



ANNUAL STATEMENT

For the Year Ended December 31, 2013
of the Condition and Affairs of the

SHENANDOAH LIFE INSURANCE COMPANY

NAIC Group Code.....4764, 4764 (Current Period) (Prior Period)	NAIC Company Code..... 68845	Employer's ID Number..... 54-0377280
Organized under the Laws of Virginia	State of Domicile or Port of Entry Virginia	Country of Domicile US
Incorporated/Organized..... December 23, 1914	Commenced Business..... February 1, 1916	
Statutory Home Office	2301 Brambleton Ave., SW..... Roanoke VA US 24015 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	
Main Administrative Office	2301 Brambleton Ave., SW..... Roanoke VA US..... 24015 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	540-985-4400 <i>(Area Code) (Telephone Number)</i>
Mail Address	P.O. BOX 12847..... Roanoke VA US 24029 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i>	
Primary Location of Books and Records	2301 Brambleton Ave., SW..... Roanoke VA US 24015 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	540-985-4400 <i>(Area Code) (Telephone Number)</i>
Internet Web Site Address	www.shenlife.com	
Statutory Statement Contact	Andrew Scott Vipperman <i>(Name)</i> andy.vipperman@shenlife.com <i>(E-Mail Address)</i>	540-985-4278 <i>(Area Code) (Telephone Number) (Extension)</i> 540-857-5938 <i>(Fax Number)</i>

OFFICERS

Name	Title	Name	Title
1. PAUL LEO MISTRETTA #	President & Chief Executive Officer	2. MICHAEL WILLIAM COFFMAN	Sr. VP, Chief Financial Officer & Treasurer
3. KATHLEEN MARIE KRONAU	Sr. VP, General Counsel & Secretary	4. MARY ANN HALLENBECK PELTIER	Sr. VP & Chief Actuary

OTHER

SWANSON DARYL BENNETT #	Sr. VP & Chief Human Resources Officer	PAULUS WINTER MOORE JR.	VP-Information Systems & Services
ANDREW SCOTT VIPPERMAN #	VP & Controller		

DIRECTORS OR TRUSTEES

JAY ARNOLD NOVIK	CRAIG ALLEN HUFF	HEIDI ELISABETH HUTTER	PAUL LEO MISTRETTA #
JOSE OSCAR MONTEMAYOR	MATTHEW THOMSON POPOLI	GREGG MATTHEW ZEITLIN	

State of..... Virginia
City of..... Roanoke

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) PAUL LEO MISTRETTA	_____ (Signature) MICHAEL WILLIAM COFFMAN	_____ (Signature) KATHLEEN MARIE KRONAU
1. (Printed Name) President & Chief Executive Officer	2. (Printed Name) Sr. VP, Chief Financial Officer & Treasurer	3. (Printed Name) Sr. VP, General Counsel & Secretary
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to before me
This _____ day of _____ 2014

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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	1,047,715,152		1,047,715,152	1,115,812,317
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	5,000,000		5,000,000	5,000,000
2.2 Common stocks.....	1,989,500	40,082	1,949,418	2,471,069
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	128,441,190		128,441,190	164,405,947
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	1,860,743		1,860,743	2,190,507
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	790,500
5. Cash (\$.....4,268,147, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....15,748,773, Schedule DA).....	20,016,920		20,016,920	9,131,750
6. Contract loans (including \$.....0 premium notes).....	27,595,832	19,840	27,575,992	29,709,367
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....	5,467,011		5,467,011	5,479,095
9. Receivables for securities.....			0	
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	1,238,086,348	59,922	1,238,026,426	1,334,990,552
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	10,253,946		10,253,946	11,012,306
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	(319,675)		(319,675)	(290,577)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	16,374,075		16,374,075	17,773,854
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	789,317		789,317	1,401,660
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....	292,897		292,897	317,216
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	
18.2 Net deferred tax asset.....	31,381,241	18,636,061	12,745,180	14,173,677
19. Guaranty funds receivable or on deposit.....	376,853		376,853	354,351
20. Electronic data processing equipment and software.....	1,144,186	1,071,409	72,777	29,329
21. Furniture and equipment, including health care delivery assets (\$.....0).....	127,126	127,126	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	87,371		87,371	
24. Health care (\$.....0) and other amounts receivable.....	138,119	29,819	108,300	103,458
25. Aggregate write-ins for other than invested assets.....	714,737	714,737	0	2,403
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	1,299,446,541	20,639,074	1,278,807,467	1,379,868,229
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	1,299,446,541	20,639,074	1,278,807,467	1,379,868,229

DETAILS OF WRITE-INS

1101.....			0	
1102.....			0	
1103.....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Prepaid expenses.....	348,703	348,703	0	
2502. Note receivable.....	366,034	366,034	0	
2503. Deposits and other amounts receivable.....			0	2,403
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	714,737	714,737	0	2,403

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$.....1,076,535,416 (Exhibit 5, Line 9999999) less \$.....0 included in Line 6.3 (including \$.....23,688,769 Modco Reserve).....	1,076,535,416	1,159,892,336
2. Aggregate reserve for accident and health contracts (including \$.....0 Modco Reserve).....	309,980	379,975
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$.....0 Modco Reserve).....	26,773,092	27,355,254
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11).....	6,553,863	6,738,716
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11).....	309,579	465,065
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).....	450,000	450,000
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 \$.....193,888 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14).....	241,339	210,240
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts.....		
9.2 Provision for experience rating refunds, including the liability of \$.....0 accident and health experience rating refunds of which \$.....0 is for medical loss ratio rebate per the Public Health Service Act.....		
9.3 Other amounts payable on reinsurance, including \$.....0 assumed and \$.....514,196 ceded.....	514,196	580,907
9.4 Interest Maintenance Reserve (IMR, Line 6).....	45,937,962	45,636,568
10. Commissions to agents due or accrued - life and annuity contracts \$.....177,633, accident and health \$.....0 and deposit-type contract funds \$.....0.....	177,633	200,088
11. Commissions and expense allowances payable on reinsurance assumed.....		
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6).....	5,951,318	4,314,504
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).....	292,267	354,562
15.1 Current federal and foreign income taxes, including \$.....700,831 on realized capital gains (losses).....	98,537	1,049,726
15.2 Net deferred tax liability.....		
16. Unearned investment income.....	844,011	957,252
17. Amounts withheld or retained by company as agent or trustee.....	121,723	169,972
18. Amounts held for agents' account, including \$.....0 agents' credit balances.....	2,167	4,734
19. Remittances and items not allocated.....	114,318	217,562
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).....	7,760,634	14,676,518
24.02 Reinsurance in unauthorized and certified (\$.....0) companies.....	281	
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$.....0) reinsurers.....	716,503	831,794
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.....	20,796,107	21,678,866
24.08 Derivatives.....		
24.09 Payable for securities.....	799,644	998,815
24.10 Payable for securities lending.....		
24.11 Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	2,440,759	5,532,800
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25).....	1,197,741,329	1,292,696,254
27. From Separate Accounts Statement.....		
28. Total liabilities (Line 26 and 27).....	1,197,741,329	1,292,696,254
29. Common capital stock.....	2,500,000	2,500,000
30. Preferred capital stock.....		
31. Aggregate write-ins for other than special surplus funds.....	0	0
32. Surplus notes.....		27,500,000
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1).....	30,000,000	30,000,000
34. Aggregate write-ins for special surplus funds.....	0	0
35. Unassigned funds (surplus).....	48,566,138	27,171,975
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 29 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 30 \$.....0).....		
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$.....0 in Separate Accounts Statement).....	78,566,138	84,671,975
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55).....	81,066,138	87,171,975
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3).....	1,278,807,467	1,379,868,229

DETAILS OF WRITE-INS

2501. Pension benefit liabilities.....	1,874,346	5,092,586
2502. Group reserves.....	380,012	205,762
2503. Miscellaneous interest and unclaimed funds.....	133,506	113,633
2598. Summary of remaining write-ins for Line 25 from overflow page.....	52,895	120,819
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	2,440,759	5,532,800
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page.....	0	0
3199. Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above).....	0	0
3401.		
3402.		
3403.		
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0

Annual Statement for the year 2013 of the **SHENANDOAH LIFE INSURANCE COMPANY**
SUMMARY OF OPERATIONS

	1 Current Year	2 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).....	54,682,848	61,586,911
2. Considerations for supplementary contracts with life contingencies.....	720,695	1,082,812
3. Net investment income (Exhibit of Net Investment Income, Line 17).....	50,229,173	56,485,978
4. Amortization of Interest Maintenance Reserve (IMR) (Line 5).....	10,090,236	7,005,467
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).....	3,964,995	4,602,298
7. Reserve adjustments on reinsurance ceded.....	(3,251,378)	(8,491,172)
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.....	233,568	16,087,876
9. Totals (Lines 1 to 8.3).....	116,670,137	138,360,170
10. Death benefits.....	51,097,257	48,267,920
11. Matured endowments (excluding guaranteed annual pure endowments).....	483,635	354,083
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8).....	27,885,758	40,662,613
13. Disability benefits and benefits under accident and health contracts.....	4,421,064	5,741,593
14. Coupons, guaranteed annual pure endowments and similar benefits.....		
15. Surrender benefits and withdrawals for life contracts.....	77,844,271	133,340,521
16. Group conversions.....	(6,713)	(13,157)
17. Interest and adjustments on contract or deposit-type contract funds.....	1,275,212	1,072,620
18. Payments on supplementary contracts with life contingencies.....	2,572,595	2,466,672
19. Increase in aggregate reserves for life and accident and health contracts.....	(83,791,200)	(142,763,902)
20. Totals (Lines 10 to 19).....	81,781,879	89,128,963
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1).....	3,782,149	4,972,883
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1).....	8,109	37,577
23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4).....	15,616,508	12,333,525
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3).....	2,011,124	2,139,739
25. Increase in loading on deferred and uncollected premiums.....	(246,580)	(377,391)
26. Net transfers to or (from) Separate Accounts net of reinsurance.....		
27. Aggregate write-ins for deductions.....	1,001,717	1,037,926
28. Totals (Lines 20 to 27).....	103,954,906	109,273,222
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	12,715,231	29,086,948
30. Dividends to policyholders.....	418,733	511,734
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	12,296,498	28,575,214
32. Federal and foreign income taxes incurred (excluding tax on capital gains).....	(602,294)	1,159,693
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).....	12,898,792	27,415,521
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$.....28,886 (excluding taxes of \$.....1,447,985 transferred to the IMR).....	(334,223)	635,396
35. Net income (Line 33 plus Line 34).....	12,564,569	28,050,917
CAPITAL AND SURPLUS ACCOUNT		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2).....	87,171,975	15,624,942
37. Net income (Line 35).....	12,564,569	28,050,917
38. Change in net unrealized capital gains (losses) less capital gains tax of \$.....3,802.....	304,393	(1,416,597)
39. Change in net unrealized foreign exchange capital gain (loss).....		
40. Change in net deferred income tax.....	(2,646,896)	(23,109,742)
41. Change in nonadmitted assets.....	1,038,254	31,553,158
42. Change in liability for reinsurance in unauthorized and certified companies.....	(281)	
43. Change in reserve on account of change in valuation basis, (increase) or decrease.....		
44. Change in asset valuation reserve.....	6,915,884	(1,877,682)
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.....	(27,500,000)	7,500,000
49. Cumulative effect of changes in accounting principles.....	303,829	(794,489)
50. Capital changes:		
50.1 Paid in.....		2,500,000
50.2 Transferred from surplus (Stock Dividend).....		
50.3 Transferred to surplus.....		
51. Surplus adjustment:		
51.1 Paid in.....		30,000,000
51.2 Transferred to capital (Stock Dividend).....		
51.3 Transferred from capital.....		
51.4 Change in surplus as a result of reinsurance.....		
52. Dividends to stockholders.....		
53. Aggregate write-ins for gains and losses in surplus.....	2,914,411	(858,532)
54. Net change in capital and surplus for the year (Lines 37 through 53).....	(6,105,837)	71,547,033
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38).....	81,066,138	87,171,975

DETAILS OF WRITE-INS

08.301. Miscellaneous income.....	233,568	87,876
08.302. Income from surplus note liquidation.....		16,000,000
08.303.		
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	0	0
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	233,568	16,087,876
2701. Increase (Decrease) in group reserves.....	174,250	(195,706)
2702. Fines and penalties.....	(59,325)	112,092
2703. Interest on funds withheld.....	886,792	1,121,540
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	1,001,717	1,037,926
5301. Change in pension benefit liabilities.....	2,914,411	(858,532)
5302.		
5303.		
5398. Summary of remaining write-ins for Line 53 from overflow page.....	0	0
5399. Totals (Lines 5301 thru 5303 plus 5398) (Line 53 above).....	2,914,411	(858,532)

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	57,054,663	64,630,956
2. Net investment income.....	55,623,807	63,947,295
3. Miscellaneous income.....	751,103	(3,839,387)
4. Total (Lines 1 through 3).....	113,429,573	124,738,864
5. Benefit and loss related payments.....	166,063,874	244,953,527
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	18,599,572	32,459,972
8. Dividends paid to policyholders.....	452,020	2,414,146
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	1,825,766	1,803,641
10. Total (Lines 5 through 9).....	186,941,232	281,631,286
11. Net cash from operations (Line 4 minus Line 10).....	(73,511,659)	(156,892,422)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	144,991,214	981,335,765
12.2 Stocks.....	491,500	6,418,211
12.3 Mortgage loans.....	36,422,525	24,635,437
12.4 Real estate.....	696,948	
12.5 Other invested assets.....		5,359,450
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	10,540	29,646
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	182,612,727	1,017,778,509
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	70,466,805	921,037,191
13.2 Stocks.....		
13.3 Mortgage loans.....	566,000	
13.4 Real estate.....	39,539	30,712
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....	199,171	779,583
13.7 Total investments acquired (Lines 13.1 to 13.6).....	71,271,515	921,847,486
14. Net increase (decrease) in contract loans and premium notes.....	(2,146,742)	2,596,539
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	113,487,954	93,334,484
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	(27,500,000)	23,500,000
16.2 Capital and paid in surplus, less treasury stock.....		32,500,000
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	(1,079,562)	2,890,048
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	(511,564)	(329,513)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(29,091,126)	58,560,535
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	10,885,169	(4,997,403)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	9,131,751	14,129,154
19.2 End of year (Line 18 plus Line 19.1).....	20,016,920	9,131,751

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

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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 Supplementary 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.....	54,682,848		48,538,291	597,084			672,759	3,331			4,871,383	
2. Considerations for supplementary contracts with life contingencies.....	720,695				720,695							
3. Net investment income.....	50,229,173		30,625,381	17,514,898	1,742,418			326,390			20,086	
4. Amortization of Interest Maintenance Reserve (IMR).....	10,090,236		6,121,153	3,551,570	348,262			65,236			4,015	
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....	0											
6. Commissions and expense allowances on reinsurance ceded.....	3,964,995		3,080,802	13,450							870,743	
7. Reserve adjustments on reinsurance ceded.....	(3,251,378)		152,906	(3,404,284)								
8. Miscellaneous Income:												
8.1 Fees associated with income from investment management, administration and contract guarantees from S/A.....	0											
8.2 Charges and fees for deposit-type contracts.....	0											
8.3 Aggregate write-ins for miscellaneous income.....	233,569	0	114,925	17,248	2,398	0	73,512	402	0	0	25,084	0
9. Totals (Lines 1 to 8.3).....	116,670,138	0	88,633,458	18,289,966	2,813,773	0	746,271	395,359	0	0	5,791,311	0
10. Death benefits.....	51,097,257		50,846,201				251,056					
11. Matured endowments (excluding guaranteed annual pure endowments).....	483,635		483,635									
12. Annuity benefits.....	27,885,758			27,150,345				735,413				
13. Disability benefits and benefits under accident and health contracts.....	4,421,064		1,159,038						(2,761)		3,264,787	
14. Coupons, guaranteed annual pure endowments and similar benefits.....	0											
15. Surrender benefits and withdrawals for life contracts.....	77,844,271		32,867,766	44,279,992				696,513				
16. Group conversions.....	(6,713)		(6,713)									
17. Interest and adjustments on contract or deposit-type contract funds.....	1,275,212		263,805	105,118	792,209		9,332	104,748				
18. Payments on supplementary contracts with life contingencies.....	2,572,595				2,572,595							
19. Increase in aggregate reserves for life and accident and health contracts.....	(83,791,200)		(23,075,459)	(59,210,100)	(624,192)			(811,453)			(69,996)	
20. Totals (Lines 10 to 19).....	81,781,879	0	62,538,273	12,325,355	2,740,612	0	260,388	725,221	(2,761)	0	3,194,791	0
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....	3,782,148		2,836,637	219,744				24			725,743	
22. Commissions and expense allowances on reinsurance assumed.....	8,109		8,109									
23. General insurance expenses.....	15,616,509		12,536,959	1,914,757	274,522			46,926			843,345	
24. Insurance taxes, licenses and fees, excluding federal income taxes.....	2,011,124		1,724,417	18,579	24,135		13,756	5,280			224,957	
25. Increase in loading on deferred and uncollected premiums.....	(246,580)		(246,580)									
26. Net transfers to or (from) Separate Accounts net of reinsurance.....	0											
27. Aggregate write-ins for deductions.....	1,001,717	0	841,017	(6,870)	(955)	0	174,250	(160)	0	0	(5,565)	0
28. Totals (Lines 20 to 27).....	103,954,906	0	80,238,832	14,471,565	3,038,314	0	448,394	777,291	(2,761)	0	4,983,271	0
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	12,715,232	0	8,394,626	3,818,401	(224,541)	0	297,877	(381,932)	2,761	0	808,040	0
30. Dividends to policyholders.....	418,733		418,733									
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	12,296,499	0	7,975,893	3,818,401	(224,541)	0	297,877	(381,932)	2,761	0	808,040	0
32. Federal income taxes incurred (excluding tax on capital gains).....	(602,294)		(390,667)	(187,029)	10,998		(14,590)	18,707	(135)		(39,579)	
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).....	12,898,793	0	8,366,560	4,005,430	(235,539)	0	312,467	(400,639)	2,896	0	847,619	0

DETAILS OF WRITE-INS

08.301. Miscellaneous income.....	233,569		114,925	17,248	2,398		73,512	402			25,084	
08.302.	0											
08.303.	0											
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	0	0	0	0	0	0	0	0	0	0	0	0
08.399. Total (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	233,569	0	114,925	17,248	2,398	0	73,512	402	0	0	25,084	0
2701. Increase (Decrease) in group reserves.....	174,250						174,250					
2702. Fines and penalties.....	(59,325)		(45,775)	(6,870)	(955)			(160)			(5,565)	
2703. Interest on funds withheld.....	886,792		886,792									
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0	0	0	0	0	0	0	0	0	0	0
2799. Total (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	1,001,717	0	841,017	(6,870)	(955)	0	174,250	(160)	0	0	(5,565)	0

(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.....	1,159,892,334		710,504,831	420,008,779	19,240,808		9,799	10,128,117
2. Tabular net premiums or considerations.....	51,194,603		49,873,493	597,084	720,695			3,331
3. Present value of disability claims incurred.....	0				XXX			
4. Tabular interest.....	45,698,552		30,350,036	13,789,960	1,078,193			480,363
5. Tabular less actual reserve released.....	21,184,395			20,553,483	149,515			481,397
6. Increase in reserve on account of change in valuation basis.....	0							
7. Other increases (net).....	0							
8. Totals (Lines 1 to 7).....	1,277,969,884	0	790,728,360	454,949,306	21,189,211	0	9,799	11,093,208
9. Tabular cost.....	60,338,947		38,750,474	21,276,342	XXX			312,131
10. Reserves released by death.....	19,050,086		19,050,086	XXX	XXX			XXX
11. Reserves released by other terminations (net).....	90,428,045		44,339,389	45,359,656				729,000
12. Annuity, supplementary contract, and disability payments involving life contingencies.....	31,617,391		1,159,038	27,150,345	2,572,595			735,413
13. Net transfers to or (from) Separate Accounts.....	0							
14. Total deductions (Lines 9 to 13).....	201,434,469	0	103,298,987	93,786,343	2,572,595	0	0	1,776,544
15. Reserve December 31, current year.....	1,076,535,415	0	687,429,373	361,162,963	18,616,616	0	9,799	9,316,664

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....974,007	.....958,451
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....41,450,948	.....40,895,235
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....51,872	.....51,872
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....10,891,822	.....10,722,099
4. Real estate.....	(d).....1,360,812	.....1,360,812
5. Contract loans.....	.....1,578,608	.....1,674,662
6. Cash, cash equivalents and short-term investments.....	(e).....9,986	.....9,806
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....278,416	.....278,416
9. Aggregate write-ins for investment income.....	.....72,356	.....72,356
10. Total gross investment income.....	.....56,668,827	.....56,023,709
11. Investment expenses.....		(g).....4,381,705
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....116,159
13. Interest expense.....		(h).....927,369
14. Depreciation on real estate and other invested assets.....		(i).....369,303
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....5,794,536
17. Net investment income (Line 10 minus Line 16).....		.....50,229,173

DETAILS OF WRITE-INS

0901. Miscellaneous income.....	.....72,356	.....72,356
0902. ....	.....	.....
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....72,356	.....72,356
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....	.....	.....0

- (a) Includes \$.....1,556,656 accrual of discount less \$.....7,193,270 amortization of premium and less \$.....490,651 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 \$.....32 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....1,257,991 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....9,829 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 \$.....893,750 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....369,303 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.....	.....	.....	.....0	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....12,175,786	.....(111,930)	.....12,063,856	.....	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....	.....	.....0	.....(30,150)	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....40	.....
3. Mortgage loans.....	.....	.....(446,567)	.....(446,567)	.....338,304	.....
4. Real estate.....	.....(35,052)	.....(58,500)	.....(93,552)	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....10,540	.....	.....10,540	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....	.....0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....12,151,275	.....(616,997)	.....11,534,278	.....308,194	.....0

DETAILS OF WRITE-INS

0901. ....	.....	.....	.....0	.....	.....
0902. ....	.....	.....	.....0	.....	.....
0903. ....	.....	.....	.....0	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0	.....0

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

	1 Total	2 Industrial Life	3 Ordinary		5 Credit Life (Group and Individual)	6 Group		8 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 & Individual)	10 Other	
FIRST YEAR (other than single)											
1. Uncollected.....	(109)		935							(1,044)	
2. Deferred and accrued.....	13,498		13,498								
3. Deferred, accrued and uncollected:											
3.1 Direct.....	14,481		14,481								
3.2 Reinsurance assumed.....	0										
3.3 Reinsurance ceded.....	1,092		48							1,044	
3.4 Net (Line 1 + Line 2).....	13,389	0	14,433	0	0	0	0	0	0	(1,044)	0
4. Advance.....	80		80								
5. Line 3.4 - Line 4.....	13,309	0	14,353	0	0	0	0	0	0	(1,044)	0
6. Collected during year:											
6.1 Direct.....	93,435		93,435								
6.2 Reinsurance assumed.....	0										
6.3 Reinsurance ceded.....	1,056		1,056								
6.4 Net.....	92,379	0	92,379	0	0	0	0	0	0	0	0
7. Line 5 + Line 6.4.....	105,688	0	106,732	0	0	0	0	0	0	(1,044)	0
8. Prior year (uncollected + deferred and accrued - advance).....	168,516		169,845							(1,329)	
9. First year premiums and considerations:											
9.1 Direct.....	(59,480)		(59,480)								
9.2 Reinsurance assumed.....	0										
9.3 Reinsurance ceded.....	3,348		3,634							(286)	
9.4 Net (Line 7 - Line 8).....	(62,828)	0	(63,113)	0	0	0	0	0	0	285	0
SINGLE											
10. Single premiums and considerations:											
10.1 Direct.....	442,136		385,949	56,187							
10.2 Reinsurance assumed.....	0										
10.3 Reinsurance ceded.....	3,274		3,274								
10.4 Net.....	438,862	0	382,675	56,187	0	0	0	0	0	0	0
RENEWAL											
11. Uncollected.....	(488,321)		(171,087)							(317,234)	
12. Deferred and accrued.....	18,713,421		18,713,421								
13. Deferred, accrued and uncollected:											
13.1 Direct.....	19,788,229		19,786,142							2,087	
13.2 Reinsurance assumed.....	0										
13.3 Reinsurance ceded.....	1,563,129		1,243,808							319,321	
13.4 Net (Line 11 + Line 12).....	18,225,100	0	18,542,334	0	0	0	0	0	0	(317,234)	0
14. Advance.....	241,259		47,371							193,888	
15. Line 13.4 - Line 14.....	17,983,841	0	18,494,963	0	0	0	0	0	0	(511,122)	0
16. Collected during year:											
16.1 Direct.....	77,905,562		67,104,410	540,898		672,759	3,331			9,584,164	
16.2 Reinsurance assumed.....	301,305		301,305								
16.3 Reinsurance ceded.....	22,404,090		17,652,950							4,751,140	
16.4 Net.....	55,802,777	0	49,752,765	540,898	0	672,759	3,331	0	0	4,833,024	0
17. Line 15 + Line 16.4.....	73,786,618	0	68,247,728	540,898	0	672,759	3,331	0	0	4,321,902	0
18. Prior year (uncollected + deferred and accrued - advance).....	19,479,803		20,028,998							(549,195)	
19. Renewal premiums and considerations:											
19.1 Direct.....	76,348,323		65,564,534	540,898		672,759	3,331			9,566,801	
19.2 Reinsurance assumed.....	301,305		301,305								
19.3 Reinsurance ceded.....	22,342,812		17,647,109							4,695,703	
19.4 Net (Line 17 - Line 18).....	54,306,815	0	48,218,730	540,898	0	672,759	3,331	0	0	4,871,097	0
TOTAL											
20. Total premiums and annuity considerations:											
20.1 Direct.....	76,730,979	0	65,891,003	597,085	0	672,759	3,331	0	0	9,566,801	0
20.2 Reinsurance assumed.....	301,305	0	301,305	0	0	0	0	0	0	0	0
20.3 Reinsurance ceded.....	22,349,434	0	17,654,017	0	0	0	0	0	0	4,695,417	0
20.4 Net (Lines 9.4 + 10.4 + 19.4).....	54,682,849	0	48,538,292	597,085	0	672,759	3,331	0	0	4,871,382	0

**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 & Individual)	10 Other	
DIVIDENDS AND COUPONS APPLIED (included in Part 1)											
21. To pay renewal premiums.....	28,011		28,011								
22. All other.....	385,949		385,949								
REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED											
23. First year (other than single):											
23.1 Reinsurance ceded.....	2,904		2,904								
23.2 Reinsurance assumed.....	8,109		8,109								
23.3 Net ceded less assumed.....	(5,205)	0	(5,205)	0	0	0	0	0	0	0	0
24. Single:											
24.1 Reinsurance ceded.....	12,874		(576)	13,450							
24.2 Reinsurance assumed.....	0										
24.3 Net ceded less assumed.....	12,874	0	(576)	13,450	0	0	0	0	0	0	0
25. Renewal:											
25.1 Reinsurance ceded.....	3,949,218		3,078,475							870,743	
25.2 Reinsurance assumed.....	0										
25.3 Net ceded less assumed.....	3,949,218	0	3,078,475	0	0	0	0	0	0	870,743	0
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6).....	3,964,995	0	3,080,802	13,450	0	0	0	0	0	870,743	0
26.2 Reinsurance assumed (Page 6, Line 22).....	8,109	0	8,109	0	0	0	0	0	0	0	0
26.3 Net ceded less assumed.....	3,956,887	0	3,072,693	13,450	0	0	0	0	0	870,743	0
COMMISSIONS INCURRED (direct business only)											
27. First year (other than single).....	78,631		76,842	(16)						1,805	
28. Single.....	(6,685)			(6,685)							
29. Renewal.....	3,710,201		2,759,795	226,445			24			723,938	
30. Deposit-type contract funds.....	0										
31. Totals (to agree with Page 6, Line 21).....	3,782,148	0	2,836,637	219,744	0	0	24	0	0	725,743	0

SHENANDOAH LIFE INSURANCE COMPANY 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.....	1,180,064		8,675		93,201	1,281,940
2. Salaries and wages.....	8,087,384		60,115		1,004,146	9,151,645
3.11 Contributions for benefit plans for employees.....	1,380,421		10,282		210,772	1,601,475
3.12 Contributions for benefit plans for agents.....						0
3.21 Payments to employees under non-funded benefit plans.....						0
3.22 Payments to agents under non-funded benefit plans.....						0
3.31 Other employee welfare.....	228,259		1,681		49,751	279,691
3.32 Other agent welfare.....						0
4.1 Legal fees and expenses.....	103,137		363		4,814	108,314
4.2 Medical examination fees.....	15,398					15,398
4.3 Inspection report fees.....	11,761		9			11,770
4.4 Fees of public accountants and consulting actuaries.....	1,513,956		21,993		291,081	1,827,030
4.5 Expense of investigation and settlement of policy claims.....	54,015		472,186		54	526,255
5.1 Traveling expenses.....	95,413		754		24,142	120,309
5.2 Advertising.....	(30,352)					(30,352)
5.3 Postage, express, telegraph and telephone.....	442,919		2,219		7,636	452,774
5.4 Printing and stationery.....	67,351		564		5,132	73,047
5.5 Cost or depreciation of furniture and equipment.....	75,908		553		7,348	83,809
5.6 Rental of equipment.....	215,625		2,211		146,028	363,864
5.7 Cost or depreciation of EDP equipment and software.....	264,655		1,605		21,503	287,763
6.1 Books and periodicals.....	44,028		223		11,991	56,242
6.2 Bureau and association fees.....	7,760		67		1,513	9,340
6.3 Insurance, except on real estate.....	159,452		1,162		15,434	176,048
6.4 Miscellaneous losses.....	6,299		(19)		(132)	6,148
6.5 Collection and bank service charges.....	203,827		47,362		3	251,192
6.6 Sundry general expenses.....	(19,799)		(81)		(3,187)	(23,067)
6.7 Group service and administration fees.....						0
6.8 Reimbursements by uninsured plans.....						0
7.1 Agency expense allowance.....			206,701			206,701
7.2 Agents' balances charged off (less \$.....0 recovered).....	727					727
7.3 Agency conferences other than local meetings.....						0
9.1 Real estate expenses.....					685,347	685,347
9.2 Investment expenses not included elsewhere.....					1,760,590	1,760,590
9.3 Aggregate write-ins for expenses.....	664,954	0	4,720	0	44,538	714,213
10. General expenses Incurred.....	14,773,162	0	843,345	0	4,381,705	(a) 19,998,213
11. General expenses unpaid December 31, prior year.....	2,813,201		538,119		963,184	4,314,504
12. General expenses unpaid December 31, current year.....	4,465,813		239,767		1,245,738	5,951,318
13. Amounts receivable relating to uninsured plans, prior year.....						0
14. Amounts receivable relating to uninsured plans, current year.....						0
15. General expenses paid during year (Lines 10 + 11 - 12 - 13 + 14).....	13,120,550	0	1,141,697	0	4,099,151	18,361,399

DETAILS OF WRITE-INS

09.301. Mainframe Maintenance.....	136,156		1,533		1,835	139,525
09.302. Computer Software.....	528,798		3,186		42,704	574,688
09.303.....						0
09.398. Summary of remaining write-ins for Line 9.3 from overflow page.....	0	0	0	0	0	0
09.399. Totals (Lines 09.301 thru 09.303 plus 09.398)(Line 9.3 above).....	664,954	0	4,720	0	44,538	714,213

(a) Includes management fees of \$.....0 to affiliates and \$....689,498 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.....				67,549	67,549
2. State insurance department licenses and fees.....	86,113	3,849			89,962
3. State taxes on premiums.....	1,109,952	175,503			1,285,455
4. Other state taxes, including \$.....0 for employee benefits.....	30,654	1,370		1,285	33,309
5. U.S. Social Security taxes.....	495,891	22,166		43,097	561,154
6. All other taxes.....	63,557	22,069		4,228	89,854
7. Taxes, licenses and fees incurred.....	1,786,167	224,957	0	116,159	2,127,283
8. Taxes, licenses and fees unpaid December 31, prior year.....	355,563	347		(1,348)	354,562
9. Taxes, licenses and fees unpaid December 31, current year.....	283,104	9,058		105	292,267
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9).....	1,858,626	216,246	0	114,706	2,189,578

EXHIBIT 4 - DIVIDENDS OR REFUNDS

	1	2
	Life	Accident and Health
1. Applied to pay renewal premiums.....	28,011	
2. Applied to shorten the endowment or premium-paying period.....		
3. Applied to provide paid-up additions.....	385,949	
4. Applied to provide paid-up annuities.....		
5. Total Lines 1 through 4.....	413,960	0
6. Paid-in cash.....	4,773	
7. Left on deposit.....		
8. Aggregate write-ins for dividend or refund options.....	0	0
9. Total Lines 5 through 8.....	418,733	0
10. Amount due and unpaid.....		
11. Provision for dividends or refunds payable in the following calendar year.....	450,000	
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.....	450,000	0
16. Total from prior year.....	450,000	
17. Total dividends or refunds (Lines 9 + 15 - 16).....	418,733	0

DETAILS OF WRITE-INS

0801.		
0802.		
0803.		
0898. Summary of remaining write-ins for Line 8 from overflow page.....	0	0
0899. Totals (Line 0801 thru 0803 plus 0898) (Line 8 above).....	0	0

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. Am Exp 3.50% NL 1929 - 1952	863,247		863,247		
0100002. Am Men 3.00% NL 1943 - 1956	881,168		881,168		
0100003. 41 CSO 2.50% CRVM 1948 - 1963	4,548,389		4,548,389		
0100004. 41 CSO 2.50% NL 1957 - 1962.....	7,453,497		7,453,497		
0100005. 58 CSO 2.50% NL 1963 - 1988	15,905,960		15,905,960		
0100006. 58 CET 2.50% NL.....	12,328		12,328		
0100007. 58 CSO 3.00% NL 1974 - 1975	41,161		41,161		
0100008. 58 CSO 3.50% MOD CRVM 1970 - 1984	12,081,200		12,081,200		
0100009. 58 CSO 3.50% NL 1963 - 1988.....	8,876,193		8,876,193		
0100010. 58 CET 3.50% NL.....	2,952		2,952		
0100011. 58 CSO 4.00% CRVM 1982 - 1987.....	48,083,859		48,083,859		
0100012. 58 CSO 4.00% NL 1978 - 1987.....	933,645		933,645		
0100013. 58 CSO 4.50% MOD CRVM 1980 - 1988	7,451,408		7,451,408		
0100014. 58 CSO 4.50% NL 1980 - 1988	9,574,979		9,574,979		
0100015. 58 CSO 5.50% NL 1980 - 1988	322,593		322,593		
0100016. 80 CSO 3.50% CRVM 1985 - 1996	87,592		87,592		
0100017. 80 CSO 4.00% CRVM 1985 - 2012.....	119,526,209		119,526,209		
0100018. 80 CSO 4.00% NL 1985 - 2008.....	991,869		991,869		
0100019. 80 CSO 4.50% CRVM 1988 - 2005.....	351,911,378		351,911,378		
0100020. 80 CSO 4.50% NL 1988 - 2005.....	20,248,086		20,248,086		
0100021. 80 CET 4.50% NL 1988 - 1988.....	1,017,659		1,017,659		
0100022. 80 CSO 5.00% CRVM 1988 - 1994.....	874,689		874,689		
0100023. 80 CSO 5.00% NL 1988 - 1994.....	167,918		167,918		
0100024. 80 CSO 5.50% CRVM 1985 - 1992.....	13,841,263		13,841,263		
0100025. 80 CSO 6.00% NL 1985 - 1986.....	1,538,411		1,538,411		
0100026. 2001 CSO 3.50% CRVM 2012 - NB.....	467,552		467,552		
0100027. 2001 CSO 4.00% CRVM 2006 - NB.....	44,577,117		44,577,117		
0100028. 2001 CSO 4.00% NL 2006 - NB.....	57,158,607		57,158,607		
0100029. 2001 CSO 4.50% NL 2004 - 2005.....	30,461,597		30,461,597		
0100030. 125% 80 CSO 5.50% NL 1988 - 1988	4,115,215		4,115,215		
0100031. Sub-standard.....	970,443		970,443		
0100032. Unearned Premium.....	1,859,267		1,859,267		
0100033. Payor D&D.....	1,872		1,872		
0199997. Totals (Gross).....	766,849,323	0	766,849,323	0	0
0199998. Reinsurance ceded.....	106,712,322		106,712,322		
0199999. Totals (Net).....	660,137,001	0	660,137,001	0	0
Annuities (excluding supplementary contracts with life contingencies):					
0200001. 71 GAM 6.00%.....	60,592	XXX		XXX	60,592
0200002. 71 GAM 7.50%.....	346,267	XXX		XXX	346,267
0200003. 71 GAM 9.50%.....	681,733	XXX		XXX	681,733
0200004. 83 GAM 8.00%.....	44,366	XXX		XXX	44,366
0200005. 83 GAM 8.22%.....	878,482	XXX		XXX	878,482
0200006. 49 A 3.50%.....	36,899	XXX	36,899	XXX	
0200007. 71 IAM 9.00%.....	32,836	XXX	32,836	XXX	
0200008. 83 IAM 5.25%.....	1,025,518	XXX	1,025,518	XXX	
0200009. 83 IAM 5.75%.....	1,875,108	XXX	1,875,108	XXX	
0200010. 83 IAM 6.50%.....	281,221	XXX	281,221	XXX	
0200011. 83 IAM 7.40%.....	463,812	XXX	463,812	XXX	
0200012. 83 IAM 8.15%.....	753,638	XXX	753,638	XXX	
0200013. a-2000 3.00%.....	58,325	XXX	58,325	XXX	
0200014. a-2000 5.00%.....	245,202	XXX	245,202	XXX	
0200015. a-2000 5.25%.....	5,920,505	XXX	5,920,505	XXX	
0200016. a-2000 5.50%.....	6,457,771	XXX	6,457,771	XXX	
0200017. a-2000 5.75%.....	344,441	XXX	344,441	XXX	
0200018. a-2000 6.00%.....	379,111	XXX	379,111	XXX	
0200019. a-2000 6.50%.....	518,671	XXX	518,671	XXX	
0200020. a-2000 6.75%.....	159,558	XXX	159,558	XXX	
0200021. CARVM 3.50%.....	595,682	XXX	595,682	XXX	
0200022. CARVM 4.00%.....	1,842,908	XXX	1,630,015	XXX	212,893
0200023. CARVM 4.25%.....	306,530	XXX	306,530	XXX	
0200024. CARVM 4.50%.....	158,835,090	XXX	154,163,119	XXX	4,671,971
0200025. CARVM 4.75%.....	69,042,363	XXX	69,042,363	XXX	
0200026. CARVM 5.00%.....	33,232,820	XXX	33,222,642	XXX	10,178
0200027. CARVM 5.25%.....	62,665,877	XXX	62,665,877	XXX	
0200028. CARVM 6.00%.....	7,285,258	XXX	7,284,277	XXX	981
0200029. CARVM 6.25%.....	9,017,731	XXX	8,355,070	XXX	662,661
0200030. CARVM 6.50%.....	2,744,616	XXX	2,627,916	XXX	116,700
0200031. CARVM 6.75%.....	2,268,163	XXX	1,929,113	XXX	339,050
0200032. CARVM 8.00%.....	1,485,508	XXX	758,357	XXX	727,151
0200033. CARVM 8.25%.....	593,030	XXX	29,388	XXX	563,642
0299997. Totals (Gross).....	370,479,632	XXX	361,162,965	XXX	9,316,667
0299999. Totals (Net).....	370,479,632	XXX	361,162,965	XXX	9,316,667

EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

1	2	3	4	5	6
Valuation Standard	Total	Industrial	Ordinary	Credit (Group and Individual)	Group
Supplementary Contracts with Life Contingencies:					
0300001. 37 Std 3.00%.....	191		191		
0300002. 49 A 3.50%.....	4,480		4,480		
0300003. 71 IAM 10.00%.....	74,495		74,495		
0300004. 71 IAM 6.00%.....	6,360		6,360		
0300005. 71 IAM 7.50%.....	82,710		82,710		
0300006. 71 IAM 9.00%.....	38,621		38,621		
0300007. 83 IAM 5.25%.....	2,130,122		2,130,122		
0300008. 83 IAM 6.50%.....	720,467		720,467		
0300009. 83 IAM 7.40%.....	690,297		690,297		
0300010. 83 IAM 8.00%.....	1,634,667		1,634,667		
0300011. a-2000 3.00%.....	748,635		748,635		
0300012. a-2000 4.25%.....	954,329		954,329		
0300013. a-2000 5.00%.....	619,367		619,367		
0300014. a-2000 5.25%.....	5,575,590		5,575,590		
0300015. a-2000 5.50%.....	2,419,575		2,419,575		
0300016. a-2000 5.75%.....	598,411		598,411		
0300017. a-2000 6.00%.....	994,862		994,862		
0300018. a-2000 6.50%.....	395,050		395,050		
0300019. a-2000 6.75%.....	928,389		928,389		
0399997. Totals (Gross).....	18,616,618	0	18,616,618	0	0
0399999. Totals (Net).....	18,616,618	0	18,616,618	0	0
Accidental Death Benefits:					
0400001. '59 ADB Table & 58 CSO 2.5%.....	122,823		122,823		
0400002. Unearned Premium.....	19,593		19,593		
0499997. Totals (Gross).....	142,416	0	142,416	0	0
0499998. Reinsurance ceded.....	3,297		3,297		
0499999. Totals (Net).....	139,119	0	139,119	0	0
Disability - Active Lives:					
0500001. '52 Disability Study - Per 2 & 58 CSO 3%.....	344,484		344,484		
0500002. Unearned Premium.....	23,903		23,903		
0599997. Totals (Gross).....	368,387	0	368,387	0	0
0599998. Reinsurance ceded.....	67,737		67,737		
0599999. Totals (Net).....	300,650	0	300,650	0	0
Disability - Disabled Lives:					
0600001. '52 Disability Study-Per.2 & '58 CSO 2.5%.....	6,079,788		6,079,788		
0600002. 70 INTERCO Group Life 3%.....	9,799				9,799
0699997. Totals (Gross).....	6,089,587	0	6,079,788	0	9,799
0699998. Reinsurance ceded.....	1,243,677		1,243,677		
0699999. Totals (Net).....	4,845,910	0	4,836,111	0	9,799
Miscellaneous Reserves:					
0700001. Excess Cash Value.....	10,510,471		10,510,471		
0700002. Guaranteed Insurability Benefit.....	10,789		10,789		
0700003. Non-Deduction Reserve.....	11,340		11,340		
0700004. Deficiency Reserves.....	29,896,920		29,896,920		
0799997. Totals (Gross).....	40,429,520	0	40,429,520	0	0
0799998. Reinsurance ceded.....	18,413,028		18,413,028		
0799999. Totals (Net).....	22,016,492	0	22,016,492	0	0
9999999. Totals (Net) - Page 3, Line 1.....	1,076,535,422	0	1,067,208,956	0	9,326,466

Annual Statement for the year 2013 of the **SHENANDOAH LIFE INSURANCE COMPANY**
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
- 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
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? If so, state: Yes No
 4.1 Amount of insurance: \$.....
 4.2 Amount of reserve: \$.....
 4.3 Basis of reserve:
 4.4 Basis of regular assessments:
 4.5 Basis of special assessments:
 4.6 Assessments collected during 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.
8. Does the reporting entity have any Contingent Deferred Annuity contracts or agreements in effect as of December of the current year? Yes No
 8.1 If yes, state the total dollar amount of account value covered by these contracts or agreements. \$.....
 8.2 State the amount of reserves established for this business. \$.....
 8.3 Identify where the reserves are reported in the blank.
9. Does the reporting entity have any Guaranteed Lifetime Income Benefit contracts, agreements or riders in effect as of December 31 of the current year? Yes No
 9.1 If yes, state the total dollar amount of any account value associated with these contracts, agreements or riders. \$.....
 9.2 State the amount of reserves established for this business. \$.....
 9.3 Identify where the reserves are reported in the blank.

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

1 Description of Valuation Class	Valuation Basis		4 Increase in Actuarial Reserve Due To Change
	2 Changed From	3 Changed To	

NONE

EXHIBIT 6 - AGGREGATE RESERVES FOR ACCIDENT AND HEALTH CONTRACTS

	1 Total	2 Group Accident and Health	3 Credit Accident and Health (Group and Individual)	4 Collectively Renewable	Other Individual Contracts				
					5 Non- Cancelable	6 Guaranteed Renewable	7 Non-Renewable for Stated Reasons Only	8 Other Accident Only	9 All Other
ACTIVE LIFE RESERVE									
1. Unearned premium reserves.....	425,657				419	425,238			
2. Additional contract reserves (a).....	174,229				18,804	155,425			
3. Additional actuarial reserves - Asset/Liability analysis.....	.0								
4. Reserve for future contingent benefits.....	.0								
5. Reserve for rate credits.....	.0								
6. Aggregate write-ins for reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Totals (Gross).....	599,886	.0	.0	.0	19,223	580,663	.0	.0	.0
8. Reinsurance ceded.....	289,907				19,223	270,684			
9. Totals (Net).....	309,979	.0	.0	.0	.0	309,979	.0	.0	.0
CLAIM RESERVE									
10. Present value of amounts not yet due on claims.....	10,534,448	10,534,448							
11. Additional actuarial reserves - Asset/Liability analysis.....	.0								
12. Reserve for future contingent benefits.....	.0								
13. Aggregate write-ins for reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
14. Totals (Gross).....	10,534,448	10,534,448	.0	.0	.0	.0	.0	.0	.0
15. Reinsurance ceded.....	10,534,448	10,534,448							
16. Totals (Net).....	.0	.0	.0	.0	.0	.0	.0	.0	.0
17. TOTALS (Net).....	309,979	.0	.0	.0	.0	309,979	.0	.0	.0
18. TABULAR FUND INTEREST.....	11,575					11,575			

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DETAILS OF WRITE-INS

0601.....									
0602.....									
0603.....									
0698. Summary of remaining write-ins for Line 6 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1301.....									
1302.....									
1303.....									
1398. Summary of remaining write-ins for Line 13 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1399. Totals (Lines 1301 thru 1303 + 1398) (Line 13 above).....	.0	.0	.0	.0	.0	.0	.0	.0	.0

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

EXHIBIT 7 - DEPOSIT-TYPE CONTRACTS

	1	2	3	4	5	6
	Total	Guaranteed Interest Contracts	Annuities Certain	Supplemental Contracts	Dividend Accumulations or Refunds	Premium and Other Deposit Funds
1. Balance at the beginning of the year before reinsurance.....	27,355,255		1,474,102	13,674,449	2,632,360	9,574,344
2. Deposits received during the year.....	3,347,292			2,479,663	29,707	837,922
3. Investment earnings credited to the account.....	913,396		51,678	395,841	50,328	415,549
4. Other net change in reserves.....	(141,708)		(415,964)	274,256		
5. Fees and other charges assessed.....	0					
6. Surrender charges.....	0					
7. Net surrender or withdrawal payments.....	4,701,144			4,109,244	279,967	311,933
8. Other net transfers to or (from) Separate Accounts.....	0					
9. Balance at the end of current year before reinsurance (Lines 1 + 2 + 3 + 4 - 5 - 6 - 7 - 8).....	26,773,091	0	1,109,816	12,714,965	2,432,428	10,515,882
10. Reinsurance balance at the beginning of the year.....	0					
11. Net change in reinsurance assumed.....	0					
12. Net change in reinsurance ceded.....	0					
13. Reinsurance balance at the end of the year (Lines 10 + 11 - 12).....	0	0	0	0	0	0
14. Net balance at the end of the current year after reinsurance (Lines 9 + 13).....	26,773,091	0	1,109,816	12,714,965	2,432,428	10,515,882

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 1 - Liability End of Current Year

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Due and unpaid:											
1.1 Direct.....	505,039		534,943								(29,904)
1.2 Reinsurance assumed.....	0										
1.3 Reinsurance ceded.....	0										
1.4 Net.....	505,039	0	534,943	0	0	0	0	0	0	0	(29,904)
2. In course of settlement:											
2.1 Resisted:											
2.11 Direct.....	196,000		196,000								
2.12 Reinsurance assumed.....	0										
2.13 Reinsurance ceded.....	0										
2.14 Net.....	196,000	0	(b) 196,000	(b) 0	0	(b) 0	(b) 0	0	0	0	0
2.2 Other:											
2.21 Direct.....	8,429,705		8,095,913	200,624			72,307				60,861
2.22 Reinsurance assumed.....	0										
2.23 Reinsurance ceded.....	4,719,224		4,719,224								
2.24 Net.....	3,710,481	0	(b) 3,376,689	(b) 200,624	0	(b) 0	(b) 72,307	0	(b) 0	(b) 0	(b) 60,861
3. Incurred but unreported:											
3.1 Direct.....	2,721,052		2,053,300				120,000				547,752
3.2 Reinsurance assumed.....	0										
3.3 Reinsurance ceded.....	269,131										269,131
3.4 Net.....	2,451,921	0	(b) 2,053,300	(b) 0	0	(b) 0	(b) 120,000	0	(b) 0	(b) 0	(b) 278,621
4. Totals:											
4.1 Direct.....	11,851,796	0	10,880,156	200,624	0	0	192,307	0	0	0	578,709
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	4,988,355	0	4,719,224	0	0	0	0	0	0	0	269,131
4.4 Net.....	6,863,441	(a) 0	(a) 6,160,932	200,624	0	0	(a) 192,307	0	0	0	309,578

(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 \$.....205,000, 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 Total	2 Industrial Life (a)	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance (b)	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (c)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Settlements during the year:											
1.1 Direct.....	107,203,311		65,939,150	28,491,341	2,572,595		417,841	735,413	2,324,166		6,722,805
1.2 Reinsurance assumed.....	232,374		232,374								
1.3 Reinsurance ceded.....	21,247,382		14,305,665	1,328,647					2,326,928		3,286,142
1.4 Net..... (d)	86,188,303	0	51,865,859	27,162,694	2,572,595	0	417,841	735,413	(2,762)	0	3,436,663
2. Liability December 31, current year from Part 1:											
2.1 Direct.....	11,851,796		10,880,156	200,624			192,307				578,709
2.2 Reinsurance assumed.....	0										
2.3 Reinsurance ceded.....	4,988,355		4,719,224								269,131
2.4 Net.....	6,863,441	0	6,160,932	200,624	0	0	192,307	0	0	0	309,578
3. Amounts recoverable from reinsurers December 31, current year.....	789,317		509,522								279,795
4. Liability December 31, prior year:											
4.1 Direct.....	9,740,765		8,304,987	212,973			359,092				863,713
4.2 Reinsurance assumed.....	0										
4.3 Reinsurance ceded.....	2,536,985		2,138,336								398,649
4.4 Net.....	7,203,780	0	6,166,651	212,973	0	0	359,092	0	0	0	465,064
5. Amounts recoverable from reinsurers December 31, prior year.....	1,401,660		1,138,255								263,405
6. Incurred benefits:											
6.1 Direct.....	109,314,342	0	68,514,319	28,478,992	2,572,595	0	251,056	735,413	2,324,166	0	6,437,801
6.2 Reinsurance assumed.....	232,374	0	232,374	0	0	0	0	0	0	0	0
6.3 Reinsurance ceded.....	23,086,409	0	16,257,820	1,328,647	0	0	0	0	2,326,928	0	3,173,014
6.4 Net.....	86,460,307	0	52,488,873	27,150,345	2,572,595	0	251,056	735,413	(2,762)	0	3,264,787

(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 \$.....506,695 in Line 1.1, \$.....506,695 in Line 1.4, \$.....483,635 in Line 6.1 and \$.....483,635 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 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.0
2.2 Common stocks.....	40,082	40,042	(40)
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.0
3.2 Other than first liens.....			.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.0
4.2 Properties held for the production of income.....			.0
4.3 Properties held for sale.....			.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.0
6. Contract loans.....	19,840	33,208	13,368
7. Derivatives (Schedule DB).....			.0
8. Other invested assets (Schedule BA).....			.0
9. Receivables for securities.....			.0
10. Securities lending reinvested collateral assets (Schedule DL).....			.0
11. Aggregate write-ins for invested assets.....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	59,922	73,250	13,328
13. Title plants (for Title insurers only).....			.0
14. Investment income due and accrued.....			.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....			.0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.0
15.3 Accrued retrospective premiums.....			.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.0
16.2 Funds held by or deposited with reinsured companies.....			.0
16.3 Other amounts receivable under reinsurance contracts.....			.0
17. Amounts receivable relating to uninsured plans.....			.0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0
18.2 Net deferred tax asset.....	18,636,061	19,858,262	1,222,201
19. Guaranty funds receivable or on deposit.....			.0
20. Electronic data processing equipment and software.....	1,071,409	1,228,724	157,315
21. Furniture and equipment, including health care delivery assets.....	127,126	195,725	68,599
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0
23. Receivables from parent, subsidiaries and affiliates.....			.0
24. Health care and other amounts receivable.....	29,819	321,366	291,547
25. Aggregate write-ins for other than invested assets.....	714,737	.0	(714,737)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	20,639,074	21,677,327	1,038,253
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
28. TOTALS (Lines 26 and 27).....	20,639,074	21,677,327	1,038,253

DETAILS OF WRITE-INS

1101. ....			.0
1102. ....			.0
1103. ....			.0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0
2501. Prepaid expenses.....	348,703		(348,703)
2502. Note receivable.....	366,034		(366,034)
2503. ....			.0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	714,737	.0	(714,737)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies**A. Accounting Practices**

The financial statements of Shenandoah Life Insurance Company (the "Company") are presented on the basis of accounting practices prescribed or permitted by the Bureau of Insurance, State Corporation Commission of the Commonwealth of Virginia.

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

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. Annuity considerations are recognized as revenue when received. Deposits on deposit-type contracts are entered directly as a liability when received. Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

The amount of dividends to be paid to policyholders is determined annually by the Board of Directors.

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 stated at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 100% are carried on the equity basis.
- (4) Preferred stocks are stated in accordance with SSAP No. 32 – *Investments in Preferred Stock*.
- (5) Mortgage loans on real estate are stated at the aggregate carrying value less accrued interest.
- (6) Loan-backed and structured securities are stated at either amortized cost or lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities except for interest only securities or securities where the yield had become negative, that are valued using the prospective method.
- (7) The Company reports Shenandoah Investment Sales, Inc., a non-insurance subsidiary, at GAAP equity and as a nonadmitted asset.
- (8) The Company is a limited partner in two affordable housing partnerships. The Company generally carries these interests based on the amortized cost of the properties.
- (9) All derivatives are stated at fair value.
- (10) The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 54 – *Individual and Group Accident and Health Contracts*.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Company modified its prepaid expense policy so that expenses under \$15,000 are expensed immediately. Expenses over \$15,000 are recorded as a prepaid expense asset if the economic benefit the Company receives is in a future period. The asset will be amortized over the period the Company receives economic benefits. The result of this change will be improved reporting of the Company's earnings. Any prepaid expense asset will be recorded as a non-admitted asset.
- (13) The Company has no pharmaceutical rebate receivables.

2. Accounting Changes and Corrections of Errors**A. Change in Accounting Principle**

Effective January 1, 2012, the Company adopted Statement of Statutory Principles (SSAP) No. 101 – *Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10*. This statement establishes statutory accounting principles for current and deferred federal and foreign income taxes and current state income taxes. This statement supersedes conclusions reached in SSAP No. 10 – *Income Taxes* and SSAP No. 10R – *Income Taxes, A Temporary Replacement of SSAP No. 10*. Under SSAP No. 101, the Company must use a three component admissibility calculation to determine the admissibility of its deferred tax assets (DTA). In the three component admissibility calculation, the Company's admitted DTA is limited based on the Company's Risk Based Capital. The Company must use the *Realization Threshold Limitation Table – RBC Reporting Entities* to determine the applicable limits. The cumulative effect of the change in accounting principle was a reduction of surplus of \$794,489.

Effective January 1, 2013, the Company adopted SSAP No. 102 – *Accounting for Pensions, A Replacement of SSAP No. 89*. SSAP No. 102 changes the accounting for pensions by requiring companies to recognize the

NOTES TO FINANCIAL STATEMENTS

funded status of the plan by comparing the fair value of the plan assets to the projected benefit obligation, including non-vested employees. The cumulative effect of the change in accounting principle was an increase to surplus of \$303,829.

3. Business Combinations and Goodwill

- A. Statutory Purchase Method – Not applicable
- B. Statutory Merger – Not applicable
- C. Assumption Reinsurance – Not applicable
- D. Impairment Loss – Not applicable

4. Discontinued Operations – Not applicable**5. Investments****A. Mortgage Loans, including Mezzanine Real Estate Loans**

(1) The maximum and minimum lending rates for mortgage loans during 2013 were:

- Farm loans – None made
- City loans – None made
- Purchase money mortgages – One loan made at 5%

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

	Current Year	Prior Year
(3) Taxes, assessments and any amounts advanced and not included in the mortgage loan total:	\$ -	\$ -

(4) Age Analysis of Mortgage Loans:

	Residential			Commercial		Mezzanine	Total
	Farm	Insured	All Other	Insured	All Other		
a. Current Year							
1. Recorded Investment (All)							
(a) Current	\$ -	\$ -	\$ 53,786	\$ -	\$ 126,596,392	\$ -	\$ 126,650,178
(b) 30-59 Days Past Due	-	-	-	-	-	-	-
(c) 60-89 Days Past Due	-	-	-	-	-	-	-
(d) 90-179 Days Past Due	-	-	-	-	1,791,012	-	1,791,012
(e) 180+Days Past Due	-	-	-	-	-	-	-
2. Accruing Interest 90-179 Days Past Due							
(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 1,791,012	\$ -	\$ 1,791,012
(b) Interest Accrued	-	-	-	-	56,631	-	56,631
3. Accruing Interest 180+Days Past Due							
(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -
(b) Interest Accrued	-	-	-	-	-	-	-
4. Interest Reduced							
(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 643,936	\$ -	\$ 643,936
(b) Number of Loans	-	-	-	-	1	-	1
(c) Percent Reduced	0%	0%	0%	0%	2.875%	0%	2.875%
b. Prior Year							
1. Recorded Investment (All)							
(a) Current	\$ -	\$ -	\$ 58,182	\$ -	\$ 160,717,943	\$ -	\$ 160,776,125
(b) 30-59 Days Past Due	-	-	-	-	-	-	-
(c) 60-89 Days Past Due	-	-	-	-	-	-	-
(d) 90-179 Days Past Due	-	-	-	-	1,766,825	-	1,766,825
(e) 180+Days Past Due	-	-	-	-	1,863,000	-	1,863,000
2. Accruing Interest 90-179 Days Past Due							
(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 1,766,825	\$ -	\$ 1,766,825
(b) Interest Accrued	-	-	-	-	20,522	-	20,522
3. Accruing Interest 180+Days Past Due							
(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 1,863,000	\$ -	\$ 1,863,000
(b) Interest Accrued	-	-	-	-	10,950	-	10,950
4. Interest Reduced							
(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -
(b) Number of Loans	-	-	-	-	-	-	-
(c) Percent Reduced	0%	0%	0%	0%	0%	0%	0%

NOTES TO FINANCIAL STATEMENTS

(5) Investment in Impaired Loans With or Without Allowances for Credit Losses:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. With Allowance for Credit Losses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. No Allowance for Credit Losses	-	-	-	-	2,434,948	-	2,434,948
b. Prior Year							
1. With Allowance for Credit Losses	\$ -	\$ -	\$ -	\$ -	\$ 2,530,500	\$ -	\$ 2,530,500
2. No Allowance for Credit Losses	-	-	-	-	1,099,325	-	1,099,325

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

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. Average Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 1,217,474	\$ -	\$ 1,217,474
2. Interest Income Recognized	-	-	-	-	287,957	-	287,957
3. Recorded Investments on Nonaccrued Status	-	-	-	-	-	-	-
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	207,986	-	207,986
b. Prior Year							
1. Average Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 1,814,913	\$ -	\$ 1,814,913
2. Interest Income Recognized	-	-	-	-	190,661	-	190,661
3. Recorded Investments on Nonaccrued Status	-	-	-	-	-	-	-
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	188,234	-	188,234

	Current Year	Prior Year
(7) Allowance for Credit Losses:		
a. Balance at beginning of period	\$ 338,304	\$ -
b. Additions charged to operations	-	338,304
c. Direct write-downs charged against the allowances	338,304	-
d. Recoveries of amounts previously charged off	-	-
e. Balance at end of period	-	338,304

(8) The Company recognizes interest income on its impaired loans as earned as long as it is deemed collectible.

B. Debt Restructuring

	Current Year	Prior Year
(1) The total recorded investment in restructured loans, as of year-end	\$ 643,936	\$ -
(2) The realized capital losses related to these loans	295,561	-
(3) The contractual commitments to extend credit to debtors owing receivables whose terms have been modified in troubled debt restructurings	-	-

(4) The Company accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 180 days) and the loan continues to perform under its original or restructured contractual terms. Interest income on non-performing loans is generally recognized on a cash basis.

C. Reverse Mortgages – The Company has no investment in reverse mortgages.

D. Loan-Backed Securities

(1) Prepayment assumptions for loan-backed bonds and structured securities were obtained from external vendors or internal estimates.

NOTES TO FINANCIAL STATEMENTS

- (2) The following table presents information about loan-backed and structured securities with recognized other-than-temporary impairments where the Company has the intent to sell or does not have the intent or ability to retain the investment for a period of time sufficient to recover the amortized cost basis as of December 31, 2013:

	(1) Amortized Cost Basis Before Other-Than- Temporary Impairment	(2) Other-Than- Temporary Impairment Recognized in Loss	(3) Fair Value 1 - 2
OTTI Recognized 1st Quarter			
a. Intent to Sell	\$ -	\$ -	\$ -
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	-	-	-
c. Total 1st Quarter	-	-	-
OTTI Recognized 2nd Quarter			
d. Intent to Sell	\$ -	\$ -	\$ -
e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	-	-	-
f. Total 2nd Quarter	-	-	-
OTTI Recognized 3rd Quarter			
g. Intent to Sell	\$ -	\$ -	\$ -
h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	-	-	-
i. Total 3rd Quarter	-	-	-
OTTI Recognized 4th Quarter			
j. Intent to Sell	\$ -	\$ -	\$ -
k. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	-	-	-
l. Total 4th Quarter	-	-	-
m. Annual Aggregate Total	-	-	-

- (3) The following table presents information about loan-backed and structured securities with a recognized other-than-temporary impairment where the present values of cash flows expected to be collected are less than the amortized cost basis of the securities:

1 CUSIP	2 Book/Adj Carrying Value Amortized Cost Before Current Period OTTI	3 Present Value of Projected Cash Flows	4 Recognized Other-Than- Temporary Impairment	5 Amortized Cost After Other- Than-Temporary Impairment	6 Fair Value at Time of OTTI	7 Date of Financial Statement Where Reported
44984RAE8	\$ 1,001,397	\$ 507,220	\$ (494,177)	\$ 507,220	\$ 350,000	12/31/2010
44984SAC0	3,003,394	2,248,500	(754,894)	2,248,500	1,176,000	12/31/2010
Total	\$ 4,004,791	\$ 2,755,720	\$ (1,249,071)	\$ 2,755,720	\$ 1,526,000	
44984RAE8	\$ 509,788	\$ 457,260	\$ (52,528)	\$ 457,260	\$ 390,000	12/31/2011
44984SAC0	2,258,453	2,214,000	(44,453)	2,214,000	1,160,670	12/31/2011
Total	\$ 2,768,241	\$ 2,671,260	\$ (96,981)	\$ 2,671,260	\$ 1,550,670	

- (4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses:	
1. Less than 12 Months	\$ (3,900,467)
2. 12 Months or Longer	\$ (6,146,288)
b. The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 Months	\$ 116,653,708
2. 12 Months or Longer	\$ 41,569,273

NOTES TO FINANCIAL STATEMENTS

- (5) In arriving at impairment charges for loan-backed and structured securities, an extensive analysis was conducted in accordance with SSAP No. 43R. As part of that analysis and in conjunction with third-party asset managers, detailed cash flow projections were performed. Various assumptions were considered that affected the performance of the underlying collateral, including: (a) prepayment speeds; (b) default curves that take into account the type of underlying collateral, loan originator, and vintage; and (c) loss severity for loans that default. For any loan-backed security expected to experience principal losses under the best-estimate scenario, the amortized cost basis has been written down to the present value of expected future cash flows. The analysis also considered the length of time and the extent to which the fair value had been less than the amortized cost basis. For each loan-backed and structured security held in an unrealized loss position, the Company determined that the present value of expected future cash flows is equal to or exceeds the current amortized cost basis as reflected in these financial statements. The Company has no intent to sell these securities in the near term and has both the positive intent and ability to hold through recovery of the amortized cost basis or until maturity. As such, the recognition of an other-than-temporary impairment to fair value is not deemed necessary.
- E. Repurchase Agreements and/or Securities Lending Transactions – The Company has not entered into any repurchase agreements or securities lending transactions during the current or previous year and there were no repurchase agreements or securities lending transactions open at the reporting date.
- F. Real Estate
- (1) The Company has performed recoverability testing on the home office real estate in accordance with SSAP No. 40 – *Real Estate Investments* and SSAP No. 90 – *Accounting for the Impairment or Disposal of Real Estate Investments*. The fair value of the Company's home office real estate at December 31, 2013 was \$6,365,000, based on the most recent appraisal dated September 14, 2012.
 - (2) During 2013, the Company sold a commercial property acquired through foreclosure which was reported as real estate held for sale at December 31, 2012. As a result of the sale, the Company recorded a \$93,552 realized capital loss.
 - (3) As of December 31, 2013, the Company did not have real estate held for sale. The Company sold its property held for sale during 2013.
 - (4) There were no retail land sale operations.
 - (5) There were no real estate investments with participating mortgage loan features.
- G. Investments in Low-Income Housing Tax Credits
- (1) The Company owns interest in two Low-Income Housing Tax Credit limited partnerships. Effective January 1, 2006, the Company adopted Statement of Statutory Accounting Principles No. 93 – *Accounting for Low Income Housing Tax Credit Property Investments* which requires the Company to amortize the cost of these investments through investment income. As of December 31, 2013, there are no unexpired tax credits remaining with 1 year of the required 15-year holding period remaining.
 - (2) The properties are not currently subject to any regulatory reviews.
 - (3) The aggregate Low-Income Housing Tax Credit investments do not exceed 10% of the Company's total admitted assets.
 - (4) There were no impairment losses recognized during 2013.
 - (5) There were no write-downs or reclassifications made during 2013.

NOTES TO FINANCIAL STATEMENTS

H. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	Gross Restricted							8	Percentage	
	Current Year					6	7	Total Current Year Admitted Restricted	9	10
	1	2	3	4	5					
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1+3)	Total From Prior Year	Increase/ (Decrease) (5-6)		Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%	0%
b. Collateral held under security lending agreements	-	-	-	-	-	-	-	-	0%	0%
c. Subject to repurchase agreements	-	-	-	-	-	-	-	-	0%	0%
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-	-	0%	0%
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-	-	0%	0%
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-	-	-	0%	0%
g. Placed under option contracts	-	-	-	-	-	-	-	-	0%	0%
h. Letter stock or securities restricted as to sale	-	-	-	-	-	-	-	-	0%	0%
i. On deposit with states	6,107,426	-	-	-	6,107,426	6,169,874	(62,448)	6,107,426	0.47%	0.48%
j. On deposit with other regulatory bodies	-	-	-	-	-	-	-	-	0%	0%
k. Pledged as collateral not captured in other categories	7,066,568	-	-	-	7,066,568	7,921,595	(855,027)	7,066,568	0.54%	0.55%
l. Other restricted assets	-	-	-	-	-	-	-	-	0%	0%
m. Total Restricted Assets	13,173,994	-	-	-	13,173,994	14,091,469	(917,475)	13,173,994	1.01%	1.03%

(2) Detail of assets pledged as collateral not captured in other categories (Contracts that share similar characteristics, such as reinsurance and derivatives, are reported in the aggregate) – Assets shown are pledged to the Federal Home Loan Bank of Atlanta. Please see Note 32 G.(1).

(3) Detail of other restricted assets (Contracts that share similar characteristics, such as reinsurance and derivatives, are reported in the aggregate) – Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
- B. The Company did not recognize any impairment write downs for its investments in joint ventures, partnerships and limited liability companies during the year.

7. Investment Income

- A. Due and accrued income was excluded from surplus on the following bases: All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default.
- B. The total amount excluded was \$0.

8. Derivative Instruments – Not applicable

NOTES TO FINANCIAL STATEMENTS**9. Income Taxes**

A. The components of the net deferred tax asset (liability) at December 31, 2013 and December 31, 2012, respectively, are as follows:

1. The total of all deferred tax assets (DTAs) and deferred tax liabilities (DTLs) by tax character:

	December 31, 2013			December 31, 2012			Change		
	(1) Ordinary	(2) Capital	(3) Total	(4) Ordinary	(5) Capital	(6) Total	(7) Ordinary	(8) Capital	(9) Total
(a) Gross deferred tax assets	\$ 39,786,637	\$ 16,624,904	\$ 56,411,541	\$ 43,820,536	\$ 19,653,993	\$ 63,474,529	\$ (4,033,899)	\$ (3,029,089)	\$ (7,062,988)
(b) Statutory valuation allowance adjustments	(1,337,820)	(16,624,904)	(17,962,724)	(1,748,778)	(19,653,993)	(21,402,771)	410,958	3,029,089	3,440,047
(c) Adjusted gross deferred tax assets (1a-1b)	38,448,817	-	38,448,817	42,071,758	-	42,071,758	(3,622,941)	-	(3,622,941)
(d) Deferred tax assets nonadmitted	(18,636,061)	-	(18,636,061)	(20,366,874)	508,612	(19,858,262)	1,730,813	(508,612)	1,222,201
(e) Subtotal net admitted deferred tax asset (1c-1d)	19,812,756	-	19,812,756	21,704,884	508,612	22,213,496	(1,892,128)	(508,612)	(2,400,740)
(f) Deferred tax liabilities	(7,044,728)	(22,848)	(7,067,576)	(7,531,207)	(508,612)	(8,039,819)	486,479	485,764	972,243
(g) Net admitted deferred tax asset (1e-1f)	<u>\$ 12,768,028</u>	<u>\$ (22,848)</u>	<u>\$ 12,745,180</u>	<u>\$ 14,173,677</u>	<u>\$ -</u>	<u>\$ 14,173,677</u>	<u>\$ (1,405,649)</u>	<u>\$ (22,848)</u>	<u>\$ (1,428,497)</u>

2. Admission calculation components:

Admission Calculation Components SSAP No. 101	December 31, 2013			December 31, 2012			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 3,755,883	\$ 1,301,722	\$ 5,057,605	\$ 5,783,681	\$ 1,195,721	\$ 6,979,402	\$(2,027,798)	\$ 106,001	\$ (1,921,797)
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from a. above) after application of the threshold limitation (the lesser of 2(b)1 and 2(b)2 below)	7,687,575	-	7,687,575	7,194,275	-	7,194,275	493,300	-	493,300
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	7,687,575	-	7,687,575	7,194,275	-	7,194,275	493,300	-	493,300
2. Adjusted gross deferred tax assets allowed per limitation threshold			10,237,227			10,945,345			(708,118)
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	7,044,728	22,848	7,067,576	7,531,207	508,612	8,039,819	(486,479)	(485,764)	(972,243)
(d) Deferred tax assets admitted as the result of application of SSAP No. 101. Total (2(a)+2(b)+2(c))	18,488,186	1,324,570	19,812,756	20,509,163	1,704,333	22,213,496	(2,020,977)	(379,763)	(2,400,740)

3. Ratio used:

Used in SSAP No. 101	12/31/2013	12/31/2012
Ratio percentage used to determine recovery period and threshold limitation amount	698%	592%
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 76,306,592	\$ 87,899,816

NOTES TO FINANCIAL STATEMENTS**4. Impact of tax-planning strategies:**

Impact of Tax Planning Strategies	December 31, 2013			December 31, 2012			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Determination of adjusted gross deferred tax assets and net admitted assets, by tax character as a percentage									
(1) Adjusted gross DTAs amount from Note 9A1(c)	38,448,817	-	38,448,817	42,071,758	-	42,071,758	(3,622,941)	-	(3,622,941)
(2) Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0%	0%	0%	0%	0%	0%	0%	0%	0%
(3) Net admitted adjusted gross DTAs amount from Note 9A1(e)	19,812,756	-	19,812,756	21,704,884	508,612	22,213,496	(1,892,128)	(508,612)	(2,400,740)
(4) Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0%	0%	0%	0%	0%	0%	0%	0%	0%

(b) Do the Company's tax-planning strategies include the use of reinsurance? NO

B. The Company has recognized all known deferred tax liabilities.

C. Current Tax and Change in Deferred Tax**1. Current income taxes incurred consist of the following major components:**

	12/31/2013	12/31/2012	Change
(a) Federal	\$ (602,293)	\$ 1,159,693	\$ (1,761,986)
(b) Foreign	-	-	-
(c) Subtotal	(602,293)	1,159,693	(1,761,986)
(d) Federal income tax on net capital gains	1,476,871	1,195,721	281,150
(e) Utilization of capital loss carryforwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	<u>\$ 874,578</u>	<u>\$ 2,355,414</u>	<u>\$ (1,480,836)</u>

NOTES TO FINANCIAL STATEMENTS

2. Deferred tax assets:

	12/31/2013	12/31/2012	Change
(a) Ordinary:			
(1) Discounting of unpaid losses	\$ -	\$ 590	\$ (590)
(2) Unearned premium reserve	5,343	6,338	(995)
(3) Policyholder reserves	22,899,907	24,069,136	(1,169,229)
(4) Investments	-	-	-
(5) Deferred acquisition costs	11,777,312	13,311,151	(1,533,839)
(6) Policyholder dividends accrual	157,500	157,500	-
(7) Fixed assets	1,039,479	1,292,385	(252,906)
(8) Compensation and benefits accrual	970,554	496,837	473,717
(9) Pension accrual	1,383,109	2,504,942	(1,121,833)
(10) Receivables - nonadmitted	551,970	611,035	(59,065)
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	1,001,463	1,370,622	(369,159)
(99) Subtotal	39,786,637	43,820,536	(4,033,899)
(b) Statutory valuation allowance adjustment	1,337,820	1,748,778	(410,958)
(c) Nonadmitted deferred tax assets	18,636,061	20,366,874	(1,730,813)
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	19,812,756	21,704,884	(1,892,128)
(e) Capital:			
(1) Investments	10,482,886	15,972,526	(5,489,640)
(2) Net capital loss carry-forward	6,142,018	3,404,792	2,737,226
(3) Real estate	-	276,675	(276,675)
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	16,624,904	19,653,993	(3,029,089)
(f) Statutory valuation allowance adjustment	16,624,904	19,653,993	(3,029,089)
(g) Nonadmitted	-	(508,612)	508,612
(h) Admitted capital deferred tax assets (2e99-2f- 2g)	-	508,612	(508,612)
(i) Admitted deferred tax assets (2d+2h)	<u>\$ 19,812,756</u>	<u>\$ 22,213,496</u>	<u>\$ (2,400,740)</u>

3. Deferred tax liabilities:

	12/31/2013	12/31/2012	Change
(a) Ordinary:			
(1) Investments	\$ -	\$ -	\$ -
(2) Fixed assets	113,157	-	113,157
(3) Deferred and uncollected premium	6,930,683	7,531,208	(600,525)
(4) Policyholder reserves	888	-	888
(5) Other (including items <5% of total ordinary tax liabilities)	-	(1)	1
(99) Subtotal	7,044,728	7,531,207	(486,479)
(b) Capital:			
(1) Investments	22,848	508,612	(485,764)
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	22,848	508,612	(485,764)
(c) Deferred tax liabilities (3a99 + 3b99)	<u>\$ 7,067,576</u>	<u>\$ 8,039,819</u>	<u>\$ (972,243)</u>

4. Net admitted deferred tax assets/liabilities:

	12/31/2013	12/31/2012	Change
Net admitted deferred tax assets/liabilities (2i - 3c)	<u>\$ 12,745,180</u>	<u>\$ 14,173,677</u>	<u>\$ (1,428,497)</u>

NOTES TO FINANCIAL STATEMENTS

The change in net deferred income taxes at December 31, 2013 and December 31, 2012 is comprised of the following (exclusive of nonadmitted assets):

	12/31/2013	12/31/2012	Change
Total gross deferred tax assets	\$ 56,411,541	\$ 63,474,529	\$ (7,062,988)
Statutory valuation allowance	17,962,724	21,402,771	(3,440,047)
Adjusted gross deferred tax assets	38,448,817	42,071,758	(3,622,941)
Total gross deferred tax liabilities	7,067,576	8,039,819	(972,243)
Net deferred tax asset (liability)	31,381,241	34,031,939	(2,650,698)
Tax effect of unrealized gains (losses)			3,802
Tax effect of statutory nonadmitted assets			59,065
Increase (decrease) in net deferred income tax assets			<u>\$ (2,587,831)</u>

5. Adjustments to gross deferred tax assets at December 31 are as follows:

The Company has recorded gross deferred tax assets for other-than-temporary impairment write-downs, tax reserve basis adjustments, and capital loss carryforwards. In management's judgment, the full amount of the tax benefits related to these gross deferred tax assets are not likely to be realized. Accordingly, a statutory valuation allowance has been established which reduces the amount of the gross deferred tax assets to an amount which the Company deems more likely than not to be realized.

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

The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before taxes. The significant items causing this difference are as follows:

	December 31, 2013	ETR
Provision computed at statutory rate	\$ 8,340,772	35.00%
Market discount recapture at disposal	385,002	1.62%
Exempt interest/DRD	-	0.00%
Statutorily disallowed expenses	(17,774)	-0.07%
IMR amortization	(3,531,583)	-14.82%
Pension benefit liability	1,349,479	5.66%
Prior year true-up	361,040	1.52%
Capitalized facilitative acquisition expenses	-	0.00%
Nondeductible post-acquisition payments/adjustments	475,188	1.99%
Statutory valuation allowance	(3,440,047)	-14.44%
Other	(459,668)	-1.93%
Total	<u>\$ 3,462,409</u>	<u>14.53%</u>
Federal and foreign income tax incurred	\$ 874,578	3.67%
Change in net deferred income taxes	2,587,831	10.86%
Total statutory income taxes	<u>\$ 3,462,409</u>	<u>14.53%</u>

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

- The Company has no net operating loss, capital loss, or tax credit carryforwards as of December 31, 2013.
- The following are federal income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses.

Year	Amount
2013	\$513,537
2012	\$2,558,571
2011	\$1,985,497

- The aggregate amount of deposits reported as admitted assets under Section 6603 of the Internal Revenue Service Code was \$0 as of December 31, 2013.

F. The Company's federal income tax return is not consolidated with any other entity.

G. Federal income tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within 12 months of the reporting date total \$0.

NOTES TO FINANCIAL STATEMENTS**10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

- A. Prosperity Life Insurance Group, LLC (Prosperity) owns one hundred percent (100%) of the stock of the Company.

Effective May 8, 2012 the Company was acquired by United Prosperity Life Insurance Company pursuant to a Rehabilitation Plan approved by the Virginia Bureau of Insurance on October 20, 2011, which Plan included the conversion of the Company from a mutual company to a stock company pursuant to the stock purchase agreement.

In accordance with the stock purchase agreement United Prosperity made a capital contribution of \$32.5 million in cash in exchange for all of the outstanding stock of the demutualized company. In addition, the Company issued a \$27.5 million surplus note to Prosperity.

On May 8, 2012, United Prosperity, with approval from the Arizona Department of Insurance, made an extraordinary dividend of all of the outstanding stock of the Company to its parent entity, Prosperity Life Insurance Group, Inc. Further, Prosperity Life Insurance Group, Inc. made a simultaneous dividend of the Company's stock to its parent entity, Prosperity. On May 29, 2012 the Virginia Bureau of Insurance issued a Letter of Concurrence that the dividend of the Company's stock by United Prosperity to its parent, Prosperity, did not constitute a change of control.

On September 11, 2012, the Arizona Department of Insurance approved the name change for United Prosperity Life Insurance Company to Smart Insurance Company.

On January 31, 2013, Prosperity sold 100% of the stock of Smart Insurance Company Holdings, Inc. to Smart Insurance Group Holdings, Inc., following the approval of the change of control of Smart Insurance Company by the Arizona Department of Insurance. Effective as of this date, Prosperity no longer controls Smart Insurance Company.

- B. The Company had no transactions with its subsidiary that involved as much as ½ of 1% of the Company's total assets. The Company had no significant transactions with its parent except the acquisition transaction noted above.
- C. Not applicable
- D. At December 31, 2012, the Company reported \$27,500,000 surplus note due to Prosperity. At December 31, 2013, the Company reported \$87,371 due from Prosperity for management services performed by the Company during 2013. Amounts due from Prosperity are due upon billing and the Company received the amount due in January 2014.
- E. The Company has made no guarantees or undertakings for the benefit of its parent or subsidiary that result in a material contingent exposure of the Company's assets to liabilities.
- F. During 2013, the Company entered into an agreement to provide certain services to its parent, Prosperity. The total amount paid to the Company for these services in 2013 was \$149,508.
- G. All outstanding shares of the Company are owned by Prosperity Life Insurance Group, LLC.
- H. The Company does not directly, or indirectly, own shares of an upstream intermediate or ultimate parent.
- I. The Company's investment in the subsidiary is less than 10% of its admitted assets.
- J. The Company did not recognize any impairment write-downs for its investments in subsidiary companies during this statement period.
- K. Not applicable
- L. Not applicable

11. Debt

- A. Capital Notes – The Company had no capital notes outstanding.
- B. FHLB (Federal Home Loan Bank) Agreements – Refer to note 32G below.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**A. Defined Benefit Plan**

The Company has both a funded qualified and unfunded non-qualified defined benefit pension plan covering eligible employees. The qualified pension plan was amended in 2007 to freeze benefit accruals for some groups of existing employees. Employees hired after June 30, 2007 are not eligible to participate in the qualified pension plan. For those participating in the plans, benefits are based on years of service and each employee's highest average compensation during five consecutive years of employment. The Company's funding policy, in general, is to contribute no more than the maximum annual amount that can be deducted for federal income taxes.

Effective January 15, 2010, the Company froze the accruals of all future benefits under the qualified and non-qualified defined benefit pension plans. This resulted in a \$4,265,721 curtailment which reduced the projected benefit obligation. During 2012, the Company's non-qualified plan was partially settled which resulted in a \$1,739,625 gain. This reduced the net periodic benefit expense. The pension expense was \$577,277 and (\$1,389,084) for 2013 and 2012, respectively.

NOTES TO FINANCIAL STATEMENTS

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans are as follows at December 31, 2013 and December 31, 2012:

(1) Change in benefit obligation	Overfunded		Underfunded	
	2013	2012	2013	2012
a. Pension benefits				
1. Benefit obligation at beginning of year	\$ -	\$ -	\$ 18,367,211	\$ 20,228,745
2. Service cost	-	-	-	-
3. Interest cost	-	-	811,041	895,670
4. Contribution by plan participants	-	-	-	-
5. Actuarial (gain) loss	-	-	(1,692,584)	1,774,770
6. Foreign currency exchange rate changes	-	-	-	-
7. Benefits paid	-	-	(1,538,569)	(2,380,539)
8. Plan amendments	-	-	-	-
9. Business combinations, divestitures, curtailments, settlements, and special termination benefits	-	-	-	(2,151,435)
10 Benefit obligation at end of year	\$ -	\$ -	\$ 15,947,099	\$ 18,367,211

(2) Change in plan assets	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
a. Fair value of plan assets at beginning of year	\$ 11,470,390	\$ 10,584,125	\$ -	\$ -
b. Actual return on plan assets	1,506,803	1,302,174	-	-
c. Foreign currency exchange rate changes	-	-	-	-
d. Reporting entity contributions	-	1,964,630	-	-
e. Plan participants' contributions	-	-	-	-
f. Benefits paid	(1,538,569)	(2,380,539)	-	-
g. Business combinations, divestitures and settlements	-	-	-	-
h. Fair value of plan assets at end of year	\$ 11,438,624	\$ 11,470,390	\$ -	\$ -

(3) Funded status	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
Overfunded:				
a. Assets (nonadmitted)				
1. Prepaid benefit costs	\$ -	\$ -	\$ -	\$ -
2. Overfunded plan assets	-	-	-	-
3. Total assets (nonadmitted)	-	-	-	-
Underfunded				
b. Liability recognized				
1. Accrued benefit costs	\$ 2,634,129	\$ 2,056,852	\$ -	\$ -
2. Liability for pension benefits	1,874,346	5,092,586	-	-
3. Total liabilities recognized	4,508,475	7,149,438	-	-
c. Unrecognized liabilities	\$ -	\$ -	\$ -	\$ -

(4) Components of net periodic benefit cost	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
a. Service cost	\$ -	\$ -	\$ -	\$ -
b. Interest cost	811,041	895,670	-	-
c. Expected return on plan assets	(749,727)	(758,097)	-	-
d. Transition asset or obligation	-	-	-	-
e. Gains and losses	334,739	212,968	-	-
f. Prior service cost or credit	-	-	-	-
g. Gain or loss recognized due to a settlement or curtailment	181,224	(1,739,625)	-	-
h. Total net periodic benefit cost	\$ 577,277	\$ (1,389,084)	\$ -	\$ -

NOTES TO FINANCIAL STATEMENTS

(5) Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
a. Items not yet recognized as a component of net periodic cost - prior year	\$ 4,788,757	\$ 4,234,054	\$ -	\$ -
b. Net transition asset or obligation recognized	-	-	-	-
c. Net prior service cost or credit arising during the period	-	-	-	-
d. Net prior service cost or credit recognized	-	-	-	-
e. Net gain and loss arising during the period	(2,398,448)	(971,954)	-	-
f. Net gain and loss recognized	(515,963)	1,526,657	-	-
g. Items not yet recognized as a component of net periodic cost - current year	\$ 1,874,346	\$ 4,788,757	\$ -	\$ -

(6) Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
a. Net transition asset or obligation	\$ -	\$ -	\$ -	\$ -
b. Net prior service cost or credit	-	-	-	-
c. Net recognized gains and losses	21,336	-	-	-

(7) Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
a. Net transition asset or obligation	\$ -	\$ -	\$ -	\$ -
b. Net prior service cost or credit	-	-	-	-
c. Net recognized gains and losses	1,874,346	4,788,757	-	-

(8) Weighted-average assumptions used to determine net periodic benefit cost as of December 31	2013	2012
	a. Weighted-average discount rate	4.45%	5.04%
b. Expected long-term rate of return on assets	6.76%	7.25%
c. Rate of compensation increase	N/A	N/A
Weighted-average assumptions used to determine projected benefit obligations as of December 31	2013	2012
	d. Weighted-average discount rate	5.22%	4.45%
e. Rate of compensation increase	N/A	N/A

(9) The amount of the accumulated benefit obligation for defined benefit pension plans was \$15,947,099 and \$18,367,211 for December 31, 2013 and December 31, 2012, respectively.

(10) Assumed health care cost trend rate – Not applicable

(11) The effect of a one percent point change in health care costs – Not applicable

(12) The following estimated future payments, which reflect expected future services, as appropriate, are expected to be paid in the years indicated:

Year	Amount
a. 2014	\$ 819,000
b. 2015	941,000
c. 2016	953,000
d. 2017	1,184,000
e. 2018	1,161,000
f. Thereafter Total	6,359,000

(13) The Company did not have any required contribution requirements for 2013. The Company currently plans to contribute \$396,000 to its qualified defined benefit plan in 2014.

(14) Securities included in plan assets – Not applicable

NOTES TO FINANCIAL STATEMENTS

(15) Alternative amortization methods used to amortize:

Prior service amounts	Straight Line
Net gains and losses	Not applicable

(16) Commitments used as the basis for accounting – Not applicable

(17) Termination benefits – Not applicable

(18) Other changes – Not applicable

(19) Plan assets expected to be returned to the employer – Not applicable

(20) Funded/underfunded status of postretirement benefit plan – Not applicable

(21) Transition surplus impact – Not applicable

B. Description of Investment Policies and Strategies

The defined benefit pension plan's asset allocation as of the measurement date, December 31, 2013, and the target asset allocation, presented as a percentage of total plan assets, were as follows:

	2013	2012	Target Allocation
Mutual funds - equity	57%	47%	45% - 75%
Mutual funds - fixed income	33%	43%	30% - 40%
Mutual funds - alternative	10%	10%	5% - 10%
Total	100%	100%	

Target allocation of assets is determined with the objective of enhancing returns and reducing volatility of net assets through adequate asset diversification. Adjustments are made to target allocations based on the Company's assessment of the impact of economic factors and market conditions.

C. Fair Value Measurements

(1) Fair value measurements of plan assets at reporting date:

Description for each class of plan assets	Level 1	Level 2	Level 3	Total
Mutual funds - equity	\$ 6,535,464	\$ -	\$ -	\$ 6,535,464
Mutual funds - fixed income	3,805,351	-	-	3,805,351
Mutual funds - alternative	1,097,810	-	-	1,097,810
Total plan assets	\$ 11,438,625	\$ -	\$ -	\$ 11,438,625

(2) Fair value measurements in Level 3 of the Fair Value Hierarchy – Not applicable

D. Expected Rate of Return

The expected long-term rate of return for the qualified funded plan's total assets is based on the expected return of each of the above asset categories, weighted based on the median of the target allocation of each class. Equity securities are expected to return 6% to 11% over the long-term, while cash and fixed income securities are expected to return between 3% and 6%. Based on historical experience, the Company expects that the Plan's asset managers will provide a modest premium to their respective benchmark indices.

E. Defined Contribution Plans

The Company maintains a qualified defined contribution plan covering substantially all home office employees. Participants in the plan may contribute a percentage of their pre-tax compensation to the plan up to limits defined in the plan document. The Company contributes an amount equal to 100% of such participant pre-tax contributions up to 3% of participant compensation and 50% of such participant pre-tax contributions in excess of 3% up to 5% of participant compensation. Company contributions to the plan were \$256,846 and \$236,610 in 2013 and 2012, respectively.

The Company has non-qualified deferred compensation plans for officers and directors. As of December 31, the total liability for deferred compensation included in Exhibit 2 was \$537,205. The expense for the plans was (\$44,478) and (\$2,340,276) for 2013 and 2012, respectively.

F. Multiemployer Plans – Not applicable

G. Consolidated/Holding Company Plans – Not applicable

H. Impact of Medicare Modernization Act on Postretirement Benefits – Not applicable

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

- The Company has 1,000 shares of common stock, \$2,500 par value, authorized and 1,000 shares issued and outstanding.
- The Company has no preferred stock outstanding.
- The maximum amount of shareholder dividends that can be paid by the Company without prior approval of the Virginia Bureau of Insurance (Commission) is subject to restrictions. The maximum amount that can be paid within a twelve month period is limited to the greater of (a) 10% of the Company's surplus as of the

NOTES TO FINANCIAL STATEMENTS

prior December 31, or (b) the net gain from operations for the twelve month period ending on December 31. In addition, Virginia Code §38.2-1330.1A provides that dividends or other distributions can only be paid from earned surplus defined as an amount equal to the unassigned surplus as set forth in the most recent annual statement filed with the Commission without prior written approval of the Commission. The Commission may also limit the payment of ordinary dividends if the insurer is presently or potentially financially distressed or troubled. The maximum dividend payout that can be made in 2014 subject to Commission approval or deemed approval is \$12,898,792.

4. Dividends paid – Not applicable
5. Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholder.
6. There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
7. There have been no advances to surplus.
8. Amount of stock being held by the Company – Not applicable
9. Changes in the balances of special surplus funds – Not applicable
10. The portion of unassigned funds surplus represented (or reduced) by cumulative unrealized gains and losses is \$47,359 at December 31, 2013.
11. The company issued the following surplus debentures or similar obligations:

Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note	Interest And/Or Principal Paid Current Year	Total Interest And/Or Principal Paid	Unapproved Interest And/Or Principal	Date of Maturity
5/8/2012	9.75%	\$ 27,500,000	\$ -	\$ 28,393,750	\$ 30,171,236	\$ -	5/8/2042
1311999 Total		\$ 27,500,000	\$ -	\$ 28,393,750	\$ 30,171,236	\$ -	XXX

On May 8, 2012, the Company issued a surplus note in the principal amount of \$27,500,000. The surplus note was issued for cash to Prosperity Life Insurance Group, LLC. Principal was due in amortized payments of \$1,000,000 per year beginning on June 30, 2017, and the surplus note was scheduled to mature on May 8, 2042. Payment of principal and interest on the surplus note could be made only from available surplus and only with the approval of the Virginia Bureau of Insurance. Interest accrued on the note at 9.75% per annum and was due quarterly in arrears on June 30, September 30, December 31 and March 31. As of December 31, 2012, the Virginia Bureau of Insurance had not approved the repayment of any principal, there was no unapproved interest accrued. In general, the indebtedness evidenced by the surplus note is subordinate to (i) policyholders, (ii) claimant and beneficiary claims, and (iii) creditors other than any future surplus note holders.

On April 17, 2013, the Board of Directors voted to redeem the surplus note issued to Prosperity Life Insurance Group, LLC ("Prosperity") prior to its maturity date and at the earliest date practicable. Prosperity as the holder consented to an early redemption of the note and waiver of the notice required by the note. On April 29, 2013 the Company received approval from the Virginia Bureau of Insurance for the full redemption of the note plus accrued interest. The Company paid Prosperity the principal amount of \$27,500,000 plus accrued interest of \$223,438 on May 1, 2013.

On September 15, 2004, Shenandoah Life Insurance Company issued and sold a surplus note in the principal amount of \$20,000,000. The surplus note was issued for cash. Principal was due in a single installment on September 15, 2034. Payment of interest on the surplus note was made only from available surplus and only with the approval of the Virginia Bureau of Insurance. The registered holder of the note was Cede and Co., as nominee of The Depository Trust Company, and the surplus note was issued pursuant to the terms of an indenture under which the trustee is Wilmington Trust Company. The carrying amount of the note was \$20,000,000. The rate that the interest accrued on the note was 3-month LIBOR plus 2.95%, adjusted quarterly. Interest was payable on March 15, June 15, September 15 and December 15. In accordance with the Virginia State Corporation Commission's Order Establishing Surplus Notes Liquidation Fund entered on March 16, 2012 and the purchase agreement with United Prosperity Life Insurance Company, on May 18, 2012, a payment of \$4,000,000 was made to Wilmington Trust Company. This payment constituted full satisfaction of all of Shenandoah's obligations and liabilities under the surplus notes. Shenandoah recognized \$16,000,000 in miscellaneous income upon liquidation of the surplus notes.

12. and 13. There has been no restatement of surplus due to quasi-reorganizations.

14. Contingencies

A. Contingent Commitments

- (1) Shenandoah Life is a Minority Member in SBLI USA Acquisition LLC. Prosperity Life Insurance Group, LLC is the Majority Member and is also the Manager. Under the limited liability company agreement of SBLI USA Acquisition LLC, Shenandoah Life has a contingent commitment to make up to \$3.6 million of capital

NOTES TO FINANCIAL STATEMENTS

contributions to SBLI USA Acquisition LLC. As of December 31, 2013, Shenandoah Life has not made any such capital contributions.

B. Assessments

At December 31, 2013 and 2012, the Company had established a reserve of \$154,699 and \$313,553, respectively, for known and probable future Guaranty Association assessments. The assessments are generally expected to be paid within ten years from the date of the related insolvency. At December 31, 2013 and 2012, the Company had recognized an asset of \$376,853 and \$354,351, respectively, representing assessments paid which are expected to be offset against premium taxes otherwise payable in future years.

C. Gain Contingencies – Not applicable**D. Claims Related Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits – Not applicable****E. All Other Contingencies**

Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company.

On September 24, 2012, the Company was served with a Second Amended Complaint adding the Company as a defendant in Lehman Brothers Special Financing Inc. v. Bank of America Nat'l Ass'n, Adv. Pro. No.10-03547 (JMP) (Bankr. S.D.N.Y.) ("BOA Adversary Proceeding"), LBSF seeks to avoid the payment to the Company and numerous other defendants received as the result of the pre-petition termination of collateralized debt obligations ("CDO") of Lehman Bros. Special Financing ("LBSF") and the subordination of LBSF's rights under the CDOs to receive fees in priority of the distribution rights of the Company. The Court in the bankruptcy case by LBSF has issued several Orders extending the stay of the adversary proceeding against the Company and other defendants currently to January 20, 2014. On January 10, 2014, LBSF filed a motion to further extend the stay to May 20, 2014 and seeking approval of certain litigation protocols for the action. On January 22, 2014, the Company filed its limited objection to the approval of the protocols.

LBSF seeks a recovery of the noteholder distributions of principal and interest that were made to the Company from September 23, 2008 to September 30, 2008 under the Penn's Landing CDO. In addition, LBSF seeks recovery of the termination fees that it alleges it is owed under the CDOs, but it does not specify the amount. On July 26, 2013, LBSF provided Shenandoah Notice of its intent to mediate with Shenandoah ("ADR Notice") and presented a settlement demand in the amount of \$4.3 million (as of July 23, 2013) representing \$3.0 million as a portion of the amount distributed to Shenandoah (the "Disputed Amount") and \$1.3 million in prejudgment interest on the Disputed Amount which interest continues to accrue. The Company has declined the settlement offer and filed its response to the ADR Notice. LBSF has responded and has requested that the mediation be scheduled. Unless and until a settlement results from the mediation, the Company intends to vigorously defend itself against the allegations in the action, and has determined that a loss as of December 31, 2013 is neither probable nor reasonably estimable.

15. Leases**A. Lessee Leasing Arrangements**

(1) The Company leases certain computer hardware and communications equipment under various noncancelable operating lease agreements that expire through December 2017. Rental expense for 2013 and 2012 was \$157,418 and \$35,151, respectively.

(2) At December 31, 2013, the minimum aggregate rental commitments are as follows:

	Year Ending December 31,	Operating leases
1.	2014	\$159,000
2.	2015	123,849
3.	2016	17,266
4.	2017	15,684
5.	TOTAL	\$315,799

(3) The Company is not involved in any sales-leaseback transactions.

B. Lessor Leases – Not applicable**16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk – Not applicable****17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

A. Transfers of Receivables Reported as Sales – Not applicable

B. Transfer and Servicing of Financial Assets – Not applicable

C. Wash Sales – Not applicable

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans – Not applicable

NOTES TO FINANCIAL STATEMENTS**19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

The Company had no direct premium written through individual managing general agents or third party administrators for the year ended December 31, 2013.

20. Fair Value Measurement

A.

(1) Fair Value Measurements at Reporting Date

Description for each class of asset or liability	Level 1	Level 2	Level 3	Total
a. Assets at fair value				
Perpetual Preferred Stock	\$ -	\$ -	\$ -	\$ -
Bonds	-	-	-	-
Common Stock	-	-	1,949,419	1,949,419
Derivative Assets	-	-	-	-
Total assets at fair value	\$ -	\$ -	\$ 1,949,419	\$ 1,949,419

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

Description	Beginning Balance at 01/01/2013	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2013
a. Assets:										
Other Loan-Backed and Structured Securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Bonds	-	-	-	-	-	-	-	-	-	-
FHLB of Atlanta	2,372,400	-	-	-	-	-	-	(491,500)	-	1,880,900
Rke Valley Devel Warrants	98,669	-	-	-	(30,150)	-	-	-	-	68,519
Total Common Stock	2,471,069	-	-	-	(30,150)	-	-	(491,500)	-	1,949,419
Total Assets	\$ 2,471,069	\$ -	\$ -	\$ -	\$ (30,150)	\$ -	\$ -	\$ (491,500)	\$ -	\$ 1,949,419

(3) Transfers Between Levels

The Company reviews the fair value hierarchy classifications each reporting period. Transfers in levels occur due to changes in observable market data and other inputs. For the period ending December 31, 2013, there were no transfers between Level 1 and Level 2. Any reclassifications between levels are reported using the beginning fair value for the reporting period.

(4) Valuation Techniques and Inputs

The statutory basis of accounting requires that certain assets and liabilities be reported at fair value. SSAP No. 100 – *Fair Value Measurements* defines fair value and establishes a fair value hierarchy. Based on this guidance, the Company is required to classify and disclose the fair values in one of the following three categories:

Level 1: Fair value is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Fair value is based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Fair value is estimated using one or more significant unobservable inputs.

The specific securities reported as Level 3 are certain common stocks. The majority of the common stock is Federal Home Loan Bank stock which is restricted and not publicly traded on an exchange. The Company has determined its fair value to be equal to its cost.

(5) Not applicable

B. Not applicable

NOTES TO FINANCIAL STATEMENTS

C. Aggregate Fair Value by Hierarchical Level

Type of financial instrument	Aggregate fair value	Admitted assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Issuer obligations	\$ 694,545,367	\$ 693,751,356	\$ -	\$ 691,220,380	\$ 3,324,987	\$ -
Residential MBS	116,155,150	111,552,620	-	116,155,150	-	-
Commercial MBS	120,822,159	120,379,573	-	114,573,592	6,248,567	-
Other loan-backed and structured securities	128,700,141	122,031,601	-	100,807,399	27,892,742	-
Redeemable Preferred Stock	4,847,663	5,000,000	-	4,847,663	-	-
Common Stock	1,989,500	1,989,500	-	-	1,989,500	-
Mortgage Loan	128,512,750	128,441,190	-	-	128,512,750	-
Other Assets BA	5,517,323	5,467,011	-	5,062,500	454,823	-
Short Term	15,750,591	15,748,773	15,550,567	200,023	-	-
Total assets at fair value	\$ 1,216,840,643	\$ 1,204,361,624	\$ 15,550,567	\$ 1,032,866,707	\$ 168,423,369	\$ -

D. Not Practicable to Estimate Fair Value – Not applicable

21. Other Items

- A. Extraordinary Items – Not applicable
- B. Troubled Debt Restructuring – Debtors – Not applicable
- C. Other Disclosures and Unusual Items – Not applicable
- D. Business Interruption Insurance Recoveries – Not applicable
- E. State Transferable and Non-transferable Tax Credits – Not applicable
- F. Subprime Mortgage Related Risk Exposure

(1) Subprime Mortgage Exposure

The Company categorizes mortgage securities collateralized with loans having an average FICO score of 620 or less as “subprime” mortgage securities. Mortgage securities collateralized with loans having an average score of greater than 620 but less than 680, and/or lacking full documentation, commonly referred to as “low-doc” or “no-doc” loans, are categorized as “Alt-A” mortgage securities. The delinquency, credit loss, and pre-payment rate of the pool of mortgages collateralizing the investment, as well as the credit enhancement available for the investment are all reviewed. Cash flow forecasts for each subprime and Alt-A mortgage security are prepared, using estimates of future pre-payment, delinquency, default, and loss severity rates and the forecasts are stress tested.

(2) Direct Exposure – Mortgage Loans

The Company does not engage in subprime residential (or commercial) mortgage lending, and therefore has no direct exposure, through investments in subprime mortgage loans.

	1	2	3	4	5
	Book/Adjusted Carrying Value	Fair Value	Value of Land and Buildings	Other Than Temporary Impairments	Default Rate
a. Mortgages in the process of foreclosure	\$ -	\$ -	\$ -	\$ -	\$ -
b. Mortgages in good standing	-	-	-	-	-
c. Mortgages with restructured terms	-	-	-	-	-
d. Total	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

(3) Direct Exposure – Other Investments

The Company does have exposure, in the General Account, to subprime and Alt-A residential mortgage lending through its fixed maturity investments. Such investments are collateralized by mortgages which have characteristics of subprime and Alt-A lending. The Company manages its subprime and Alt-A risk exposure in several ways. It limits its holdings in these types of instruments, and when purchased, subprime and Alt-A mortgage securities are bought at deeply discounted prices, relative to par. Additionally, the Company performs on-going analysis of cash flows, pre-payment speeds, default rates and other stress variables.

	1	2	3	4
	Actual Cost	Book/Adjusted Carrying Value	Fair Value	Other Than Temporary Impairments
a. Residential mortgage backed securities:				
Subprime	\$ 3,832,860	\$ 3,909,464	\$ 4,668,505	\$ -
Alt-A	12,800,267	12,851,497	14,377,318	-
b. Commercial mortgage backed securities	-	-	-	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	-	-	-	-
e. Equity investments in SCAs	-	-	-	-
f. Other assets	-	-	-	-
g. Total	\$16,633,127	\$ 16,760,961	\$ 19,045,823	\$ -

(4) Underwriting Exposure

The Company does not have underwriting exposure to subprime or Alt-A mortgage risk through mortgage guarantee or financial guarantee insurance coverage.

	1	2	3	4
	Losses Paid in the Current Year	Losses Incurred in the Current Year	Cash Reserves at End of Current Period	IBNR Reserves at End of Current Period
a. Mortgage guaranty coverage	\$ -	\$ -	\$ -	\$ -
b. Financial guaranty coverage	-	-	-	-
c. Other lines	-	-	-	-
d. Total	-	-	-	-

G. Retained Assets

- (1) The retained asset account balance is reported within the Company's liability for deposit-type contracts reported on page 3, line 3 of the Annual Statement. The retained asset account is one of several settlement options offered to the beneficiary and only utilized upon election by the beneficiary. Depending upon the terms of the underlying insurance policy, the Company credited between 2.0% and 4.0% interest during 2012. The account balance and credited interest are fully backed by the claims-paying ability of the issuing insurance company. There are no fees for account services on these contracts.

H. Offsetting and Netting of Assets and Liabilities – Not applicable

22. Events Subsequent

Type I – Recognized Subsequent Events: Subsequent events have been considered through February 21, 2014, the date on which the statutory statements were issued. There were no Type I subsequent events.

Type II – Nonrecognized Subsequent Events: Subsequent events have been considered through February 21, 2014, the date on which the statutory statements were issued.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either direct by the company or by any representative, officer, trustee, or director of the company? Yes () No (X)
- Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) 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)

Section 2 – Ceded Reinsurance Report – Part A

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

NOTES TO FINANCIAL STATEMENTS

- a. 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. \$ NA
- b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability, for these agreements in this statement? \$ NA
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)

Section 3 – Ceded Reinsurance Report – Part B

1. What is the estimated amount of the 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. \$ NA
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?
- B. Uncollectible Reinsurance – The Company has not written off any uncollectible reinsurance during the year.
- C. Commutation of Reinsurance Reflected in Income and Expense – The Company has not commuted any ceded reinsurance during the year.
- D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation – Not applicable

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination – Not applicable**25. Change in Incurred Losses and Loss Adjustment Expenses**

Reserves as of December 31, 2012 were \$465,065 for the Company's Medicare Supplement and LTD business. As of December 31, 2013, \$426,745 has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$1,334 as a result of re-estimation of unpaid claims and claim adjustment expenses on Medicare Supplement and LTD business. Therefore, there has been a \$36,986 favorable prior-year development from December 31, 2012 to December 31, 2013. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. As of December 31, 2013, none of the Company's accident and health contracts were subject to retrospective rating experience or refunds.

26. Intercompany Pooling Arrangements – Not applicable**27. Structured Settlements – Not applicable****28. Health Care Receivables – Not applicable****29. Participating Policies**

For the reporting year ended 2013, premiums under individual life participating policies were \$3,252,000 and participating policies account for approximately 5% of the Company's direct individual life premiums. Dividends are distributed on these policies annually, using current dividend scales approved by the board of directors. The Company paid dividends in the amount of \$418,733 to policyholders and did not allocate any additional income to such policyholders.

30. Premium Deficiency Reserves

At December 31, 2013, the Company did not have a liability for premium deficiency reserves on accident and health contracts as a result of the evaluation performed in February 2014.

NOTES TO FINANCIAL STATEMENTS

31. Reserves for Life Contracts and Annuity Contracts

- (1) The Company waives deduction of deferred fractional premiums upon death of insured and returns any portion of the final premium beyond the date of death. Surrender values are not promised in excess of the legally computed reserves.
- (2) Extra premiums are charged for substandard lives in addition to the gross premium for the true age. Mean reserves are determined by computing the regular mean reserve for the plan at the true age and holding an additional one-half (½) of the extra premium charge for the year.
- (3) As of December 31, 2013, the Company had \$1,694,137,482 of insurance in force for which the gross premiums are less than the net premiums according to the standards of valuation set by the State of Virginia. Reserves to cover the above insurance totaled \$11,483,892 at year-end and are reported in Exhibit 5, Miscellaneous Reserves section.
- (4) The Tabular Interest had been determined from basis data. The Tabular Less Actual Reserve Released has been determined by formula as described in the instructions. The Tabular Cost has been determined by formula as described in the instructions.
- (5) For the determination of Tabular Interest on funds not involving life contingencies, for each valuation rate of interest the tabular interest is calculated as one hundredth of the product of such valuation rate of interest times the mean of the amount of funds subject to such valuation rate of interest held at the beginning and end of the year of valuation.
- (6) None.

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

Withdrawal Characteristics of Annuity Actuarial Reserves and Deposit-Type Contract Funds and other Liabilities Without Life or Disability Contingencies:

	General Account Total	% of Total
A. Subject to discretionary withdrawal:		
(1) With fair value adjustment	\$0	0.0%
(2) At book value less current surrender charge of 5% or more	123,273,829	29.6%
(3) At fair value	0	0.0%
(4) Total with adjustment or at fair value (Total 1 - 3)	123,273,829	29.6%
(5) At book value without adjustment (minimal or no charge or adjustment)	233,181,722	56.1%
B. Not subject to discretionary withdrawal	59,413,790	14.3%
C. Total (gross)	415,869,341	100.0%
D. Reinsurance ceded	0	
E. Total (net)* (C) - (D)	415,869,341	100.0%

* Reconciliation of total annuity actuarial reserves and deposit fund liabilities.

F. Life & Accident & Health Annual Statement:	Amount
1. Exhibit 5, Annuities Section, Total (net)	370,479,632
2. Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net)	18,616,618
3. Exhibit 7, Deposit-Type Contracts, Line 14, Column 1	26,773,091
4. Subtotal	415,869,341
Separate Accounts Annual Statement:	
5. Exhibit 3, Line 0299999, Column 2	0
6. Exhibit 3, Line 0399999, Column 2	0
7. Page 3, Line 2, Column 3	0
8. Page 3, Line 3.1, Column 3	0
9. Page 3, Line 3.2, Column 3	0
10. Page 3, Line 3.3, Column 3	0
11. Subtotal	0
12. Combined Total	\$415,869,341

NOTES TO FINANCIAL STATEMENTS**G. Federal Home Loan Bank Agreements**

- (1) The Company is a member of the Federal Home Loan Bank (FHLB) of Atlanta. Through its membership, the Company has issued funding agreements to the FHLB Atlanta in exchange for cash advances in the amount of \$5,000,000. The Company uses these funds in an investment spread strategy, consistent with its other investment spread operations. As such, the Company applies SSAP No. 52 - *Deposit-Type Contracts* accounting treatment to these funds, consistent with its other deposit-type contracts. It is not part of the Company's strategy to utilize these funds for operations, and any funds obtained from the FHLB Atlanta for use in general operations would be accounted for consistent with SSAP No. 15 - *Debt and Holding Company Obligations*, as borrowed money. The table below indicates the amount of FHLB Atlanta stock purchased, collateral pledged, assets and liabilities related to the agreement with FHLB Atlanta.

	2013	2012
(2) FHLB Atlanta stock purchased/owned	\$ 1,880,900	\$ 2,372,400
(3) Collateral pledged to the FHLB	7,066,568	7,921,595
(4) Funding capacity currently available	193,260,000	193,260,000
(5) Total reserves related to funding agreement	5,000,113	5,000,065
(6) Agreement assets and liabilities		
General Account:		
a. Assets	7,066,568	7,921,595
b. Liabilities	5,000,113	5,000,065
Separate Account:		
a. Assets		
b. Liabilities		

33. Premium and Annuity Considerations Deferred and Uncollected

- A. Deferred and uncollected life insurance premiums and annuity considerations as of December 31, 2013 were as follows:

Type	Gross	Net of Loading
(1) Industrial	\$0	\$0
(2) Ordinary new business	14,392	5,335
(3) Ordinary renewal	18,542,334	16,048,021
(4) Credit Life	0	0
(5) Group Life	0	0
(6) Group Annuity	0	0
(7) Totals	18,556,726	16,053,356

34. Separate Accounts – Not applicable**35. Loss/Claim Adjustment Expenses**

The balance in the liability for unpaid accident and health claim adjustment expenses as of December 31, 2013 and 2012 was \$0 and \$0, respectively.

The Company incurred no net claim adjustment expenses in the current year. The Company did not increase or decrease the provision for insured events of prior years.

The Company took into account estimated anticipated salvage and subrogation in its determination of the liability for unpaid claims/losses and reduced such liability by \$0.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No
 If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes No N/A
- 1.3 State regulating? Virginia
- 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: 11/06/2013
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2012
- 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. 12/31/2012
- 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). 09/06/2013
- 3.4 By what department or departments?
Virginia Bureau 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 Co. 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
- 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
- 7.2 If yes,
- 7.21 State the percentage of foreign control%
- 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (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
- 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
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.
- | 1
Affiliate Name | 2
Location (City, State) | 3
FRB | 4
OCC | 5
FDIC | 6
SEC |
|----------------------------|-----------------------------|----------|----------|-----------|----------|
| Reservoir Operations, L.P. | New York, NY | | | | YES |
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, One Commerce Square, Suite 700, 2005 Market Street, Philadelphia, PA 19103
-
- 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
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
-
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes No
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes No N/A
 10.6 If the answer to 10.5 is no or n/a, please explain.

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
David J. Killian, ASA, M.A.A.A., Appointed Actuary, Shenandoah Life Insurance Company, Roanoke, VA

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

12.12 Number of parcels involved5
 12.13 Total book/adjusted carrying value \$.....454,823

12.2 If yes, provide explanation.
Chesapeake Crossing Seniors Community, 1 parcel with a book value of \$0
Mid-Atlantic Housing Partnership, L.P., 4 parcels with a book value of \$454,823

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

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

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

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

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes No

- 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.

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

14.2 Has the code of ethics for senior managers been amended? Yes No

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

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes No

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes No

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes No

17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes No

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

PART 1 - COMMON INTERROGATORIES - FINANCIAL

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

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
 20.11 To directors or other officers \$.....0
 20.12 To stockholders not officers \$.....0
 20.13 Trustees, supreme or grand (Fraternal only) \$.....0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
 20.21 To directors or other officers \$.....0
 20.22 To stockholders not officers \$.....0
 20.23 Trustees, supreme or grand (Fraternal only) \$.....0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes No

21.2 If yes, state the amount thereof at December 31 of the current year:
 21.21 Rented from others
 21.22 Borrowed from others
 21.23 Leased from others
 21.24 Other

PART 1 - COMMON INTERROGATORIES - FINANCIAL

- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment
- 22.22 Amount paid as expenses
- 22.23 Other amounts paid
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....87,371

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes [X] No []
- 24.02 If no, give full and complete information relating thereto.

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

- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs.
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.
- 24.103 Total payable for securities lending reported on the liability page.
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03) Yes [X] No []
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- 25.21 Subject to repurchase agreements \$.....0
- 25.22 Subject to reverse repurchase agreements \$.....0
- 25.23 Subject to dollar repurchase agreements \$.....0
- 25.24 Subject to reverse dollar repurchase agreements \$.....0
- 25.25 Pledged as collateral \$.....7,066,568
- 25.26 Placed under option agreements \$.....0
- 25.27 Letter stock or securities restricted as to sale \$.....0
- 25.28 On deposit with state or other regulatory body \$.....6,107,426
- 25.29 Other \$.....0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
- If no, attach a description with this statement.

- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]
- 27.2 If yes, state the amount thereof at December 31 of the current year:

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

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

1 Name of Custodian(s)	2 Custodian's Address
The Federal Home Loan Bank of Atlanta	1475 Peachtree Street NE, Atlanta, GA 30309
SunTrust Bank	919 East Main Street, 7th Floor, Richmond, VA 23219

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

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [] No [X]

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
154957	PIMCO Investments LLC	1345 Ave. of the Americas, New York NY 10105

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [] No [X]

PART 1 - COMMON INTERROGATORIES - INVESTMENT

29.2 If yes, complete the following schedule:

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
29.2999. TOTAL		0

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

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

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

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	1,063,463,924	1,075,973,400	12,509,476
30.2 Preferred stocks.....	5,000,000	4,847,663	(152,337)
30.3 Totals.....	1,068,463,924	1,080,821,063	12,357,139

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

SVO, Interactive Data Corp., Internally Generated

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

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []

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

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

32.2 If no, list exceptions:

PART 1 - COMMON INTERROGATORIES - OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....0

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

1	2
Name	Amount Paid

34.1 Amount of payments for legal expenses, if any? \$.....370,997

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

1	2
Name	Amount Paid
HUNTON & WILLIAMS LLP	169,300

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0

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

1	2
Name	Amount Paid

GENERAL INTERROGATORIES

PART 2 - LIFE INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [X] No []
- 1.2 If yes, indicate premium earned on U.S. business only \$.....9,682,723
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$.....0

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. \$.....0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$.....6,423,411

1.6 Individual policies:

Most current three years:

- 1.61 Total premium earned \$.....0
- 1.62 Total incurred claims \$.....0
- 1.63 Number of covered lives0

All years prior to most current three years:

- 1.64 Total premium earned \$.....9,682,723
- 1.65 Total incurred claims \$.....6,423,411
- 1.66 Number of covered lives2,434

1.7 Group policies:

Most current three years:

- 1.71 Total premium earned \$.....0
- 1.72 Total incurred claims \$.....0
- 1.73 Number of covered lives0

All years prior to most current three years:

- 1.74 Total premium earned \$.....0
- 1.75 Total incurred claims \$.....0
- 1.76 Number of covered lives0

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	4,885,942	5,867,371
2.2 Premium Denominator.....	54,682,848	61,586,911
2.3 Premium Ratio (2.1/2.2).....	8.9	9.5
2.4 Reserve Numerator.....	735,235	1,014,579
2.5 Reserve Denominator.....	1,061,692,346	1,144,849,028
2.6 Reserve Ratio (2.4/2.5).....	0.1	0.1

- 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 [] N/A [X]
- 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 [X] No []

4.2 Net reimbursement of such expenses between reporting entities:

- 4.21 Paid \$.....0
- 4.22 Received \$.....149,508

- 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: \$.....32,500,000

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

- 7.11 Cash \$.....0
- 7.12 Stock \$.....0

GENERAL INTERROGATORIES

PART 2 - LIFE INTERROGATORIES

8.1 Does the company reinsure any Workers' Compensation Carve-Out business defined as: Yes [] No [X]
 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.

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

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 Col. (1) are:

	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, Col. 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 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
1 Guaranteed Death Benefit	2 Guaranteed Living Benefit							

10. For reporting entities having sold annuities to another insurer when 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? \$.....0

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

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

11.1 Do you act as a custodian for health savings account? 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 2013	2 2012	3 2011	4 2010	5 2009
Life Insurance in Force (Exhibit of Life Insurance)					
1. Ordinary - whole life and endowment (Line 34, Col. 4).....	3,034,696	3,316,507	3,608,687	3,808,569	4,073,171
2. Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4).....	4,246,492	4,562,720	4,938,142	5,381,268	6,060,932
3. Credit life (Line 21, Col. 6).....					
4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4).....	2,033	2,493	2,996	229,649	693,443
5. Industrial (Line 21, Col. 2).....					
6. FEGLI/SGLI (Lines 43 & 44, Col. 4).....					
7. Total (Line 21, Col. 10).....	7,283,221	7,881,720	8,549,825	9,419,486	10,827,546
New Business Issued (Exhibit of Life Insurance)					
8. Ordinary - whole life and endowment (Line 34, Col. 2).....	5,306	3,866	4,171	2,899	38,474
9. Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2).....					43,515
10. Credit life (Line 2, Col. 6).....					
11. Group (Line 2, Col. 9).....					101,014
12. Industrial (Line 2, Col. 2).....					
13. Total (Line 2, Col. 10).....	5,306	3,866	4,171	2,899	183,003
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).....	48,538,292	54,870,394	57,369,928	62,106,288	72,449,816
15.2 Ordinary individual annuities (Line 20.4, Col. 4).....	597,085	401,145	236,227	(51,524)	4,662,570
16. Credit life (group and individual) (Line 20.4, Col. 5).....					
17.1 Group life insurance (Line 20.4, Col. 6).....	672,759	462,759	744,909	568,957	(2,336,913)
17.2 Group annuities (Line 20.4, Col. 7).....	3,331	2,748	976	14,357	14,749
18.1 A&H - group (Line 20.4, Col. 8).....		3,191	83,534		23,730,126
18.2 A&H - credit (group and individual) (Line 20.4, Col. 9).....					
18.3 A&H - other (Line 20.4, Col. 10).....	4,871,382	5,846,673	7,267,735	9,967,593	13,922,824
19. Aggregate of all other lines of business (Line 20.4, Col. 11).....					
20. Total.....	54,682,849	61,586,910	65,703,309	72,605,671	112,443,172
Balance Sheet (Pages 2 and 3)					
21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Col. 3)....	1,278,807,467	1,379,868,229	1,432,126,756	1,439,202,515	1,428,653,193
22. Total liabilities excluding Separate Accounts business (Page 3, Line 26).....	1,197,741,329	1,292,696,254	1,416,501,814	1,424,198,256	1,428,252,084
23. Aggregate life reserves (Page 3, Line 1).....	1,076,535,416	1,159,892,336	1,301,994,382	1,317,340,290	1,325,880,884
24. Aggregate A&H reserves (Page 3, Line 2).....	309,980	379,975	461,695	582,996	742,461
25. Deposit-type contract funds (Page 3, Line 3).....	26,773,092	27,355,254	24,322,003	28,389,835	37,663,888
26. Asset valuation reserve (Page 3, Line 24.01).....	7,760,634	14,676,518	12,798,836	7,414,357	1,352,080
27. Capital (Page 3, Lines 29 & 30).....	2,500,000	2,500,000			
28. Surplus (Page 3, Line 37).....	78,566,138	84,671,975	15,624,942	15,004,259	401,109
Cash Flow (Page 5)					
29. Net Cash from operations (Line 11).....	(73,511,659)	(156,892,422)	(9,178,352)	7,586,127	(554,176)
Risk-Based Capital Analysis					
30. Total adjusted capital.....	89,051,772	102,073,493	28,423,778	22,418,616	1,753,189
31. Authorized control level risk-based capital.....	10,932,889	14,850,344	16,214,565	17,576,508	15,473,412
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).....	84.6	83.6	81.3	74.5	75.6
33. Stocks (Lines 2.1 and 2.2).....	0.6	0.6	1.0	1.8	2.3
34. Mortgage loans on real estate (Lines 3.1 and 3.2).....	10.4	12.3	13.7	14.6	16.4
35. Real estate (Line 4.1, 4.2 and 4.3).....	0.2	0.2	0.3	0.3	0.3
36. Cash, cash equivalents and short-term investments (Line 5).....	1.6	0.7	1.0	6.0	1.0
37. Contract loans (Line 6).....	2.2	2.2	2.0	2.0	2.2
38. Derivatives (Line 7).....					XXX
39. Other invested assets (Line 8).....	0.4	0.4	0.8	0.8	0.9
40. Receivables for securities (Line 9).....					1.4
41. Securities lending reinvested collateral assets (Line 10).....					XXX
42. Aggregate write-ins for invested assets (Line 11).....					0.0
43. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0

Annual Statement for the year 2013 of the **SHENANDOAH LIFE INSURANCE COMPANY**
FIVE-YEAR HISTORICAL DATA

(continued)

	1 2013	2 2012	3 2011	4 2010	5 2009
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).....	40,082	40,042	40,006	39,986	39,966
47. Affiliated short-term investments (subtotal included in Sch. DA, Verif. Col. 5, Line 10).....					
48. Affiliated mortgage loans on real estate.....					
49. All other affiliated.....					
50. Total of above Lines 44 to 49.....	40,082	40,042	40,006	39,986	39,966
51. Total investment in parent included in Lines 44 to 49 above.....					
Total Nonadmitted and Admitted Assets					
52. Total nonadmitted assets (Page 2, Line 28, Col. 2).....	20,639,074	21,677,327	52,435,997	39,525,373	97,279,693
53. Total admitted assets (Page 2, Line 28, Col. 3).....	1,278,807,467	1,379,868,229	1,432,126,756	1,439,202,515	1,428,653,193
Investment Data					
54. Net investment income (Exhibit of Net Investment Income).....	50,229,173	56,485,982	67,576,873	69,442,702	78,827,833
55. Realized capital gains (losses) (Page 4, Line 34, Column 1).....	(334,223)	635,396	(96,980)	1,656,695	(29,154,868)
56. Unrealized capital gains (losses) (Page 4, Line 38, Column 1).....	304,393	(1,416,597)	142,951	442,360	4,243,679
57. Total of above Lines 54, 55 and 56.....	50,199,343	55,704,781	67,622,844	71,541,757	53,916,644
Benefits and Reserve Increase (Page 6)					
58. Total contract benefits - life (Lines 10, 11, 12, 13, 14 and 15 Col. 1 less Lines 10, 11, 12, 13, 14 and 15, Cols. 9, 10 & 11).....	158,469,959	223,978,195	106,264,512	103,649,992	113,475,469
59. Total contract benefits - A&H (Lines 13 & 14, Cols. 9, 10 & 11).....	3,262,026	4,388,535	5,644,729	8,152,780	27,609,680
60. Increase in life reserves - other than group and annuities (Line 19, Cols. 2 & 3).....	(23,075,459)	(16,870,210)	10,428,072	13,080,086	15,405,501
61. Increase in A&H reserves (Line 19, Cols. 9, 10 & 11).....	(69,996)	(81,720)	(121,301)	(159,466)	(1,290,726)
62. Dividends to policyholders (Line 30, Col 1).....	418,733	511,734	(12,353)	5,094	(13,533)
Operating Percentages					
63. Insurance expense percent (Page 6, Col. 1, Lines 21, 22, & 23 less Line 6)/(Page 6 Col. 1, Line 1 plus Exhibit 7, Col. 2, Line 2) x 100.00.....	28.2	20.7	31.8	29.1	36.5
64. Lapse percent (ordinary only) [(Exhibit of Life Insurance, Col. 4, Lines 14 & 15) / 1/2 (Exhibit of Life Insurance, Col. 4, Lines 1 & 21)] x 100.00.....	7.0	7.4	6.5	9.1	15.3
65. A&H loss percent (Schedule H, Part 1, Lines 5 & 6, Col. 2).....	66.6	74.1	50.7	80.8	72.2
66. A&H cost containment percent (Schedule H, Part 1, Line 4, Col. 2).....				0.3	0.3
67. A&H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Col. 2).....	18.9	41.0	69.6	90.1	46.6
A&H Claim Reserve Adequacy					
68. Incurred losses on prior years' claims - group health (Sch. H, Part 3, Line 3.1, Col. 2).....					2,262,664
69. Prior years' claim liability and reserve - group health (Sch. H, Part 3, Line 3.2, Col. 2).....					3,216,421
70. Incurred losses on prior years' claims - health other than group (Sch. H, Part 3, Line 3.1, Col. 1 less Col. 2).....	425,791	498,948	725,170	917,184	1,451,914
71. Prior years' claim liability and reserve - health other than group (Sch. H, Part 3, Line 3.2, Col. 1 less Col. 2).....	465,065	572,274	2,783,347	3,115,115	2,253,540
Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33)					
72. Industrial life (Col. 2).....					
73. Ordinary - life (Col. 3).....	8,366,560	21,806,685	8,313,926	10,485,041	15,911,356
74. Ordinary - individual annuities (Col. 4).....	4,005,430	4,939,700	2,995,739	1,847,534	2,401,690
75. Ordinary - supplementary contracts (Col. 5).....	(235,539)	240,874	10,853	53,330	25,289
76. Credit life (Col. 6).....					
77. Group life (Col. 7).....	312,467	(43,203)	(378,775)	(300,528)	1,014,189
78. Group annuities (Col. 8).....	(400,639)	(313,279)	(165,545)	(109,578)	159,985
79. A&H - group (Col. 9).....	2,896	(842,017)	(2,022,752)	(4,131,193)	(3,682,155)
80. A&H - credit (Col. 10).....					
81. A&H - other (Col. 11).....	847,619	1,626,761	(331,874)	(605,667)	(1,830,074)
82. Aggregate of all other lines of business (Col. 12).....					
83. Total (Col. 1).....	12,898,793	27,415,521	8,421,571	7,238,939	14,000,278

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

Yes [] No []

If no, please explain:

EXHIBIT OF LIFE INSURANCE

	Industrial		Ordinary		Credit Life (Group and Individual)		Group			10 Total Amount of Insurance (a)
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Individual Policies and Group Certificates	6 Amount of Insurance (a)	7 Number of		9 Amount of Insurance (a)	
							Policies	Certificates		
1. In force end of prior year.....			143,538	7,879,227			1	1,684	2,493	7,881,720
2. Issued during year.....			119	5,306						5,306
3. Reinsurance assumed.....										0
4. Revived during year.....			194	12,988						12,988
5. Increased during year (net).....			33							0
6. Subtotals, Lines 2 to 5.....	0	0	346	18,294	0	0	0	0	0	18,294
7. Additions by dividends during year.....	XXX		XXX	2,974	XXX		XXX	XXX		2,974
8. Aggregate write-ins for increases.....	0	0	0	0	0	0	0	0	0	0
9. Totals (Lines 1 and 6 to 8).....	0	0	143,884	7,900,495	0	0	1	1,684	2,493	7,902,988
Deductions during year:										
10. Death.....			3,629	63,638			XXX	274	423	64,061
11. Maturity.....			84	569			XXX			569
12. Disability.....							XXX			0
13. Expiry.....			427	13,904						13,904
14. Surrender.....			3,362	180,885						180,885
15. Lapse.....			3,007	349,619				32	37	349,656
16. Conversion.....			62	7,590			XXX	XXX	XXX	7,590
17. Decreased (net).....				3,102						3,102
18. Reinsurance.....										0
19. Aggregate write-ins for decreases.....	0	0	0	0	0	0	0	0	0	0
20. Totals (Lines 10 to 19).....	0	0	10,571	619,307	0	0	0	306	460	619,767
21. In force end of year (Line 9 minus Line 20).....	0	0	133,313	7,281,188	0	0	1	1,378	2,033	7,283,221
22. Reinsurance ceded end of year.....	XXX		XXX	3,147,180	XXX		XXX	XXX		3,147,180
23. Line 21 minus Line 22.....	XXX	0	XXX	4,134,008	XXX	(b)	XXX	XXX	2,033	4,136,041

DETAILS OF WRITE-INS

0801.										0
0802.										0
0803.										0
0898. Summary of remaining write-ins for Line 8 from overflow page.....	0	0	0	0	0	0	0	0	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above).....	0	0	0	0	0	0	0	0	0	0
1901.										0
1902.										0
1903.										0
1998. Summary of remaining write-ins for Line 19 from overflow page.....	0	0	0	0	0	0	0	0	0	0
1999. Totals (Lines 1901 thru 1903 plus 1998) (Line 19 above).....	0	0	0	0	0	0	0	0	0	0

(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.....	.XXX		.XXX	69,405
25. Other paid-up insurance.....			23,084	256,958
26. Debit ordinary insurance.....	.XXX	.XXX		

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.....			24	368
28. Term policies-other.....			30,303	3,774,571
29. Other term insurance-decreasing.....	.XXX		.XXX	6,763
30. Other term insurance.....	.XXX		.XXX	439,810
31. Totals (Lines 27 to 30).....	0	0	30,327	4,221,512
Reconciliation to Lines 2 and 21:				
32. Term additions.....	.XXX		.XXX	2,281
33. Totals, extended term insurance.....	.XXX	.XXX	850	22,704
34. Totals, whole life and endowment.....	119	5,306	102,136	3,034,696
35. Totals (Lines 31 to 34).....	119	5,306	133,313	7,281,193

CLASSIFICATION OF AMOUNT OF INSURANCE (a) BY PARTICIPATING STATUS

	Issued During Year (Included in Line 2)		In Force End of Year (Included in Line 21)	
	1 Non-Participating	2 Participating	3 Non-Participating	4 Participating
36. Industrial.....				
37. Ordinary.....	5,306		6,795,939	485,253
38. Credit Life (Group and Individual).....				
39. Group.....				2,033
40. Totals (Lines 36 to 39).....	5,306	0	6,795,939	487,286

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.....	NONE		.XXX	
42. Number in force end of year if the number under shared groups is counted on a pro-rata basis.....				.XXX
43. Federal Employees' Group Life Insurance included in Line 21.....				
44. Servicemen's Group Life Insurance included in Line 21.....				
45. Group Permanent Insurance included in Line 21.....				

ADDITIONAL ACCIDENTAL DEATH BENEFITS

46. Amount of additional accidental death benefits in force end of year under ordinary policies (a).....	397,646
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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 Commuted Value
47.2 \$2,500 per unit of coverage

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.....			15,928	839,839				
49. Disability Income.....								
50. Extended Benefits.....			.XXX	.XXX				
51. Other.....								
52. Total.....	0	(b) 0	15,928	(b) 839,839	0	(b) 0	0	(b) 0

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

(b) See Paragraph 9 of the Annual Audited Financial Reports in the General section of the Annual Statement Instructions.

**EXHIBIT OF NUMBER OF POLICIES, CONTRACTS, CERTIFICATES, INCOME PAYABLE
AND ACCOUNT VALUES IN FORCE FOR SUPPLEMENTARY CONTRACTS,
ANNUITIES, ACCIDENT & HEALTH AND OTHER POLICIES**

SUPPLEMENTARY CONTRACTS

	Ordinary		Group	
	1 Involving Life Contingencies	2 Not Involving Life Contingencies	3 Involving Life Contingencies	4 Not Involving Life Contingencies
1. In force end of prior year.....	612	409		
2. Issued during year.....	15	90		
3. Reinsurance assumed.....				
4. Increased during year (net).....				
5. Total (Lines 1 to 4).....	627	499	0	0
Deductions during year:				
6. Decreased (net).....	26	102		
7. Reinsurance ceded.....				
8. Totals (Lines 6 and 7).....	26	102	0	0
9. In force end of year.....	601	397	0	0
10. Amount on deposit.....	18,616,616	(a).....12,714,964		(a).....
11. Income now payable.....	601	397		
12. Amount of income payable.....	(a).....492,921	(a).....567,609	(a).....	(a).....

ANNUITIES

	Ordinary		Group	
	1 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year.....	1,669	10,897	390	390
2. Issued during year.....				
3. Reinsurance assumed.....				
4. Increased during year (net).....				
5. Total (Lines 1 to 4).....	1,669	10,897	390	390
Deductions during year:				
6. Decreased (net).....	257	1,606	44	44
7. Reinsurance ceded.....				
8. Totals (Lines 6 and 7).....	257	1,606	44	44
9. In force end of year.....	1,412	9,291	346	346
Income now payable:				
10. Amount of income payable.....	(a).....4,443,866	XXX	XXX	(a).....37,845
Deferred fully paid:				
11. Account balance.....	XXX	(a).....218,731,862	XXX	(a).....7,305,227
Deferred not fully paid:				
12. Account balance.....	XXX	(a).....129,155,408	XXX	(a).....

ACCIDENT AND HEALTH INSURANCE

	Group		Credit		Other	
	1 Certificates	2 Premiums in force	3 Policies	4 Premiums in force	5 Policies	6 Premiums in force
1. In force end of prior year.....					3,294	10,716,155
2. Issued during year.....						
3. Reinsurance assumed.....						
4. Increased during year (net).....		XXX		XXX		XXX
5. Total (Lines 1 to 4).....	0	XXX	0	XXX	3,294	XXX
Deductions during year:						
6. Conversions.....		XXX	XXX	XXX	XXX	XXX
7. Decreased (net).....		XXX		XXX	853	XXX
8. Reinsurance ceded.....		XXX		XXX		XXX
9. Totals (Lines 6 to 8).....	0	XXX	0	XXX	853	XXX
10. In force end of year.....	0	(a).....	0	(a).....	2,441	(a).....9,102,400

DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS

	1	2
	Deposit Funds Contracts	Dividend Accumulations Contracts
1. In force end of prior year.....	171	2,482
2. Issued during year.....	23	
3. Reinsurance assumed.....		
4. Increased during year (net).....		
5. Total (Lines 1 to 4).....	194	2,482
Deductions during year:		
6. Decreased (net).....	17	68
7. Reinsurance ceded.....		
8. Totals (Lines 6 and 7).....	17	68
9. In force end of year.....	177	2,414
10. Amount of account balance.....	(a).....10,515,883	(a).....2,432,427

(a) See Paragraph 9 of the Annual Audited Financial Reports in the General section of the Annual Statement Instructions.

SHENANDOAH LIFE INSURANCE COMPANY

SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

1	States, Etc.	Active Status	Direct Business Only						
			Life Contracts		4	5	6	7	
			2	3					Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	Other Considerations	Total Columns 2 through 5	Deposit-Type Contracts
			Life Insurance Premiums	Annuity Considerations					
1.	Alabama.....	AL	1,516,981	5,948	69,178			1,592,107	
2.	Alaska.....	AK	5,560					5,560	
3.	Arizona.....	AZ	219,042		16,127			235,169	
4.	Arkansas.....	AR	1,093,889	4,893	17,301			1,116,083	
5.	California.....	CA	265,626	438	12,590			278,654	
6.	Colorado.....	CO	124,309		11,660			135,969	
7.	Connecticut.....	CT	40,469		3,178			43,647	
8.	Delaware.....	DE	91,129	1,200	55,492			147,821	
9.	District of Columbia.....	DC	385,358	1,800				387,158	
10.	Florida.....	FL	6,656,892	247,466	330,739			7,235,097	
11.	Georgia.....	GA	7,638,063	12,032	381,220			8,031,315	
12.	Hawaii.....	HI	10,623					10,623	
13.	Idaho.....	ID	10,918					10,918	
14.	Illinois.....	IL	1,266,281	360	33,916			1,300,557	
15.	Indiana.....	IN	756,265	5,460	534,695			1,296,420	
16.	Iowa.....	IA	215,779		14,050			229,829	
17.	Kansas.....	KS	137,220		224,524			361,744	
18.	Kentucky.....	KY	1,336,729	420	132,192			1,469,341	
19.	Louisiana.....	LA	1,226,775		31,331			1,258,106	
20.	Maine.....	ME	19,761					19,761	
21.	Maryland.....	MD	2,635,658	31,376	239,461			2,906,495	
22.	Massachusetts.....	MA	88,478		10,978			99,456	
23.	Michigan.....	MI	1,157,180	1,330	178,847			1,337,357	
24.	Minnesota.....	MN	87,621		3,867			91,488	
25.	Mississippi.....	MS	1,018,506	1,500	130,518			1,150,524	
26.	Missouri.....	MO	582,629	1,000	111,538			695,167	
27.	Montana.....	MT	9,757	904				10,661	
28.	Nebraska.....	NE	140,178	1,200	4,050			145,428	
29.	Nevada.....	NV	34,730		6,362			41,092	
30.	New Hampshire.....	NH	22,406		1,856			24,262	
31.	New Jersey.....	NJ	249,686		17,514			267,200	
32.	New Mexico.....	NM	195,250		120,593			315,843	
33.	New York.....	NY	274,839	4,779	12,685			292,303	
34.	North Carolina.....	NC	12,096,231	21,135	562,499			12,679,865	(5,048)
35.	North Dakota.....	ND	3,371					3,371	
36.	Ohio.....	OH	2,572,594	49,838	216,829			2,839,261	
37.	Oklahoma.....	OK	378,315		656,001			1,034,316	
38.	Oregon.....	OR	20,784	3,000				23,784	
39.	Pennsylvania.....	PA	2,965,912	84,137	2,147,186			5,197,235	
40.	Rhode Island.....	RI	13,588					13,588	
41.	South Carolina.....	SC	4,949,348	15,230	216,993			5,181,571	
42.	South Dakota.....	SD	7,502	120				7,622	
43.	Tennessee.....	TN	2,785,735	13,691	230,359			3,029,785	
44.	Texas.....	TX	3,397,243	16,367	1,077,933			4,491,543	
45.	Utah.....	UT	97,384					97,384	
46.	Vermont.....	VT	10,044					10,044	
47.	Virginia.....	VA	7,347,369	57,512	1,672,854			9,077,735	
48.	Washington.....	WA	43,221	13,860	7,163			64,244	
49.	West Virginia.....	WV	1,064,885	1,020	89,885			1,155,790	
50.	Wisconsin.....	WI	168,919	2,400				171,319	
51.	Wyoming.....	WY	2,169					2,169	
52.	American Samoa.....	AS						0	
53.	Guam.....	GU	5,107					5,107	
54.	Puerto Rico.....	PR	2,481					2,481	
55.	US Virgin Islands.....	VI	2,538					2,538	
56.	Northern Mariana Islands.....	MP						0	
57.	Canada.....	CAN						0	
58.	Aggregate Other Alien.....	OT	21,581	0	0			21,581	0
59.	Subtotal.....	(a) XXX	67,470,908	600,416	9,584,164			77,655,488	(5,048)
90.	Reporting entity contributions for employee benefit plans.....	XXX						0	
91.	Dividends or refunds applied to purchase paid-up additions and annuities.....	XXX	385,949					385,949	
92.	Dividends or refunds applied to shorten endowment or premium paying period.....	XXX						0	
93.	Premium or annuity considerations waived under disability or other contract provisions.....	XXX	399,697					399,697	
94.	Aggregate other amounts not allocable by State.....	XXX	0	0	0			0	0
95.	Totals (Direct Business).....	XXX	68,256,554	600,416	9,584,164			78,441,134	(5,048)
96.	Plus reinsurance assumed.....	XXX	301,305					301,305	
97.	Totals (All Business).....	XXX	68,557,859	600,416	9,584,164			78,742,439	(5,048)
98.	Less reinsurance ceded.....	XXX	17,657,341		4,751,140			22,408,481	
99.	Totals (All Business) less reinsurance ceded.....	XXX	50,900,518	600,416	(b) 4,833,024			56,333,958	(5,048)

DETAILS OF WRITE-INS

58001.	Other Alien.....	XXX	21,581					21,581	
58002.	.....	XXX						0	
58003.	.....	XXX						0	
58998.	Summ. of remaining write-ins for line 58 from overflow page.....	XXX	0	0	0			0	0
58999.	Total (Lines 58001 thru 58003 plus 58998) (Line 58 above).....	XXX	21,581	0	0			21,581	0
9401.	.....	XXX						0	
9402.	.....	XXX						0	
9403.	.....	XXX						0	
9498.	Summ. of remaining write-ins for line 94 from overflow page.....	XXX	0	0	0			0	0
9499.	Total (Lines 9401 thru 9403 plus 9498) (Line 94 above).....	XXX	0	0	0			0	0

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

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

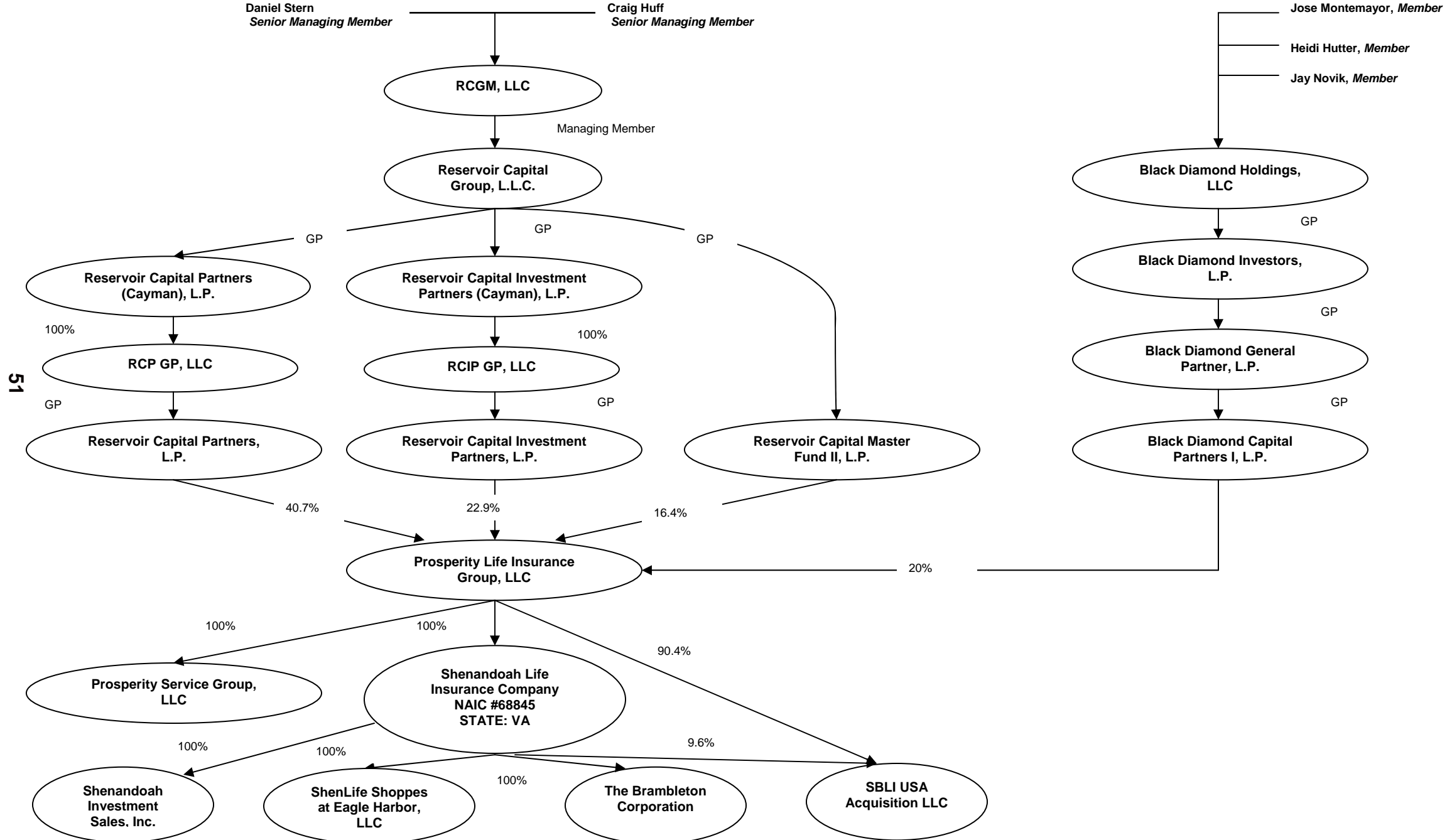
Individual life and health insurance premiums, all annuity considerations, and all deposit-type funds are allocated according to the resident state of the owner of the policy at the time of the premium or consideration receipt. Group life and health insurance premiums are generally allocated on the basis of place of employment of the insured employee.

(a) Insert the number of "L" responses except for Canada and Other Alien.

(b) Column 4 should balance with Exhibit 1, Lines 6.4, 10.4 and 16.4, Cols. 8, 9, and 10, or with Schedule H, Part 1, Column 1, Line 1. Indicate which: Exhibit 1, Lines 6.4, 10.4 and 16.4, Cols. 8, 9 and 10

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

PART 1 – ORGANIZATIONAL CHART



**2013 ALPHABETICAL INDEX
LIFE ANNUAL STATEMENT BLANK**

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