

IN THE CHANCERY COURT OF THE FIRST JUDICIAL DISTRICT
HINDS COUNTY, MISSISSIPPI

GEORGE DALE, COMMISSIONER
OF INSURANCE OF THE STATE OF
MISSISSIPPI

FILED
JUN 29 1999
JUDGE JAMES, Chancery Clerk

PETITIONER

VS.

CIVIL ACTION NO. G99-907

FRANKLIN PROTECTIVE LIFE INSURANCE
COMPANY, A MISSISSIPPI DOMICILED
INSURANCE COMPANY

RESPONDENT

PETITION FOR ORDER OF LIQUIDATION

George Dale, Commissioner of Insurance for the State of Mississippi (the "Commissioner") as Rehabilitator (the "Rehabilitator") and Betty Cordial as Deputy Rehabilitator (the "Deputy Rehabilitator") of Franklin Protective Life Insurance Company (the "Company"), file this Petition for Order of Liquidation and in support hereof respectfully assert as follows:

1.

On May 10, 1999, this Court entered an Order of Rehabilitation concerning the Company, and among other things, appointed the Commissioner as the Rehabilitator of the Company to have and exercise the powers and responsibilities of a rehabilitator pursuant to Miss. Code Ann. § 83-

24-1 *et seq.* and other applicable laws.

2.

On May 12, 1999, this Court entered an Order appointing Betty Cordial as the Deputy Rehabilitator of the Company to have and exercise the powers and responsibilities of a deputy rehabilitator pursuant to Miss. Code Ann. § 83-24-1 *et seq.* and other applicable laws.

3.

Since that date, pursuant to the Order of Rehabilitation, the Rehabilitator and Deputy Rehabilitator have exercised their authority to take possession and control of the property, books, accounts, documents, and other records and assets of the Company, and of the premises occupied by the Company for transaction of its business, and to administer them under the general supervision of this Court to permit the Rehabilitator and Deputy Rehabilitator to ascertain the condition of the Company.

4.

Subsequent to the entry of the Order of Rehabilitation, the Rehabilitator has determined that the Company is insolvent within the meaning of Miss. Code Ann. § 83-24-7(k) and § 83-24-35(4) because the Company's admitted assets do not exceed its liabilities (including but not limited to required reserves). Through a fraudulent scheme the Company has lost possession of its reserve investments and the full recovery of these investment monies is unlikely.

5.

The Company is insolvent. The admitted assets of Company as of the year ended December 31, 1998, as reflected on Exhibit A attached hereto from the Company's Annual Statement, were \$24,129,135. Of this amount, \$23,330,785 is reflected as being invested in bonds. During the Rehabilitation, Petitioners have determined that substantially all of the bond investments are missing. John Hackney, President of the Company, has advised that he invested the Company's assets in bonds through the broker known to him as LNS, Inc. Petitioners have confirmed that records of the Company reflect these investments, however, LNS, Inc. and the money invested in bonds through LNS, Inc. is missing. With total liabilities of \$21,857,487, and the missing bonds, the Company is insolvent.

6.

The Court should enter an Order of Liquidation pursuant to Miss. Code Ann. § 83-24-31(1) and §83-24-33 because the Company is insolvent within the meaning of Miss. Code Ann. §83-24-7(k); and the continuation of the Company's rehabilitation proceedings will substantially increase the risk of loss to its policyholders, creditors, and the public, and would be futile.

7.

The Company has limited assets to meet necessary administrative expenses. The Deputy Rehabilitator is working with the National Organization of Life and Health Insurance Guaranty Associations and all affected state guaranty associations including the Mississippi Life and Health Insurance Guaranty Association ("Guaranty Associations") to protect policyholders by the

possible assumption of policy obligations by a solvent carrier, or through coverage provided directly by the Guaranty Associations. At this time it is unknown whether all policies will be covered by Guaranty Associations. Entry of an order of liquidation and a finding of insolvency will allow the various involved Guaranty Associations to assume their statutory responsibilities with respect to covered policies and benefits through statutory mechanisms such as Miss. Code Ann. § 83-23-215(2), and begin paying claims covered by the Guaranty Associations.

8.

The officers and directors of the Company are aware of the missing bond investments and the insolvent condition of the Company. Copies of this Petition have been forwarded to the officers and directors that can be located. Further notice is not required or appropriate and would delay the protection of policyholders, creditors and the general public. Objections to the Order of Liquidation, if any, can be heard at a post entry hearing as provided by Miss. Code Ann. § 83-24-19(5); or by an appeal with limitations upon the liquidation as provided in Miss. Code Ann. § 83-24-35(6).

9.

It is in the best interests of the policyholders and creditors of Company and the public that the Company immediately be placed in liquidation pursuant to Miss. Code Ann. § 83-24-31(1) and § 83-24-33. Grounds exist that justify the immediate entry of a Final Order of Liquidation and Finding of Insolvency to permit the Rehabilitator and Deputy Rehabilitator to liquidate the Company and to take such other actions as may be necessary.

WHEREFORE, PREMISES CONSIDERED, Rehabilitator and Deputy Rehabilitator

respectfully request that this Court enter an Order:

A. Declaring that the Company is insolvent as defined by Miss. Code Ann. § 83-24-7;

B. Superseding the Order of Rehabilitation entered on May 10, 1999, terminating the rehabilitation proceeding, converting the rehabilitation proceeding to a liquidation proceeding, and ordering that the Company be liquidated;

C. Appointing George Dale, Commissioner of Insurance of the State of Mississippi, and his successors in office, as the liquidator (“Liquidator”) of the Company, and ordering him to liquidate the business and affairs of the Company and exercise the powers, duties and responsibilities of a liquidator pursuant to Miss. Code Ann. § 83-24-1 et seq. and other applicable Mississippi laws;

D. Confirming that the Rehabilitator is authorized to appoint a Deputy Liquidator and approving the appointment of Betty Cordial, the current Deputy Rehabilitator, as Deputy Liquidator; and ordering that she shall have all powers and responsibilities of the Liquidator granted by the Order of Liquidation and all such authority as conferred by operation of law;

E. Confirming that the Liquidator retains the right to terminate the Deputy Liquidator and/or substitute another person as Deputy Liquidator as he may deem necessary, and that all Deputy Liquidators will serve at the pleasure of the Liquidator as provided by Miss. Code Ann. §83-24-27(1);

F. Fixing as of the date of entry of the Order of Liquidation the rights and liabilities of the Company and of the Company’s creditors, policyholders, stockholders, employees and all other persons interested in the Company’s estate, except as otherwise provided by Mississippi

law;

G. Providing that policies of life or health insurance or annuities that are covered by a guaranty association or foreign guaranty association shall continue in force for such period and under such terms as is provided for by any applicable guaranty association or foreign guaranty association as provided in Miss. Code Ann. § 83-24-37(3) and any premiums due for such policies on or after the date of entry of an order of liquidation shall belong to the applicable guaranty association. Pursuant to Miss. Code Ann. § 83-24-37(e), all benefits and/or policies not covered by a guaranty association or foreign guaranty association shall terminate at 12:01 A.M. on the day after the entry of the Order of Liquidation.

H. Confirming that the Liquidator and Deputy Liquidator shall maintain possession and control and be vested with title to all of the tangible and intangible rights, property, and assets of the Company, wherever located, including but not limited to all monies, accounts, books, documents, records, the premises occupied by the Company for transaction of its business, contracts, rights of action, securities, brokerage accounts, policies, policy benefits due to Company, files, papers, electronic media, debentures, mortgages, furniture, fixtures, computer hardware, computer software, office supplies, motor vehicles, and all other equipment.

I. Ordering all persons and entities, including but not limited to banks, brokerage houses, agents, producers, general agents, sub-agents, contractors, reinsurers, reinsurance intermediaries, third-party administrators, underwriting managers, officers, directors, stockholders, employees, representatives, accountants, attorneys, actuaries, affiliates, parent corporations, subsidiaries, and policyholders, in possession of any tangible or intangible right, property, asset or record of the Company, to maintain all such rights, property, asset and records in a safe and secure manner for

and on behalf of the Liquidator and to promptly deliver all such rights, property and records to the Liquidator or Deputy Liquidator upon request.

J. Enjoining all general agents, agents, sub-agents, and brokers of Company from returning to policyholders or others, any unearned premiums, or any monies in their possession collected from premiums;

K. Directing that general agents, agents, sub-agents, and brokers immediately remit all premiums, unearned premiums, collected commissions, and unearned commissions in their possession or under their control, or which they may hereafter acquire, to the Liquidator, together with all records and a full accounting thereof;

L. Enjoining all persons and entities from:

The transaction of further business of the Company without the approval of the Liquidator;

Interfering with the Liquidator's, or Deputy Liquidator's, duties, activities, or responsibilities, or with this proceeding;

The transfer, waste, or dissipation of the bank accounts or any of the property or assets of the Company;

The obtaining of any preference, judgment, attachment, garnishment or lien against the Company or its assets, wherever located, or the levying of execution against the Company or its assets, wherever located, or the commencement, prosecution or further prosecution of any suit, action or proceeding having any such purpose or effect;

(5) The making of any sale or deed for nonpayment of taxes or assessments

that would lessen the value of the assets of the Company;

The withholding from the Liquidator of the books, accounts, documents or other records relating to the business of the Company;

Any other threatened or contemplated action that might lessen the value of the Company's assets or prejudice the rights of policyholders, creditors or shareholders, or the administration of this proceeding;

M. Ordering that no action at law or equity or in arbitration shall be brought against the Company or Liquidator, whether in Mississippi or elsewhere, nor shall any such existing actions be maintained or further presented or prosecuted after issuance of the Liquidation Order; but rather all claims shall be submitted through the claims process;

N. Enjoining all secured creditors or parties, pledgees, lien holders, collateral holders or other persons claiming a secured, priority or preferred interest in any property or assets of the Company from taking any steps whatsoever to transfer, sell, encumber, attach, dispose of or exercise purported rights in or against any property or assets of the Company without the prior approval of the Liquidator;

O. Enjoining the Company, and its officers, directors, agents, servants, employees and/or other persons acting for or on behalf of the Company from soliciting or accepting new business;

P. Enjoining and restraining the Company, its officers, directors, employees, agents, stockholders, and all other persons, including but not limited to banks, brokerage houses, agents, producers, general agents, sub-agents, contractors, reinsurers, reinsurance intermediaries, third-party administrators, underwriting managers, representatives, accountants, attorneys, actuaries, affiliates, or parent corporations, and subsidiaries, from the further transaction of business by or

on behalf of the Company, and from dealing with or disposing of the property of the Company, committing any waste or concealment of assets, without the express authorization of the Liquidator or Deputy Liquidator;

Q. Enjoining all general agents, agents, sub-agents and brokers of the Company, as well as any banks, brokerage houses, reinsurers, third party administrators, or other companies or persons having in their possession assets or commissions which are, or may be, the property of the Company from disposing of or destroying the same, or disposing of or destroying any records pertaining to any business transactions between Company and its insureds, policyholders, general agents, agents, brokers, banks, brokerage houses, reinsurers, third party administrators, or other companies or persons having done business with Company, or having in their possession assets which are or were the property of Company;

R. Enjoining all general agents, agents, and brokers of Company from in any way counseling, encouraging or soliciting the cancellation, surrender, replacement or termination of policies issued by Company, which would eliminate, jeopardize or diminish the rights of policyholders to the benefits provided by the Mississippi Life and Health Insurance Guaranty Association, or similar associations in other states;

S. Ordering that all contracts and agreements of reinsurance, wherein the Company is the ceding insurer shall remain in full force and effect pending a determination and recommendation by the Liquidator as to when, and upon what terms, cancellation is appropriate; and that all reinsurers are ordered to pay all amounts due and unpaid to the Company under such contracts and treaties;

T. Ordering that all treaties, contracts, and agreements of reinsurance wherein the

Company is the assuming reinsurer are canceled on a “cut-off” basis effective with the entry of the Order of Liquidation, and that all ceding insurers or reinsurers are ordered to account for and pay all amounts due and unpaid to the Company under such contracts and treaties;

U. Approving the continuing employment of legal counsel for the Rehabilitator as counsel for the Liquidator pursuant to the same terms previously approved by the Court

V. Ordering that all available constitutional, statutory and common law immunities applicable and available to the Liquidator are extended to the Deputy Liquidator, counsel for the Liquidator and Deputy Liquidator, and all other agents, and personnel of the Liquidator and Deputy Liquidator;

W. Authorizing the Liquidator and the Deputy Liquidator to employ, or continue to employ, such special deputies, agents, actuaries, accountants, agents, appraisers, assistants, clerks, consultants and such other personnel as they deem necessary and to fix and pay the reasonable compensation and expenses of such persons out of the funds and assets of Company subject to the supervision of this Court;

X. Authorizing the Liquidator and Deputy Liquidator to pay all routine administrative and operating expenses, including the compensation, fees and expenses of attorneys, accountants, agents, appraisers, and consultants, incurred in connection with the orderly liquidation of the Company and collection of the Companies assets, without prior approval of the Court, but subject to the general supervision of the Court;

Y. Authorizing the Liquidator and Deputy Liquidator to pay all routine administrative expenses that remain outstanding that were directly incurred and authorized by the Rehabilitator or Deputy Rehabilitator during the period of rehabilitation; , including reasonable amounts as

collection costs for the collection of debit premiums during the period of rehabilitation;

Z. Authorizing the Liquidator and Deputy Liquidator to return any funds received and collected in a fiduciary capacity after the entry of the order of rehabilitation for non-insurance products, including but not limited to prepaid funeral expenses;

Authorizing the Liquidator and Deputy Liquidator to take actions necessary to prevent potential preferences from occurring, including specific injunctions against appropriate parties pursuant to Miss. Code Ann. § 83-24-51 - 55, and where appropriate, to enjoin the dissipation of Company's assets already paid out as potential preferences or fraudulent conveyances or any threatened or contemplated action that might lessen the value of Company's estate or prejudice the rights of its policyholders, creditors, or the public, or the administration of this proceeding;

The Liquidator and Deputy Liquidator shall have the authority pursuant to Miss. Code Ann. § 83-24-51 - 55 to void fraudulent transfers, and shall have the authority to void preferences;

Providing that financial reports to the Court shall be made by the Liquidator within one year of the Order of Liquidation and at least annually thereafter, each such financial report to include, at a minimum, the assets and liabilities of the Company and all funds received and disbursed by the Liquidator;

Providing that the Liquidator shall give appropriate notice of the Order of Liquidation pursuant to Miss. Code Ann. § 83-24-43, the deadline for filing claims as established by the Court, and the procedures for filing claims against the estate of the Company;

EE Granting to the Liquidator and the Deputy Liquidator all powers and duties

enumerated in Miss. Code Ann. § 83-24-41;

Providing that the Order of Liquidation shall remain in effect until the Liquidator has completed his duties or is discharged by order of this Court; and

Determining that there is no just reason for delay, and that the Order of Liquidation shall be entered as a final judgment.

This the day of June, 1999.

Respectfully submitted,

OF COUNSEL:
Lee Harrell, Esq.
MSB #8957
Special Assistant Attorney General
Mississippi Department of Insurance

GEORGE DALE, AS COMMISSIONER OF
INSURANCE FOR THE STATE OF MISSISSIPPI
IN HIS CAPACITY AS REHABILITATOR OF
FRANKLIN PROTECTIVE LIFE INSURANCE
COMPANY

AND

BETTY CORDIAL, AS DEPUTY
REHABILITATOR OF FRANKLIN
PROTECTIVE LIFE INSURANCE COMPANY

BY: _____
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CERTIFICATE OF SERVICE

I, Charles G. Copeland, do hereby certify that I have this date caused to be mailed, by U. S. Mail, first class, postage prepaid, a true and correct copy of the above and foregoing document to:

David L. Martin, Esq.
Watkins, Ludlam, Winter & Stennis
P O Box 427
Jackson, MS 39205-0427
Attorney for Mississippi Life and Health Insurance Guaranty Association

This the day of June, 1999.

Charles G. Copeland

ANNUAL STATEMENT
OF THE
FRANKLIN PROTECTIVE
LIFE INSURANCE COMPANY

of
JACKSON

in the
STATE OF MISSISSIPPI

TO THE
Insurance Department

OF THE
STATE OF
MISSISSIPPI

FOR THE YEAR ENDED
DECEMBER 31, 1998

MISSISSIPPI DEPT. OF INSURANCE

MISSISSIPPI DEPT. OF INSURANCE

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1998

LIFE AND ACCIDENT AND HEALTH

1998

EXHIBIT

A

ANNUAL STATEMENT FOR THE YEAR 1998 OF THE FRANKLIN PROTECTIVE LIFE INSURANCE COMPANY

ASSETS

	Current Year				Prior Year
	1 Ledger Assets	2 Non-Ledger Assets	3 Assets Not Admitted	4 Net Admitted Assets (Cols. 1 - 2 - 3)	5 Net Admitted Assets
1. Bonds (less \$ 0 liability for asset transfers with put options, Schedule D, Part 1)	23,330,785	0	0	23,330,785	22,454,000
2. Stocks:					
2.1 Preferred stocks (Schedule D, Part 2, Section 1)	0	0	0		
2.2 Common stocks (Schedule D, Part 2, Section 2)	1,000	(1,000)	0	0	
3. Mortgage loans on real estate (Schedule B, Part 1, Section 1):					
3.1 First liens	0	0	0		
3.2 Other than first liens	0	0	0		
4. Real estate (Schedule A):					
4.1 Properties occupied by the company (less \$ 0 encumbrances)	0	0	0		
4.2 Properties acquired in satisfaction of debt (less \$ 0 encumbrances)	0	0	0		
4.3 Investment real estate (less \$ 0 encumbrances)	0	0	0		
5. Policy loans	57,551	0	0	57,551	48,200
6. Premium notes, including \$ 0 for first year premiums	0	0	0		
7. Cash (\$ 122,957, Schedule E-Part 1) and short-term investments (\$ 127,723, Schedule DA Part 1)	250,680	0	0	250,680	404,500
8. Other invested assets (Schedule BA, Part 1)	0	0	0		100,000
9. Receivable for securities	0	0	0		
10. Aggregate write-ins for invested assets					
11. Subtotals, cash and invested assets (Lines 1 to 10)	23,640,116	(1,000)		23,639,116	23,006,700
12. Reinsurance ceded:					
12.1 Amounts recoverable from reinsurers (Schedule S, Part 1)	0	5,000	0	5,000	1,500
12.2 Commissions and expense allowances due	0	0	0		
12.3 Experience rating and other refunds due	0	0	0		
12.4 Other amounts receivable under reinsurance contracts	0	0	0		
13. Electronic data processing equipment	0	0	0		
14. Federal income tax recoverable and interest thereon	0	0	0		
14A. Guaranty funds receivable or on deposit	50,003	0	0	50,003	71,300
15. Life insurance premiums and annuity considerations deferred and uncollected on in force business (less premiums on reinsurance ceded and less \$ 21,647 loading)	0	24,139	0	24,139	11,700
16. Accident and health premiums due and unpaid	0	212	0	212	300
17. Investment income due and accrued (Exhibit 2)	0	410,655	0	410,655	425,400
18. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0		
19. Receivable from parent, subsidiaries and affiliates	0	0	0		
20. Amounts receivable relating to uninsured accident and health plans	0	0	0		
21. Other assets nonadmitted (Exhibit 13)	54,320	0	54,320	0	
22. Aggregate write-ins for other than invested assets	(29,563)	29,563	0	0	
23. Total assets excluding Separate Accounts business (Lines 11 to 22)	23,714,876	468,579	54,320	24,129,135	23,517,100
24. From Separate Accounts Statement	0	0	0		
Total (Lines 23 and 24)	23,714,876	468,579	54,320	24,129,135	23,517,100
DETAILS OF WRITE-INS					
1001.	0	0	0		
1002.	0	0	0		
1003.	0	0	0		
1098. Summary of remaining write-ins for Line 10 from overflow page					
1099. Totals (Lines 1001 thru 1003 plus 1098)(Line 10 above)					
2201. Funds Due Broker	(29,563)	29,563	0	0	
2202.	0	0	0		
2203.	0	0	0		
2298. Summary of remaining write-ins for Line 22 from overflow page					
2299. Totals (Lines 2201 thru 2203 plus 2298)(Line 22 above)	(29,563)	29,563	0	0	

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life policies and contracts \$ 18,367,134 (Exh. 8, Line 9999999) less \$ 0 included in Line 7.3 (including \$ 0 Modco Reserve)	18,367,134	16,826,530
2. Aggregate reserve for accident and health policies (Exhibit 9, Line 17, Col. 1)(including \$ 0 Modco Reserve)	11,010	12,310
3. Supplementary contracts without life contingencies (Exhibit 10, Line 11, Col. 1)(including \$ 0 Modco Reserve)	0	0
4. Policy and contract claims:		
4.1 Life (Exhibit 11, Part 1, Line 4d, Col. 1 less sum of Cols. 9, 10 and 11)	65,757	100,000
4.2 Accident and health (Exhibit 11, Part 1, Line 4d, sum of Cols. 9, 10 and 11)	0	0
5. Policyholders' dividend and coupon accumulations (Exhibit 10, Line 16, Col. 1)	0	0
6. Policyholders' dividends \$ 0 and coupons \$ 0 due and unpaid (Exhibit 7, Line 10)	0	0
7. Provision for policyholders' dividends and coupons payable in following calendar year—estimated amounts:		
7.1 Dividends apportioned for payment to	0	0
7.2 Dividends not yet apportioned	0	0
7.3 Coupons and similar benefits	72,526	75,054
8. Amount provisionally held for deferred dividend policies not included in Line 7	0	0
9. Premiums and annuity considerations received in advance less \$ 0 discount; including \$ 473 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14)	31,142	33,536
10. Liability for premium and other deposit funds:		
10.1 Policyholder premiums, including \$ 0 deferred annuity liability	0	0
10.2 Guaranteed interest contracts, including \$ 0 deferred annuity liability	0	0
10.3 Other contract deposit funds, including \$ 0 deferred annuity liability	0	0
11. Policy and contract liabilities not included elsewhere:		
11.1 Surrender values on canceled policies	0	0
11.2 Provision for experience rating refunds, including \$ 0 accident and health experience rating refunds	0	0
11.3 Other amounts payable on reinsurance including \$ 0 assumed and \$ 0 ceded	3,141,147	3,047,111
11.4 Interest maintenance reserve (Page 40, Line 6)	0	0
12. Commissions to agents due or accrued—life and annuity \$ 2,595 accident and health \$ 0 and deposit-type funds \$ 0	2,595	3,341
12A. Commissions and expense allowances payable on reinsurance assumed	0	0
13. General expenses due or accrued (Exhibit 5, Line 12, Col. 5)	90,396	20,467
13A. Transfers to Separate Accounts due or accrued (net) (including \$ 0 accrued for expense allowances recognized in reserves)	0	0
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 6, Line 9, Col. 5)	(1,187)	3,386
14A. Federal income taxes due or accrued, including \$ 0 on capital gains (excluding deferred taxes)	31,828	389,498
15. "Cost of collection" on premiums and annuity considerations deferred and uncollected in excess of total loading thereon	0	0
16. Unearned investment income (Exhibit 2, Line 9, Col. 2)	1,584	1,877
17. Amounts withheld or retained by company as agent or trustee	0	8,164
18. Amounts held for agents' account, including \$ 1,580 agents' credit balances	1,580	172
19. Remittances and items not allocated	4,000	6,859
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0
21. Liability for benefits for employees and agents if not included above	0	0
22. Borrowed money \$ 0 and interest thereon \$ 0	0	0
23. Dividends to stockholders declared and unpaid	0	0
24. Miscellaneous liabilities:		
24.1 Asset valuation reserve (Page 41, Line 13, Col. 7)	439	7,552
24.2 Reinsurance in unauthorized companies	0	0
24.3 Funds held under reinsurance treaties with unauthorized reinsurers	0	0
24.4 Payable to parent, subsidiaries and affiliates	207	5,546
24.5 Drafts outstanding	3,580	(1,771)
24.6 Liability for amounts held under uninsured accident and health plans	0	0
24.7 Funds held under coinsurance	0	0
24.8 Payable for securities	29,561	0
24.9 Capital notes \$ 0 and interest thereon \$ 0	0	0
25. Aggregate write-ins for liabilities	4,166	4,166
26. Total Liabilities excluding Separate Accounts business (Lines 1 to 25)	21,857,487	20,544,838
27. From Separate Accounts Statement	0	0
28. Total Liabilities (Lines 26 and 27)	21,857,487	20,544,838
29. Common capital stock	1,000,000	1,000,000
30. Preferred capital stock	0	0
31. Aggregate write-ins for other than special surplus funds	0	0
32. Surplus notes	0	0
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 44a, Col. 1)	5,128,566	5,128,566
34. Aggregate write-ins for special surplus funds	0	0
35. Unassigned funds (surplus)	(3,856,919)	(3,156,288)
36. Less treasury stock, at cost:		
(1) 0 shares common (value included in Line 29 \$ 0)	0	0
(2) 0 shares preferred (value included in Line 30 \$ 0)	0	0
37. Surplus (total Lines 31+32+33+34+35-36) (including \$ 0 in Separate Accounts Statement)	1,271,647	1,972,278
38. Totals of Lines 29, 30 and 37 (Page 4, Line 48)	2,271,647	2,972,278
39. Totals of Lines 28 and 38 (Page 2, Line 25, Col. 4)	24,129,134	23,517,116
DETAILS OF WRITE-INS		
2501. Reserve for Litigation (SHL)	4,166	4,166
2502.	0	0
2503.	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	4,166	4,166
3101.	0	0
3102.	0	0
3103.	0	0
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.	0	0
3402.	0	0
3403.	0	0
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