 + 14)	104,592			27,036		131,628

DETAILS OF WRITE-IN LINES						
09.301. Amortization of Reinsurance Allowance	77,230					77,230
09.302. Donations	763					763
09.303. Group Life Insurance Expense	125					125
09.398. Summary of remaining write-ins for Line 09.3 from overflow page	68			27,036		27,104
09.399. Totals (Lines 09.301 through 09.303 plus 09.398) (Line 09.3 above)	78,186			27,036		105,222

(a) Includes management fees of \$ 0 to affiliates and \$ 0 to non-affiliates.

EXHIBIT 3 – TAXES, LICENSES AND FEES (EXCLUDING FEDERAL INCOME TAXES)

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Real estate taxes					
2. State insurance department licenses and fees	1,197				1,197
3. State taxes on premiums	(145)				(145)
4. Other state taxes, incl. \$ 0 for employee benefits					
5. U.S. Social Security taxes					
6. All other taxes					
7. Taxes, licenses and fees incurred	1,052				1,052
8. Taxes, licenses and fees unpaid December 31, prior year	(1,235)				(1,235)
9. Taxes, licenses and fees unpaid December 31, current year	(5,203)				(5,203)
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9)	5,020				5,020

EXHIBIT 4 – DIVIDENDS OR REFUNDS

	Insurance	
	1 Life	2 Accident and Health
1. Applied to pay renewal premiums		
2. Applied to shorten the endowment or premium-paying period		
3. Applied to provide paid-up additions		
4. Applied to provide paid-up annuities		
5. Total Lines 1 through 4		
6. Paid-in cash		
7. Left on deposit		
8. Aggregate write-ins for dividend or refund options		
9. Total Lines 5 through 8		
10. Amount due and unpaid		
11. Provision for dividends or refunds payable in the following calendar year		
12. Terminal dividends		
13. Provision for deferred dividend contracts		
14. Amount provisionally held for deferred dividend contracts not included in Line 13		
15. Total Lines 10 through 14		
16. Total from prior year		
17. Total dividends or refunds (Lines 9 + 15 - 16)		

NONE

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

NONE

EXHIBIT 5 – AGGREGATE RESERVE FOR LIFE CONTRACTS

1			2	3	4	5	6
Valuation Standard			Total	Industrial	Ordinary	Credit (Group and Individual)	Group
LIFE INSURANCE							
0100001	56 CHAMBERLAIN 2.50% FPT	47-72	21,686		21,686		
0100002	56 CHAMBERLAIN 3.00% FPT	43-80	243,357		243,357		
0100003	56 CHAMBERLAIN 3.50% FPT	35-07	3,469,052		3,469,052		
0100004	58 CSO 3.00% NL ANB	63-05	225,505		225,505		
0100005	58 CSO 3.50% CRVM ANB	96-97	3,870		3,870		
0100006	80 CET 4.50% CRVM ALB	92-97	8,228		8,228		
0100007	80 CSO 4.00% NL ALB	01	9		9		
0100008	80 CSO 4.50% CRVM ANB	96-98	55,990		55,990		
0100009	80 CSO 4.50% NL ANB	93-04	501,930		501,930		
0100010	80 CSO 5.00% NL ANB	89	733,475		733,475		
0100011	80 CSO 4.50% CRVM ALB	92-02	149,285		149,285		
0199997	Totals (Gross)		5,412,387		5,412,387		
0199998	Reinsurance ceded						
0199999	Totals (Net)		5,412,387		5,412,387		
ACCIDENTAL DEATH BENEFITS:							
0400001	59 ADB 3.50%	53-60	2		2		
0400002	59 ADB 4.00%	67-03	2,417		2,417		
0499997	Totals (Gross)		2,419		2,419		
0499998	Reinsurance ceded						
0499999	Totals (Net)		2,419		2,419		
MISCELLANEOUS RESERVES:							
0700001	FOR EXCESS OF NET OVER GROSS		108		108		
0700002	FOR NON-DEDUCTION OF DEFERRED FRACTIONAL PREM		307		307		
0700003	UNEARNED NET PREMIUM		11,610		11,610		
0700004	IMMEDIATE PAYMENT OF CLAIMS		12,192		12,192		
0799997	Totals (Gross)		24,217		24,217		
0799998	Reinsurance ceded						
0799999	Totals (Net)		24,217		24,217		
9999999	Totals (Net) - Page 3, Line 1		5,439,023		5,439,023		

EXHIBIT 5 – INTERROGATORIES

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

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

- 3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements? Yes No
 If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions.
- 4. Has the reporting entity any assessment or stipulated premium contracts in force? Yes No
 If so, state:
 - 4.1 Amount of insurance? \$ 12,805,397
 - 4.2 Amount of reserve? \$ 3,734,095
 - 4.3 Basis of reserve
56 Chamberlain 2.5%, 3.0% and 3.5%
 - 4.4 Basis of regular assessments
 - 4.5 Basis of special assessments
 - 4.6 Assessments collected during the year: \$
- 5. If the contract loan interest rate guaranteed in any one or more of its currently issued contracts is less than 5%, not in advance, state the contract loan rate guarantees on any such contracts. \$

- 6. Does the reporting entity hold reserves for any annuity contracts that are less than the reserves that would be held on a standard basis? Yes No
- 6.1 If so, state the amount of reserve on such contracts on the basis actually held: \$
- 6.2 That would have been held (on an exact or approximate basis) using the actual ages of the annuitants; the interest rate(s) used in 6.1; and the same mortality basis used by the reporting entity for the valuation of comparable annuity benefits issued to standard lives. If the reporting entity has no comparable annuity benefits for standard lives to be valued, the mortality basis shall be the table most recently approved by the state of domicile for valuing individual annuity benefits: \$
 Attach statement of methods employed in their valuation.
- 7. Does the reporting entity have any Synthetic GIC contracts or agreements in effect as of December 31 of the current year? Yes No
- 7.1 If yes, state the total dollar amount of assets covered by these contracts or agreements: \$
- 7.2 Specify the basis (fair value, amortized cost, etc.) for determining the amount \$

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

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

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

NONE Exhibit 6 - Aggregate Reserves For Accident And Health Contracts

NONE Exhibit 7

EXHIBIT 8 – CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 1 – Liability End of Current Year

	1	2	Ordinary			6	Group		Accident and Health		
			3	4	5		7	8	9	10	11
	Total	Industrial Life	Life Insurance	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance	Annuities	Group	Credit Life (Group and Individual)	Other
1. Due and unpaid:											
1.1 Direct											
1.2 Reinsurance assumed											
1.3 Reinsurance ceded											
1.4 Net											
2. In course of settlement:											
2.1 Resisted											
2.11 Direct											
2.12 Reinsurance assumed											
2.13 Reinsurance ceded											
2.14 Net			(b)	(b)		(b)	(b)				
2.2 Other											
2.21 Direct	4,671		4,671								
2.22 Reinsurance assumed											
2.23 Reinsurance ceded											
2.24 Net	4,671		(b) 4,671	(b)		(b)	(b)		(b)	(b)	(b)
3. Incurred but unreported:											
3.1 Direct	29,648		29,648								
3.2 Reinsurance assumed											
3.3 Reinsurance ceded											
3.4 Net	29,648		(b) 29,648	(b)		(b)	(b)		(b)	(b)	(b)
4. TOTALS											
4.1 Direct	34,319		34,319								
4.2 Reinsurance assumed											
4.3 Reinsurance ceded											
4.4 Net	34,319	(a)	(a) 34,319				(a)				

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- (a) Including matured endowments (but not guaranteed annual pure endowments) unpaid amounting to \$ 0 in Column 2, \$ 0 in Column 3 and \$ 0 in Column 7.
- (b) Include only portion of disability and accident and health claim liabilities applicable to assumed "accrued" benefits. Reserves (including reinsurance assumed and net of reinsurance ceded) for unaccrued benefits for Ordinary Life Insurance \$ 0, Individual Annuities \$ 0, Credit Life (Group and Individual) \$ 0, and Group Life \$ 0, are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$ 0, Credit (Group and Individual) Accident and Health \$ 0, and Other Accident and Health \$ 0 are included in Page 3, Line 2, (See Exhibit 6, Claim Reserve).

EXHIBIT 8 – CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 2 – Incurred During the Year

	1	2	Ordinary			6	Group		Accident and Health		
			3	4	5		7	8	9	10	11
	Total	Industrial Life (a)	Life Insurance (b)	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance (c)	Annuities	Group	Credit Life (Group and Individual)	Other
1. Settlements during the year:											
1.1 Direct	534,406		534,406								
1.2 Reinsurance assumed											
1.3 Reinsurance ceded											
1.4 Net	(d) 534,406		534,406								
2. Liability December 31, current year from Part 1:											
2.1 Direct	34,319		34,319								
2.2 Reinsurance assumed											
2.3 Reinsurance ceded											
2.4 Net	34,319		34,319								
3. Amounts recoverable from reinsurers December 31, current year											
4. Liability December 31, prior year:											
4.1 Direct	31,780		31,780								
4.2 Reinsurance assumed											
4.3 Reinsurance ceded											
4.4 Net	31,780		31,780								
5. Amounts recoverable from reinsurers December 31, prior year											
6. Incurred benefits:											
6.1 Direct	536,945		536,945								
6.2 Reinsurance assumed											
6.3 Reinsurance ceded											
6.4 Net	536,945		536,945								

- (a) Including matured endowments (but not guaranteed annual pure endowments) amounting to: \$ 0 in Line 1.1, \$ 0 in Line 1.4.
 \$ 0 in Line 6.1, and \$ 0 in Line 6.4.
- (b) Including matured endowments (but not guaranteed annual pure endowments) amounting to: \$ 36,032 in Line 1.1, \$ 36,032 in Line 1.4.
 \$ 36,032 in Line 6.1, and \$ 36,032 in Line 6.4.
- (c) Including matured endowments (but not guaranteed annual pure endowments) amounting to: \$ 0 in Line 1.1, \$ 0 in Line 1.4.
 \$ 0 in Line 6.1, and \$ 0 in Line 6.4.
- (d) Includes \$ 0 premiums waived under total and permanent disability benefits.

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due		23	23
15.3 Accrued retrospective premiums			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	193,903	171,817	(22,086)
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other than invested assets	18,272	122,800	104,528
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	212,175	294,640	82,465
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	212,175	294,640	82,465

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Negative IMR	16,220	45,570	29,350
2502. Other receivable	2,025		(2,025)
2503. Prepays and deposits	27		(27)
2598. Summary of remaining write-ins for Line 25 from overflow page		77,230	77,230
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	18,272	122,800	104,528

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Texas Directors Life Insurance Company are presented on the basis of the accounting practices prescribed or permitted by the Texas Department of Insurance.

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

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 insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the Company 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 interest method.
- (3) Common Stocks are valued at market.
- (4) Preferred Stocks are stated at cost.
- (5) Mortgage Loans on Real Estate: None.
- (6) Loan-backed securities are stated at amortized cost using the interest method including anticipated prepayments at the date of purchase; as cash flow assumptions change, all values are updated based upon new cash flow projections for each bond.
- (7) Investments in subsidiaries, controlled and affiliated companies: None.
- (8) Investments in joint ventures, partnerships and limited liability companies: None.
- (9) Derivatives: None.
- (10) Premium Deficiency Calculation: Not applicable.
- (11) Accident & Health Contracts: No applicable.
- (12) The Company has not modified its capitalization policy from the prior period.
- (13) Method used to estimate pharmaceutical rebate receivables: Not applicable.

2. Accounting Changes and Corrections of Errors

There were no material changes in accounting principles and/or correction of errors.

3. Business Combinations and Goodwill: None.

4. Discontinued Operations: None.

NOTES TO FINANCIAL STATEMENTS

5. Investments

- A. Mortgage Loans: None
- B. Debt Restructuring: None.
- C. Reverse Mortgages: None.
- D. Loan-Backed Securities:
- (1) Prepayment assumptions for loan-backed bonds were obtained from broker dealer survey values through Interactive Data and Bloomberg.
 - (2) Not applicable.
 - (3) Not applicable.
 - (4) Not applicable.
 - (5) The Company currently has no other-than-temporarily impaired mortgage loan-backed securities. However, securities that meet these criteria would be handled as follows: Securities rated NAIC 6 would be considered impaired if the present value of discounted future cash flows were less than amortized cost. Bloomberg or Intex cash flows would be used and default rates and severities assumed as the actual values of the last six months. These assumptions are conservative due to the significant issues experienced with mortgage loans during this period.
- E. Repurchase Agreements: None
- F. Real Estate: None.
- G. Low-Income Housing Tax Credits: None

6. Joint Ventures, Partnerships and Limited Liability Companies: None.

7. Investment Income

- A. The Company has no due and accrued amounts that were excluded from investment income.

8. Derivative Instruments: None.

9. Income Taxes

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

		<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
1		<u>2010</u>	<u>2010</u>	<u>2010</u>
	Gross deferred tax asset	\$ 218,994	\$ 14,724	\$ 233,718
	Adjusted gross deferred tax asset	218,994	14,724	233,718
	Deferred tax liability	14,297	74	14,371
	Net deferred tax asset (liability)	204,697	14,650	219,347
	Nonadmitted deferred tax asset	179,253	14,650	193,903
	Net deferred tax asset admitted	\$ 25,444	\$ -	\$ 25,444
		<u>2009</u>	<u>2009</u>	<u>2009</u>
	Gross deferred tax asset	\$ 228,669	\$ -	\$ 228,669
	Adjusted gross deferred tax asset	228,669	-	228,669
	Deferred tax liability	29,778	-	29,778
	Net deferred tax asset (liability)	198,891	-	198,891
	Nonadmitted deferred tax asset	171,817	-	171,817
	Net deferred tax asset admitted	\$ 27,074	\$ -	\$ 27,074
		<u>Change</u>	<u>Change</u>	<u>Change</u>
	Gross deferred tax asset	\$ (9,675)	\$ 14,724	\$ 5,049
	Adjusted gross deferred tax asset	(9,675)	14,724	5,049
	Deferred tax liability	(15,481)	74	(15,407)
	Net deferred tax asset (liability)	5,806	14,650	20,456
	Nonadmitted deferred tax asset	7,436	14,650	22,086
	Net deferred tax asset admitted	\$ (1,630)	\$ -	\$ (1,630)
			<u>2010</u>	<u>2009</u>
	Increase (decrease) in deferred tax asset non-admitted		\$ 22,086	\$ (26,799)

- 2 The Company did not admit additional DTAs pursuant to SSAP 10R, paragraph 10e.

This is not a change to the election in prior years.

- 3 Not Applicable.

NOTES TO FINANCIAL STATEMENTS

- 4 The admitted deferred tax asset is comprised of the following:

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
<u>SSAP 10</u>	<u>2010</u>	<u>2010</u>	<u>2010</u>
Recovered through loss carrybacks (10a)	25,444	-	25,444
Lesser of:			
Deferred taxes expected to be realized within 1 year (10bi)	-	-	-
10% of statutory capital of previously filed statement (10bii)	-	-	-
Amount of gross DTA's that can be offset against DTL's (10c)	14,297	74	14,371
Admitted deferred tax asset - SSAP 10	\$ 39,741	\$ 74	\$ 39,815
	<u>2009</u>	<u>2009</u>	<u>2009</u>
Recovered through loss carrybacks (10a)	27,074	-	27,074
Lesser of:			
Deferred taxes expected to be realized within 1 year (10bi)	-	-	-
10% of statutory capital of previously filed statement (10bii)	-	-	-
Amount of gross DTA's that can be offset against DTL's (10c)	29,778	-	29,778
Admitted deferred tax asset - SSAP 10	\$ 56,852	\$ -	\$ 56,852
	<u>Change</u>	<u>Change</u>	<u>Change</u>
Recovered through loss carrybacks (10a)	(1,630)	-	(1,630)
Lesser of:			
Deferred taxes expected to be realized within 1 year (10bi)	-	-	-
10% of statutory capital of previously filed statement (10bii)	-	-	-
Amount of gross DTA's that can be offset against DTL's (10c)	(15,481)	74	(15,407)
Admitted deferred tax asset - SSAP 10	\$ (17,111)	\$ 74	\$ (17,037)

- 5 Not applicable

- 6 The impact of tax planning strategies is as follows at December 31, 2010:

	<u>Ordinary</u>	<u>Capital</u>
Adjusted gross deferred tax assets	0%	0%
Net admitted deferred tax assets	0%	0%

- B. Unrecognized deferred tax liabilities: None

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

	<u>2010</u>	<u>2009</u>	<u>Change</u>
1. Federal income tax on operations	\$ 123,703	\$ 114,044	\$ 9,659
Federal Income tax on net realized capital gains / (losses)	130,600	(36,603)	\$ 167,203
Current federal income tax incurred (benefit)	\$ 254,303	\$ 77,441	\$ 176,862

The major components in the 2009 deferred tax amounts are as follows:

	<u>2010</u>	<u>2009</u>	<u>Change</u>
2 Deferred tax assets Ordinary:			
A. Ordinary:			
Reserves	\$ 187,711	\$ 193,366	\$ (5,655)
Proxy DAC	30,514	35,303	(4,789)
Other	769	-	769
Subtotal deferred tax assets	\$ 218,994	\$ 228,669	\$ (9,675)
Less: deferred tax assets nonadmitted	179,253	171,817	7,436
Admitted deferred tax assets Ordinary	\$ 39,741	\$ 56,852	\$ (17,111)
B. Capital			
Other Than Temporary Impairments	14,724	-	14,724
Subtotal deferred tax assets	\$ 14,724	\$ -	\$ 14,724
Less: deferred tax assets nonadmitted	\$ 14,650	\$ -	14,650
Admitted deferred tax assets Capital	\$ 74	\$ -	\$ 74
Admitted Deferred tax assets	\$ 39,815	\$ 56,852	\$ (17,037)

NOTES TO FINANCIAL STATEMENTS

3	Deferred tax liabilities				
	A. Ordinary:				
	Deferred & Uncollected Premiums	920	1,379	(459)	
	Market discount	4,288	19,310	(15,022)	
	Other	9,089	9,089	(0)	
	Subtotal deferred tax liabilities	\$ 14,297	\$ 29,778	\$ (15,481)	
	B. Capital				
	Other	74	-	74	
	Subtotal deferred tax liabilities	\$ 74	\$ -	\$ 74	
	C. Deferred Tax Liabilities	\$ 14,371	\$ 29,778	\$ (15,407)	
4	Net Deferred Tax Assets/Liabilities	\$ 25,444	\$ 27,074	\$ (1,630)	

The change in net deferred income taxes is comprised of the following:

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Total gross deferred tax assets	\$ 233,718	\$ 228,669	\$ 5,049
Total gross deferred tax liabilities	14,371	29,778	(15,407)
Net deferred tax asset	\$ 219,347	\$ 198,891	\$ 20,456
Deferred tax on change in net unrealized capital gains			-
Change in net deferred income tax			\$ 20,456

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

The significant items causing a difference between the statutory federal income tax rate and the Company's effective income tax rate are as follows:

	<u>2010</u>	<u>Effective Tax Rate</u>
Adjusted Statutory Gain	359,361	
Provision computed at statutory rate	\$ 122,183	34.00%
Amortization of Interest Maintenance Reserve	3,380	0.94%
Additional Consideration for tax	120,365	33.49%
Dividend Received Deduction	(4,076)	-1.13%
Change in Non Admitted Assets	(698)	-0.19%
Prior Year True Up	4,323	1.20%
Other	(11,630)	-3.24%
Total effective tax	\$ 233,847	65.07%
Federal and foreign income taxes incurred	\$ 254,303	70.77%
Change in net deferred income taxes	(20,456)	-5.69%
Total statutory income taxes	\$ 233,847	65.07%

- E. (1) The company does not have any operating loss or tax credit carryforward available for tax purposes.
- (2) Federal taxes available for recovery in the event of the carryback of future operations loss deductions are as follows:

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
2010	\$ 119,380	\$ 130,600	\$ 249,980
2009	\$ 122,098	\$ -	\$ 122,098
2008	\$ 74,342	\$ -	\$ 74,342

- (3) Aggregate amount of deposits admitted under Section 6603 of the IRS Code - None

NOTES TO FINANCIAL STATEMENTS

- F. Consolidated Return:
- (1) The company was sold effective November 1, 2010. The company's Federal Income Tax return is consolidated with its current parent company, Government Personnel Mutual Life Insurance Company. Prior to that date it was consolidated with its previous parent, Funeral Directors Life Insurance Company.
 - (2) The method of allocation is subject to written agreement with the parent company. The method of allocation between the companies is based upon separate return calculations with current credit for net losses. Inter-company tax balances are settled annually within 90 days after the federal income tax return is completed and filed. The agreement is on file with the Department of Insurance of Texas.
- 10. Information Concerning Parent, Subsidiaries and Affiliates**
- A. Effective November 1, 2010, all outstanding shares of the Company were sold by Funeral Directors to Government Personnel Mutual Life Insurance Company. The relationship between these entities is described in G below.
 - B. None.
 - C. None
 - D. None.
 - E. None.
 - F. Management or service contracts and cost-sharing arrangements with related parties:
 - (1) An agreement with the Company's then current parent, Funeral Directors Life Insurance Company, was in place for all of 2010 in which management and administrative and marketing services were provided to the Company; the agreement was approved by the Texas Department of Insurance. After the sale to Government Personnel Mutual Life Insurance Company effective November 1, 2010, the agreement for services to the Company continued through December 31, 2010. A similar agreement between the Company and Government Personnel Mutual Company was approved by the Texas Department of Insurance and became effective January 1, 2011.
 - (2) An agreement with Parkway Advisors, LP, an affiliate of Funeral Directors Life Insurance Company, was in place in which investment advisory services were provided to the Company; such agreement was approved by the Texas Department of Insurance. The agreement terminated on October 31, 2010.
 - G. Through October 31, 2010, all outstanding shares of the Company were owned by Funeral Directors Life Insurance Company, an insurance company domiciled in the State of Texas. All outstanding shares of Funeral Directors Life Insurance Company are owned by Directors Holding Corporation, a Nevada corporation, which is owned 100% by Directors Investment Group, Inc., domiciled in Nevada. The outstanding common stock of Directors Investment Group, Inc. is owned primarily by three family units: The Seale Family Limited Partnership of Snyder, Texas and Billy Kris Seale, individually (35.317%); the Billy Ray Harper family (16.659%); and the Jo Ann Elliott-Hamil family (11.352%). These family units were approved by a Form A filing with the Texas Department of Insurance.

Effective November 1, 2010, all outstanding shares of the Company were purchased by Government Personnel Mutual Life Insurance Company. Government Personnel Mutual Life is stand-alone mutual life insurance company domiciled in the State of Texas.
 - H. The Company does not own any shares of an upstream intermediate or ultimate parent, directly or indirectly.
 - I. Not applicable.
 - J. Not applicable.
 - K. Not applicable.
 - L. Not applicable.
- 11. Debt:** None.
- 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**
- A. Defined Benefit Plan: None.
 - B. Defined Contribution Plan: None
 - C. Multiemployer Plans: None.
 - D. Consolidated/Holding Company Plans: None
 - E. Postemployment Benefits and Compensated Absences: None
 - F. Impact of Medicare Modernization Act on Postretirement Benefits: None.
- 13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations**
- A. The Company has 200,000 shares of \$1 par common stock authorized, issued and outstanding.
 - B. The Company has no preferred stock.

NOTES TO FINANCIAL STATEMENTS

- C. Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, Texas, to \$15,326 for 2011, an amount that is based on restrictions relating to statutory surplus and gain from operations.
- D. The dates and amounts of dividends paid: on October 31, 2010, an extraordinary dividend in the amount of \$3,961,700 was paid to its then stockholder, Funeral Directors Life Insurance Company. The extraordinary dividend was approved by the Texas Department of Insurance.
- E. Within the limitations of (c) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- F. There were no restrictions placed on the Company's unassigned surplus, which is held for the benefit of the Company shareholders.
- G. Advances to surplus: None.
- H. The Company did not hold any shares of its common stock or any shares of its affiliates' stock for any special purpose.
- I. Not applicable.
- J. The portion of unassigned surplus represented or (reduced) by each item below is as follows:

Unrealized gains (losses)	\$	-	
Nonadmitted assets	\$	(212,175)	

- K. Surplus Notes: None.
- L. Restatement due to prior quasi-reorganization: Not applicable.
- M. Effective dates of quasi-reorganization: Not applicable.

14. Contingent Liabilities: None.

15. Leases

- A. Lessee leasing arrangements: None.
- B. Lessor Leases: None.

16. Off-Balance Sheet Risk and Financial Instruments with Concentration of Credit Risk: None.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities: None.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans: None.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administration: None

20. Fair Value Measurements

(1) Fair Value Measurements at December 31, 2010

(1) Description	(2) (Level 1)	(3) (Level 2)	(4) (Level 3)	(5) Total
A. Asset at fair value				
Perpetual Preferred Stock	0	0	0	0
Bonds				
Industrial and Misc	6,875	0	0	6,875
Hybrid Securities	80	0	0	80
Total Bonds	\$ 6,955	\$ 0	\$0	\$6,955
Common Stocks	0	0	0	0
Derivative Assets	0	0	0	0
Separate account assets	\$ 0	\$ 0	\$ 0	\$ 0
Total Assets at fair value	\$ 6,955	\$ 0	\$ 0	\$ 6,955

There are bonds carried at Fair Value that are Level 1. One of the bonds is a senior debenture and the other is a hybrid security. The bonds are rated NAIC 6 and are therefore carried at the lower of cost or market. The bonds have been impaired to market. Both bonds are valued based on observable markets.

During 2010, there were no transfers of assets between any Level 1, Level 2 or Level 3 assets.

21. Other Items

- A. Extraordinary Items: On October 31, 2010 an extraordinary dividend in the amount of \$3,961,700 was declared and paid to the then current stockholder, Funeral Directors Life Insurance Company. \$2,415,360 of the dividend was paid in the form of bonds. The transfer of assets was recorded at statutory book value. The Texas Department of Insurance approved the transaction.

NOTES TO FINANCIAL STATEMENTS

B. Troubled Debt Restructuring: None

C. Other Disclosures:

i) Effective November 1, 2010 Government Personnel Mutual Life Insurance Company purchased 100,000 shares, 100% of the outstanding shares of Texas Directors Life Insurance Company common stock, from Funeral Directors Life Insurance Company.

ii) Due to regulatory changes regarding required capital, the remaining 100,000 shares of authorized but unissued common stock of Texas Directors Life Insurance Company were issued to Government Personnel Mutual Life effective December 31, 2010. As permitted by the Texas Department of Insurance, the issue of the stock and the offsetting receivable from Government Personnel Mutual Life, the parent company, is reflected on Texas Directors Life Insurance Company's statement as of December 31, 2010. The receivable is recorded as an admitted asset.

D. Not applicable.

E. Business Interruption Insurance Recoveries: Not applicable.

F. State Transferable Tax Credits: None.

G. Subprime Mortgage Related Risk Exposure: None.

H. Retained Assets: None.

22. Events Subsequent: None.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 - General Interrogatories

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

Section 2 - Ceded Reinsurance Report- Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits? Yes () No (X).
- (i) If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the company to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.\$ Not applicable.
- (ii) What is the total amount of reinsurance credits taken, whether as an assets or as a reduction of liability, for these agreements in this statement? Not applicable.
- (2) Does the company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? Yes ()No (X). If yes give full details.

Section 3 - Ceded Reinsurance Report- Part B

- (1) What is the estimated amount of aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.\$ -0-.

NOTES TO FINANCIAL STATEMENTS

- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement? Yes ()No (X).

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? Not applicable.

- B. Uncollectible Reinsurance: None.
C. Commutation of Ceded Reinsurance: None.

24. **Retrospectively Rated Contracts & Contracts Subject to Redetermination:** None.

25. **Change in Incurred Losses and Loss Adjustment Expenses:** Not applicable.

26. **Intercompany Pooling Arrangements:** None.

27. **Structured Settlements:** None.

28. **Health Care Receivables:** None.

29. **Participating Policies**

- A. Percentage of Participating Insurance. 0%
B. Method of Accounting for Policyholder Dividends. Not applicable.
C. Amount of Dividends. Not applicable.
D. Amount of Any Additional Income Allocated to Participating Policyholders. Not applicable.

30. **Premium Deficiency Reserves:** Not applicable.

31. **Reserves for Life Contracts and Annuity Contracts**

- A. The Company waives deduction of deferred fractional premiums upon death of insured, but does not return any portion of the final premium beyond the date of death. Surrender values are not promised in excess of the legally computed reserves.
B. The Company has no business classified as substandard. Therefore, no additional reserves are held.
C. As of December 31, 2010, the Company had \$9,100 of insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by the state of Texas. Reserves to cover the above insurance totaled \$108 at year-end and are reported in Exhibit 5, Miscellaneous Reserves.
D. The Tabular Interest has been determined by formula as described in the instructions.

The Tabular Cost has been determined by formula as described in the instructions.

- E. Not applicable.
F. Not applicable.

32. **Analysis of Annuity Actuarial Reserves and Deposit Type Liabilities by Withdrawal Characteristics:** None.

33. **Premiums and Annuity Considerations Deferred and Uncollected**

Deferred and uncollected life insurance premiums and annuity considerations as of December 31, 2010 were as follows:

Type	Gross	Net of Loading
Ordinary Renewal	\$7,715	\$4,190
Total	\$7,715	\$4,190

34. **Separate Accounts:** None.

35. **Loss/Claim Adjustment Expenses:** Not applicable.

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes No N/A
- 1.3 State Regulating? _____ Texas _____
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. _____ 12/31/2010 _____
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. _____ 12/31/2007 _____
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). _____ 07/24/2009 _____
- 3.4 By what department or departments?
 Texas Department of Insurance

- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes No N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No
- 4.12 renewals? Yes No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes No
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....

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

GENERAL INTERROGATORIES

6.2 If yes, give full information:

.....

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]

7.2 If yes,

7.21 State the percentage of foreign control.

_____ %

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

1 Nationality	2 Type of Entity
.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

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

Ernst & Young, LLP, 100 West Houston Street, San Antonio, Texas 78205

.....

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes [] No [X]

10.2 If response to 10.1 is "yes," provide information related to this exemption:

.....

10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial Reporting Model Regulation, or substantially similar state law or regulation?

Yes [] No [X]

10.4 If response to 10.3 is "yes," provide information related to this exemption:

.....

GENERAL INTERROGATORIES

10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

10.6 If response to 10.5 is "yes," provide information related to this exemption:

10.7 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance law? Yes [X] No [] N/A []

10.8 If the response to 10.7 is no or n/a, please explain:

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 Pamela A Hutchins, 2211 NE Loop 410, San Antonio, Texas 78217, Senior Vice President and Chief Actuary

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

12.11 Name of real estate holding company	
12.12 Number of parcels involved	
12.13 Total book/adjusted carrying value	\$

12.2 If yes, provide explanation:

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

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

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

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

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

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules, and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.

Yes [X] No []

14.11 If the response to 14.1 is no, please explain:

GENERAL INTERROGATORIES

- 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).

- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

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

FINANCIAL

18. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 19.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | | |
|--|---|----|--|
| | 19.11 To directors or other officers | \$ | |
| | 19.12 To stockholders not officers | \$ | |
| | 19.13 Trustees, supreme or grand (Fraternal only) | \$ | |
- 19.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | | |
|--|---|----|--|
| | 19.21 To directors or other officers | \$ | |
| | 19.22 To stockholders not officers | \$ | |
| | 19.23 Trustees, supreme or grand (Fraternal only) | \$ | |
- 20.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 20.2 If yes, state the amount thereof at December 31 of the current year:
- | | | | |
|--|----------------------------|----|--|
| | 20.21 Rented from others | \$ | |
| | 20.22 Borrowed from others | \$ | |
| | 20.23 Leased from others | \$ | |
| | 20.24 Other | \$ | |
- 21.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 21.2 If answer is yes:
- | | | | |
|--|--|----|--|
| | 21.21 Amount paid as losses or risk adjustment | \$ | |
| | 21.22 Amount paid as expenses | \$ | |
| | 21.23 Other amounts paid | \$ | |
- 22.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 100,000

GENERAL INTERROGATORIES

INVESTMENT

- 23.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 23.3) Yes No
- 23.2 If no, give full and complete information relating thereto:

- 23.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)

- 23.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes No N/A
- 23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. \$ _____
- 23.6 If answer to 23.4 is no, report amount of collateral for other programs. \$ _____
- 23.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes No N/A
- 23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes No N/A
- 23.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MLSA) to conduct securities lending? Yes No N/A
- 24.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 20.1 and 23.3) Yes No
- 24.2 If yes, state the amount thereof at December 31 of the current year:
- | | | | |
|--|-------|--|----------|
| | 24.21 | Subject to repurchase agreements | \$ _____ |
| | 24.22 | Subject to reverse repurchase agreements | \$ _____ |
| | 24.23 | Subject to dollar repurchase agreements | \$ _____ |
| | 24.24 | Subject to reverse dollar repurchase agreements | \$ _____ |
| | 24.25 | Pledged as collateral | \$ _____ |
| | 24.26 | Placed under option agreements | \$ _____ |
| | 24.27 | Letter stock or securities restricted as to sale | \$ _____ |
| | 24.28 | On deposit with state or other regulatory body | \$ _____ |
| | 24.29 | Other | \$ _____ |
- 24.3 For category (24.27) provide the following:
- | 1
Nature of Restriction | 2
Description | 3
Amount |
|----------------------------|------------------|-------------|
| | | |
| | | |
- 25.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No
- 25.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement. Yes No N/A
- 26.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes No
- 26.2 If yes, state the amount thereof at December 31 of the current year. \$ _____

GENERAL INTERROGATORIES

27. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes No

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

1 Name of Custodian(s)	2 Custodian's Address
Morgan Keegan	Morgan Keegan, 50 N. Front Street, Memphis, TN 38103

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

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

27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year?

Yes No

27.04 If yes, give full and complete information relating thereto:

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

27.05 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name(s)	3 Address
112629	Parkway Advisors, LP	6550 Directors Parkway, Abilene, TX 79606

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

Yes No

28.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
28.2999 TOTAL		

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

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

GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
29.1 Bonds	5,450,116	5,500,252	50,136
29.2 Preferred stocks	150,000	147,040	(2,960)
29.3 Totals	5,600,116	5,647,292	47,176

29.4 Describe the sources or methods utilized in determining the fair values:
 We obtained pricing from the NAIC SVO. The values for any securities not provided by the NAIC are obtained through a download from Interactive Data.

30.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]

30.2 If the answer to 30.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No [X]

30.3 If the answer to 30.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

31.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []

31.2 If no, list exceptions:

OTHER

32.1 Amount of payments to Trade associations, service organizations and statistical or Rating Bureaus, if any? \$ _____

32.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....
.....

33.1 Amount of payments for legal expenses, if any? \$ _____

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

1 Name	2 Amount Paid
.....
.....

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

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
.....
.....

GENERAL INTERROGATORIES

PART 2 – LIFE INTERROGATORIES

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

1.31 Reason for excluding:

.....

.....

.....

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ _____
 1.62 Total incurred claims \$ _____
 1.63 Number of covered lives \$ _____

All years prior to most current three years:

1.64 Total premium earned \$ _____
 1.65 Total incurred claims \$ _____
 1.66 Number of covered lives \$ _____

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ _____
 1.72 Total incurred claims \$ _____
 1.73 Number of covered lives \$ _____

All years prior to most current three years:

1.74 Total premium earned \$ _____
 1.75 Total incurred claims \$ _____
 1.76 Number of covered lives \$ _____

2. Health Test:

	1		2	
	Current Year		Prior Year	
2.1 Premium Numerator	\$ _____		\$ _____	
2.2 Premium Denominator	\$ 406,807		\$ 449,424	
2.3 Premium Ratio (2.1 / 2.2)				
2.4 Reserve Numerator	\$ _____		\$ _____	
2.5 Reserve Denominator	\$ 5,449,125		\$ 5,622,390	
2.6 Reserve Ratio (2.4 / 2.5)				

3.1 Does this reporting entity have Separate Accounts? Yes [] No [X]

3.2 If yes, has a Separate Accounts statement been filed with this Department? Yes [] No [X] N/A []

3.3 What portion of capital and surplus funds of the reporting entity covered by assets in the Separate Accounts statement, is not currently distributable from the Separate Accounts to the general account for use by the general account? \$ _____

3.4 State the authority under which Separate Accounts are maintained:

.....

.....

.....

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

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

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

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

4.2 Net reimbursement of such expenses between reporting entities:

4.21 Paid \$ 27,362
 4.22 Received \$ _____

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

5.2 If yes, what amount pertaining to these items is included in:

5.21 Page 3, Line 1 \$ _____
 5.22 Page 4, Line 1 \$ _____

6. For stock reporting entities only:

6.1 Total amount paid in by stockholders as surplus funds since organization of the reporting entity: \$ 30,000

7. Total dividends paid stockholders since organization of the reporting entity:

7.11 Cash \$ 5,093,114
 7.12 Stock \$ _____

8.1 Does the company reinsure any Workers' Compensation Carve-Out business defined as: Reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death benefits of the occupational illness and accident exposures, but not the employers liability exposures, of business originally written as workers' compensation insurance. Yes [] No [X]

8.2 If yes, has the reporting entity completed the Workers' Compensation Carve-Out Supplement to the Annual Statement? Yes [] No [X]

8.3 If 8.1 is yes, the amounts of earned premiums and claims incurred in this statement are:

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

GENERAL INTERROGATORIES

PART 2 – LIFE INTERROGATORIES

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

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

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

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

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

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

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

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

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

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

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

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

11.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

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

FIVE – YEAR HISTORICAL DATA

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

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

	1	2	3	4	5
	2010	2009	2008	2007	2006
Life Insurance in Force					
(Exhibit of Life Insurance)					
1. Ordinary-whole life and endowment (Line 34, Col. 4)	15,947	16,992	17,974	18,871	19,747
2. Ordinary-term (Line 21, Col. 4, less Line 34, Col. 4)	61	66	66	70	85
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)	16,008	17,058	18,040	18,941	19,832
New Business Issued					
(Exhibit of Life Insurance)					
8. Ordinary-whole life and endowment (Line 34, Col. 2)					20
9. Ordinary-term (Line 2, Col. 4, less Line 34, Col. 2)				21	
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)				21	20
Premium Income - Lines of Business					
(Exhibit 1 – Part 1)					
14. Industrial life (Line 20.4, Col. 2)					
15.1 Ordinary life insurance (Line 20.4, Col. 3)	406,807	449,424	485,761	531,659	580,905
15.2 Ordinary individual annuities (Line 20.4, Col. 4)					
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	406,807	449,424	485,761	531,659	580,905
Balance Sheet					
(Pages 2 and 3)					
21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Col. 3)	5,876,295	9,729,522	9,434,456	9,365,465	9,019,664
22. Total liabilities excluding Separate Accounts business (Page 3, Line 26)	5,493,032	5,687,054	5,802,456	5,894,121	5,984,340
23. Aggregate life reserves (Page 3, Line 1)	5,439,023	5,616,705	5,717,573	5,786,783	5,834,646
24. Aggregate A & H reserves (Page 3, Line 2)					
25. Deposit-type contract funds (Page 3, Line 3)					
26. Asset valuation reserve (Page 3, Line 24.01)				30,163	39,458
27. Capital (Page 3, Lines 29 & 30)	200,000	100,000	100,000	100,000	100,000
28. Surplus (Page 3, Line 37)	183,263	3,942,468	3,532,000	3,371,344	2,935,324
Cash Flow (Page 5)					
29. Net cash from operations (Line 11)	110,744	243,476	214,678	255,087	153,259
Risk-Based Capital Analysis					
30. Total adjusted capital	383,267	4,042,468	3,632,000	3,501,507	3,074,782
31. Authorized control level risk-based capital	75,865	99,479	79,971	62,171	55,970
Percentage Distribution of Cash, Cash Equivalents and Invested Assets					
(Page 2, Col. 3) (Line No./Page 2, Line 12, Col. 3) x 100.0					
32. Bonds (Line 1)	92.0	90.4	89.7	89.2	93.5
33. Stocks (Lines 2.1 and 2.2)	2.7	5.2	8.2	9.0	4.8
34. Mortgage loans on real estate (Lines 3.1 and 3.2)					
35. Real estate (Lines 4.1, 4.2 and 4.3)					
36. Cash, cash equivalents and short-term investments (Line 5)	5.2	4.2	2.0	1.7	1.6
37. Contract loans (Line 6)	0.2	0.1	0.1	0.1	0.1
38. Derivatives (Page 2, Line 7)		X X X	X X X	X X X	X X X
39. Other invested assets (Line 8)					
40. Receivables for securities (Line 9)					
41. Securities lending reinvested collateral assets (Line 10)		X X X	X X X	X X X	X X X
42. Aggregate write-ins for invested assets (Line 11)					
43. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0

FIVE – YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2010	2009	2008	2007	2006
Investments in Parent, Subsidiaries and Affiliates					
44. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
45. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)					
46. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)					
47. Affiliated short-term investments (subtotal included in Schedule DA, Verification, Col. 5, Line 10)					
48. Affiliated mortgage loans on real estate					
49. All other affiliated					
50. Total of above Lines 44 to 49					
Total Nonadmitted and Admitted Assets					
51. Total nonadmitted assets (Page 2, Line 28, Col. 2)	212,175	294,640	353,085	462,621	590,785
52. Total admitted assets (Page 2, Line 28, Col. 3)	5,876,295	9,729,522	9,434,456	9,365,465	9,019,664
Investment Data					
53. Net investment income (Exhibit of Net Investment Income)	484,061	519,212	534,683	519,387	493,997
54. Realized capital gains (losses)	(13,901)	(69,939)	(182,768)	19,385	(8,470)
55. Unrealized capital gains (losses)	13,924			(10,919)	20,166
56. Total of above Lines 53, 54 and 55	484,084	449,273	351,915	527,853	505,693
Benefits and Reserve Increase (Page 6)					
57. Total contract benefits-life (Lines 10, 11, 12, 13, 14 and 15, Col.1 minus Lines 10, 11, 12, 13, 14 and 15, Cols. 9, 10 and 11)	550,130	485,764	525,923	454,912	667,229
58. Total contract benefits-A & H (Lines 13 & 14, Cols. 9, 10 & 11)					
59. Increase in life reserves-other than group and annuities (Line 19, Cols. 2 & 3)	(177,682)	(100,868)	(69,210)	(47,863)	(89,793)
60. Increase in A & H reserves (Line 19, Cols. 9, 10 & 11)					
61. Dividends to policyholders (Line 30, Col. 1)					
Operating Percentages					
62. Insurance expense percent (Page 6, Col. 1, Lines 21, 22 & 23 less Line 6)/(Page 6 Col. 1, Line 1 plus Exhibit 7, Col. 2, Line 2) x 100.00	33.1	31.9	41.5	40.8	38.9
63. Lapse percent (ordinary only) [Exhibit of Life Insurance, Column 4, Lines 14 & 15] / ½ (Exhibit of Life Insurance, Column 4, Lines 1 & 21)] x 100.00	8.5	9.0	9.3	9.3	9.7
64. A & H loss percent (Schedule H, Part 1, Lines 5 & 6, Col. 2)					
65. A & H cost containment percent (Schedule H, Part 1, Line 4, Col. 2)					
66. A & H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Col. 2)					
A & H Claim Reserve Adequacy					
67. Incurred losses on prior years' claims-group health (Sch. H, Part 3, Line 3.1, Col. 2)					
68. Prior years' claim liability and reserve-group health (Sch. H, Part 3, Line 3.2, Col. 2)					
69. Incurred losses on prior years' claims-health other than group (Sch. H, Part 3, Line 3.1, Col. 1 less Col. 2)					
70. Prior years' claim liability and reserve-health other than group (Sch. H, Part 3, Line 3.2, Col. 1 less Col. 2)					
Net Gains From Operations After Federal Income					
Taxes by Lines of Business					
(Page 6, Line 33)					
71. Industrial life (Col. 2)					
72. Ordinary-life (Col. 3)	249,559	344,159	264,799	308,030	221,148
73. Ordinary-individual annuities (Col. 4)					
74. Ordinary-supplementary contracts (Col. 5)					
75. Credit life (Col. 6)					
76. Group life (Col. 7)					
77. Group annuities (Col. 8)					
78. A & H-group (Col. 9)					
79. A & H-credit (Col. 10)					
80. A & H-other (Col. 11)					
81. Aggregate of all other lines of business (Col. 12)					
82. Total (Col. 1)	249,559	344,159	264,799	308,030	221,148

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

Yes [] No [X]

If no, please explain:

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

EXHIBIT OF LIFE INSURANCE

	Industrial		Ordinary		Credit Life (Group and Individual)		Group			10 Total Amount of Insurance (a)
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Individual Policies and Group Certificates	6 Amount of Insurance (a)	Number of		9 Amount of Insurance (a)	
							7 Policies	8 Certificates		
1. In force end of prior year			10,912	17,058						17,058
2. Issued during year										
3. Reinsurance assumed										
4. Revived during year			233	890						890
5. Increased during year (net)				23						23
6. Subtotals, Lines 2 to 5			233	913						913
7. Additions by dividends during year	X X X		X X X		X X X		X X X	X X X		
8. Aggregate write-ins for increases										
9. Totals (Lines 1 and 6 to 8)			11,145	17,971						17,971
Deductions during year										
10. Death			316	517			X X X			517
11. Maturity			111	36			X X X			36
12. Disability							X X X			
13. Expiry			1	2						2
14. Surrender			14	56						56
15. Lapse			320	1,352						1,352
16. Conversion							X X X	X X X	X X X	
17. Decreased (net)										
18. Reinsurance										
19. Aggregate write-ins for decreases										
20. Totals (Lines 10 to 19)			762	1,963						1,963
21. In force end of year (Line 9 minus Line 20)			10,383	16,008						16,008
22. Reinsurance ceded end of year	X X X		X X X		X X X		X X X	X X X		
23. Line 21 minus Line 22	X X X		X X X	16,008	X X X	(b)	X X X	X X X		16,008
DETAILS OF WRITE-IN LINES										
0801.										
0802.										
0803.										
0898. Summary of remaining write-ins for Line 08 from overflow page										
0899. Totals (Lines 0801 through 0803 plus 0898) (Line 08 above)										
1901.										
1902.										
1903.										
1998. Summary of remaining write-ins for Line 19 from overflow page										
1999. Totals (Lines 1901 through 1903 plus 1998) (Line 19 above)										

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

(b) Group \$ 0; Individual \$ 0

EXHIBIT OF LIFE INSURANCE (Continued)

ADDITIONAL INFORMATION ON INSURANCE IN FORCE END OF YEAR

	Industrial		Ordinary	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
24. Additions by dividends	X X X		X X X	
25. Other paid-up insurance			2,974	3,021
26. Debit ordinary insurance	X X X	X X X		

ADDITIONAL INFORMATION ON ORDINARY INSURANCE

Term Insurance Excluding Extended Term Insurance	Issued During Year (included in Line 2)		In Force End of Year (included in Line 21)	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
27. Term policies - decreasing				
28. Term policies - other				
29. Other term insurance - decreasing	X X X		X X X	
30. Other term insurance	X X X		X X X	
31. Totals, (Lines 27 to 30)				
Reconciliation to Lines 2 and 21:				
32. Term additions	X X X		X X X	
33. Totals, extended term insurance	X X X	X X X	11	61
34. Totals, whole life and endowment			10,372	15,947
35. Totals (Lines 31 to 34)			10,383	16,008

CLASSIFICATION OF AMOUNT OF INSURANCE (a) BY PARTICIPATING STATUS

	Issued During Year (included in Line 2)		In Force End of Year (included in Line 21)	
	1 Non-Participating	2 Participating	3 Non-Participating	4 Participating
36. Industrial				
37. Ordinary			16,008	
38. Credit Life (Group and Individual)				
39. Group				
40. Totals (Lines 36 to 39)			16,008	

ADDITIONAL INFORMATION ON CREDIT LIFE AND GROUP INSURANCE

	Credit Life		Group	
	1 Number of Individual Policies and Group Certificates	2 Amount of Insurance (a)	3 Number of Certificates	4 Amount of Insurance (a)
41. Amount of insurance included in Line 2 ceded to other companies	X X X		X X X	
42. Number in force end of year if the number under shared groups is counted on a pro-rata basis	NONE			X X X
43. Federal Employees' Group Life Insurance included in Line 21		X X X		
44. Servicemen's Group Life Insurance included in Line 21				
45. Group Permanent Insurance included in Line 21				

ADDITIONAL ACCIDENTAL DEATH BENEFITS

46. Amount of additional accidental death benefits in force end of year under ordinary policies (a)	1,274
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BASIS OF CALCULATION OF ORDINARY TERM INSURANCE

47. State basis of calculation of (47.1) decreasing term insurance contained in Family Income, Mortgage Protection, etc., policies and riders and of (47.2) term insurance on wife and children under Family, Parent and Children, etc., policies and riders included above.	
47.1 Not applicable	
47.2 Not applicable	

POLICIES WITH DISABILITY PROVISIONS

Disability Provision	Industrial		Ordinary		Credit		Group	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Policies	6 Amount of Insurance (a)	7 Number of Certificates	8 Amount of Insurance (a)
48. Waiver of Premium								
49. Disability Income								
50. Extended Benefits			X X X	NONE				
51. Other								
52. Total		(b)		(b)		(b)		(b)

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

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

NONE Exhibit of Number of Policies

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

NAIC Group Code	Group Name	NAIC Company Code	State of Domicile	Federal ID Number	Company Name
4712	GPM Life Group	63967	TEXAS	74-0651020	Government Personnel Mutual Life Insurance Company
4712	GPM Life Group	63967	TEXAS	75-2446017	Texas Directors Life Insurance Company (100%)

OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS				
2504. Prepays and deposits	27	27		
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	27	27		

OVERFLOW PAGE FOR WRITE-INS

Page 11 - Continuation

	Insurance				5 Investment	6 Total
	1 Life	Accident and Health		4 All Other Lines of Business		
		2 Cost Containment	3 All Other			
REMAINING WRITE-INS AGGREGATED AT LINE 09.3 FOR EXPENSES						
09.304. Data Processing Expense	60					60
09.305. Consulting Fees & Administrative Fees	8					8
09.306. Investment Advisor Fees					27,036	27,036
09.397. Totals (Lines 09.304 through 09.396) (Page 11, Line 09.398)	68				27,036	27,104

OVERFLOW PAGE FOR WRITE-INS

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	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
DETAILS OF WRITE-IN LINES FOR EXHIBIT OF NET INVESTMENT INCOME 2504 - 2596			
2504. Reinsurance allowances		77,230	77,230
2597. Totals (Lines 2504 through 2596) (Page 18, Line 2598)		77,230	77,230

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