



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2009
OF THE CONDITION AND AFFAIRS OF THE
NATIONAL LIFE INSURANCE COMPANY

NAIC Group Code 0343, 0343 NAIC Company Code 72087 Employer's ID Number 66-0276881
(Current Period) (Prior Period)

Organized under the Laws of PR, State of Domicile or Port of Entry Puerto Rico

Country of Domicile US

Incorporated/Organized May 8, 1969 Commenced Business July 3, 1969

Statutory Home Office 510 Munoz Rivera Ave., Hato Rey, Puerto Rico 00918
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 510 Munoz Rivera Ave., Hato Rey, Puerto Rico 00918 787-758-8080
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address P.O. Box 366107, San Juan, Puerto Rico 00936-6107
(Street and Number or P.O. Box, City or Town, State and Zip Code)

Primary Location of Books and Records 510 Munoz Rivera Ave., Hato Rey, Puerto Rico 00918
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787-758-8080
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OFFICERS

Carlos Manuel Benitez, Jr. (Chairman of the Board)
Edgardo Van Rhyn (President & CEO)
Luis Fernando Rivera (Senior V. President Accounting & Finance)
Edgar Rodriguez (Senior V. P. Operations & Secretary)

OTHER OFFICERS

Manuel Julbe (Senior Vice President)
Ricardo Luis Reguero (Senior V. President Individual Insurance)
Maria Nelly Collazo (Vice President Sales & Marketing)
Lourdes Guzman (Vice President Sales & Marketing)
Yolanda Marquez (Vice President Accounting)

DIRECTORS OR TRUSTEES

Carlos Manuel Benitez, Jr.
Edgardo Van Rhyn
Edgar Rodriguez
Virgilio Ramos
Fernando Rivera Munich
Juan B. Soto

State of Puerto Rico }
County of San Juan } SS

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

Edgardo Van Rhyn
President & CEO
Subscribed and sworn to before me this _____
day of _____ 2010

Luis Fernando Rivera
Senior V. President Accounting & Finance

Edgar Rodriguez
Operations & Secretary

- 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 (Column 1 minus Column 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	96,696,660		96,696,660	99,407,418
2. Stocks (Schedule D):				
2.1 Preferred stocks	258,804		258,804	280,094
2.2 Common stocks	6,085,831		6,085,831	7,579,329
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	6,769		6,769	230,283
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)	11,229,473		11,229,473	11,294,284
4.2 Properties held for the production of income (less \$ encumbrances)	497,250		497,250	510,000
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$ 2,476,078 , Schedule E - Part 1) , cash equivalents (\$, Schedule E - Part 2) and short-term investments (\$, Schedule DA)	2,476,078		2,476,078	6,722,696
6. Contract loans (including \$ premium notes)	3,373,056	51,636	3,321,420	3,773,082
7. Other invested assets (Schedule BA)				
8. Receivables for securities	2,865		2,865	
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Line 1 through Line 9)	120,626,786	51,636	120,575,150	129,797,186
11. Title plants less \$ charged off (for Title insurers only)				
12. Investment income due and accrued	975,072		975,072	899,349
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	9,025,293		9,025,293	2,287,503
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	9,676,140	5,467,769	4,208,371	4,384,816
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	4,048,573		4,048,573	4,167,586
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset				
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software	1,098,893	490,046	608,847	890,351
19. Furniture and equipment, including health care delivery assets (\$)	238,402	238,402		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	2,367,914	2,367,914		
22. Health care (\$) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	7,896,331	2,029,167	5,867,164	4,160,443
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23)	155,953,404	10,644,934	145,308,470	146,587,234
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Line 24 and Line 25)	155,953,404	10,644,934	145,308,470	146,587,234
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)				
2301. Prepaid Expenses - Miscellaneous	621,087	621,087		
2302. Accounts Receivable - Miscellaneous	7,141,883	1,274,719	5,867,164	4,160,443
2303. Deferred Expenses - Miscellaneous	46,000	46,000		
2398. Summary of remaining write-ins for Line 23 from overflow page	87,361	87,361		
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	7,896,331	2,029,167	5,867,164	4,160,443

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$ 87,652,578 (Exhibit 5, Line 9999999) less \$ included in Line 6.3 (including \$ Modco Reserve)	87,652,446	83,893,256
2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Column 1) (including \$ Modco Reserve)	11,762,081	14,514,170
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Column 1) (including \$ Modco Reserve)		
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Column 1 less sum of Columns 9, 10 and 11)	5,200,185	2,953,691
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Columns 9, 10 and 11)	11,550,302	7,611,204
5. Policyholders' dividends \$ and coupons \$ 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 \$ Modco)		
6.2 Dividends not yet apportioned (including \$ Modco)		
6.3 Coupons and similar benefits (including \$ 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 \$ discount; including \$ accident and health premiums (Exhibit 1, Part 1, Column 1, sum of Line 4 and Line 14)		
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on cancelled contracts		
9.2 Provision for experience rating refunds, including \$ accident and health experience rating refunds		
9.3 Other amounts payable on reinsurance, including \$ assumed and \$ ceded		
9.4 Interest Maintenance Reserve (IMR, Line 6)	864,583	682,923
10. Commissions to agents due or accrued-life and annuity contracts \$, accident and health \$ and deposit-type contract funds \$	399,739	311,384
11. Commissions and expense allowances payable on reinsurance assumed		
12. General expenses due or accrued (Exhibit 2, Line 12, Column 6)	844,898	1,130,224
13. Transfers to Separate Accounts due or accrued (net) (including \$ 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, Column 5)	297,155	275,575
15.1 Current federal and foreign income taxes, including \$ on realized capital gains (losses)	74,242	5,354
15.2 Net deferred tax liability		
16. Unearned investment income	117,726	137,814
17. Amounts withheld or retained by company as agent or trustee	356,259	292,756
18. Amounts held for agents' account, including \$ 1,496,455 agents' credit balances	1,496,455	1,358,567
19. Remittances and items not allocated	211,456	265,882
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 \$ and interest thereon \$		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.1 Asset valuation reserve (AVR, Line 16, Column 7)	2,278,704	2,513,962
24.2 Reinsurance in unauthorized companies		
24.3 Funds held under reinsurance treaties with unauthorized reinsurers		
24.4 Payable to parent, subsidiaries and affiliates		
24.5 Drafts outstanding		
24.6 Liability for amounts held under uninsured plans		
24.7 Funds held under coinsurance		
24.8 Payable for securities		27,396
24.9 Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	1,966,055	2,085,659
26. Total liabilities excluding Separate Accounts business (Line 1 to Line 25)	125,072,286	118,059,817
27. From Separate Accounts statement		
28. Total liabilities (Line 26 and Line 27)	125,072,286	118,059,817
29. Common capital stock	2,502,910	2,502,910
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds		
32. Surplus notes	5,000,000	10,000,000
33. Gross paid in and contributed surplus (Page 3, Line 33, Column 2 plus Page 4, Line 51.1, Column 1)	3,860,873	3,860,873
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	8,872,401	12,163,634
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 29 \$)		
36.2 shares preferred (value included in Line 30 \$)		
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$ in Separate Accounts Statement)	17,733,274	26,024,507
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55)	20,236,184	28,527,417
39. Totals of Lines 28 and 38 (Page 2, Line 26, Column 3)	145,308,470	146,587,234
DETAILS OF WRITE-INS		
2501. Reinsurance Payable	1,385,372	1,579,056
2502. Others Accounts Payable	58,630	82,867
2503. Accounts Payable - Miscellaneous	522,053	423,736
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	1,966,055	2,085,659
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page		
3199. Totals (Line 3101 through Line 3103 plus Line 3198) (Line 31 above)		
3401.		
3402.		
3403.		
3498. Summary of remaining write-ins for Line 34 from overflow page		
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)		

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, Column 1, less Column 11)	95,342,997	71,504,785
2. Considerations for supplementary contracts with life contingencies		
3. Net investment income (Exhibit of Net Investment Income, Line 17)	5,704,793	5,873,283
4. Amortization of Interest Maintenance Reserve (IMR, Line 5)	102,638	24,374
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, Column 1)		287,134
7. Reserve adjustments on reinsurance ceded		
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts		
8.2 Charges and fees for deposit-type contracts		
8.3 Aggregate write-ins for miscellaneous income	403,792	182,626
9. Totals (Line 1 to Line 8.3)	101,554,220	77,872,202
10. Death benefits	11,956,824	7,018,448
11. Matured endowments (excluding guaranteed annual pure endowments)		
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Column 4 plus Column 8)	222,662	147,390
13. Disability benefits and benefits under accident and health contracts	41,015,739	24,742,971
14. Coupons, guaranteed annual pure endowments and similar benefits		
15. Surrender benefits and withdrawals for life contracts	6,494,377	4,843,080
16. Group conversions	6,745	
17. Interest and adjustments on contract or deposit-type contract funds	5,428	523
18. Payments on supplementary contracts with life contingencies		
19. Increase in aggregate reserves for life and accident and health contracts	2,350,255	4,756,557
20. Totals (Line 10 to Line 19)	62,052,030	41,508,969
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Column 1)	11,186,323	12,170,910
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Column 1)	2,960,760	2,380,292
23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4)	20,430,787	17,285,867
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Column 1 plus Column 2 plus Column 3)	742,486	743,484
25. Increase in loading on deferred and uncollected premiums	4,263	(3,548)
26. Net transfers to or (from) Separate Accounts net of reinsurance		
27. Aggregate write-ins for deductions	2,661,525	2,483,671
28. Totals (Line 20 to Line 27)	100,038,174	76,569,645
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	1,516,046	1,302,557
30. Dividends to policyholders		
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	1,516,046	1,302,557
32. Federal and foreign income taxes incurred (excluding tax on capital gains)		
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)	1,516,046	1,302,557
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ 68,888 (excluding taxes of \$ 284,298 transferred to the IMR)	(77,635)	(590,415)
35. Net Income (Line 33 plus Line 34)	1,438,411	712,142
CAPITAL AND SURPLUS ACCOUNT		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Column 2)	28,527,417	26,270,318
37. Net income (Line 35)	1,438,411	712,142
38. Change in net unrealized capital gains (losses) less capital gains tax of \$	(1,493,499)	2,031,760
39. Change in net unrealized foreign exchange capital gain (loss)		
40. Change in net deferred income tax		
41. Change in nonadmitted assets	(3,435,707)	925,176
42. Change in liability for reinsurance in unauthorized companies		
43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 9999999, Column 4)		
44. Change in asset valuation reserve	235,257	(1,411,980)
45. Change in treasury stock (Page 3, Lines 36.1 and 36.2 Column 2 minus Column 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	(5,000,000)	
49. Cumulative effects of changes in accounting principles		
50. Capital changes:		
50.1 Paid in		
50.2 Transferred from surplus (Stock Dividend)		166,360
50.3 Transferred to surplus		
51. Surplus adjustment:		
51.1 Paid in		
51.2 Transferred to capital (Stock Dividend)		(166,360)
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	(35,695)	
54. Net change in capital and surplus for the year (Line 37 through Line 53)	(8,291,233)	2,257,098
55. Capital and surplus, December 31, current year (Line 36 plus Line 54) (Page 3, Line 38)	20,236,184	28,527,416
DETAILS OF WRITE-INS		
08.301. Other Income	403,792	182,626
08.302.		
08.303.		
08.398. Summary of remaining write-ins for Line 8.3 from overflow page		
08.399. Totals (Line 08.301 through Line 08.303 plus Line 08.398) (Line 8.3 above)	403,792	182,626
2701. Special Service Fee	733,552	1,043,674
2702. Service Agreement	1,560,000	1,200,000
2703. Miscellaneous	367,973	239,997
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)	2,661,525	2,483,671
5301. Prior year adjustment	(35,695)	
5302.		
5303.		
5398. Summary of remaining write-ins for Line 53 from overflow page		
5399. Totals (Line 5301 through Line 5303 plus Line 5398) (Line 53 above)	(35,695)	

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	86,921,970	71,567,287
2. Net investment income	5,634,325	6,209,100
3. Miscellaneous income	403,792	469,760
4. Total (Line 1 through Line 3)	92,960,087	78,246,147
5. Benefit and loss related payments	54,740,324	33,681,411
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	38,157,273	34,032,463
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	(68,888)	(5,354)
10. Total (Line 5 through Line 9)	92,828,709	67,708,520
11. Net cash from operations (Line 4 minus Line 10)	131,378	10,537,627
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	22,639,345	27,691,722
12.2 Stocks	1,472,209	(255,435)
12.3 Mortgage loans	198,070	104,553
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		(928,511)
12.7 Miscellaneous proceeds	102,629	2,654,097
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	24,412,253	29,266,426
13. Cost of investments acquired (long-term only):		
13.1 Bonds	19,771,242	36,376,803
13.2 Stocks		1,936
13.3 Mortgage loans	223,514	
13.4 Real estate	25,068	5,439,359
13.5 Other invested assets		
13.6 Miscellaneous applications	30,261	1,627
13.7 Total investments acquired (Line 13.1 through Line 13.6)	20,050,085	41,819,725
14. Net increase (decrease) in contract loans and premium notes	451,662	(1,822)
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	3,910,506	(12,551,477)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	(5,000,000)	
16.2 Capital and paid in surplus, less treasury stock		(20)
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(3,288,502)	(2,258,655)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(8,288,502)	(2,258,675)
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)	(4,246,618)	(4,272,525)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	6,722,696	10,995,221
19.2 End of year (Line 18 plus Line 19.1)	2,476,078	6,722,696

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

20.001		
20.002		
20.003		
20.004		
20.005		
20.006		
20.007		
20.008		
20.009		
20.010		

CASH FLOW, Line 20 (Continued)

OVERFLOW FOR Page 5, Cash Flow

Line Number	Details of Write-ins	1 Current Year	2 Prior Year
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ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

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	95,342,997		17,677,555	966,797		3,993,680	7,512,277		43,981,539	383,220	20,827,929	
2. Considerations for supplementary contracts with life contingencies												
3. Net investment income	5,704,793		2,984,346	769,751		124,005	156,158		873,998	7,641	788,894	
4. Amortization of Interest Maintenance Reserve (IMR)	102,638		53,813	13,876		2,235	2,800		15,555	138	14,221	
5. Separate Accounts net gain from operations excluding unrealized gains or losses												
6. Commissions and expense allowances on reinsurance ceded												
7. Reserve adjustments on reinsurance ceded												
8. Miscellaneous Income:												
8.1 Fees associated with income from investment management, administration and contract guarantees from Separate Accounts												
8.2 Charges and fees for deposit-type contracts												
8.3 Aggregate write-ins for miscellaneous income	403,792		(3,250)	(163)		(675)	78,982		332,858	(65)	(3,895)	
9. Totals (Line 1 to Line 8.3)	101,554,220		20,712,464	1,750,261		4,119,245	7,750,217		45,203,950	390,934	21,627,149	
10. Death benefits	11,956,824		5,586,286			727,682	5,642,856					
11. Matured endowments (excluding guaranteed annual pure endowments)												
12. Annuity benefits	222,662			222,662								
13. Disability benefits and benefits under accident and health contracts	41,015,739								34,193,977	92,462	6,729,300	
14. Coupons, guaranteed annual pure endowments and similar benefits												
15. Surrender benefits and withdrawals for life contracts	6,494,377		4,196,737	2,297,640								
16. Group conversions	6,745		6,745									
17. Interest and adjustments on contract or deposit-type contract funds	5,428		1,963			113			3,177		175	
18. Payments on supplementary contracts with life contingencies												
19. Increase in aggregate reserves for life and accident and health contracts	2,350,255		3,680,210	(698,828)		(443,137)					(187,990)	
20. Totals (Line 10 to Line 19)	62,052,030		13,471,941	1,821,474		284,658	5,642,856		34,197,154	92,462	6,541,485	
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)	11,186,323		2,507,939	4,065		1,270,049	422,058		741,397	(65,464)	6,306,279	
22. Commissions and expense allowances on reinsurance assumed	2,960,760						1,241,672		1,719,088			
23. General insurance expenses	20,430,787		7,089,866	399,493		1,139,240	748,733		4,042,829	239,747	6,770,879	
24. Insurance taxes, licenses and fees, excluding federal income taxes	742,486		210,752	10,538		15,806	26,344		284,101	5,269	189,676	
25. Increase in loading on deferred and uncollected premiums	4,263		1,705	85		128	213		554	43	1,535	
26. Net transfers to or (from) Separate Accounts net of reinsurance												
27. Aggregate write-ins for deductions	2,661,525		509,780	25,558		666,058	148,788		750,748	11,165	549,428	
28. Totals (Line 20 to Line 27)	100,038,174		23,791,983	2,261,213		3,375,939	8,230,664		41,735,871	283,222	20,359,282	
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	1,516,046		(3,079,519)	(510,952)		743,306	(480,447)		3,468,079	107,712	1,267,867	
30. Dividends to policyholders												
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	1,516,046		(3,079,519)	(510,952)		743,306	(480,447)		3,468,079	107,712	1,267,867	
32. Federal income taxes incurred (excluding tax on capital gains)												
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)	1,516,046		(3,079,519)	(510,952)		743,306	(480,447)		3,468,079	107,712	1,267,867	
DETAILS OF WRITE-INS												
08.301. OTHER INCOME	403,792		(3,250)	(163)		(675)	78,982		332,858	(65)	(3,895)	
08.302.												
08.303.												
08.398. Summary of remaining write-ins for Line 8.3 from overflow page												
08.399. Totals (Line 08.301 through Line 08.303 plus Line 08.398) (Line 8.3 above)	403,792		(3,250)	(163)		(675)	78,982		332,858	(65)	(3,895)	
2701. SPECIAL SERVICE FEES	733,552		58,402	2,920		591,927	7,300		18,981	1,460	52,562	
2702. SERVICE AGREEMENT	1,560,000		304,188	15,279		63,093	123,089		683,931	6,025	364,395	
2703. MISCELLANEOUS FEES	367,973		147,190	7,359		11,038	18,399		47,836	3,680	132,471	
2798. Summary of remaining write-ins for Line 27 from overflow page												
2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)	2,661,525		509,780	25,558		666,058	148,788		750,748	11,165	549,428	

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

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	83,893,256		63,391,372	19,167,700		1,334,184		
2. Tabular net premiums or considerations	22,038,032		17,677,555	966,797		3,393,680		
3. Present value of disability claims incurred					X X X			
4. Tabular interest	3,002,053		2,304,471	658,640		38,942		
5. Tabular less actual reserve released								
6. Increase in reserve on account of change in valuation basis								
7. Other increases (net)								
8. Totals (Line 1 to Line 7)	108,933,341		83,373,398	20,793,137		4,766,806		
9. Tabular cost	18,425,465		14,280,909	295,886	X X X	3,848,670		
10. Reserves released by death	147,066		119,977	X X X	X X X	27,089		X X X
11. Reserves released by other terminations (net)	679,853		679,853					
12. Annuity, supplementary contract, and disability payments involving life contingencies	2,028,379			2,028,379				
13. Net transfers to or (from) Separate Accounts								
14. Total deductions (Line 9 to Line 13)	21,280,763		15,080,739	2,324,265		3,875,759		
15. Reserve December 31, current year	87,652,578		68,292,659	18,468,872		891,047		

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U.S. Government bonds	(a) 942,312	1,045,778
1.1 Bonds exempt from U.S. tax	(a) 820,359	884,560
1.2 Other bonds (unaffiliated)	(a) 3,068,373	3,094,395
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 10,573	7,344
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates	1,627	430
3. Mortgage loans	(c) 9,365	9,365
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	335,046	335,046
7. Derivative instruments	(e) 40,159	41,758
8. Other invested assets	(f)	
9. Aggregate write-ins for investment income		869,747
10. Total gross investment income	5,227,814	6,288,423
11. Investment expenses		(g)
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 249,210
14. Depreciation on real estate and other invested assets		(i) 102,630
15. Aggregate write-ins for deductions from investment income		231,789
16. Totals deductions (Line 11 through Line 15)		583,629
17. Net investment income (Line 10 minus Line 16)		5,704,794
DETAILS OF WRITE-INS		
0901. Rent		855,332
0902. Investment Income - Assumed Reinsurance		11,964
0903. Other Loans		2,451
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)		869,747
1501. Other Investment Fees		231,789
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Line 1501 through Line 1503 plus Line 1598) (Line 15 above)		231,789
(a) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.	(f) Includes \$ accrual of discount less \$ amortization of premium.	
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.	(g) Includes \$ investment expenses and \$ 231,789 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.	
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.	(h) Includes \$ 249,210 interest on surplus notes and \$ interest on capital notes.	
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.	(i) Includes \$ 102,630 depreciation on real estate and \$ depreciation on other invested assets.	
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Cols. 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	199,167		199,167		
1.1 Bonds exempt from U.S. tax	151,225		151,225		
1.2 Other bonds (unaffiliated)	(40,560)	(12,947)	(53,507)		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)		(21,290)	(21,290)		
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates				(1,493,499)	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments	(44)		(44)		
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)	(284,298)		(284,298)		
10. Total capital gains (losses)	25,490	(34,237)	(8,747)	(1,493,499)	
DETAILS OF WRITE-INS					
0901. Amortization of IRM	(181,660)		(181,660)		
0902. Change in IRM Reserves	(102,638)		(102,638)		
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)	(284,298)		(284,298)		

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

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)	10 Other	
FIRST YEAR (other than single)											
1. Uncollected	16,882,460		383,255			276		16,446,696		52,233	
2. Deferred and accrued											
3. Deferred, accrued and uncollected:											
3.1 Direct	16,882,460		383,255			276		16,446,696		52,233	
3.2 Reinsurance assumed											
3.3 Reinsurance ceded											
3.4 Net (Line 1 plus Line 2)	16,882,460		383,255			276		16,446,696		52,233	
4. Advance											
5. Line 3.4 minus Line 4	16,882,460		383,255			276		16,446,696		52,233	
6. Collected during year:											
6.1 Direct	23,759,205		1,614,432	56,544	34,288	25,425		16,461,552	7,571	5,559,393	
6.2 Reinsurance assumed	12,217,614					4,831,002		7,386,612			
6.3 Reinsurance ceded	122,063		60,481							61,582	
6.4 Net	35,854,756		1,553,951	56,544	34,288	4,856,427		23,848,164	7,571	5,497,811	
7. Line 5 plus Line 6.4	52,737,216		1,937,206	56,544	34,288	4,856,703		40,294,860	7,571	5,550,044	
8. Prior year (uncollected plus deferred and accrued minus advance)	496,527		390,335			1,084		52,970		52,138	
9. First year premiums and considerations:											
9.1 Direct	40,145,138		1,607,352	56,544	34,288	24,617		32,855,278	7,571	5,559,488	
9.2 Reinsurance assumed	12,217,614					4,831,002		7,386,612			
9.3 Reinsurance ceded	122,063		60,481							61,582	
9.4 Net (Line 7 minus Line 8)	52,240,689		1,546,871	56,544	34,288	4,855,619		40,241,890	7,571	5,497,906	
SINGLE											
10. Single premiums and considerations:											
10.1 Direct											
10.2 Reinsurance assumed											
10.3 Reinsurance ceded											
10.4 Net											
RENEWAL											
11. Uncollected	6,278,124		3,875,129		442,711	123,375		408,982	39,662	1,388,265	
12. Deferred and accrued											
13. Deferred, accrued and uncollected:											
13.1 Direct	6,278,124		3,875,129		442,711	123,375		408,982	39,662	1,388,265	
13.2 Reinsurance assumed											
13.3 Reinsurance ceded											
13.4 Net (Line 11 plus Line 12)	6,278,124		3,875,129		442,711	123,375		408,982	39,662	1,388,265	
14. Advance											
15. Line 13.4 minus Line 14	6,278,124		3,875,129		442,711	123,375		408,982	39,662	1,388,265	
16. Collected during year:											
16.1 Direct	46,290,277		17,800,903	910,253	3,894,095	2,962,070		4,525,838	373,958	15,823,160	
16.2 Reinsurance assumed						276,535		771,599		691,300	
16.3 Reinsurance ceded	3,244,551		1,505,117								
16.4 Net	43,045,726		16,295,786	910,253	3,894,095	2,685,535		3,754,239	373,958	15,131,860	
17. Line 15 plus Line 16.4	49,323,850		20,170,915	910,253	4,336,806	2,808,910		4,163,221	413,620	16,520,126	
18. Prior year (uncollected plus deferred and accrued minus advance)	6,221,542		4,040,231		377,414	152,252		423,572	37,971	1,190,102	
19. Renewal premiums and considerations:											
19.1 Direct	46,346,759		17,635,701	910,253	3,959,392	2,933,193		4,511,248	375,649	16,021,323	
19.2 Reinsurance assumed						276,535		771,599		691,300	
19.3 Reinsurance ceded	3,244,551		1,505,117								
19.4 Net (Line 17 minus Line 18)	43,102,308		16,130,684	910,253	3,959,392	2,656,658		3,739,649	375,649	15,330,023	
TOTAL											
20. Total premiums and annuity considerations:											
20.1 Direct	86,491,897		19,243,053	966,797	3,993,680	2,957,810		37,366,526	383,220	21,580,811	
20.2 Reinsurance assumed	12,217,614					4,831,002		7,386,612			
20.3 Reinsurance ceded	3,366,614		1,565,598			276,535		771,599		752,882	
20.4 Net (Lines 9.4 plus 10.4 plus 19.4)	95,342,997		17,677,555	966,797	3,993,680	7,512,277		43,981,539	383,220	20,827,929	

EXHIBIT 1 - PART 2 - DIVIDENDS AND COUPONS APPLIED, REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES AND COMMISSIONS INCURRED (direct business only)

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)	10 Other	
DIVIDENDS AND COUPONS APPLIED (included in Part 1)											
21. To pay renewal premiums											
22. All other											
REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED											
23. First year (other than single):											
23.1 Reinsurance ceded											
23.2 Reinsurance assumed	2,960,760					1,241,672		1,719,088			
23.3 Net ceded less assumed	(2,960,760)					(1,241,672)		(1,719,088)			
24. Single:											
24.1 Reinsurance ceded											
24.2 Reinsurance assumed											
24.3 Net ceded less assumed											
25. Renewal:											
25.1 Reinsurance ceded											
25.2 Reinsurance assumed											
25.3 Net ceded less assumed											
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6)											
26.2 Reinsurance assumed (Page 6, Line 22)	2,960,760					1,241,672		1,719,088			
26.3 Net ceded less assumed	(2,960,760)					(1,241,672)		(1,719,088)			
COMMISSIONS INCURRED (direct business only)											
27. First year (other than single)	5,426,697		1,339,383	914	32,633	3,624		66,052	2,207	3,981,884	
28. Single											
29. Renewal	5,759,626		1,168,556	3,151	1,237,416	418,434		675,345	(67,671)	2,324,395	
30. Deposit-type contract funds											
31. Totals (to agree with Page 6, Line 21)	11,186,323		2,507,939	4,065	1,270,049	422,058		741,397	(65,464)	6,306,279	

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	1,088,514		997,973			2,086,487
2. Salaries and wages	2,098,598		1,924,038			4,022,636
3.11 Contributions for benefit plans for employees	89,017		81,612			170,629
3.12 Contributions for benefit plans for agents	143,815		131,852			275,667
3.21 Payments to employees under non-funded benefit plans						
3.22 Payments to agents under non-funded benefit plans						
3.31 Other employee welfare	297,238		272,513			569,751
3.32 Other agent welfare	195,817		179,529			375,346
4.1 Legal fees and expenses	299,191		274,304			573,495
4.2 Medical examination fees	135,380		124,120			259,500
4.3 Inspection report fees	8,592		7,877			16,469
4.4 Fees of public accountants and consulting actuaries	1,603,699		1,470,304			3,074,003
4.5 Expense of investigation and settlement of policy claims			2,456,123			2,456,123
5.1 Traveling expenses	857,582		786,249			1,643,831
5.2 Advertising	480,984		440,977			921,961
5.3 Postage, express, telegraph and telephone	139,729		128,106			267,835
5.4 Printing and stationery	368,901		338,217			707,118
5.5 Cost or depreciation of furniture and equipment	313,048		287,009			600,057
5.6 Rental of equipment	233,095		213,707			446,802
5.7 Cost or depreciation of EDP equipment and software						
6.1 Books and periodicals	14,465		13,261			27,726
6.2 Bureau and association fees	17,198		15,767			32,965
6.3 Insurance, except on real estate	62,632		57,422			120,054
6.4 Miscellaneous losses						
6.5 Collection and bank service charges	173,543		159,108			332,651
6.6 Sundry general expenses	34,629		31,749			66,378
6.7 Group service and administration fees						
6.8 Reimbursements by uninsured plans						
7.1 Agency expense allowance						
7.2 Agents' balances charged off (less \$ recovered)						
7.3 Agency conferences other than local meetings						
9.1 Real estate expenses						
9.2 Investment expenses not included elsewhere						
9.3 Aggregate write-ins for expenses	721,666		661,638			1,383,304
10. General expenses incurred	9,377,333		11,053,455		(a)	20,430,788
11. General expenses unpaid December 31, prior year	451,432		678,792			1,130,224
12. General expenses unpaid December 31, current year	440,781		404,117			844,898
13. Amounts receivable relating to uninsured plans, prior year						
14. Amounts receivable relating to uninsured plans, current year						
15. General expenses paid during year (Lines 10 + 11 - 12 - 13 + 14)	9,387,984		11,328,130			20,716,114
DETAILS OF WRITE-INS						
09.301. Computer Services	718,953		659,151			1,378,104
09.302. 2712.83	2,713		2,487			5,200
09.303.						
09.398. Summary of remaining write-ins for Line 9.3 from overflow page						
09.399. Totals (Line 09.301 through Line 09.303 plus Line 09.398) (Line 9.3 above)	721,666		661,638			1,383,304

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

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

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Real estate taxes					
2. State insurance department licenses and fees	524	954			1,478
3. State taxes on premiums	78,930	143,527			222,457
4. Other state taxes, including \$ 51,614 for employee benefits	28,453	51,738			80,191
5. U. S. Social Security taxes	81,197	147,650			228,847
6. All other taxes	74,337	135,175			209,512
7. Taxes, licenses and fees incurred	263,441	479,044			742,485
8. Taxes, licenses and fees unpaid December 31, prior year	62	275,513			275,575
9. Taxes, licenses and fees unpaid December 31, current year	93	297,062			297,155
10. Taxes, licenses and fees paid during year (Line 7 plus Line 8 minus Line 9)	263,410	457,495			720,905

EXHIBIT 4 - DIVIDENDS OR REFUNDS

	1	2
	Life	Accident and Health
1. Applied to pay renewal premiums		
2. Applied to shorten the endowment or premium-paying period		
3. Applied to provide paid-up additions		
4. Applied to provide paid-up annuities		
5. Total Line 1 through Line 4		
6. Paid-in cash		
7. Left on deposit		
8. Aggregate write-ins for dividend or refund options		
9. Total Line 5 through Line 8		
10. Amount due and unpaid		
11. Provision for dividends or refunds payable in the following calend		
12. Terminal dividends		
13. Provision for deferred dividend contracts		
14. Amount provisionally held for deferred dividend policies not inclu		
15. Total Line 10 through Line 14		
16. Total from prior year		
17. Total dividends or refunds (Line 9 plus Line 15 minus Line 16)		
NONE		
DETAILS OF WRITE-INS		
0801.		
0802.		
0803.		
0898. Summary of remaining write-ins for Line 8 from overflow page		
0899. Totals (Line 0801 through Line 0803 plus Line 0898) (Line 8 above)		

EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

1 Valuation Standard	2 Total	3 Industrial	4 Ordinary	5 Credit (Group and Individual)	6 Group
(Gross) - Life Insurance					
1980 CSO 3.5% CRVM	3,316,214		3,316,214		
1980 CSO 4-4.5% CRVM	61,641,245		61,641,245		
2001 CSO S&U 4.5%	47,083		47,083		
1980 CSO 4.5%	891,047			891,047	
0199997 - TOTALS (Gross) - Life Insurance	65,895,589		65,004,542	891,047	
0199999 - TOTALS (Net) - Life Insurance	65,895,589		65,004,542	891,047	
(Gross) - Annuities (excluding supplementary contracts with life contingencies) BASED ON CARVM FOR IRA CONTRACTS					
PREMIUMS BASIC ACCUMULATED AT 5% INTEREST - GAR	17,983,491		17,983,491		
0299997 - TOTALS (Gross) - Annuities (excluding supplementary contracts with life contingencies)	18,468,872		18,468,872		
0299999 - TOTALS (Net) - Annuities (excluding supplementary contracts with life contingencies)	18,468,872		18,468,872		
(Gross) - Accidental Death Benefits					
1959 ADB 3% NET LEVEL	898,982		898,982		
0499997 - TOTALS (Gross) - Accidental Death Benefits	898,982		898,982		
0499999 - TOTALS (Net) - Accidental Death Benefits	898,982		898,982		
(Gross) - Disability - Active Lives					
1985 CIDA & 1980 CSO 3% NL	332,267		332,267		
1985 CIDA & 1980 CSO 3%	383,538		383,538		
0599997 - TOTALS (Gross) - Disability - Active Lives	715,805		715,805		
0599999 - TOTALS (Net) - Disability - Active Lives	715,805		715,805		
(Gross) - Disability - Disabled Lives					
1952 SOA 3%	835,791		835,791		
1985 CIDC 3%	837,539		837,539		
0699997 - TOTALS (Gross) - Disability - Disabled Lives	1,673,330		1,673,330		
0699999 - TOTALS (Net) - Disability - Disabled Lives	1,673,330		1,673,330		
9999999 - TOTALS (Net) - Page 3, Line 1	87,652,578		86,761,531	891,047	

EXHIBIT 5 - INTERROGATORIES

- 1.1 Has the reporting entity ever issued both participating and non-participating contracts? Yes () No (X)
- 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 (X)
- 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?
If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions. Yes (X) No ()
- 4. Has the reporting entity any assessment or stipulated premium contracts in force?
If so, state: Yes () No (X)
- 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 the year: \$
- 5. If the contract loan interest rate guaranteed in any one or more of its currently issued contracts is less than 5%, not in advance, state the contract loan rate guarantees on any such contracts.
.....
- 6. Does the reporting entity hold reserves for any annuity contracts that are less than the reserves that would be held on a standard basis? Yes () No (X)
- 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 (X)
- 7.1 If yes, state the total dollar amount of assets covered by these contracts or agreements: \$
- 7.2 Specify the basis (fair value, amortized cost, etc.) for determining the amount.
.....
- 7.3 State the amount of reserves established for this business: \$
- 7.4 Identify where the reserves are reported in the blank.
.....

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

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

NONE

EXHIBIT 6 - AGGREGATES 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	708,894	280,691	428,203						
2. Additional contract reserves (a)	8,142,738					7,712,862		429,876	
3. Additional actuarial reserves - Asset/Liability analysis									
4. Reserve for future contingent benefits									
5. Reserve for rate credits									
6. Aggregate write-ins for reserves									
7. Totals (Gross)	8,851,632	280,691	428,203			7,712,862		429,876	
8. Reinsurance ceded	368,576							368,576	
9. Totals (Net)	8,483,056	280,691	428,203			7,712,862		61,300	
CLAIM RESERVE									
10. Present value of amounts not yet due on claims	17,924,153	15,309,491	121,327			2,493,335			
11. Additional actuarial reserves - Asset/Liability analysis									
12. Reserve for future contingent benefits									
13. Aggregate write-ins for reserves									
14. Totals (Gross)	17,924,153	15,309,491	121,327			2,493,335			
15. Reinsurance ceded	14,645,128	12,950,619				1,694,509			
16. Totals (Net)	3,279,025	2,358,872	121,327			798,826			
17. TOTAL (Net)	11,762,081	2,639,563	549,530			8,511,688		61,300	
18. TABULAR FUND INTEREST									
DETAILS OF WRITE-INS									
0601									
0602									
0603									
0698. Summary of remaining write-ins for Line 6 from overflow page									
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)									
1301									
1302									
1303									
1398. Summary of remaining write-ins for Line 13 from overflow page									
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)									

(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						
2. Deposits received during the year						
3. Investment earnings credited to the account						
4. Other net change in reserves						
5. Fees and other charges assessed						
6. Surrender charges						
7. Net surrender or withdrawal payments						
8. Other net transfers to or (from) Separate Accounts						
9. Balance at the end of current year before reinsurance (Lines 1 plus 2 plus 3 plus 4 minus 5 minus 6 minus 7 minus 8)						
10. Reinsurance balance at the beginning of the year						
11. Net change in reinsurance assumed						
12. Net change in reinsurance ceded						
13. Reinsurance balance at the end of the year (Line 10 plus Line 11 minus Line 12)						
14. Net balance at the end of current year after reinsurance (Line 9 plus Line 13)						

NONE

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 1 - Liability End of Current Year

	1	2	Ordinary			6	Group		Accident and Health		
			3	4	5		7	8	9	10	11
	Total	Industrial Life	Life Insurance	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance	Annuities	Group	Credit (Group and Individual)	Other
1. Due and unpaid:											
1.1 Direct	4,020,083		1,038,926			7,123	148,129		2,409,758	125,932	290,215
1.2 Reinsurance assumed	206,004						26,748		179,256		
1.3 Reinsurance ceded	561,310		253,849				24,598		222,799		60,064
1.4 Net	3,664,777		785,077			7,123	150,279		2,366,215	125,932	230,151
2. In course of settlement:											
2.1 Resisted											
2.11 Direct											
2.12 Reinsurance assumed											
2.13 Reinsurance ceded											
2.14 Net			(b)	(b)		(b)	(b)				
2.2 Other											
2.21 Direct											
2.22 Reinsurance assumed											
2.23 Reinsurance ceded											
2.24 Net			(b)	(b)		(b)	(b)		(b)	(b)	(b)
3. Incurred but unreported:											
3.1 Direct	10,698,872		1,430,625			27,412	1,072,717		6,716,554	124,097	1,327,467
3.2 Reinsurance assumed	2,626,533						1,895,199		731,334		
3.3 Reinsurance ceded	239,695						168,247		71,448		
3.4 Net	13,085,710		(b) 1,430,625	(b)		(b) 27,412	(b) 2,799,669		(b) 7,376,440	(b) 124,097	(b) 1,327,467
4. TOTALS											
4.1 Direct	14,718,955		2,469,551			34,535	1,220,846		9,126,312	250,029	1,617,682
4.2 Reinsurance assumed	2,832,537						1,921,947		910,590		
4.3 Reinsurance ceded	801,005		253,849				192,845		294,247		60,064
4.4 Net	16,750,487	(a)	(a) 2,215,702			34,535	(a) 2,949,948		9,742,655	250,029	1,557,618

(a) Including matured endowments (but not guaranteed annual pure endowments) unpaid amounting to \$ in Column 2, \$ in Column 3 and \$ 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 \$, Individual Annuities \$, Credit Life (Group and Individual) \$, and Group Life \$,

are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$, Credit (Group and Individual) Accident and Health \$ and Other Accident and

Health \$ 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	44,699,690		6,516,902	222,662		838,476	1,409,647		25,947,691	675,204	9,089,108
1.2 Reinsurance assumed	6,727,679						1,793,203		4,934,476		
1.3 Reinsurance ceded											
1.4 Net	(d) 51,427,369		6,516,902	222,662		838,476	3,202,850		30,882,167	675,204	9,089,108
2. Liability December 31, current year from Part 1:											
2.1 Direct	14,718,955		2,469,551			34,535	1,220,846		9,126,312	250,029	1,617,682
2.2 Reinsurance assumed	2,832,537						1,921,947		910,590		
2.3 Reinsurance ceded	801,005		253,849				192,845		294,247		60,064
2.4 Net	16,750,487		2,215,702			34,535	2,949,948		9,742,655	250,029	1,557,618
3. Amounts recoverable from reinsurers December 31, current year	7,233,841		1,934,334				314,100		2,900,951		2,084,456
4. Liability December 31, prior year:											
4.1 Direct	11,916,376		1,899,691			145,329	469,942		4,825,521	832,771	3,743,122
4.2 Reinsurance assumed											
4.3 Reinsurance ceded											
4.4 Net	11,916,376		1,899,691			145,329	469,942		4,825,521	832,771	3,743,122
5. Amounts recoverable from reinsurers December 31, prior year	4,167,586		687,707				274,100		1,295,627		1,910,152
6. Incurred Benefits:											
6.1 Direct	47,502,269		7,086,762	222,662		727,682	2,160,551		30,248,482	92,462	6,963,668
6.2 Reinsurance assumed	9,560,216						3,715,150		5,845,066		
6.3 Reinsurance ceded	3,867,260		1,500,476				232,845		1,899,571		234,368
6.4 Net	53,195,225		5,586,286	222,662		727,682	5,642,856		34,193,977	92,462	6,729,300

(a) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ in Line 1.1, \$ in Line 1.4.
\$ in Line 6.1 and \$ in Line 6.4.

(b) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ in Line 1.1, \$ in Line 1.4.
\$ in Line 6.1 and \$ in Line 6.4.

(c) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ in Line 1.1, \$ in Line 1.4.
\$ in Line 6.1 and \$ in Line 6.4.

(d) Includes \$ premiums waived under total and permanent disability benefits.

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans	51,636	223,084	171,448
7. Other invested assets (Schedule BA)			
8. Receivable for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Line 1 to Line 9)	51,636	223,084	171,448
11. Title plants (for Title insurers only)			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection			
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	5,467,769	3,612,350	(1,855,419)
13.3 Accrued retrospective premiums			
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset			
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software	490,046		(490,046)
19. Furniture and equipment, including health care delivery assets	238,402	150,035	(88,367)
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivable from parent, subsidiaries and affiliates	2,367,914		(2,367,914)
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets	2,029,167	3,223,758	1,194,591
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23)	10,644,934	7,209,227	(3,435,707)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Line 24 and Line 25)	10,644,934	7,209,227	(3,435,707)
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page			
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)			
2301. Prepaid Expenses - Miscellaneous	621,087	715,548	94,461
2302. Accounts Receivable - Miscellaneous	1,274,719	2,368,476	1,093,757
2303. Deferred Expenses Miscellaneous	46,000	44,689	(1,311)
2398. Summary of remaining write-ins for Line 23 from overflow page	87,361	95,045	7,684
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	2,029,167	3,223,758	1,194,591

NOTES TO FINANCIAL STATEMENTS**1. Summary of Significant Accounting Policies**

The Company was incorporated in 1969 under the provisions of the Insurance Code of the Commonwealth of Puerto Rico and its operations consist principally of underwriting individual and group life and credit life insurance, individual annuities and accident and health insurance contracts. Substantially all of the business is conducted in Puerto Rico, which exposes the Company to geographic risk.

A. Accounting Practices

The accompanying financial statements have been prepared in conformity with accounting practices prescribed or permitted ("SAP") by the Commissioner of Insurance of the Commonwealth of Puerto Rico, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("GAAP").

Effective January 1, 2001, the Insurance Commissioner of Puerto Rico required that insurance companies domiciled in the Commonwealth of Puerto Rico prepare their statutory basis financial statements in accordance with the NAIC "Accounting Practices and Procedures" manual - version effective January 1, 2001, subject to any deviations prescribed or permitted by the Insurance Commissioner of Puerto Rico.

During 2008, the Office of the Commissioner of Insurance of Puerto Rico has permitted National Life Insurance Company to capitalize the Home Office Real Estate Investment at Market Value as determined by a Certified Appraiser. A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the Commonwealth of Puerto Rico is shown below:

	<u>2009</u>	<u>2008</u>
Net Income – Puerto Rico Basis	\$1,438,410	\$712,142
State Prescribed Practices – None	-	-
State Permitted Practices – None	-	-
Net Income – NAIC SAP	\$1,438,410	\$712,142
Statutory Surplus – Puerto Rico Basis	\$20,236,184	\$28,527,416
State Prescribed Practice – None	-	-
State Permitted Practice – Real Estate booked at Market Value	(2,765,986)	(2,765,986)
Statutory Surplus – NAIC SAP	\$17,470,198	\$25,761,431

B. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with statutory accounting practices requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Accounting Policy

- i. Non-admitted Assets - Certain assets designated as "non-admitted" have been excluded from the statutory statement of admitted assets, liabilities and capital and surplus by a charge to surplus.
- ii. Cash includes non-negotiable certificates of deposit with an original maturity of one year or less as well as cash on hand and demand deposits. Short-term investments include all investments whose maturities at the time of acquisition are one year or less. Short-term investments are stated at amortized cost.
- iii. Investments - Debt securities are valued in accordance with rules promulgated by the National Association of Insurance Commissioners (NAIC). Debt securities eligible for amortization under such rules (including mortgage-backed securities) are stated at amortized cost, net of unamortized premiums and discounts. Bonds not backed by other loans are stated at either amortized cost, using the interest method or the lower of amortized cost or fair market value.
- iv. Publicly traded equity securities (common stock) are stated at quoted market prices. Unrealized gains or losses are presented as a direct credit or charge to surplus. Unaffiliated

NOTES TO FINANCIAL STATEMENTS

common stock are stated at fair market value. Common stocks of uncombined subsidiaries and affiliates in which the company has an interest of 20% or more are carried on the equity basis.

- v. Redeemable Preferred stocks in good standing are carried at amortized cost. Perpetual preferred stocks in good standing are carried at fair market value. Other preferred stocks not in good standing are carried at the lower of amortized cost or fair market value.
- vi. Mortgage loans and notes receivable are stated at their outstanding principal balance up to limitations required by the Commissioner. Policy loans are carried at their aggregate unpaid balance, including accumulated interest, not exceeding their cash surrender values or policy benefit reserves.
- vii. Loan backed securities are subject to prepayment and extension risk. The retrospective method is used to value all loan-backed securities, except for interest only securities, Emerging Issues Tax Force (EITF) 99-20 eligible securities or securities where the yield has become negative, which are valued using the prospective method. As of December 31, 2009 and 2008, the Company had no negative yield securities requiring a change from the retrospective to prospective method. Prepayment assumptions for mortgage-backed securities incorporated in the calculation of their amortized cost are generated using a prepayment model acquired from a vendor. The prepayment model uses a number of factors to estimate prepayment activity including the time of year (seasonality), current levels of interest rates (refinancing incentive), economic activity (including housing turnover) and the term and age of the underlying collateral (burnout, seasoning). The market value of loan-backed securities was obtained from various independent security dealers.
- viii. Common stock from a related insurance company is presented at the Company's proportionate ownership in the related company's statutory capital and surplus. The unrealized gain or loss related to this common stock is accounted for as a direct increase or decrease in unassigned surplus.
- ix. Net realized gains and losses on the sale of investments are determined on the specific identification method and recorded in accordance with interest maintenance reserve provisions. Investment transactions are included on the basis of trade date.
- x. Real Estate investments represent properties occupied by the Company and are presented at cost, net of encumbrances, if any, and the accumulated depreciation of the cost of the property. Useful life of real estate was estimated at approximately 40 years.
- xi. Revenue Recognition - Premiums are recognized as income when due from policyholders under the terms of the insurance contract.
- xii. Policy and Contract Claims - Unpaid claims consist of the liability for reported claims and an estimate for claims incurred but not reported based on past experience. While management believes that the provisions for unpaid claims and claim adjustment expenses are adequate, amounts ultimately paid may differ. Such differences are charged to current operations when estimates are changed.
- The reserves for life policies are stated after deduction of reserves and claims applicable to reinsurance ceded to other companies. The Company, however, is liable for these amounts in the event that its reinsurers are unable to pay their portion of the claims.
- xiii. Future Policy Benefits - Most of the policies in force are under the 1958, 1980 and 2001 CSO mortality table, with interest assumptions ranging from 2 1/2% to 4 3/4%. Approximately 92% of the reserves are calculated on a modified reserve basis and 8% on a net level reserve basis. The effect of the use of a modified reserve basis is to partially offset the effect of immediately expensing acquisition costs by providing a policy reserve increase in the first policy year that is less than the reserve increase in renewal years. These computation methods are in accordance with commonly accepted actuarial standards and principles, and are in accordance with the requirements of the Insurance Code of the Commonwealth of Puerto Rico. The reserve balance relating to individual annuities and deposit-type contracts is determined by contributions plus accrued interest based on contractual provisions less applicable penalties for early retirement or surrender charges. Reserves relating to group policies are determined at an amount equal to unearned premiums.
- xiv. Asset Valuation Reserve and Interest Maintenance Reserve - An asset valuation reserve is maintained as prescribed by NAIC for the purpose of stabilizing the surplus of the Company against fluctuations in the market value of bonds and stocks held as investments.

NOTES TO FINANCIAL STATEMENTS

The interest maintenance reserve captures the realized capital gains and losses for all types of fixed income investments that result from changes in the overall level of interest rates and amortizes these gains or losses into income over the estimated remaining life of the investment sold.

- xv. Reinsurance - Premiums and commissions related to insurance ceded are accounted for as a reduction of premiums written and acquisition and commission costs, respectively. Reinsurance recoveries are recorded as a reduction of life and accident and health benefits incurred.
- xvi. EDP Equipment - EDP equipment is stated at book value. Significant improvements are capitalized. Expenditures for maintenance and repairs are charged to expense.
- xvii. Equipment, Furniture and Fixtures - Equipment, furniture and fixtures are classified as non-admitted assets. Depreciation is provided under the straight-line method over the estimated useful life of the assets.
- xviii. Pension Cost - Pension expense is provided on the basis of contributions made to the pension plan as determined by consulting actuaries.

2. Accounting Changes And Corrections of Errors

- A. Not applicable.

3. Business Combinations and Goodwill

- A. Not applicable.

4. Discontinued Operations

- A. Not applicable.

5. Investments

- A. Investments in bonds are stated at cost adjusted for amortization of premiums and accrual of discounts. Investments in common stocks are reported at market value.
- B. Changes in the net unrealized appreciation from changes in investment values of stocks have been credited directly to surplus.
- C. \$1,320,000 are deposited with the Commissioner of Insurance of the Commonwealth of Puerto Rico and the State of Florida in trust for the protection of the Company's policyholders and creditors, as required by the respective insurance codes.
- D. Management believes that the unrealized losses in the portfolio at December 31, 2009 are related to market interest rate fluctuations and not deterioration in the creditworthiness of the issuers, as a result, the impairment is considered temporary.
- E. Loan-Backed Securities
 - 1) When applying the retrospective method, the company uses historical cash flows and has elected not to use book values as of January 1, 1994 as the for securities purchased prior to January 1, 1994.
 - 2) Prepayment assumptions for mortgage-backed securities, Asset-backed securities and Collateralized Mortgage Obligations were generated using a purchased prepayment model. The prepayment model uses a number of factors to estimate prepayment activity including the time of year (seasonality), current levels of interest rates (refinancing incentive), economic activity (including housing turnover) and term and age of the underlying collateral (burnout, seasoning).
 - 3) The company had no negative yield situations requiring a change from the retrospective to prospective method.

NOTES TO FINANCIAL STATEMENTS

6. Joint Ventures, Partnerships and Limited Companies

A. Not applicable.

7. Investment income

F. Schedule D Part - 1 investment income due and accrued with amounts over 90 days past due is recognized as non-admitted and excluded from surplus.

There was no investment income due and accrued with amounts over 90 days past due.

8. Derivative Instruments

A. The Company does not have derivative instruments.

9. Income Taxes

A. As a qualified domestic life insurance company, the Company is primarily subject to Puerto Rico income tax on capital gains and the Puerto Rico alternative minimum income tax (AMT), as applicable.

10. Information Concerning Parent

A. Subsidiaries and Affiliates.

The following is a summary of the most significant transactions with related parties:

The Company's investment in common stock of a related company consists of 64,012 shares (approximately 25.57% of the outstanding shares) of National Insurance Company (NIC) with an equity value of \$7,314,011 and \$5,874,381 (cost of \$7,679,088 and \$7,679,088, respectively) as of December 31, 2008 and December 31, 2009, respectively. This investment is presented at the Company's proportionate ownership in NIC's statutory capital and surplus at December 31, 2008 and December 31, 2009, respectively.

B. The Company has an agreement with National Promoters, whereby National Promoters provides consulting services to the Company in, among others, the areas of finance, accounting, EDP, reinsurance and human resources. The Company paid National Promoters \$1,560,000 for these services during the year ended December 31, 2009.

C. In addition, the Company has an agreement with an affiliate whereby the affiliate provides consulting services related to general electronic data processing. The Company paid this affiliate approximately \$594,576 for these services during the 2009 and \$891,864 during 2008. Also, during 2006 the Company entered into an agreement with an affiliate whereby the affiliate provides consulting services related to claim services and processing. The Company paid this affiliate \$1,200,000 and \$1,200,000 for these services at December 31, 2009 and 2008, respectively.

11. Debt

A. Not applicable.

12. Retirement Benefits, Deferred Compensation, Postemployment Benefits, Compensated Absences And Other Postretirement Benefits Plans

A. Defined Benefit Plan

i. The Company's employees participate in the retirement benefit plan of Carlos M. Benítez, Inc. (an affiliate). The plan is a qualified non-contributory defined benefit pension plan (the Plan) covering all employees who have one year of service and have met certain age requirements. The Company is required to make annual contributions to the Plan, as determined by consulting actuaries, that should be at least the minimum funding requirement of ERISA. The Company charged to operations its annual contribution amounting to \$105,312 for 2009 (2008 \$0). At December 31, 2007, latest actuarial valuation date, the Plan's total accumulated benefit obligation determined in accordance with ERISA regulations based on an assumed rate of return of investments of 7% was \$11,831,243, including vested benefits of \$11,831,243 and the Plan's assets were \$9,282,318. Plan assets consist mainly of U.S. Government securities, bonds, stocks, cash

NOTES TO FINANCIAL STATEMENTS

and cash surrender values on life insurance policies. Separate data for the Company's employees are not available.

- ii. Effective December 31, 2004, the Plan was amended as follows: 1) Benefits accruals under the Plan shall be frozen as of December 31, 2004 and there will be no increase in the accrued benefit of any participant after that date. 2) Employees of any of the companies which participate in the Plan who are employed after December 31, 2004 shall not be permitted to participate in the Plan. Notwithstanding, active participants of the Plan as of December 31, 2004 shall continue to accrue years of services of vesting service subsequent to December 31, 2004, for purposes of eligibility for benefits and vesting of accrued benefits under the Plan.

B. Defined Contribution Plans

Effective September 1 2004, the Company established a qualified saving plan under section 1165(e) of the Puerto Rico Internal Revenue Code of 1994, as amended. It covers substantially all employees that have completed three months of service and have reached the age of eighteen. For the year ended December 31, 2009, the Company made matching contributions amounted to \$42,718.

13. Capital and Surplus, Shareholders' Dividend restrictions and Quasi-Reorganization

- A. The Company has 500,000 shares of \$10 par value common stocks authorized and 250,291 shares issued and outstanding. The Company has 300,000 shares of \$10 par value preferred stock authorized and none issued or outstanding.
- B. Under applicable Puerto Rico insurance laws and regulations, the Company is required to maintain minimum capital of \$2,500,000. The minimum capital was amended in December 31, 2004 and allows the company a 5 year period to capitalize the company in order to comply with the regulation. The Company has declared stocks dividend for \$166,340 on December 31, 2008 and December 31, 2007. Dividends can be paid from unassigned surplus without prior approval of the Office of the Commissioner of Insurance of the Commonwealth of Puerto Rico.
- C. Bonds on deposit with governmental authorities as required by law amounted to \$1,320,000 (par value) and \$1,336,669 (book value).
- D. As of March 30, 2005 the Company issued a \$5.0 million in notes for the purpose of developing surplus funds for statutory purposes. The underwriter of these notes was Dekania Capital Management LLC and the trustee is JP Morgan. These notes have been reported as surplus since these are subordinated to policyholders, claimant and beneficiary claims and to all other classes of creditors other than the surplus notes holders. The Office of the Commissioner of Insurance of the Commonwealth of Puerto Rico ("Commissioner") approved the surplus notes as to form and content on March 25, 2005. Although the notes provide a stated interest rate(at 3 month Libor plus 3.7% with a cap of 12.5% on March 30, 2010), the Company is required to request permission to the Commissioner prior to repaying such surplus notes as well as paying interest on them. Accordingly, interest is not recorded as a liability or as an expense until approval for payment of such interest has been granted by the Commissioner.
- E. On March 31, 2005, the Company issued a \$5.0 million in notes for developing surplus for statutory purposes. The notes were issued to National Promoters & Services, Inc., a related party. These notes have been reported as surplus since these are subordinated to policyholders, claimant and beneficiary claims and to all other classes of creditors other than the surplus notes holders. The Office of the Commissioner of Insurance of the Commonwealth of Puerto Rico ("Commissioner") approved the surplus notes as to form and content on March 31, 2005. These Surplus Notes have been redeemed on March 27, 2009.
- F. During 2009, the Company recorded interest expense on surplus notes amounted to \$249,210. Approval for such payments was received from the Office of the Commissioner of Insurance of Puerto Rico prior to disbursement.

14. Contingencies

- A. The Company is subject to legal proceedings and claims in the ordinary course of business that have not been finally adjudicated. These actions, when finally concluded, will not, in the opinion of management and its legal counsel, have a material adverse effect upon the financial position or results of operations of the Company

15. Leases

The Company has an operating lease agreement for office space with a related party which expires on December

NOTES TO FINANCIAL STATEMENTS

31, 2009, with a renewal option for five additional years. In 2009, rent expense for this lease amounted to approximately \$437,760.

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations Of Credit Risk

A. Not applicable.

17. Sale, Transfer And Servicing of Financial Assets and Extinguishments of Liabilities

A. Not Applicable.

18. Gain or Loss to the Reporting Entity from Uninsured Portion of Partially Insured Plans

A. Not Applicable.

19. Direct Premiums Written/Produced by Management General Agents/Third Party Administrators

A. Not applicable.

20. Other Items

A. Not applicable.

21. Subsequent Events

A. There were no events occurring subsequent to the end of the current year through the date of this filing meriting disclosure.

22. Reinsurance

A. The Company cedes all risks in excess of \$250,000 on individual life and credit life insurance and \$75,000 of Group life and credit life insurance. For accident and health, the Company cedes 85% of the risk for all Long-Term Disability (LTD) policies. Presently, the Company is doing business with six reinsurance companies, one of which reinsures exclusively LTD.

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. Not applicable.

24. Change in Incurred Losses and Loss Adjustment Expenses

A. Not applicable.

25. Intercompany Pooling Arrangements

A. Not applicable.

26. Structured Settlements

A. No applicable.

27. Health Care Receivables

A. Not applicable.

28. Participating Policies

A. Not applicable.

29. Premium Deficiency Reserves

A. Not applicable.

30. Reserves for Life Contracts And Deposit-Type Contracts

2007 - \$79,693,692

2008 - \$83,893,256

NOTES TO FINANCIAL STATEMENTS

2009 - \$87,652,446

31. Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics

A. Not applicable.

32. Premium and Annuity Considerations Deferred and Uncollected

A. Life & Annuity Premiums Deferred and Uncollected - \$4,258,384

33. Separate Accounts

A. Not applicable.

34. Loss/Claim Adjustment Expenses

A. Accident and Health Unpaid Claims and Claim Adjustment Expenses

As indicated in Note 1 to the financial statements, changes in the ultimate liabilities for insured events may be required as information develops which varies from experience, provides additional data or, in some cases, augments data which previously were not considered sufficient for use in determining loss reserves.

**NOTES TO FINANCIAL STATEMENTS
(Electronic Filing Only)**

4. Discontinued Operations

5. The amounts related to Discontinued Operations and the effect on the Company's Balance Sheet and Summary of Operations is as follows:

Balance sheet

<u>Assets</u>		
a. Line 5	Cash	\$
b. Line 26	Totals	\$
<u>Liabilities, Surplus and Other Funds</u>		
c. Line 28	Total Liabilities	\$
d. Line 37	Surplus	\$
e. Line 39	Total	\$
<u>Summary of Operations</u>		
f. Line 1	Premiums	\$
g. Line 19	Increase in Aggregate Reserves for Accident and Health (Current year less prior year)	\$
h. Line 32	Federal and Foreign Income Taxes Incurred	\$
i. Line 34	Net Realized Capital Gains (Losses)	\$
j. Line 35	Net Income	\$

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

	<u>Current Year</u>	<u>Prior Year</u>
4. As of year end, the Company held mortgages with interest more than 180 days past due with a recorded investment, excluding accrued interest	\$	\$
a. Total interest due on mortgages with interest more than 180 days past due	\$	\$
5. Taxes, assessments and any amounts advanced and not included in the mortgage loan total	\$	\$
6. Current year impaired loans with a related allowance for credit losses	\$	\$
a. Related allowance for credit losses	\$	\$
7. Impaired Mortgage loans without an allowance for credit losses	\$	\$
8. Average recorded investment in impaired loans	\$	\$
9. Interest income recognized during the period the loans were impaired	\$	\$
10. Amount of interest income recognized on a cash basis during the period the loans were impaired	\$	\$
11. Allowance for credit losses:		
a. Balance at beginning of period		\$
b. Additions charged to operations		\$
c. Direct write-downs charged against the allowar		\$
d. Recoveries of amounts previously charged off		\$
e. Balance at end of period		\$

NONE

B. Debt Restructuring

For restructured debt in which the company is a creditor

	<u>Current Year</u>	<u>Prior Year</u>
1. The total recorded investment in restructured loans, as of year end	\$	\$
2. The realized capital losses related to these loans	\$	\$
3. Total contractual commitments to extend credit to debtors owning receivables whose terms have been modified in troubled debt restructurings	\$	\$

E. Repurchase Agreements and/or Securities Lending Transactions

3. Collateral Received and Securities Acquired		
a. Aggregate Amount Collateral Received		
Open	\$	
30 Days or Less	\$	
31 to 60 Days	\$	
61 to 90 Days	\$	
Greater Than 90 Days	\$	
Total Collateral Received	\$	
b. The aggregate fair value of all securities acquired from the sale, trade or use of the accepted collateral (reinvested collateral)	\$	

9. Income Taxes

A. The components of the net deferred tax asset recognized in the Company's Assets, Liabilities, Surplus and Other Funds are as follows:

	<u>Current Year</u>	<u>Prior Year</u>
1. Total of gross deferred tax assets	\$	\$
2. Total of deferred tax liabilities	\$	\$
3. Net deferred tax asset	\$	\$
4. Deferred tax asset nonadmitted	\$	\$
5. Net admitted deferred tax asset	\$	\$
6. (Increase) decrease in nonadmitted asset	\$	\$

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

E. Indicate the amount of any guarantees or undertakings, written or otherwise, for the benefit of an affiliate or related party that result in a material contingent exposure of the reporting entity's or any related party's assets or liabilities:

\$

11. Debt

B. FHLB (Federal Home Loan Bank) Agreements

	<u>Current Year</u>	<u>Prior Year</u>
2. FHLB stock purchased/ owned as part of the agreement	\$	\$
3. Collateral pledged to the FHLB	\$	\$
4. Borrowing capacity currently available	\$	\$
5. Agreement assets and liabilities		
General Account:		
Assets	\$	\$
Liabilities	\$	\$
Separate Account:		
Assets	\$	\$
Liabilities	\$	\$

NOTES TO FINANCIAL STATEMENTS (Continued)
(Electronic Filing Only)

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. Defined Benefit Plan

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans are as follows at December 31, of said year.

	<u>Pension Benefits</u>		<u>Other Benefits</u>	
	<u>Current Year</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Prior Year</u>
1. Change in benefit obligation				
a. Benefit obligation at beginning of year	\$	\$	\$	\$
b. Service cost	\$	\$	\$	\$
c. Interest cost	\$	\$	\$	\$
d. Contribution by plan participants	\$	\$	\$	\$
e. Actuarial gain (loss)	\$	\$	\$	\$
f. Foreign currency exchange rate changes	\$	\$	\$	\$
g. Benefits paid	\$	\$	\$	\$
h. Plan amendments	\$	\$	\$	\$
i. Business combinations, divestitures, curtailments, settlements and special termination benefits	\$	\$	\$	\$
j. Benefit obligation at end of year	\$	\$	\$	\$
2. Change in plan assets				
a. Fair value of plan assets at beginning of year	\$	\$	\$	\$
b. Actual return on plan assets	\$	\$	\$	\$
c. Foreign currency exchange rate changes	\$	\$	\$	\$
d. Employer contribution	\$	\$	\$	\$
e. Plan participants' contributions	\$	\$	\$	\$
f. Benefits paid	\$	\$	\$	\$
g. Business combinations, divestitures and settlements	\$	\$	\$	\$
h. Fair value of plan assets at end of year	\$	\$	\$	\$
3. Funded status				
a. Unamortized prior service cost	\$	\$	\$	\$
b. Unrecognized net gain or (loss)	\$	\$	\$	\$
c. Remaining net obligation or net asset at initial date of application	\$	\$	\$	\$
d. Prepaid assets or accrued liabilities	\$	\$	\$	\$
e. Intangible asset	\$	\$	\$	\$
4. Accumulated benefit obligation for vested employees and partially vested employees to the extent vested	\$	\$	\$	\$
5. Benefit obligation for non-vested employees				
a. Projected pension obligation	\$	\$	\$	\$
b. Accumulated benefit obligation	\$	\$	\$	\$
6. Components of net periodic benefit cost				
a. Service cost	\$	\$	\$	\$
b. Interest cost	\$	\$	\$	\$
c. Expected return on plan assets	\$	\$	\$	\$
d. Amortization of unrecognized transition obligation or transition asset	\$	\$	\$	\$
e. Amount of recognized gains and losses	\$	\$	\$	\$
f. Amount of prior service cost recognized	\$	\$	\$	\$
g. Amount of gain or loss recognized due to a settlement or curtailment	\$	\$	\$	\$
h. Total net periodic benefit cost	\$	\$	\$	\$
	<u>Current Year</u>	<u>Prior Year</u>		
8. Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31:				
a. Weighted average discount rate	.....	.....
b. Expected long-term rate of return on plan assets	.....	.....
c. Rate of compensation increase	.....	.....
Weighted average assumptions used to determine projected benefit obligations as of Dec. 31:				
d. Weighted average discount rate	.....	.....
e. Rate of compensation increase	.....	.....
11. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:			1 Percentage Point <u>Increase</u>	1 Percentage Point <u>Decrease</u>
a. Effect on total of service and interest cost components			\$	\$
b. Effect on postretirement benefit obligation			\$	\$
12. The defined benefit pension plan asset allocation as of the measurement date and the target asset allocation, presented as a percentage of total plan assets were as follows:				
	<u>Current Year</u>	<u>Prior Year</u>	<u>Target Allocation</u>	
a. Debt Securities	..... %	..... %	..... % to %
b. Equity Securities	..... %	..... %	..... % to %
c. Real Estate	..... %	..... %	..... % to %
d. Other	..... %	..... %	..... % to %
e. Total	100.0 %	100.0 %		
13. The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:			<u>Years</u>	<u>Amount</u>
			1.	\$
			2.	\$
			3.	\$
			4.	\$
			5.	\$
			6. Thereafter Total	\$
13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations				
10. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses:				\$
14. Contingencies				
A. Contingent Commitments				
1. Total contingent liabilities:				\$
D. Claims related extra contractual obligations and bad faith losses stemming from lawsuits				
The company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits.				
1. Claims related ECO and bad faith losses paid during the reporting period				\$
2. Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period.				
A) 0-25 Claims				.....
B) 26-50 Claims				.....
C) 51-100 Claims				.....
D) 101-500 Claims				.....
E) More than 500 Claims				.....
3. Indicate whether claim count information is disclosed per claim or per claimant.				
F) Per Claim				.....
G) Per Claimant				.....

**NOTES TO FINANCIAL STATEMENTS (Continued)
(Electronic Filing Only)**

15. Leases

- A. Disclose the following items related to lessee leasing arrangements (refer to SSAP No. 22, Leases):
 2. For leases having initial or remaining noncancellable lease terms in excess of one year:
 a. At January 1, of said year, the minimum aggregate rental commitments are as follows: (whole dollars)

<u>Year Ending December 31</u>	<u>Operating Leases</u>
1.	\$
2.	\$
3.	\$
4.	\$
5.	\$
6. Aggregate Total	\$

- B. When leasing is a significant part of the lessor's business activities in terms of revenue, net income, or assets, disclose the following information with respect to leases:

1. Lessor Leases:

- c. Future minimum lease payment receivables under noncancellable leasing arrangements as of December 31, of said year are as follows: (whole dollars)

<u>Year Ending December 31</u>	<u>Operating Leases</u>
1.	\$
2.	\$
3.	\$
4.	\$
5.	\$
6. Aggregate Total	\$

2. Leveraged Leases:

- b. The Company's investment in leveraged leases relates to equipment used primarily in the transportation industries. The component of net income from leveraged leases at December 31, of said year is

(whole dollars)

1. Income from leveraged leases before income
 2. Less current income tax
 3. Net income from leveraged leases

NONE

	<u>Current Year</u>	<u>Prior Year</u>
1.	\$	\$
2.	\$	\$
3.	\$	\$

- c. The components of the investment in leveraged leases

(whole dollars)

1. Lease contracts receivable (net of principal and interest on non-recourse financing)
 2. Estimated residual value of leased assets
 3. Unearned and deferred income
 4. Investment in leveraged leases
 5. Deferred income taxes related to leveraged leases
 6. Net investment in leveraged leases

	<u>Current Year</u>	<u>Prior Year</u>
1.	\$	\$
2.	\$	\$
3.	\$	\$
4.	\$	\$
5.	\$	\$
6.	\$	\$

16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentration of Credit Risk.

For financial instruments with off-balance risk, an insurer shall disclose in the financial statements the following information by class of financial instrument:

1. The table below summarizes the face amount of the Company's financial instruments with off-balance sheet risk:

	<u>Assets</u>		<u>Liabilities</u>	
	<u>Current Year</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Prior Year</u>
a. Swaps	\$	\$	\$	\$
b. Futures	\$	\$	\$	\$
c. Options	\$	\$	\$	\$
d. Total	\$	\$	\$	\$

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

C. Wash Sales

2. The details by NAIC designation 3 or below of securities sold during the year ended December 31, of said year, and reacquired within 30 days of the sale date are:

	<u>Number of Transactions</u>	<u>Book Value of Securities Sold</u>	<u>Cost of Securities Repurchased</u>	<u>Gain/(Loss)</u>
<u>Bonds:</u>				
a. NAIC 3	\$	\$	\$	\$
b. NAIC 4	\$	\$	\$	\$
c. NAIC 5	\$	\$	\$	\$
d. NAIC 6	\$	\$	\$	\$
<u>Preferred Stock:</u>				
e. NAIC P/RP3	\$	\$	\$	\$
f. NAIC P/RP4	\$	\$	\$	\$
g. NAIC P/RP5	\$	\$	\$	\$
h. NAIC P/RP6	\$	\$	\$	\$

NOTES TO FINANCIAL STATEMENTS (Continued)
(Electronic Filing Only)

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plans:	(1)	(2)	(3)
The gain from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans was as follows during said year:	<u>ASO Uninsured Plans</u>	<u>Uninsured Portion of Partially Insured Plans</u>	<u>Total ASO</u>
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$	\$	\$
b. Total net other income or expenses (including interest paid to or received from plans)	\$	\$	\$
c. Net gain or (loss) from operations	\$	\$	\$
d. Total claim payment volume	\$	\$	\$

B. ASC Plans	(1)	(2)	(3)
The gain from operations from Administrative Services Contract (ASC) uninsured plans and the uninsured portion of partially insured plans was as follows during said year:	<u>ASC Uninsured Plans</u>	<u>Uninsured Portion of Partially Insured Plans</u>	<u>Total ASC</u>
a. Gross reimbursement for medical cost incurred	\$	\$	\$
b. Gross administrative fees accrued	\$	\$	\$
c. Other income or expenses (including interest paid to	\$	\$	\$
d. Gross expenses incurred (claims and administrative	\$	\$	\$
e. Total net gain or loss from operations	\$	\$	\$

NONE

20. Other Items

G. Subprime Mortgage Related Risk Exposure:

2. Direct exposure through investments in subprime mortgage loans	Carrying Value (excluding interest)	Fair Value	(3) Value of Land and Buildings	(4) Other Than Temporary Impairment Losses Recognized	(5) Default Rate
a. Mortgages in the process of foreclosure	\$	\$	\$	\$ %
b. Mortgages in good standing	\$	\$	\$	\$ %
c. Mortgages with restructure terms	\$	\$	\$	\$ %
d. Total	\$	\$	\$	\$	

3. Direct exposure through other investments	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other Than Temporary Impairment Losses Recognized
a. Residential mortgage backed securities	\$	\$	\$	\$
b. Commercial mortgage backed securities	\$	\$	\$	\$
c. Collateralized debt obligations	\$	\$	\$	\$
d. Structured securities	\$	\$	\$	\$
e. Equity investment in SCAs *	\$	\$	\$	\$
f. Other assets	\$	\$	\$	\$
g. Total	\$	\$	\$	\$

* Equity investments in subsidiary, controlled or affiliated entities with significant subprime mortgage related risk exposure.
 If a subsidiary company has investments in subprime mortgages, enter the percentage these comprise of the companies invested assets. %

26. Structured Settlements

A. Loss Reserves Eliminated by Annuities	\$
Unrecorded Loss Contingencies	\$

NOTES TO FINANCIAL STATEMENTS (Continued)
(Electronic Filing Only)

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

A. Subject to discretionary withdrawal:	(1)	(2)
	<u>Amount</u>	<u>% of Total</u>
1. With fair value adjustment	\$ %
2. At book value less current surrender charge of 5% or more	\$ %
3. At fair value	\$ %
4. Total with adjustment or at market value (Total of Line 1 through Line 3)	\$ %
5. At book value without adjustment (minimal or no charge or adjustment)	\$ %
B. Not subject to discretionary withdrawal	\$ %
C. Total (gross: direct plus assumed)	\$	100.000 %
D. Reinsurance ceded	\$	
E. Total (net)* (Line C minus Line D)	\$	
*Reconciliation of total annuity actuarial reserves and deposit fund liabilities.		
F. Life and Accident and Health Annual Statement:	<u>Amount</u>	
1. Exhibit 5, Annuities Section, Total (net)	\$	
2. Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net)	\$	
3. Exhibit 7, Deposit-Type Contracts, Line 14, Column 1	\$	
4. Subtotal	\$	
Separate Accounts Annual Statement:		
5. Exhibit 3, Line 0299999, Column 2	\$	
6. Exhibit 3, Line 0399999, Column 2	\$	
7. Policyholder dividend and coupon accumulations	\$	
8. Policyholder premiums	\$	
9. Guaranteed interest contracts	\$	
10. Other contract deposit funds	\$	
11. Subtotal	\$	
12. Combined Total	\$	
G. FHLB (Federal Home Loan Bank) Agreements	<u>Current Year</u>	<u>Prior Year</u>
2. FHLB stock purchased/ owned as part of the agreement	\$	\$
3. Collateral pledged to the FHLB	\$	\$
4. Funding capacity currently available	\$	\$
5. Total reserves related to funding agreement	\$	\$
6. Agreement assets and liabilities		
General Account:		
Assets	\$	\$
Liabilities	\$	\$
Separate Account:		
Assets	\$	\$
Liabilities	\$	\$

32. Premium and Annuity Considerations Deferred and Uncollected

A. Deferred and uncollected life insurance premiums and annuity considerations as of December 31, were as follows:	(1)	(2)
	<u>Gross</u>	<u>Net of Loading</u>
1. Industrial	\$	\$
2. Ordinary new business	\$ 320,425	\$ 320,425
3. Ordinary renewal	\$ 3,937,959	\$ 3,937,959
4. Credit life	\$	\$
5. Group life	\$	\$
6. Group annuity	\$	\$
7. Totals	\$ 4,258,384	\$ 4,258,384

33. Separate Accounts

A. General Nature and Characteristics of Separate Accounts Business:

	(1)	(2)	(3)	(4)	(5)
	<u>Indexed</u>	<u>Nonindexed Guarantee Less than/equal to 4%</u>	<u>Nonindexed Guarantee More than 4%</u>	<u>Nonguaranteed Separate Accounts</u>	<u>Total</u>
(in thousands)					
1. Premiums, considerations or deposits for year ended December 31	\$	\$	\$	\$	\$
Reserves at December 31					
2. For accounts with assets at:					
a. Fair value	\$	\$	\$	\$	\$
b. Amortized cost	\$	\$	\$	\$	\$
c. Total reserves*	\$	\$	\$	\$	\$
3. By withdrawal characteristics:					
a. Subject to discretionary withdrawal:					
b. With FV adjustment	\$	\$	\$	\$	\$
c. At book value without FV adjustment and with current surrender charge of 5% or more	\$	\$	\$	\$	\$
d. At fair value	\$	\$	\$	\$	\$
e. At book value without FV adjustment and with current surrender charge of less than 5%	\$	\$	\$	\$	\$
f. Subtotal	\$	\$	\$	\$	\$
g. Not subject to discretionary withdrawal	\$	\$	\$	\$	\$
h. Total	\$	\$	\$	\$	\$

*Line 2c should equal Line 3h.

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS - ITEM 1A

	1 State Prescribed Practices	2 Current	3 Prior	4 State of Domicile
01A01 - Net Income, state basis		1,438,410	712,142	
01A04 - Net Income, NAIC SAP		1,438,410	712,142	
01A05 - Statutory Surplus basis		20,236,184	28,527,416	
01A08 - Statutory Surplus, NAIC SAP		20,236,184	28,527,416	

NOTES TO FINANCIAL STATEMENTS - ITEM 5A02

1 Percent Reduced	2 Investment Excluding Accrued Interest	3 Number of Mortgages
05A0299 - The Company reduced interest rates of outstanding mortgage loans.....		

NONE

NOTES TO FINANCIAL STATEMENTS - ITEM 13.11

Description of Assets, Holder of Note and Other	1 Date Issued	2 Interest Rate	3 Par Value (Face Amount of Notes)	4 Carrying Value of Note	5 Principal and/or Interest Paid Current Year	6 Total Principal and/or Interest Paid	7 Unapproved Principal and/or Interest	8 Date of Maturity
Company issued surplus debentures or similar obligations	03/31/2005	6.518	5,000,000		5,000,000	5,000,000		03/27/2009
1311999 - TOTAL - Company issued surplus debentures or similar obligations			5,000,000		5,000,000	5,000,000		

NOTES TO FINANCIAL STATEMENTS - ITEM 13.12

Year (Starting with Current Year)	Change in Year Surplus	Change in Gross Paid-in and Contributed Surplus

NONE

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS - ITEM 19

Name and Address of Managing General Agent or Third Party Administrator	FEIN	Exclusive Contract	Types of Business Written	Type of Authority Granted	Total Direct Premiums Written/Produced By
NONE					

NOTES TO FINANCIAL STATEMENTS - ITEM 20F

Description of State Transferable Tax Credits	State	Carrying Value	Unused Amount
NONE			

NOTES TO FINANCIAL STATEMENTS - ITEM 20G4

	Losses Paid in the Current Year	Losses Incurred in the Current Year	Case Reserves at End of Current Period	IBNR Reserves at End of Current Period
NONE				

NOTES TO FINANCIAL STATEMENTS - ITEM 22

Name of Reinsurer	Amount
NONE	

NOTES TO FINANCIAL STATEMENTS - ITEM 26B

¹ Life Insurance Company and Location	² Licensed in Company's State of Domicile Yes/No	³ Statement Value (i. e. Present Value) of Annuities
NONE		

NOTES TO FINANCIAL STATEMENTS - ITEM 27A

1 Quarter	2 Estimated Pharmacy Rebates as Reported on Financial Statements	3 Pharmacy Rebates as Billed or Otherwise Confirmed	4 Actual Rebates Received Within 90 Days of Billing	5 Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
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NONE

NOTES TO FINANCIAL STATEMENTS - ITEM 27B

1 Calendar Year	2 Evaluation Period Year Ending	3 Risk Sharing Receivable as Estimated in the Prior Year	4 Risk Sharing Receivable as Estimated in the Current Year	5 Risk Sharing Receivable Billed	6 Risk Sharing Receivable Not Yet Billed	7 Actual Risk Sharing Amounts Received in Year Billed	8 Actual Risk Sharing Amounts Received First Year Subsequent	9 Actual Risk Sharing Amounts Received Second Year Subsequent	10 Actual Risk Sharing Amounts Received - All Other
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NONE

NOTES TO FINANCIAL STATEMENTS - ITEM 30

1 Item	2 Total	3 Industrial Life	ORDINARY			7 Credit Life Group and Individual	GROUP	
			4 Life Insurance	5 Individual Annuities	6 Supplementary Contracts		8 Life Insurance	9 Annuities

NONE

NOTES TO FINANCIAL STATEMENTS - ITEM 33B

Reconciliation Adjustments	Amount
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NONE

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 (X)
- 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 (X)
- 1.3 State Regulating?
- 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 (X)
- 2.2 If yes, date of change: 12/31/2006
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/1998
- 3.2 State the as of date of 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. 12/31/1998
- 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). 12/31/1998
- 3.4 By what department or departments?
 OCS - PUERTO RICO
- 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 (X)
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes () No () N/A (X)
- 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 (X)
- 4.12 renewals? Yes () No (X)
- 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 (X)
- 4.22 renewals? Yes () No (X)
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes () No (X)
- 5.2 If yes, provide name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes () No (X)
- 6.2 If yes, give full information:

- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes () No (X)
- 7.2 If yes,
- 7.21 State the percentage of foreign control;
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g. individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....
.....
.....

GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes () No (X)
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes () No (X)
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i. e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 PRICEWATERHOUSE COOPERS LLC 254 MUNOZ RIVERA AVE. BBVA TOWER 9TH FLOOR
 HATO REY PUERTO RICO 00919
10. 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?
 WILLIAM R. HORBATT, FSA, MAAA, 40 WITHNEY ROAD, SHORT HILLS, NJ 070778
 (973) 563-5197
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes () No (X)
- 11.11 Name of real estate holding company

- 11.12 Number of parcels involved
- 11.13 Total book/adjusted carrying value \$

- 11.2 If yes, provide explanation

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

- 12.2 Does this statement contain all business transacted for the reporting entity through its United States branch on risks wherever located? Yes (X) No ()
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes () No (X)
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes () No () N/A (X)
- 13.1 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 (X) 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.
- 13.11 If the response to 13.1 is No, please explain:

- 13.2 Has the code of ethics for senior managers been amended? Yes () No (X)
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).

- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes () No (X)
- 13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

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

GENERAL INTERROGATORIES

FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes (X) No ()
- 18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.11 To directors or other officers \$
 - 18.12 To stockholders not officers \$
 - 18.13 Trustees, supreme or grand (Fraternal only) \$
- 18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.21 To directors or other officers \$
 - 18.22 To stockholders not officers \$
 - 18.23 Trustees, supreme or grand (Fraternal only) \$
- 19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes () No (X)
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- 19.21 Rented from others \$
 - 19.22 Borrowed from others \$
 - 19.23 Leased from others \$
 - 19.24 Other \$
- 20.1 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)
- 20.2 If answer is yes:
- 20.21 Amount paid as losses or risk adjustment \$
 - 20.22 Amount paid as expenses \$
 - 20.23 Other amounts paid \$
- 21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes () No (X)
- 21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$

INVESTMENT

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3) Yes () No (X)
- 22.2 If no, give full and complete information relating thereto:

- 22.3 For the 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 16 where this information is also provided)

- 22.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in Risk-Based Capital Instructions? Yes () No () N/A (X)
- 22.5 If answer to 22.4 is YES, report amount of collateral for conforming programs. \$
- 22.6 If answer to 22.4 is NO, report amount of collateral for other programs. \$
- 23.1 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 19.1 and 22.3) Yes () No (X)
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- 23.21 Subject to repurchase agreements \$
 - 23.22 Subject to reverse repurchase agreements \$
 - 23.23 Subject to dollar repurchase agreements \$
 - 23.24 Subject to reverse dollar repurchase agreements \$
 - 23.25 Pledged as collateral \$
 - 23.26 Placed under option agreements \$
 - 23.27 Letter stock or securities restricted as to sale \$
 - 23.28 On deposit with state or other regulatory body \$
 - 23.29 Other \$
- 23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....

- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes () No (X)
- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement. Yes () No () N/A (X)
- 25.1 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)
- 25.2 If yes, state the amount thereof at December 31 of the current year. \$

GENERAL INTERROGATORIES

INVESTMENT

26. 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 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes () No (X)

26.01 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
CITIBANK NA
.....
.....

26.02 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)
.....
.....
.....

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes () No (X)

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

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

26.05 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
.....
.....
.....

27.1 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)

27.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....
.....
.....
Line 27.2998 from Overflow page
Line 27.2999 TOTAL (9999999)

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

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

GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	\$ 96,691,936	\$ 99,780,807	\$ 3,088,871
28.2 Preferred stocks	\$ 258,804	\$ 130,800	\$ (128,004)
28.3 Totals	\$ 96,950,740	\$ 99,911,607	\$ 2,960,867

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

29.1 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)

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

29.3 If no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
 Bloomberg and other pricing sources

30.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securities Valuation Office been followed? Yes (X) No ()

30.2 If no, list exceptions:

OTHER

31.1 Amount of payments to Trade Associations, service organizations and statistical or Rating Bureaus, if any? \$

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

1 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$
.....	\$

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

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

1 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$
.....	\$

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

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

1 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$
.....	\$

GENERAL INTERROGATORIES - Lines 5.2 (continued)

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

GENERAL INTERROGATORIES - Lines 7.22 (continued)

¹ Nationality	² Type of Entity
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GENERAL INTERROGATORIES - Line 8.4 (continued)

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

GENERAL INTERROGATORIES - Line 23.3 (continued)

¹ Nature of Restriction	² Description	³ Amount
---------------------------------------	-----------------------------	------------------------

GENERAL INTERROGATORIES - Lines 26.01 (continued)

1 Name of Custodian(s)	2 Custodian's Address
---------------------------	--------------------------

GENERAL INTERROGATORIES - Lines 26.02 (continued)

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

GENERAL INTERROGATORIES - Lines 26.04 (continued)

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

GENERAL INTERROGATORIES - Lines 26.05 (continued)

1 Central Registration Depository Number(s)	2 Name	3 Address
--	-----------	--------------

GENERAL INTERROGATORIES - Lines 27.2 (continued)

1 CUSIP Number	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
-------------------	--------------------------	-----------------------------------

GENERAL INTERROGATORIES - Lines 27.3 (continued)

1 Name of Mutual Fund (from question 27.2)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
--	--	---	------------------------

GENERAL INTERROGATORIES

PART 2 - LIFE INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes () No (X)

1.2 If yes, indicate premium earned on U.S. business only. \$

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$

1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$

1.62 Total incurred claims \$

1.63 Number of covered lives

All years prior to most current three years:

1.64 Total premium earned \$

1.65 Total incurred claims \$

1.66 Number of covered lives

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$

1.72 Total incurred claims \$

1.73 Number of covered lives

All years prior to most current three years:

1.74 Total premium earned \$

1.75 Total incurred claims \$

1.76 Number of covered lives

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator	\$	\$
2.2 Premium Denominator	\$ 95,342,997	\$
2.3 Premium Ratio (Line 2.1 divided by Line 2.2)		
2.4 Reserve Numerator	\$	\$
2.5 Reserve Denominator	\$ 116,015,014	\$
2.6 Reserve Ratio (Line 2.4 divided by Line 2.5)		

3.1 Does this reporting entity have Separate Accounts? Yes () No (X)

3.2 If yes, has a Separate Accounts statement been filed with this Department? Yes () No () 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 () No (X)

4.2 Net reimbursement of such expenses between reporting entities:

4.21 Paid \$

4.22 Received \$

5.1 Does the reporting entity write any guaranteed interest contracts? Yes () No (X)

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

5.21 Page 3, Line 1 \$

5.22 Page 4, Line 1 \$

6. For stock reporting entities only:

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

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

7.11 Cash \$

7.12 Stock \$

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 Line 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 Line 8.31 and Line 8.34 for Column (1) are:

	1 Attachment Point	2 Earned Premium	3 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 Line 8.31, Column 1 was assumed from pools? \$

9.1 Does the company have variable annuities with guaranteed benefits? Yes () No (X)

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

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

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

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

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

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

11.1 Do you act as a custodian for health savings accounts? Yes () No (X)

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

11.3 Do you act as an administrator for health savings accounts? Yes () No (X)

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

GENERAL INTERROGATORIES (Continued)

Part 2 - LIFE INTERROGATORIES

Line 9.2

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

NONE

Line 10.2

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

NONE

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 2009	2 2008	3 2007	4 2006	5 2005
Life Insurance in Force (Exhibit of Life Insurance)					
1. Ordinary-whole life and endowment (Line 34, Column 4)					
2. Ordinary-term (Line 21, Column 4, less Line 34, Column 4)	5,344,506	5,664,179	4,043,667	3,442,541	3,269,317
3. Credit life (Line 21, Column 6)	130,592	147,051	123,000	259,135	335,700
4. Group, excluding FEGLI/SGLI (Line 21, Column 9 less Line 43 and Line 44, Column 4)	1,325,572	910,805	706,251	1,208,978	706,470
5. Industrial (Line 21, Column 2)					
6. FEGLI/SGLI (Line 43 and Line 44, Column 4)					
7. Total (Line 21, Column 10)	6,800,670	6,722,035	4,872,918	4,910,654	4,311,487
New Business Issued (Exhibit of Life Insurance)					
8. Ordinary-whole life and endowment (Line 34, Column 2)					
9. Ordinary-term (Line 2, Column 4, less Line 34, Column 2)	653,201	743,889	1,405,535	277,228	641,171
10. Credit life (Line 2, Column 6)		8,327	8,577	17,285	105,000
11. Group (Line 2, Column 9)	16,013	236,952	125,940	354,211	330,350
12. Industrial (Line 2, Column 2)					
13. Total (Line 2, Column 10)	669,214	989,168	1,540,052	648,724	1,076,521
Premium Income-Lines of Business (Exhibit 1 - Part 1)					
14. Industrial life (Line 20.4, Column 2)					
15.1 Ordinary life insurance (Line 20.4, Column 3)	17,677,555	20,123,248	19,024,676	15,445,231	19,271,078
15.2 Ordinary individual annuities (Line 20.4, Column 4)	966,797	947,429	1,112,443	1,428,982	1,711,789
16. Credit life, (group and individual) (Line 20.4, Column 5)	3,993,680	4,427,796	5,674,197	5,444,894	6,490,742
17.1 Group life insurance (Line 20.4, Column 6)	7,512,277	3,865,572	3,208,966	2,817,737	3,369,655
17.2 Group annuities (Line 20.4, Column 7)					
18.1 A & H-group (Line 20.4, Column 8)	43,981,539	20,997,909	18,729,768	13,664,295	13,681,338
18.2 A & H-credit (group and individual) (Line 20.4, Column 9)	383,220	1,106,949	1,021,833	1,190,182	1,622,685
18.3 A & H-other (Line 20.4, Column 10)	20,827,929	20,035,882	11,504,803	11,994,578	12,010,377
19. Aggregate of all other lines of business (Line 20.4, Column 11)					
20. Total	95,342,997	71,504,785	60,276,686	51,985,899	58,157,664
Balance Sheet (Pages 2 and 3)					
21. Total admitted assets excluding Separate Accounts business (Page 2, Line 24, Column 3)	145,308,470	146,587,234	134,974,947	131,854,678	128,007,218
22. Total liabilities excluding Separate Accounts business (Page 3, Line 26)	125,072,286	118,059,817	108,704,629	101,713,318	101,322,819
23. Aggregate life reserves (Page 3, Line 1)	87,652,446	83,893,256	79,693,692	74,641,098	78,662,824
24. Aggregate A & H reserves (Page 3, Line 2)	11,762,081	14,514,170	14,005,179	11,561,461	9,619,427
25. Deposit-type contract funds (Page 3, Line 3)					
26. Asset valuation reserve (Page 3, Line 24.1)	2,278,704	2,513,962	1,101,983	869,875	1,087,175
27. Capital (Page 3, Line 29 and Line 30)	2,502,910	2,502,910	2,336,550	2,170,190	2,003,850
28. Surplus (Page 3, Line 37)	17,733,274	26,024,507	23,933,768	27,971,170	24,680,549
Cash Flow (Page 5)					
29. Net cash from operations (Line 11)	131,378	10,537,627	6,655,212	3,538,404	7,394,965
Risk-Based Capital Analysis					
30. Total adjusted capital	22,514,888	31,041,379	27,372,301	31,011,235	27,771,574
31. Authorized control level risk-based capital	6,492,584	5,723,445	4,018,061	1,348,105	3,958,986
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3) (Line No. / Page 2, Line 10, Column 3) x 100.0					
32. Bonds (Line 1)	80.2	76.6	74.8	72.8	72.2
33. Stocks (Line 2.1 and Line 2.2)	5.3	6.1	7.3	10.7	10.5
34. Mortgage loans on real estate (Line 3.1 and Line 3.2)		0.2	0.3	0.3	0.4
35. Real estate (Line 4.1, Line 4.2 and Line 4.3)	9.7	9.1	5.3	5.4	5.8
36. Cash, cash equivalents and short-term investments (Line 5)	2.1	5.2	9.1	7.5	8.3
37. Contract loans (Line 6)	2.8	2.9	3.1	3.2	2.8
38. Other invested assets (Line 7)					
39. Receivables for securities (Line 8)					
40. Aggregate write-ins for invested assets (Line 9)					
41. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2009	2 2008	3 2007	4 2006	5 2005
<u>Investments in Parent, Subsidiaries and Affiliates</u>					
42. Affiliated bonds (Schedule D Summary, Line 12, Column 1)					
43. Affiliated preferred stocks (Schedule D Summary, Line 18, Column 1)					
44. Affiliated common stocks (Schedule D Summary, Line 24, Column 1)	5,874,381	7,314,011	8,048,869	11,412,959	10,188,550
45. Affiliated short-term investments (subtotal included in Schedule DA Verification, Column 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Line 42 to Line 47	5,874,381	7,314,011	8,048,869	11,412,959	10,188,550
<u>Total Nonadmitted and Admitted Assets</u>					
49. Total nonadmitted assets (Page 2, Line 26, Column 2)	10,644,934	7,209,227	8,134,403	6,364,593	7,556,557
50. Total admitted assets (Page 2, Line 26, Column 3)	145,308,470	146,587,234	134,974,947	131,854,678	128,007,218
<u>Investment Data</u>					
51. Net investment income (Exhibit of Net Investment Income)	5,704,794	5,873,283	5,587,366	5,384,235	4,681,839
52. Realized capital gains (losses)		(590,415)	(416,062)	(34,299)	399,284
53. Unrealized capital gains (losses)		951,864	356,561	3,101,177	2,146,013
54. Total of above Lines 51, Line 52 and Line 53	5,704,794	6,234,732	5,527,865	8,451,113	7,227,136
<u>Benefits and Reserve Increase</u> (Page 6)					
55. Total contract benefits - life (Lines 10, 11, 12, 13, 14 and Line 15, Column 1 minus Lines 10, 11, 12, 13, 14 and Line 15, Columns 9, 10 and 11)	18,673,863	12,008,918	14,816,075	18,228,018	10,593,744
56. Total contract benefits - A and H (Line 13 and Line 14, Columns 9, 10 and 11)	41,015,739	24,742,971	12,404,007	11,686,071	11,072,003
57. Increase in life reserves - other than group and annuities (Line 19, Columns 2 and 3)	3,680,210	5,078,242	4,140,130	1,299,858	4,715,545
58. Increase in A & H Reserves (Line 19, Columns 9, 10 and 11)	(187,990)	556,993	1,688,645	1,283,969	1,303,138
59. Dividends to policyholders (Line 30, Column 1)					
<u>Operating Percentages</u>					
60. Insurance expense percent (Page 6, Column 1, Line 21, Line 22 and Line 23 less Line 6) / (Page 6, Column 1, Line 1 plus Exhibit 7, Column 2, Line 2) x 100.00	36.3	44.1	46.9	51.1	48.3
61. Lapse percent (ordinary only) [(Exhibit of Life Insurance, Column 4, Line 14 and Line 15) / 1/2 (Exhibit of Life Insurance, Column 4, Line 1 and Line 21)] x 100.00	17.1	17.5	17.6	3.3	6.7
62. A & H loss percent (Schedule H, Part 1, Line 5 and Line 6, Column 2)	64.4	57.0	52.0	48.6	42.3
63. A & H cost containment percent (Schedule H, Part 1, Line 4, Column 2)					
64. A & H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Column 2)	31.0	40.7	49.7	51.6	43.3
<u>A & H Claim Reserve Adequacy</u>					
65. Incurred losses on prior years' claims - group health (Schedule H, Part 3, Line 3.1, Column 2)	26,196,074	8,434,576	5,175,547	3,590,783	2,317,325
66. Prior years' claim liability and reserve - group health (Schedule H, Part 3, Line 3.2, Column 2)	8,156,044	6,007,634	4,641,925	1,540,350	2,869,824
67. Incurred losses on prior years' claims - health other than group (Schedule H, Part 3, Line 3.1, Column 1 less Column 2)	4,498,684	6,158,647	4,161,138	3,894,372	2,897,322
68. Prior years' claim liability and reserve - health other than group (Schedule H, Part 3, Line 3.2, Column 1 less Column 2)	4,622,777	3,615,279	2,468,069	3,206,523	2,617,000
<u>Net Gains From Operations After Federal Income</u> <u>Taxes by Lines of Business</u> (Page 6, Line 33)					
69. Industrial life (Column 2)					
70. Ordinary-life (Column 3)	(3,079,519)	895,707	(1,539,867)	1,917,911	(1,033,350)
71. Ordinary-individual annuities (Column 4)	(510,952)	(136,922)	(27,095)	(222,101)	(442,396)
72. Ordinary-supplementary contracts (Column 5)					
73. Credit life (Column 6)	743,306	270,834	769,815	691,965	1,981,974
74. Group life (Column 7)	(480,447)	136,618	352,004	(1,148,679)	(833,898)
75. Group annuities (Column 8)					
76. A & H-group (Column 9)	3,468,079	(684,775)	1,716,168	(253,253)	2,815,835
77. A & H-credit (Column 10)	107,712	48,227	189,986	(605,503)	(597,274)
78. A & H-other (Column 11)	1,267,867	772,868	431,594	1,430,662	556,066
79. Aggregate of all other lines of business (Column 12)					
80. Total (Column 1)	1,516,046	1,302,557	1,892,605	1,811,002	2,446,957

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? If no, please explain:

Yes (X) No ()



ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

DIRECT BUSINESS IN THE STATE OF FLORIDA DURING THE YEAR 2009

NAIC Group Code: 0343

NAIC Company Code: 72087

LIFE INSURANCE

DIRECT PREMIUMS AND ANNUITY CONSIDERATIONS	1 Ordinary	2 Credit Life (Group and Individual)	3 Group	4 Industrial	5 Total
1. Life insurance	304,394		95,403		399,797
2. Annuity considerations					
3. Deposit-type contract funds		XXX		XXX	
4. Other considerations					
5. Totals (Sum of Line 1 to Line 4)	304,394		95,403		399,797
DIRECT DIVIDENDS TO POLICYHOLDERS					
Life Insurance:					
6.1. Paid in cash or left on deposit					
6.2. Applied to pay renewal premiums					
6.3. Applied to provide paid-up additions or shorten the endowment or premium-paying period					
6.4. Other					
6.5. Totals (Sum of Line 6.1 to Line 6.4)					
Annuities:					
7.1. Paid in cash or left on deposit					
7.2. Applied to provide paid-up annuities					
7.3. Other					
7.4. Totals (Sum of Line 7.1 to Line 7.3)					
8. Grand Totals (Line 6.5 plus Line 7.4)					
DIRECT CLAIMS AND BENEFITS PAID					
9. Death benefits					
10. Matured endowments					
11. Annuity benefits					
12. Surrender values and withdrawals for life contracts					
13. Aggregate write-ins for miscellaneous direct claims and benefits paid					
14. All other benefits, except accident and health					
15. Totals					
DETAILS OF WRITE-INS					
1301.					
1302.					
1303.					
1398. Summary of remaining write-ins for Line 13 from overflow page					
1399. Totals (Line 1301 through Line 1303 plus Line 1398) (Line 13 above)					

DIRECT DEATH BENEFITS AND MATURED ENDOWMENTS INCURRED	Ordinary		Credit Life (Group and Individual)		Group		Industrial		Total	
	1 Number	2 Amount	3 Number of Individual Policies and Group Certificates	4 Amount	5 Number of Certificates	6 Amount	7 Number	8 Amount	9 Number	10 Amount
16. Unpaid December 31, prior year										
17. Incurred during current year										
Settled during current year:										
18.1 By payment in full										
18.2 By payment on compromised claims										
18.3 Totals paid										
18.4 Reduction by compromise										
18.5 Amount rejected										
18.6 Total settlements										
19. Unpaid December 31, current year (Line 16 plus Line 17 minus Line 18.6)										
POLICY EXHIBIT										
20. In force December 31, prior year	292	24,375	(a)		10	3,610			302	27,985
21. Issued during year	7	568			6	620			13	1,188
22. Other changes to in force (Net)	(29)	(1,697)							(29)	(1,697)
23. In force December 31 of current year	270	23,246	(a)		16	4,230			286	27,476

(a) Includes Individual Credit Life Insurance prior year \$, current year \$
Includes Group Credit Life Insurance Loans less than or equal to 60 months at issue, prior year \$, current year \$
Loans greater than 60 months at issue BUT NOT GREATER THAN 120 MONTHS prior year \$, current year \$

ACCIDENT AND HEALTH INSURANCE

	1 Direct Premiums	2 Direct Premiums Earned	3 Dividends Paid Or Credited On Direct Business	4 Direct Losses Paid	5 Direct Losses Incurred
24. Group policies (b)					
24.1 Federal Employees Health Benefits Program premium (b)					
24.2 Credit (Group and Individual)					
24.3 Collectively renewable policies (b)					
24.4 Medicare Title XVIII exempt from state taxes and fees					
Other Individual policies:					
25.1 Non-cancelable (b)					
25.2 Guaranteed renewable (b)	3,804	3,804			
25.3 Non-renewable for stated reasons only (b)					
25.4 Other accident only					
25.5 All other (b)					
25.6 Totals (Sum of Line 25.1 to Line 25.5)	3,804	3,804			
26. Totals (Line 24 through Line 24.4 plus Line 25.6)	3,804	3,804			

(b) For health business on indicated lines report: Number of persons insured under PPO managed care products and number of persons insured under indemnity only products



ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

DIRECT BUSINESS IN THE STATE OF PUERTO RICO DURING THE YEAR 2009

NAIC Group Code: 0343

NAIC Company Code: 72087

LIFE INSURANCE

DIRECT PREMIUMS AND ANNUITY CONSIDERATIONS	1 Ordinary	2 Credit Life (Group and Individual)	3 Group	4 Industrial	5 Total
1. Life insurance	17,550,585	3,927,056	2,615,557		24,093,198
2. Annuity considerations	966,797				966,797
3. Deposit-type contract funds		XXX		XXX	
4. Other considerations					
5. Totals (Sum of Line 1 to Line 4)	18,517,382	3,927,056	2,615,557		25,059,995
DIRECT DIVIDENDS TO POLICYHOLDERS					
Life Insurance:					
6.1. Paid in cash or left on deposit					
6.2. Applied to pay renewal premiums					
6.3. Applied to provide paid-up additions or shorten the endowment or premium-paying period					
6.4. Other					
6.5. Totals (Sum of Line 6.1 to Line 6.4)					
Annuities:					
7.1. Paid in cash or left on deposit					
7.2. Applied to provide paid-up annuities					
7.3. Other					
7.4. Totals (Sum of Line 7.1 to Line 7.3)					
8. Grand Totals (Line 6.5 plus Line 7.4)					
DIRECT CLAIMS AND BENEFITS PAID					
9. Death benefits	6,516,902	838,476	3,202,850		10,558,228
10. Matured endowments					
11. Annuity benefits	222,662				222,662
12. Surrender values and withdrawals for life contracts	6,494,377				6,494,377
13. Aggregate write-ins for miscellaneous direct claims and benefits paid					
14. All other benefits, except accident and health					
15. Totals	13,233,941	838,476	3,202,850		17,275,267
DETAILS OF WRITE-INS					
1301.					
1302.					
1303.					
1398. Summary of remaining write-ins for Line 13 from overflow page					
1399. Totals (Line 1301 through Line 1303 plus Line 1398) (Line 13 above)					

DIRECT DEATH BENEFITS AND MATURED ENDOWMENTS INCURRED	Ordinary		Credit Life (Group and Individual)		Group		Industrial		Total	
	1 Number	2 Amount	3 Number of Individual Policies and Group Certificates	4 Amount	5 Number of Certificates	6 Amount	7 Number	8 Amount	9 Number	10 Amount
16. Unpaid December 31, prior year		771,230		518,241		1,069,852				2,359,323
17. Incurred during current year		6,682,913		727,682		5,912,515				13,323,110
Settled during current year:										
18.1 By payment in full		6,516,902		838,476		3,202,850				10,558,228
18.2 By payment on compromised claims										
18.3 Totals paid		6,516,902		838,476		3,202,850				10,558,228
18.4 Reduction by compromise										
18.5 Amount rejected										
18.6 Total settlements		6,516,902		838,476		3,202,850				10,558,228
19. Unpaid December 31, current year (Line 16 plus Line 17 minus Line 18.6)		937,241		407,447		3,779,517				5,124,205
POLICY EXHIBIT										
20. In force December 31, prior year	96,229	6,514,911	41,171	(a) 147,051	170	706,251			137,570	7,368,213
21. Issued during year	15,309	652,633							15,309	652,633
22. Other changes to in force (Net)	(15,671)	(972,874)	(4,841)	(16,459)					(20,512)	(989,333)
23. In force December 31 of current year	95,867	6,194,670	36,330	(a) 130,592	170	706,251			132,367	7,031,513

(a) Includes Individual Credit Life Insurance prior year \$, current year \$
Includes Group Credit Life Insurance Loans less than or equal to 60 months at issue, prior year \$, current year \$
Loans greater than 60 months at issue BUT NOT GREATER THAN 120 MONTHS prior year \$, current year \$

ACCIDENT AND HEALTH INSURANCE

	1 Direct Premiums	2 Direct Premiums Earned	3 Dividends Paid Or Credited On Direct Business	4 Direct Losses Paid	5 Direct Losses Incurred
24. Group policies (b)	27,897,754	43,981,969		28,521,082	35,567,430
24.1 Federal Employees Health Benefits Program premium (b)					
24.2 Credit (Group and Individual)	88,117	383,221		573,477	92,462
24.3 Collectively renewable policies (b)					
24.4 Medicare Title XVIII exempt from state taxes and fees					
Other Individual policies:					
25.1 Non-cancelable (b)					
25.2 Guaranteed renewable (b)	20,623,928	20,827,461		7,435,489	6,905,816
25.3 Non-renewable for stated reasons only (b)					
25.4 Other accident only					
25.5 All other (b)					
25.6 Totals (Sum of Line 25.1 to Line 25.5)	20,623,928	20,827,461		7,435,489	6,905,816
26. Totals (Line 24 through Line 24.4 plus Line 25.6)	48,609,799	65,192,651		36,530,048	42,565,708

(b) For health business on indicated lines report: Number of persons insured under PPO managed care products and number of persons insured under indemnity only products



ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

DIRECT BUSINESS IN THE STATE OF GRAND TOTAL DURING THE YEAR 2009

NAIC Group Code: 0343

NAIC Company Code: 72087

LIFE INSURANCE

DIRECT PREMIUMS AND ANNUITY CONSIDERATIONS	1 Ordinary	2 Credit Life (Group and Individual)	3 Group	4 Industrial	5 Total
1. Life insurance	17,854,979	3,927,056	2,710,960		24,492,995
2. Annuity considerations	966,797				966,797
3. Deposit-type contract funds		XXX		XXX	
4. Other considerations					
5. Totals (Sum of Line 1 to Line 4)	18,821,776	3,927,056	2,710,960		25,459,792
DIRECT DIVIDENDS TO POLICYHOLDERS					
Life Insurance:					
6.1. Paid in cash or left on deposit					
6.2. Applied to pay renewal premiums					
6.3. Applied to provide paid-up additions or shorten the endowment or premium-paying period					
6.4. Other					
6.5. Totals (Sum of Line 6.1 to Line 6.4)					
Annuities:					
7.1. Paid in cash or left on deposit					
7.2. Applied to provide paid-up annuities					
7.3. Other					
7.4. Totals (Sum of Line 7.1 to Line 7.3)					
8. Grand Totals (Line 6.5 plus Line 7.4)					
DIRECT CLAIMS AND BENEFITS PAID					
9. Death benefits	6,516,902	838,476	3,202,850		10,558,228
10. Matured endowments					
11. Annuity benefits	222,662				222,662
12. Surrender values and withdrawals for life contracts	6,494,377				6,494,377
13. Aggregate write-ins for miscellaneous direct claims and benefits paid					
14. All other benefits, except accident and health					
15. Totals	13,233,941	838,476	3,202,850		17,275,267
DETAILS OF WRITE-INS					
1301.					
1302.					
1303.					
1398. Summary of remaining write-ins for Line 13 from overflow page					
1399. Totals (Line 1301 through Line 1303 plus Line 1398) (Line 13 above)					

DIRECT DEATH BENEFITS AND MATURED ENDOWMENTS INCURRED	Ordinary		Credit Life (Group and Individual)		Group		Industrial		Total	
	1 Number	2 Amount	3 Number of Individual Policies and Group Certificates	4 Amount	5 Number of Certificates	6 Amount	7 Number	8 Amount	9 Number	10 Amount
16. Unpaid December 31, prior year		771,230		518,241		1,069,852				2,359,323
17. Incurred during current year		6,682,913		727,682		5,912,515				13,323,110
Settled during current year:										
18.1 By payment in full		6,516,902		838,476		3,202,850				10,558,228
18.2 By payment on compromised claims										
18.3 Totals paid		6,516,902		838,476		3,202,850				10,558,228
18.4 Reduction by compromise										
18.5 Amount rejected										
18.6 Total settlements		6,516,902		838,476		3,202,850				10,558,228
19. Unpaid December 31, current year (Line 16 plus Line 17 minus Line 18.6)		937,241		407,447		3,779,517				5,124,205
POLICY EXHIBIT										
20. In force December 31, prior year	96,521	6,539,286	41,171	(a) 147,051	180	709,861			137,872	7,396,198
21. Issued during year	15,316	653,201			6	620			15,322	653,821
22. Other changes to in force (Net)	(15,700)	(974,571)	(4,841)	(16,459)					(20,541)	(991,030)
23. In force December 31 of current year	96,137	6,217,916	36,330	(a) 130,592	186	710,481			132,653	7,058,989

(a) Includes Individual Credit Life Insurance prior year \$, current year \$
Includes Group Credit Life Insurance Loans less than or equal to 60 months at issue, prior year \$, current year \$
Loans greater than 60 months at issue BUT NOT GREATER THAN 120 MONTHS prior year \$, current year \$

ACCIDENT AND HEALTH INSURANCE

	1 Direct Premiums	2 Direct Premiums Earned	3 Dividends Paid Or Credited On Direct Business	4 Direct Losses Paid	5 Direct Losses Incurred
24. Group policies (b)	27,897,754	43,981,969		28,521,082	35,567,430
24.1 Federal Employees Health Benefits Program premium (b)					
24.2 Credit (Group and Individual)	88,117	383,221		573,477	92,462
24.3 Collectively renewable policies (b)					
24.4 Medicare Title XVIII exempt from state taxes and fees					
Other Individual policies:					
25.1 Non-cancelable (b)					
25.2 Guaranteed renewable (b)	20,627,732	20,831,265		7,435,489	6,905,816
25.3 Non-renewable for stated reasons only (b)					
25.4 Other accident only					
25.5 All other (b)					
25.6 Totals (Sum of Line 25.1 to Line 25.5)	20,627,732	20,831,265		7,435,489	6,905,816
26. Totals (Line 24 through Line 24.4 plus Line 25.6)	48,613,603	65,196,455		36,530,048	42,565,708

(b) For health business on indicated lines report: Number of persons insured under PPO managed care products and number of persons insured under indemnity only products

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

EXHIBIT OF LIFE INSURANCE

	Industrial		Ordinary		Credit Life (Group and Individual)		Group			10
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Individual Policies and Group Certificates	6 Amount of Insurance (a)	Number of		9 Amount of Insurance (a)	Total Amount of Insurance (a)
							7 Policies	8 Certificates		
1. In force end of prior year			74,992	5,664,179	41,171	147,051	251	61,480	910,805	6,722,035
2. Issued during year			15,316	653,201			5	215	16,013	669,214
3. Reinsurance assumed										
4. Revived during year										
5. Increased during year (net)										
6. Subtotals, Line 2 to Line 5			15,316	653,201			5	215	16,013	669,214
7. Additions by dividends during year	XXX		XXX		XXX		XXX	XXX		
8. Aggregate write-ins for increases									474,323	474,323
9. Totals (Line 1 and Line 6 to Line 8)			90,308	6,317,380	41,171	147,051	256	61,695	1,401,141	7,865,572
Deductions during year:										
10. Death			58	6,901	22	81	XXX	227	1,347	8,329
11. Maturity							XXX			
12. Disability			1	10			XXX			10
13. Expiry			461	26,244	4,214	15,267				41,511
14. Surrender			617	87,590						87,590
15. Lapse			14,521	851,902	605	1,111	39	5,427	74,222	927,235
16. Conversion			13	227			XXX	XXX	XXX	227
17. Decreased (net)										
18. Reinsurance										
19. Aggregate write-ins for decreases								14,091		
20. Totals (Line 10 to Line 19)			15,671	972,874	4,841	16,459	39	19,745	75,569	1,064,902
21. In force end of year (Line 9 minus Line 20)			74,637	5,344,506	36,330	130,592	217	41,950	1,325,572	6,800,670
22. Reinsurance ceded end of year	XXX		XXX	1,722,934	XXX		XXX	XXX	420,881	2,143,815
23. Line 21 minus Line 22	XXX		XXX	3,621,572	XXX	(b) 130,592	XXX	XXX	904,691	4,656,855
DETAILS OF WRITE-INS										
0801. ADB									474,323	474,323
0802.										
0803.										
0898. Summary of remaining write-ins for Line 8 from overflow page										
0899. Totals (Line 0801 through Line 0803 plus Line 0898) (Line 8 above)									474,323	474,323
1901. Adjustment								14,091		
1902.										
1903.										
1998. Summary of remaining write-ins for Line 19 from overflow page										
1999. Totals (Line 1901 through Line 1903 plus Line 1998) (Line 19 above)								14,091		

(a) Amounts of life insurance in this exhibit shall be shown in thousands (omit 000).
 (b) Group \$; Individual \$

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 .....	) NONE		X X X	
25. Other paid-up insurance				
26. Debit ordinary insurance	X X X	X X X		

ADDITIONAL INFORMATION ON ORDINARY 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)
Term Insurance Excluding Extended Term Insurance				
27. Term policies-decreasing				
28. Term policies-other		15,316	74,637	5,344,506
29. Other term insurance-decreasing	X X X		X X X	
30. Other term insurance	X X X		X X X	
31. Totals (Line 27 to Line 30)	15,316	653,201	74,637	5,344,506
Reconciliation to Line 2 and Line 21:				
32. Term additions	X X X		X X X	
33. Totals, extended term insurance	X X X	X X X		
34. Totals, whole life and endowment				
35. Totals (Line 31 to Line 34)	15,316	653,201	74,637	5,344,506

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	653,201		5,344,506	
38. Credit Life (Group and Individual)			130,592	
39. Group	16,013		1,325,572	
40. Totals (Line 36 to Line 39)	669,214		6,800,670	

ADDITIONAL INFORMATION ON CREDIT LIFE AND GROUP INSURANCE

	Credit Life		Group	
	1	2	3 Number of Certificates	4 Amount of Insurance (a)
41. Amount of insurance included in Line 2 ceded to other companies	NONE		X X X	
42. Number in force end of year if the number under share was counted on a pro-rata basis				X X X
43. Federal Employees' Group Life Insurance included in Line 2				
44. Servicemen's Group Life Insurance included in Line 2				
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)	15,269,623
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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)
(47.2)

NONE

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			12,232	1,172,597				
49. Disability Income			18,727	21				
50. Extended Benefits			X X X	X X X				
51. Other								
52. Total		(b)	30,959	(b) 1,172,618		(b)		(b)

(a) Amounts of life insurance in this exhibit shall be shown in thousands (omit 000)
 (b) See Paragraph 9 of the Annual Audited Financial Reports in the General section of the annual statement instructions.

EXHIBIT OF NUMBER OF POLICIES, CONTRACTS, CERTIFICATES, INCOME PAYABLE AND ACCOUNT VALUES IN FORCE FOR SUPPLEMENTARY CONTRACTS, ANNUITIES, ACCIDENT AND 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				
2. Issued during year				
3. Reinsurance assumed				
4. Increased during year (net)				
5. Total (Line 1 to Line 4)				
NONE				
Deductions during year:				
6. Decreased (net)				
7. Reinsurance ceded				
8. Totals (Line 6 and Line 7)				
9. In force end of year				
10. Amount on deposit		(a)		(a)
11. Income now payable				
12. Amount of income payable	(a)	(a)	(a)	(a)

ANNUITIES

	Ordinary		Group	
	1 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year		1,469		
2. Issued during year		12		
3. Reinsurance assumed				
4. Increased during year (net)				
5. Totals (Line 1 to Line 4)		1,481		
Deductions during year:				
6. Decreased (net)		35		
7. Reinsurance ceded				
8. Totals (Line 6 and Line 7)		35		
9. In force end of year		1,446		
Income now payable:				
10. Amount of income payable	(a)	X X X	X X X	(a)
Deferred fully paid:				
11. Account balance	X X X	(a) 521,712	X X X	(a)
Deferred not fully paid:				
12. Account balance	X X X	(a) 17,947,160	X X X	(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	1,866	4,827,053	36	1,402,689	51,873	16,857,000
2. Issued during year						
3. Reinsurance assumed						
4. Increased during year (net)		X X X		X X X		X X X
5. Totals (Line 1 to Line 4)	1,866	X X X	36	X X X	51,873	X X X
Deductions during year:						
6. Conversions		X X X	X X X	X X X	X X X	X X X
7. Decreased (net)		X X X		X X X	7,253	X X X
8. Reinsurance ceded		X X X		X X X		X X X
9. Totals (Line 6 to Line 8)		X X X		X X X	7,253	X X X
10. In force end of year	1,866	(a)	36	(a)	44,620	(a)

DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS

	1	2
	Deposit Funds	Dividend Accumulations
	Contracts	Contracts
1. In force end of prior year		
2. Issued during year		
3. Reinsurance assumed		
4. Increased during year (net)		
5. Totals (Line 1 to Line 4)		
NONE		
Deductions during year:		
6. Decreased (net)		
7. Reinsurance ceded		
8. Totals (Line 6 and Line 7)		
9. In force end of year		
10. Amount of account balance	(a)	(a)

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

FORM FOR CALCULATING THE INTEREST MAINTENANCE RESERVE

Interest Maintenance Reserve

	1 Amount
1. Reserve as of December 31, Prior Year	682,923
2. Current Year's Realized Pre-Tax Capital Gains/ (Losses) of \$ Transferred into the Reserve Net of Taxes \$ (284,298)	284,298
3. Adjustment for Current Year's Liability Gains/ (Losses) released from the reserve	
4. Balance Before Reduction for Amount Transferred to Summary of Operations (Line 1 plus Line 2 plus Line 3)	967,221
5. Current Year's Amortization Released to Summary of Operations (Amortization, Line 1, Column 4)	102,638
6. Reserve as of December 31, Current Year (Line 4 minus Line 5)	864,583

Amortization

Year of Amortization	1 Reserve as of December 31, Prior Year	2 Current Year's Realized Capital Gains/ (Losses) Transferred into the Reserve Net of Taxes	3 Adjustment for Current Year's Liability Gains/ (Losses) Released From the Reserve	4 Balance Before Reduction for Current Year's Amortization (Columns 1 plus 2 plus 3)
1. 2009	72,962	29,676		102,638
2. 2010	78,591	63,522		142,113
3. 2011	73,699	52,255		125,954
4. 2012	64,623	42,145		106,768
5. 2013	52,489	31,744		84,233
6. 2014	43,311	20,385		63,696
7. 2015	36,897	13,286		50,183
8. 2016	30,220	10,842		41,062
9. 2017	23,655	8,385		32,040
10. 2018	17,013	5,748		22,761
11. 2019	14,243	2,832		17,075
12. 2020	14,857	1,199		16,056
13. 2021	14,816	973		15,789
14. 2022	14,555	706		15,261
15. 2023	14,199	453		14,652
16. 2024	13,998	147		14,145
17. 2025	13,894			13,894
18. 2026	14,161			14,161
19. 2027	15,062			15,062
20. 2028	15,980			15,980
21. 2029	15,060			15,060
22. 2030	12,019			12,019
23. 2031	8,922			8,922
24. 2032	5,597			5,597
25. 2033	2,034			2,034
26. 2034				
27. 2035				
28. 2036				
29. 2037				
30. 2038				
31. 2039 and Later				
32. TOTAL (Line 1 to Line 31)	682,857	284,298		967,155

ASSET VALUATION RESERVE

	Default Component			Equity Component			7 Total Amount (Column 3 plus Column 6)
	1 Other Than Mortgage Loans	2 Mortgage Loans	3 Total (Column 1 plus Column 2)	4 Common Stock	5 Real Estate and Other Invested Assets	6 Total (Column 4 plus Column 5)	
1. Reserve as of December 31, prior year	423,677	231	423,908	1,204,733	885,321	2,090,054	2,513,962
2. Realized Capital Gains/ (Losses) Net of Taxes - General Account	275,551		275,551				275,551
3. Realized Capital Gains/ (Losses) Net of Taxes - Separate Accounts							
4. Unrealized Capital Gains/ (Losses) Net of Deferred Taxes - General Account				(1,871,164)	2,765,986	894,822	894,822
5. Unrealized Capital Gains/ (Losses) Net of Deferred Taxes - Separate Accounts							
6. Capital gains credited/ (losses charged) to contract benefits, payments or reserves							
7. Basic Contribution	87,668	2	87,670				87,670
8. Accumulated Balances (Line 1 through Line 5, minus Line 6 plus Line 7)	786,896	233	787,129	(666,431)	3,651,307	2,984,876	3,772,005
9. Maximum Reserve	431,803	7	431,810	967,389	879,504	1,846,893	2,278,703
10. Reserve Objective	310,209	4	310,213	967,389	879,504	1,846,893	2,157,106
11. 20% of (Line 10 minus Line 8)	(95,337)	(46)	(95,383)	326,764	(554,361)	(227,597)	(322,980)
12. Balance Before Transfers (Line 8 plus Line 11)	691,559	187	691,746	(339,667)	3,096,946	2,757,279	3,449,025
13. Transfers				1,307,024	(1,307,024)		X X X
14. Voluntary Contribution							
15. Adjustment down to Maximum/up to Zero	(259,756)	(180)	(259,936)		(910,418)	(910,418)	(1,170,354)
16. Reserve as of December 31, Current Year (Line 12 plus Line 13 plus Line 14 plus Line 15)	431,803	7	431,810	967,357	879,504	1,846,861	2,278,671

ASSET VALUATION RESERVE
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
DEFAULT COMPONENT

Line Number	NAIC Designation	Description	1 Book / Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Columns 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Columns 4x5)	7 Factor	8 Amount (Columns 4x7)	9 Factor	10 Amount (Columns 4x9)
LONG-TERM BONDS												
1		Exempt Obligations	31,247,375	X X X	X X X	31,247,375	0.0000		0.0000		0.0000	
2	1	Highest Quality	51,676,726	X X X	X X X	51,676,726	0.0004	20,671	0.0023	118,856	0.0030	155,030
3	2	High Quality	9,738,410	X X X	X X X	9,738,410	0.0019	18,503	0.0058	56,483	0.0090	87,646
4	3	Medium Quality	2,989,641	X X X	X X X	2,989,641	0.0093	27,804	0.0230	68,762	0.0340	101,648
5	4	Low Quality	971,383	X X X	X X X	971,383	0.0213	20,690	0.0530	51,483	0.0750	72,854
6	5	Lower Quality		X X X	X X X		0.0432		0.1100		0.1700	
7	6	In or Near Default	73,125	X X X	X X X	73,125	0.0000		0.2000	14,625	0.2000	14,625
8		Total Unrated Multi-class Securities Acquired by Conversion		X X X	X X X		X X X		X X X		X X X	
9		Total Bonds (Sum of Line 1 through Line 8) (Page 2, Line 1, Net Admitted Asset)	96,696,660	X X X	X X X	96,696,660	X X X	87,668	X X X	310,209	X X X	431,803
PREFERRED STOCKS												
10	1	Highest Quality		X X X	X X X		0.0004		0.0023		0.0030	
11	2	High Quality		X X X	X X X		0.0019		0.0058		0.0090	
12	3	Medium Quality	250,004	X X X	X X X	250,004	0.0093	2,325	0.0230	5,750	0.0340	8,500
13	4	Low Quality		X X X	X X X		0.0213		0.0530		0.0750	
14	5	Lower Quality		X X X	X X X		0.0432		0.1100		0.1700	
15	6	In or Near Default	8,800	X X X	X X X	8,800	0.0000		0.2000	1,760	0.2000	1,760
16		Affiliated Life with AVR		X X X	X X X		0.0000		0.0000		0.0000	
17		Total Preferred Stocks (Sum of Line 10 through Line 16) (Page 2, Line 2.1, Net Admitted Asset)	258,804	X X X	X X X	258,804	X X X	2,325	X X X	7,510	X X X	10,260
SHORT-TERM BONDS												
18		Exempt Obligations		X X X	X X X		0.0000		0.0000		0.0000	
19	1	Highest Quality		X X X	X X X		0.0004		0.0023		0.0030	
20	2	High Quality		X X X	X X X		0.0019		0.0058		0.0090	
21	3	Medium Quality		X X X	X X X		0.0093		0.0230		0.0340	
22	4	Low Quality		X X X	X X X		0.0213		0.0530		0.0750	
23	5	Lower Quality		X X X	X X X		0.0432		0.1100		0.1700	
24	6	In or Near Default		X X X	X X X		0.0000		0.2000		0.2000	
25		Total Short-term Bonds (Sum of Line 18 through Line 24)		X X X	X X X		X X X		X X X		X X X	

ASSET VALUATION RESERVE (continued)
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
DEFAULT COMPONENT

Line Number	NAIC Designation	Description	1 Book / Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Columns 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Columns 4x5)	7 Factor	8 Amount (Columns 4x7)	9 Factor	10 Amount (Columns 4x9)
DERIVATIVE INSTRUMENTS												
26		Exchange Traded		XXX	XXX		0.0004		0.0023		0.0030	
27	1	Highest Quality		XXX	XXX		0.0004		0.0023		0.0030	
28	2	High Quality		XXX	XXX		0.0019		0.0058		0.0090	
29	3	Medium Quality		XXX	XXX		0.0093		0.0230		0.0340	
30	4	Low Quality		XXX	XXX		0.0213		0.0530		0.0750	
31	5	Lower Quality		XXX	XXX		0.0432		0.1100		0.1700	
32	6	In or Near Default		XXX	XXX		0.0000		0.2000		0.2000	
33		Total Derivative Instruments		XXX	XXX		XXX		XXX		XXX	
34		TOTAL (Line 9 plus Line 17 plus Line 25 plus Line 33)	96,955,464	XXX	XXX	96,955,464	XXX	89,993	XXX	317,719	XXX	442,063
MORTGAGE LOANS												
In Good Standing:												
35		Farm Mortgages			XXX		(a) 0.0063		(a) 0.0120		(a) 0.0190	
36		Residential Mortgages - Insured or Guaranteed	6,769		XXX	6,769	0.0003	2	0.0006	4	0.0010	7
37		Residential Mortgages - All Other			XXX		0.0013		0.0030		0.0040	
38		Commercial Mortgages - Insured or Guaranteed			XXX		0.0003		0.0006		0.0010	
39		Commercial Mortgages - All Other			XXX		(a) 0.0063		(a) 0.0120		(a) 0.0190	
40		In Good Standing With Restructured Terms			XXX		(b) 0.2800		(b) 0.6200		(b) 1.0000	
Overdue, Not in Process:												
41		Farm Mortgages			XXX		0.0420		0.0760		0.1200	
42		Residential Mortgages - Insured or Guaranteed			XXX		0.0005		0.0012		0.0020	
43		Residential Mortgages - All Other			XXX		0.0025		0.0058		0.0090	
44		Commercial Mortgages - Insured or Guaranteed			XXX		0.0005		0.0012		0.0020	
45		Commercial Mortgages - All Other			XXX		0.0420		0.0760		0.1200	
In Process of Foreclosure:												
46		Farm Mortgages			XXX		0.0000		0.1700		0.1700	
47		Residential Mortgages - Insured or Guaranteed			XXX		0.0000		0.0040		0.0040	
48		Residential Mortgages - All Other			XXX		0.0000		0.0130		0.0130	
49		Commercial Mortgages - Insured or Guaranteed			XXX		0.0000		0.0040		0.0040	
50		Commercial Mortgages - All Other			XXX		0.0000		0.1700		0.1700	
51		Total Schedule B Mortgages (Sum of Line 35 through Line 50) (Page 2, Line 3, Net Admitted Asset)	6,769		XXX	6,769	XXX	2	XXX	4	XXX	7
52		Schedule DA Mortgages			XXX		(c)		(c)		(c)	
53		Total Mortgage Loans on Real Estate (Line 51 plus Line 52)	6,769		XXX	6,769	XXX	2	XXX	4	XXX	7

(a) Times the company's experience adjustment factor (EAF).

(b) Column 9 is the greater of 6.4% without any EAF adjustments or a company's EAF adjusted In Good Standing (IGS) factor plus 150 basis points. Columns 5 and 7 are 28% and 62% respectively of Column 9.

(c) Determined using the same factors and breakdowns used for directly owned mortgage loans.

ASSET VALUATION RESERVE
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
EQUITY AND OTHER INVESTED ASSET COMPONENT

Line Number	NAIC Designation	Description	1 Book / Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Columns 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Columns 4x5)	7 Factor	8 Amount (Columns 4x7)	9 Factor	10 Amount (Columns 4x9)
COMMON STOCK												
1		Unaffiliated Public	211,449	XXX	XXX	211,449	0.0000		(d) 0.1300	27,488	(d) 0.1300	27,488
2		Unaffiliated Private		XXX	XXX		0.0000		0.1600		0.1600	
3		Federal Home Loan Bank		XXX	XXX		0.0000		0.0050		0.0080	
4		Affiliated Life with AVR		XXX	XXX		0.0000		0.0000		0.0000	
Affiliated Investment Subsidiary:												
5		Fixed Income Exempt Obligations					XXX		XXX		XXX	
6		Fixed Income Highest Quality					XXX		XXX		XXX	
7		Fixed Income High Quality					XXX		XXX		XXX	
8		Fixed Income Medium Quality					XXX		XXX		XXX	
9		Fixed Income Low Quality					XXX		XXX		XXX	
10		Fixed Income Lower Quality					XXX		XXX		XXX	
11		Fixed Income In/Near Default					XXX		XXX		XXX	
12		Unaffiliated Common Stock Public					0.0000		(d) 1.3000		(d) 0.1300	
13		Unaffiliated Common Stock Private					0.0000		0.1600		0.1600	
14		Mortgage Loans					(c)		(c)		(c)	
15		Real Estate					(e)		(e)		(e)	
16		Affiliated-Certain Other (See SVO Purposes and Procedures Manual)		XXX	XXX		0.0000		0.1300		0.1300	
17		Affiliated-All Other	5,874,381	XXX	XXX	5,874,381	0.0000		0.1600	939,901	0.1600	939,901
18		Total Common Stock (Sum of Line 1 through Line 17) (Page 2, Line 2.2, Net Admitted Asset)	6,085,830			6,085,830	XXX		XXX	967,389	XXX	967,389
REAL ESTATE												
19		Home Office Property (General Account only)	11,229,473			11,229,473	0.0000		0.0750	842,210	0.0750	842,210
20		Investment Properties	497,250			497,250	0.0000		0.0750	37,294	0.0750	37,294
21		Properties Acquired in Satisfaction of Debt					0.0000		0.1100		0.1100	
22		Total Real Estate (Sum of Line 19 through Line 21)	11,726,723			11,726,723	XXX		XXX	879,504	XXX	879,504
OTHER INVESTED ASSETS												
INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF BONDS												
23		Exempt Obligations		XXX	XXX		0.0000		0.0000		0.0000	
24	1	Highest Quality		XXX	XXX		0.0004		0.0023		0.0030	
25	2	High Quality		XXX	XXX		0.0019		0.0058		0.0090	
26	3	Medium Quality		XXX	XXX		0.0093		0.0230		0.0340	
27	4	Low Quality		XXX	XXX		0.0213		0.0530		0.0750	
28	5	Lower Quality		XXX	XXX		0.0432		0.1100		0.1700	
29	6	In or Near Default		XXX	XXX		0.0000		0.2000		0.2000	
30		Total with Bond Characteristics (Sum of Line 23 through Line 29)		XXX	XXX		XXX		XXX		XXX	

ASSET VALUATION RESERVE (Continued)
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
EQUITY AND OTHER INVESTED ASSET COMPONENT

Line Number	NAIC Designation	Description	1 Book / Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Columns 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Columns 4x5)	7 Factor	8 Amount (Columns 4x7)	9 Factor	10 Amount (Columns 4x9)
INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF PREFERRED STOCKS												
31	1	Highest Quality		XXX	XXX		0.0004		0.0023		0.0030	
32	2	High Quality		XXX	XXX		0.0019		0.0058		0.0090	
33	3	Medium Quality		XXX	XXX		0.0093		0.0230		0.0340	
34	4	Low Quality		XXX	XXX		0.0213		0.0530		0.0750	
35	5	Lower Quality		XXX	XXX		0.0432		0.1100		0.1700	
36	6	In or Near Default		XXX	XXX		0.0000		0.2000		0.2000	
37		Affiliated Life with AVR		XXX	XXX		0.0000		0.0000		0.0000	
38		Total with Preferred Stock Characteristics (Sum of Line 31 through Line 37)		XXX	XXX		XXX		XXX		XXX	
INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF MORTGAGE LOANS												
In Good Standing:												
39		Farm Mortgages			XXX		(a) 0.0063		(a) 0.0120		(a) 0.0190	
40		Residential Mortgages - Insured or Guaranteed			XXX		0.0003		0.0006		0.0010	
41		Residential Mortgages - All Other		XXX	XXX		0.0013		0.0030		0.0040	
42		Commercial Mortgages - Insured or Guaranteed			XXX		0.0003		0.0006		0.0010	
43		Commercial Mortgages - All Other			XXX		(a) 0.0063		(a) 0.0120		(a) 0.0190	
44		In Good Standing With Restructured Terms			XXX		(b) 0.2800		(b) 0.6200		(b) 1.0000	
Overdue, Not in Process:												
45		Farm Mortgages			XXX		0.0420		0.0760		0.1200	
46		Residential Mortgages - Insured or Guaranteed			XXX		0.0005		0.0012		0.0020	
47		Residential Mortgages - All Other			XXX		0.0025		0.0058		0.0090	
48		Commercial Mortgages - Insured or Guaranteed			XXX		0.0005		0.0012		0.0020	
49		Commercial Mortgages - All Other			XXX		0.0420		0.0760		0.1200	
In Process of Foreclosure:												
50		Farm Mortgages			XXX		0.0000		0.1700		0.1700	
51		Residential Mortgages - Insured or Guaranteed			XXX		0.0000		0.0040		0.0040	
52		Residential Mortgages - All Other			XXX		0.0000		0.0130		0.0130	
53		Commercial Mortgages - Insured or Guaranteed			XXX		0.0000		0.0040		0.0040	
54		Commercial Mortgages - All Other			XXX		0.0000		0.1700		0.1700	
55		Total with Mortgage Loan Characteristics (Sum of Line 39 through Line 54)			XXX		XXX		XXX		XXX	

ASSET VALUATION RESERVE (Continued)

**BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
EQUITY AND OTHER INVESTED ASSET COMPONENT**

Line Number	NAIC Designation	Description	1 Book / Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Columns 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Columns 4x5)	7 Factor	8 Amount (Columns 4x7)	9 Factor	10 Amount (Columns 4x9)
INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF COMMON STOCK												
56		Unaffiliated Public		X X X	X X X		0.0000		(d) 0.1300		(d) 0.1300	
57		Unaffiliated Private		X X X	X X X		0.0000		0.1600		0.1600	
58		Affiliated Life with AVR		X X X	X X X		0.0000		0.0000		0.0000	
59		Affiliated Certain Other (See SVO Purposes and Procedures Manual)		X X X	X X X		0.0000		0.1300		0.1300	
60		Affiliated Other - All Other		X X X	X X X		0.0000		0.1600		0.1600	
61		Total with Common Stock Characteristics (Sum of Line 56 through Line 60)		X X X	X X X		X X X		X X X		X X X	
INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF REAL ESTATE												
62		Home Office Property (General Account Only)					0.0000		0.0750		0.0750	
63		Investment Properties					0.0000		0.0750		0.0750	
64		Properties Acquired in Satisfaction of Debt					0.0000		0.1100		0.1100	
65		Total with Real Estate Characteristics (Sum of Line 62 through Line 64)					X X X		X X X		X X X	
LOW INCOME HOUSING TAX CREDIT INVESTMENTS												
66		Guaranteed Federal Low Income Housing Tax Credit					0.0003		0.0006		0.0010	
67		Non-guaranteed Federal Low Income Housing Tax Credit					0.0063		0.0120		0.0190	
68		State Low Income Housing Tax Credit					0.0273		0.0600		0.0975	
69		All Other Low Income Housing Tax Credit					0.0273		0.0600		0.0975	
70		Total LIHTC					X X X		X X X		X X X	
ALL OTHER INVESTMENTS												
71		Other Invested Assets - Schedule BA		X X X			0.0000		0.1300		0.1300	
72		Other Short-term Invested Assets - Schedule DA		X X X			0.0000		0.1300		0.1300	
73		Total All Other (Sum of Line 71 plus Line 72)		X X X			X X X		X X X		X X X	
74		Total Other Invested Assets - Schedules BA and DA (Sum of Lines 30, 38, 55, 61, 65, 70 and 73)					X X X		X X X		X X X	

(a) Times the company's experience adjustment factor (EAF).
 (b) Column 9 is the greater of 6.4% without any EAF adjustments or a company's EAF adjusted In Good Standing (IGS) factor plus 150 basis points. Columns 5 and 7 are 28% and 62% respectively of Column 9.
 (c) Determined using the same factors and breakdowns used for directly owned mortgage loans.
 (d) Times the company's weighted average portfolio beta (Minimum .10, Maximum .20).
 (e) Determined using same factors and breakdowns used for directly owned real estate.

**ASSET VALUATION RESERVE
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
REPLICATED (SYNTHETIC) ASSETS**

1 RSAT Number	2 Type	3 CUSIP	4 Description of Asset (s)	5 NAIC Designation or Other Description of Asset	6 Value of Asset	7 AVR Basic Contribution	8 AVR Reserve Objective	9 AVR Maximum Reserve
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NONE

SCHEDULE F

Showing all claims for death losses and all other contract claims resisted or compromised during the year ,
and all claims for death losses and all other contract claims resisted December 31 of current year

1 Contract Numbers	2 Claim Numbers	3 State of Residence of Claimant	4 Year of Claim for Death or Disability	5 Amount Claimed	6 Amount Paid During the Year	7 Amount Resisted Dec. 31 of Current Year	8 Why Compromised or Resisted
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NONE

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY
SCHEDULE H - ACCIDENT AND HEALTH EXHIBIT

	Total		Group Accident and Health		Credit Accident and Health (Group and Individual)		Collectively Renewable		Other Individual Contracts								
									Non-Cancelable		Guaranteed Renewable		Non-Renewable for Stated Reasons Only		Other Accident Only		All Other
	1 Amount	2 %	3 Amount	4 %	5 Amount	6 %	7 Amount	8 %	9 Amount	10 %	11 Amount	12 %	13 Amount	14 %	15 Amount	16 %	17 Amount	18 %

PART 1 - ANALYSIS OF UNDERWRITING OPERATIONS

1. Premiums written	65,192,688	XXX	43,981,539	XXX	383,220	XXX		XXX		XXX	20,827,929	XXX		XXX		XXX		XXX
2. Premiums earned	65,192,688	XXX	43,981,539	XXX	383,220	XXX		XXX		XXX	20,827,929	XXX		XXX		XXX		XXX
3. Incurred claims	42,538,480	65.250	34,669,146	78.827	213,789	55.788					7,655,545	36.756						
4. Cost containment expenses																		
5. Incurred claims and cost containment expenses (Line 3 and Line 4)	42,538,480	65.250	34,669,146	78.827	213,789	55.788					7,655,545	36.756						
6. Increase in contract reserves	(571,527)	(0.877)									(571,527)	(2.744)						
7. Commissions (a)	8,701,301	13.347	2,460,485	5.594	(65,463)	(17.082)					6,306,279	30.278						
8. Other general insurance expenses	11,053,455	16.955	4,042,829	9.192	239,747	62.561					6,770,879	32.509						
9. Taxes, licenses and fees	479,046	0.735	284,101	0.646	5,269	1.375					189,676	0.911						
10. Total other expenses incurred	20,233,802	31.037	6,787,415	15.432	179,553	46.854					13,266,834	63.697						
11. Aggregate write-ins for deductions	1,311,341	2.011	750,748	1.707	11,165	2.913					549,428	2.638						
12. Gain from underwriting before dividends or refunds	1,680,592	2.578	1,774,230	4.034	(21,287)	(5.555)					(72,351)	(0.347)						
13. Dividends or refunds																		
14. Gain from underwriting after dividends or refunds	1,680,592	2.578	1,774,230	4.034	(21,287)	(5.555)					(72,351)	(0.347)						
DETAILS OF WRITE-INS																		
1101. Special Service Fees	73,003	0.112	18,981	0.043	1,460	0.381					52,562	0.252						
1102. Special Agreement	1,054,351	1.617	683,931	1.555	6,025	1.572					364,395	1.750						
1103. Miscellaneous Fees	183,987	0.282	47,836	0.109	3,680	0.960					132,471	0.636						
1198. Summary of remaining write-ins for Line 11 from overflow page																		
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)	1,311,341	2.011	750,748	1.707	11,165	2.913					549,428	2.638						

(a) Includes \$ reported as "Contract, membership and other fees retained by agents."

SCHEDULE H - ACCIDENT AND HEALTH EXHIBIT (continued)

	1	2	3	4	Other Individual Contracts				
					5	6	7	8	9
	Total	Group Accident and Health	Credit Accident and Health (Group and Individual)	Collectively Renewable	Non-Cancelable	Guaranteed Renewable	Non-Renewable for Stated Reasons Only	Other Accident Only	All Other

PART 2 - RESERVES AND LIABILITIES

A. Premium Reserves:									
1. Unearned premiums	708,894	280,691	428,203						
2. Advance premiums									
3. Reserve for rate credits									
4. Total premium reserves, current year	708,894	280,691	428,203						
5. Total premium reserves, prior year	1,000,863	281,225	719,638						
6. Increase in total premium reserves	(291,969)	(534)	(291,435)						
B. Contract Reserves:									
1. Additional reserves (a)	7,774,163					7,774,163			
2. Reserve for future contingent benefits									
3. Total contract reserves, current year	7,774,163					7,774,163			
4. Total contract reserves, prior year	8,345,690					8,345,690			
5. Increase in contract reserves	(571,527)					(571,527)			
C. Claim Reserves and Liabilities:									
1. Total current year	14,670,822	11,943,023	371,356			2,356,443			
2. Total prior year	12,778,821	8,156,044	832,771			3,790,006			
3. Increase	1,892,001	3,786,979	(461,415)			(1,433,563)			

PART 3 - TEST OF PRIOR YEAR'S CLAIM RESERVES AND LIABILITIES

1. Claims paid during the year:									
1.1 On claims incurred prior to current year	27,826,928	23,546,073	289,050			3,991,805			
1.2 On claims incurred during current year	12,819,551	7,336,094	386,154			5,097,303			
2. Claim reserves and liabilities, December 31, current year:									
2.1 On claims incurred prior to current year	2,867,830	2,650,001	62,205			155,624			
2.2 On claims incurred during current year	11,802,991	9,293,021	309,151			2,200,819			
3. Test:									
3.1 Line 1.1 plus Line 2.1	30,694,758	26,196,074	351,255			4,147,429			
3.2 Claim reserves and liabilities, December 31, prior year	12,778,821	8,156,044	832,771			3,790,006			
3.3 Line 3.1 minus Line 3.2	17,915,937	18,040,030	(481,516)			357,423			

PART 4 - REINSURANCE

A. Reinsurance Assumed:									
1. Premiums written	7,386,612	7,386,612							
2. Premiums earned	7,386,612	7,386,612							
3. Incurred claims	6,193,245	6,193,245							
4. Commissions	1,719,088	1,719,088							
B. Reinsurance Ceded:									
1. Premiums written	1,524,481	771,599				752,882			
2. Premiums earned	1,524,481	771,599				752,882			
3. Incurred claims	2,944,779	2,223,773				721,006			
4. Commissions									

(a) Includes \$ premium deficiency reserve.

SCHEDULE H - PART 5 - HEALTH CLAIMS

	1	2	3	4
	Medical	Dental	Other	Total
A. Direct:				
1. Incurred claims			37,510,386	37,510,386
2. Beginning claim reserves and liabilities			9,573,042	9,573,042
3. Ending claim reserves and liabilities			11,371,425	11,371,425
4. Claims paid			35,712,003	35,712,003
B. Assumed Reinsurance:				
5. Incurred claims			6,193,245	6,193,245
6. Beginning claim reserves and liabilities			1,723,928	1,723,928
7. Ending claim reserves and liabilities			2,982,697	2,982,697
8. Claims paid			4,934,476	4,934,476
C. Ceded Reinsurance:				
9. Incurred claims			2,944,779	2,944,779
10. Beginning claim reserves and liabilities			1,723,928	1,723,928
11. Ending claim reserves and liabilities			4,668,707	4,668,707
12. Claims paid				
D. Net:				
13. Incurred claims			40,758,852	40,758,852
14. Beginning claim reserves and liabilities			9,573,042	9,573,042
15. Ending claim reserves and liabilities			9,685,415	9,685,415
16. Claims paid			40,646,479	40,646,479
E. Net Incurred Claims and Cost Containment Expenses:				
17. Incurred claims and cost containment expenses			42,538,480	42,538,480
18. Beginning reserves and liabilities			9,573,042	9,573,042
19. Ending reserves and liabilities			9,685,415	9,685,415
20. Paid claims and cost containment expenses			42,426,107	42,426,107

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE S - PART 1 - SECTION 1

Reinsurance Assumed Life Insurance, Annuities, Deposit Funds and Other Liabilities
Without Life or Disability Contingencies, and Related Benefits Listed by Reinsured Company as of December 31, Current Year

1	2	3	4	5	6	7	8	9	10	11	12
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsured	Location	Type of Reinsurance Assumed	Amount In Force at End of Year	Reserve	Premiums	Reinsurance Payable on Paid and Unpaid Losses	Modified Coinsurance Reserve	Funds Withheld Under Coinsurance
General Account, Non-Affiliates											
		01/01/2007	IRM LATIN AMERICA & CARIBBEAN GL&PA POOL	MIAMI, FLORIDA	YRT/G			112,804	84,815		88,247
		01/01/2008	RB NLIC LATIN AMER & CARIBE GL&PA POOL	CORAL GABLES, FL	YRT/G			775,408	287,852		287,852
		01/01/2009	RB NLIC LATIN AMER & CARIBE GL&PA POOL	CORAL GABLES, FL	YRT/G			3,707,963	1,463,953		1,463,953
		01/01/2009	RB OPT LATIN AMER & CARIBE GL&PA POOL	CORAL GABLES, FL	YRT/G			234,827	85,327		85,327
0299999			General Account, Non-Affiliates					4,831,002	1,921,947		1,925,379
0399999			Total General Account					4,831,002	1,921,947		1,925,379
0799999			GRAND TOTAL					4,831,002	1,921,947		1,925,379

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE S - PART 1 - SECTION 2

Reinsurance Assumed Accident and Health Insurance Listed by Reinsured Company as of December 31, Current Year

1	2	3	4	5	6	7	8	9	10	11	12
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsured	Location	Type of Reinsurance Assumed	Premiums	Unearned Premiums	Reserve Liability Other Than for Unearned Premiums	Reinsurance Payable on Paid and Unpaid Losses	Modified Coinsurance Reserve	Funds Withheld Under Coinsurance
Non-Affiliates											
		01/01/2007	IRM LATIN AMER HEALTH REINSURANCE POOL	MIAMI, FL	COFW/G	578,070			214,597		227,074
		01/01/2008	RB NLIC LATIN AMER HEALTH REINSUR POOL	CORAL GABLES, FL	COFW/G	4,022,513			331,759		331,759
		01/01/2009	RB NLIC LATIN AMER HEALTH REINSUR POOL	CORAL GABLES, FL	COFW/G	1,566,458			84,587		84,587
		01/01/2009	RB OPT LATIN AMER HEALTH REINSUR POOL	CORAL GABLES, FL	COFW/G	1,219,572			279,647		279,646
0299999 - Totals - Non-Affiliates						7,386,613			910,590		923,066
0399999 - TOTALS						7,386,613			910,590		923,066

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE S - PART 2

Reinsurance Recoverable on Paid and Unpaid Losses Listed by Reinsuring Company as of December 31, Current Year

1	2	3	4	5	6	7
NAIC Company Code	Federal ID Number	Effective Date	Name of Company	Location	Paid Losses	Unpaid Losses
Life and Annuity, Non-affiliates						
90670	43-1178580	01/01/1999	Employers Re	Kansas City, Missouri	350,000	
66346	58-0828824	01/01/1989	Munich Re	Munich, Germany	986,812	
67019	S1-088	01/01/2007	Swiss Re	Armonk New York	268,349	60,000
			Redbridge	Miami, Florida	75,000	
88340	59-2859797		Hannover Life Re.	Orlando, Florida		52,500
86258	13-2572994		General Cologne Re.	Mexico City, Mexico		37,500
0299999 - TOTAL - Life and Annuity, Non-affiliates					1,680,161	150,000
0399999 - TOTAL - Life and Annuity					1,680,161	150,000
Accident and Health, Non-affiliates						
86258	13-2572994	01/01/2007	General Cologne Re	Mexico City, Mexico	26,035	
76694	23-2044256	01/01/1998	London Life Reinsurance Company	Blue Bell, Pennsylvania	1,584,618	
66346	58-0828824	01/01/1989	Munich Re	Munich, Germany	400,000	
			Redbridge	Miami, Florida	207,760	
0599999 - TOTAL - Accident and Health, Non-affiliates					2,218,413	
0699999 - TOTAL - Accident and Health					2,218,413	
0799999 - GRAND TOTAL - Life, Annuity and Accident and Health					3,898,574	150,000

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE S - PART 3 - SECTION 1

Reinsurance Ceded Life Insurance, Annuities, Deposit Funds and Other Liabilities
Without Life or Disability Contingencies, and Related Benefits Listed by Reinsuring Company as of December 31, Current Year

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Company	5 Location	6 Type of Reinsurance Ceded	7 Amount in Force at End of Year	Reserve Credit Taken		10 Premiums	Outstanding Surplus Relief		13 Modified Coinsurance Reserve	14 Funds Withheld Under Coinsurance
							8 Current Year	9 Prior Year		11 Current Year	12 Prior Year		
Authorized General Account, Non-Affiliates													
85009	AA-1460146	01/01/2007	Swiss Re	Armonk, New York	YRT/L	699,829,265			677,064				
86258	13-2572994	01/01/2007	General Cologne Re	Mexico City, Mexico	YRT/L	423,810,999			303,537				
86258	13-2572994	01/01/1983	General Cologne Re	Mexico City, Mexico	YRT/G	210,440,494			92,500				
66346	58-0828824	01/01/1980	Munich Re	Munich, Germany	YRT/L	81,877,177			291,906				
88340	59-2859797	01/01/2007	Hannover Life Re	Orland, Florida	YRT/L	517,416,929			338,858				
66827	AA-1560001	01/01/2008	Optimum Re	Miami, Florida	YRT/G	210,440,494			138,267				
0299999 - Authorized General Account, Non-Affiliates						2,143,815,358			1,842,133				
0399999 - Total Authorized General Account						2,143,815,358			1,842,133				
0799999 - Total Authorized and Unauthorized General Account						2,143,815,358			1,842,133				
1599999 - TOTALS						2,143,815,358			1,842,133				

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE S - PART 3 - SECTION 2

Reinsurance Ceded Accident and Health Insurance Listed by Reinsuring Company as of December 31, Current Year

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Company	5 Location	6 Type	7 Premiums	8 Unearned Premiums (Estimated)	9 Reserve Credit Taken Other than for Unearned Premiums	Outstanding Surplus Relief		12 Modified Coinsurance Reserve	13 Funds Withheld Under Coinsurance
									10 Current Year	11 Prior Year		
Authorized General Account, Non-Affiliates												
76694	23-2044256	11/01/1998	London Life Reinsurance Company	Blue Bell Pennsylvania	CO/G	274,578		12,950,619				
76694	23-2044256	11/01/1998	London Life Reinsurance Company	Blue Bell Pennsylvania	CO/I	105,132						
66827	AA-1560001	01/01/2009	Optimum Re	Miami Florida	YRT/G	452,357						
66827	AA-1560001	01/01/2009	Optimum Re	Miami Florida	YRT/I	124,338						
68381	36-0883760	11/01/1998	Reliance Standard Life Insurance Company	South Portland, ME	CO/G	319,009						
85009	A-1460146	01/01/2007	Swiss Re	Armonk, New York	YRT/I	249,067		2,063,085				
0299999 - Authorized General Account, Non-Affiliates						1,524,481		15,013,704				
0399999 - Total Authorized General Account						1,524,481		15,013,704				
0799999 - Total Authorized and Unauthorized General Account						1,524,481		15,013,704				
1599999 - TOTALS						1,524,481		15,013,704				

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE S - PART 4

Reinsurance Ceded To Unauthorized Companies

1	2	3	4	5	6	7	8	9	10	11	12	13	14
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsurer	Reserve Credit Taken	Paid and Unpaid Losses Recoverable (Debit)	Other Debits	Total (Columns 5 plus 6 plus 7)	Letters of Credit	Trust Agreements	Funds Deposited by and Withheld from Reinsurers	Other	Miscellaneous Balances (Credit)	Sum of Columns 9 plus 10 plus 11 plus 12 plus 13 But Not in Excess of Column 8

NONE

SCHEDULE S - PART 5

Five-Year Exhibit of Reinsurance Ceded Business

(000 Omitted)

	1	2	3	4	5
	2009	2008	2007	2006	2005
A. OPERATIONS ITEMS					
1. Premiums and annuity considerations for life and accident and health contracts	3,367	3,433	3,883	6,220	6,698
2. Commissions and reinsurance expense allowances		287	2	219	
3. Contract claims	3,867	3,656	5,309	3,317	5,760
4. Surrender benefits and withdrawals for life contracts					
5. Dividends to policyholders					
6. Reserve adjustments on reinsurance ceded					
7. Increase in aggregate reserves for life and accident and health contracts					
B. BALANCE SHEET ITEMS					
8. Premiums and annuity considerations for life and accident and health contracts deferred and uncollected					
9. Aggregate reserves for life and accident and health contracts	16,248	21,769	18,284	21,007	
10. Liability for deposit-type contracts					
11. Contract claims unpaid	801	685	344	350	
12. Amounts recoverable on reinsurance	4,049	4,168	5,682	4,702	4,093
13. Experience rating refunds due or unpaid					
14. Policyholders' dividends (not included in Line 10)					
15. Commissions and reinsurance expense allowances unpaid					
16. Unauthorized reinsurance offset					
C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)					
17. Funds deposited by and withheld from (F)					
18. Letters of credit (L)					
19. Trust agreements (T)					
20. Other (O)					

SCHEDULE S - PART 6

Restatement of Balance Sheet to Identify Net Credit for Ceded Reinsurance

	1 As Reported (net of ceded)	2 Restatement Adjustments	3 Restated (gross of ceded)
ASSETS (Page 2, Column 3)			
1. Cash and invested assets (Line 10)	120,575,150		120,575,150
2. Reinsurance (Line 14)	4,048,573		4,048,573
3. Premiums and considerations (Line 13)	13,233,664		13,233,664
4. Net credit for ceded reinsurance	X X X		
5. All other admitted assets (balance)	7,451,083		7,451,083
6. Total assets excluding Separate Accounts (Line 24)	145,308,470		145,308,470
7. Separate Account assets (Line 25)			
8. Total assets (Line 26)	145,308,470		145,308,470
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
9. Contract reserves (Line 1 and Line 2)	99,414,527		99,414,527
10. Liability for deposit-type contracts (Line 3)			
11. Claim reserves (Line 4)	16,750,487		16,750,487
12. Policyholder dividends/reserves (Line 5 through Line 7)			
13. Premium and annuity considerations received in advance (Line 8)			
14. Other contract liabilities (Line 9)	864,583		864,583
15. Reinsurance in unauthorized companies (Line 24.2)			
16. Funds held under reinsurance with unauthorized reinsurers (Line 24.3)			
17. All other liabilities (balance)	8,042,689		8,042,689
18. Total liabilities excluding Separate Accounts (Line 26)	125,072,286		125,072,286
19. Separate Account liabilities (Line 27)			
20. Total liabilities (Line 28)	125,072,286		125,072,286
21. Capital and surplus (Line 38)	20,236,184	X X X	20,236,184
22. Total liabilities, capital and surplus (Line 39)	145,308,470		145,308,470
NET CREDIT FOR CEDED REINSURANCE			
23. Contract reserves			
24. Claim reserves			
25. Policyholder dividends/reserves			
26. Premium and annuity considerations received in advance			
27. Liability for deposit-type contracts			
28. Other contract liabilities			
29. Reinsurance ceded assets			
30. Other ceded reinsurance recoverables			
31. Total ceded reinsurance recoverables			
32. Premiums and considerations			
33. Reinsurance in unauthorized companies			
34. Funds held under reinsurance treaties with unauthorized reinsurers			
35. Other ceded reinsurance payables/offsets			
36. Total ceded reinsurance payable/offsets			
37. Total net credit for ceded reinsurance			

SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1		Direct Business Only				
	Active Status	Life Contracts		4 Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	5 Other Considerations	6 Total Columns 2 through 5	7 Deposit-Type Contracts
		2 Life Insurance Premiums	3 Annuity Considerations				
1. Alabama	AL	N					
2. Alaska	AK	N					
3. Arizona	AZ	N					
4. Arkansas	AR	N					
5. California	CA	N					
6. Colorado	CO	N					
7. Connecticut	CT	N					
8. Delaware	DE	N					
9. District of Columbia	DC	N					
10. Florida	FL	N	399,797		3,804	403,601	
11. Georgia	GA	N					
12. Hawaii	HI	N					
13. Idaho	ID	N					
14. Illinois	IL	N					
15. Indiana	IN	N					
16. Iowa	IA	N					
17. Kansas	KS	N					
18. Kentucky	KY	N					
19. Louisiana	LA	N					
20. Maine	ME	N					
21. Maryland	MD	N					
22. Massachusetts	MA	N					
23. Michigan	MI	N					
24. Minnesota	MN	N					
25. Mississippi	MS	N					
26. Missouri	MO	N					
27. Montana	MT	N					
28. Nebraska	NE	N					
29. Nevada	NV	N					
30. New Hampshire	NH	N					
31. New Jersey	NJ	N					
32. New Mexico	NM	N					
33. New York	NY	N					
34. North Carolina	NC	N					
35. North Dakota	ND	N					
36. Ohio	OH	N					
37. Oklahoma	OK	N					
38. Oregon	OR	N					
39. Pennsylvania	PA	N					
40. Rhode Island	RI	N					
41. South Carolina	SC	N					
42. South Dakota	SD	N					
43. Tennessee	TN	N					
44. Texas	TX	N					
45. Utah	UT	N					
46. Vermont	VT	N					
47. Virginia	VA	N					
48. Washington	WA	N					
49. West Virginia	WV	N					
50. Wisconsin	WI	N					
51. Wyoming	WY	N					
52. American Samoa	AS	N					
53. Guam	GU	N					
54. Puerto Rico	PR	N	24,093,198	966,797	48,609,799	73,669,794	
55. U.S. Virgin Islands	VI	N					
56. Northern Mariana Islands	MP	N					
57. Canada	CN	N					
58. Aggregate Other Alien	OT	X X X					
59. Subtotal	(a)	X X X	24,492,995	966,797	48,613,603	74,073,395	
90. Reporting entity contributions for employee benefit plans		X X X					
91. Dividends or refunds applied to purchase paid-up additions and annuities		X X X					
92. Dividends of refunds applied to shorten endowment or premium paying period		X X X					
93. Premium or annuity considerations waived under disability or other contract provisions		X X X					
94. Aggregate other amounts not allocable by State		X X X					
95. Totals (Direct Business)		X X X	24,492,995	966,797	48,613,603	74,073,395	
96. Plus Reinsurance Assumed		X X X					
97. Totals (All Business)		X X X	24,492,995	966,797	48,613,603	74,073,395	
98. Less Reinsurance Ceded		X X X					
99. Totals (All Business) less Reinsurance Ceded		X X X	24,492,995	966,797	(b) 48,613,603	74,073,395	
DETAILS OF WRITE-INS							
5801.		X X X					
5802.		X X X					
5803.		X X X					
5898. Summary of remaining write-ins for Line 58 from overflow page		X X X					
5899. Total (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)		X X X					
9401.		X X X					
9402.		X X X					
9403.		X X X					
9498. Summary of remaining write-ins for Line 94 from overflow page		X X X					
9499. Total (Line 9401 through Line 9403 plus Line 9498) (Line 94 above)		X X X					

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

(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;

SCHEDULE T - PART 2

INTERSTATE COMPACT - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	Direct Business Only					
	1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	6 Totals
1. Alabama	AL					
2. Alaska	AK					
3. Arizona	AZ					
4. Arkansas	AR					
5. California	CA					
6. Colorado	CO					
7. Connecticut	CT					
8. Delaware	DE					
9. District of Columbia	DC					
10. Florida	FL	399,797				399,797
11. Georgia	GA					
12. Hawaii	HI					
13. Idaho	ID					
14. Illinois	IL					
15. Indiana	IN					
16. Iowa	IA					
17. Kansas	KS					
18. Kentucky	KY					
19. Louisiana	LA					
20. Maine	ME					
21. Maryland	MD					
22. Massachusetts	MA					
23. Michigan	MI					
24. Minnesota	MN					
25. Mississippi	MS					
26. Missouri	MO					
27. Montana	MT					
28. Nebraska	NE					
29. Nevada	NV					
30. New Hampshire	NH					
31. New Jersey	NJ					
32. New Mexico	NM					
33. New York	NY					
34. North Carolina	NC					
35. North Dakota	ND					
36. Ohio	OH					
37. Oklahoma	OK					
38. Oregon	OR					
39. Pennsylvania	PA					
40. Rhode Island	RI					
41. South Carolina	SC					
42. South Dakota	SD					
43. Tennessee	TN					
44. Texas	TX					
45. Utah	UT					
46. Vermont	VT					
47. Virginia	VA					
48. Washington	WA					
49. West Virginia	WV					
50. Wisconsin	WI					
51. Wyoming	WY					
52. American Samoa	AS					
53. Guam	GU					
54. Puerto Rico	PR	24,093,198	966,797			25,059,995
55. U. S. Virgin Islands	VI					
56. Northern Mariana Islands	MP					
57. Canada	CN					
58. Aggregate Other Alien	OT					
59. Totals		24,492,995	966,797			25,459,792

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

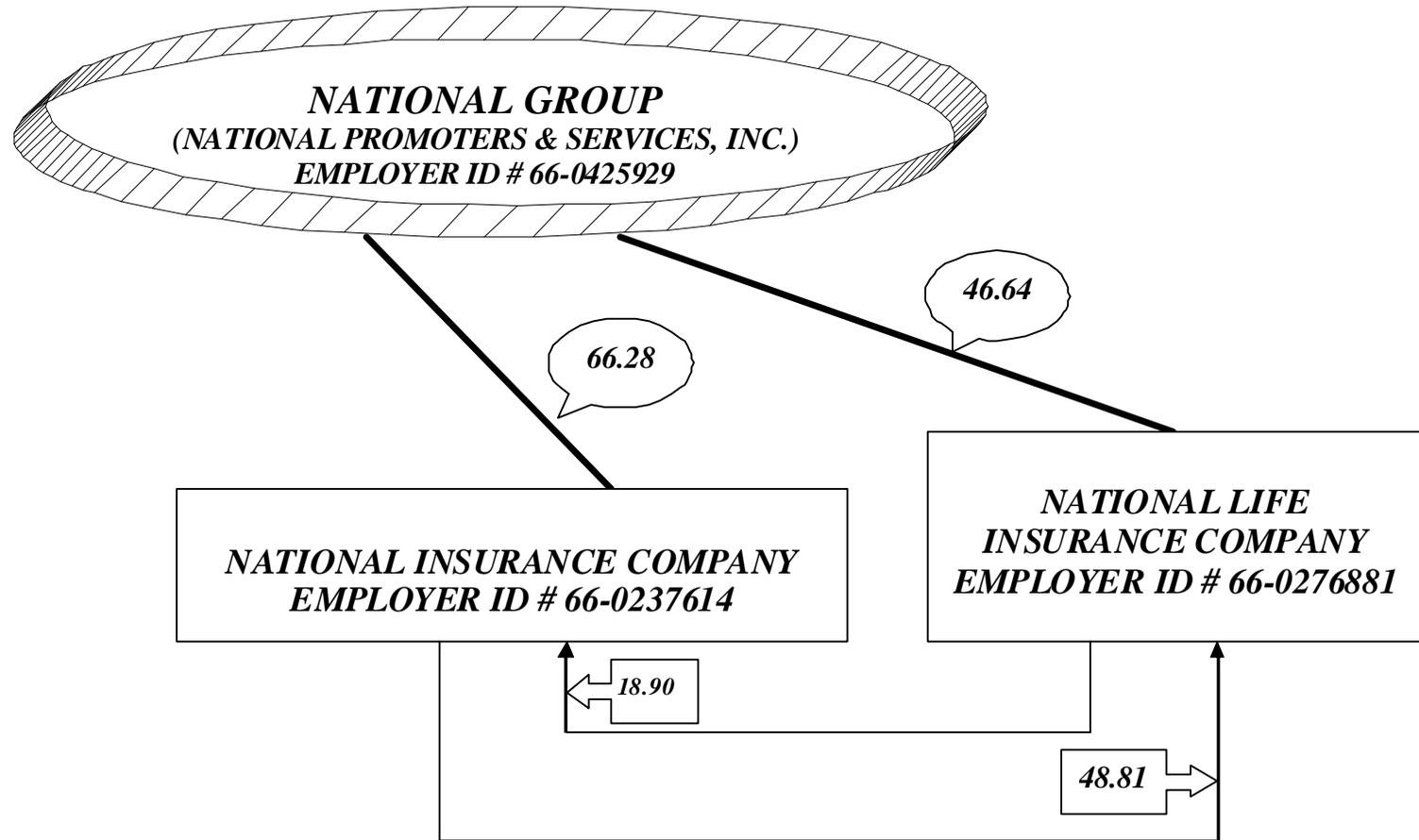
All insurer members of a Holding Company Group that has acquired and/or disposed of any domestic insurer (s) since filing the last annual or quarterly statement shall prepare a common schedule for inclusion in each of the individual quarterly statements

PART 1 - ORGANIZATIONAL LISTING

Electronic Filing Only

1 NAIC Group Code	2 Group Name	3 NAIC Company Code	4 State of Domicile	5 FEI Number	6 Name of Company
343	NATIONAL GROUP	12076	PR	66-0237614	NATIONAL INSURANCE COMPANY

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y

PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1 NAIC Company Code	2 Federal ID Number	3 Names of Insurers and Parent, Subsidiaries or Affiliates	4 Shareholder Dividends	5 Capital Contributions	6 Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	7 Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	8 Management Agreements and Service Contracts	9 Income/ (Disbursements) Incurred Under Reinsurance Agreements	10 *	11 Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	12 Totals	13 Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
----------------------------------	----------------------------------	--	-----------------------------------	-----------------------------------	--	--	---	---	-------------	---	------------------	---

NONE

If the nature of the transactions reported in Part 2 requires explanation, report such in the following explanatory note:

.....

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING	Responses
1. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 460:	
2. Will the confidential Risk-based Capital Report be filed with the NAIC by March 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 390:	
3. Will the confidential Risk-based Capital Report be filed with the state of domicile, if required, by March 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 390:	
4. Will an actuarial opinion be filed by March 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 440:	
APRIL FILING	
5. Will Management's Discussion and Analysis be filed by April 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 350:	
6. Will the Life, Health and Annuity Guaranty Association Model Act Assessment Base Reconciliation Exhibit be filed with the state of domicile and the NAIC by April 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 290:	
7. Will the Adjustment Form (if required) be filed with the state of domicile and the NAIC by April 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 300:	
8. Will the Supplemental Investment Risks Interrogatories be filed by April 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 285:	

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY
SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

JUNE FILING

9. Will an audited financial report be filed by June 1? YES

EXPLANATION:

BARCODE:
 Document Identifier 220:

10. Will Accountant's Letter of Qualifications be filed with the state of domicile and electronically with the NAIC by June 1?? YES

EXPLANATION:

BARCODE:
 Document Identifier 221:

The following supplemental reports are required to be filed as part of your annual statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING

11. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1? NO

EXPLANATION:

BARCODE:
 Document Identifier 420: 7 2 0 8 7 2 0 0 9 4 2 0 0 0 0 0 0


12. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1? NO

EXPLANATION:

BARCODE:
 Document Identifier 360: 7 2 0 8 7 2 0 0 9 3 6 0 0 0 0 0 0


13. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC by March 1? NO

EXPLANATION:

BARCODE:
 Document Identifier 490: 7 2 0 8 7 2 0 0 9 4 9 0 0 0 0 0 0


14. Will the actuarial opinion on participating and non-participating policies as required in Interrogatories 1 and 2 to Exhibit 5 be filed by March 1? NO

EXPLANATION:

BARCODE:
 Document Identifier 371: 7 2 0 8 7 2 0 0 9 3 7 1 0 0 0 0 0


15. Will the actuarial opinion on non-guaranteed elements as required in Interrogatory 3 to Exhibit 5 be filed by March 1? NO

EXPLANATION:

BARCODE:
 Document Identifier 370: 7 2 0 8 7 2 0 0 9 3 7 0 0 0 0 0 0


16. Will the actuarial opinion on X-Factors be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:

BARCODE:
 Document Identifier 442: 7 2 0 8 7 2 0 0 9 4 4 2 0 0 0 0 0


17. Will the actuarial opinion on Separate Accounts Funding Guaranteed Minimum Benefit be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:

BARCODE:
 Document Identifier 443: 7 2 0 8 7 2 0 0 9 4 4 3 0 0 0 0 0


SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your annual statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING (cont.)

18. Will the actuarial opinion on Synthetic Guaranteed Investment Contracts be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:
.....

BARCODE: 7 2 0 8 7 2 0 0 9 4 4 4 0 0 0 0 0

 Document Identifier 444:

19. Will the Reasonableness of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:
.....

BARCODE: 7 2 0 8 7 2 0 0 9 4 4 5 0 0 0 0 0

 Document Identifier 445:

20. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:
.....

BARCODE: 7 2 0 8 7 2 0 0 9 4 4 6 0 0 0 0 0

 Document Identifier 446:

21. Will the Reasonableness of Assumptions Certification for Implied Guaranteed Rate Method required by Actuarial Guideline XXXVI be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:
.....

BARCODE: 7 2 0 8 7 2 0 0 9 4 4 7 0 0 0 0 0

 Document Identifier 447:

22. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Average Market Value) be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:
.....

BARCODE: 7 2 0 8 7 2 0 0 9 4 4 8 0 0 0 0 0

 Document Identifier 448:

23. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Market Value) be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:
.....

BARCODE: 7 2 0 8 7 2 0 0 9 4 4 9 0 0 0 0 0

 Document Identifier 449:

24. Will the C-3 RBC Certifications required under C-3 Phase I be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:
.....

BARCODE: 7 2 0 8 7 2 0 0 9 4 5 0 0 0 0 0 0

 Document Identifier 450:

25. Will the C-3 RBC Certifications required under C-3 Phase II be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:
.....

BARCODE: 7 2 0 8 7 2 0 0 9 4 5 1 0 0 0 0 0

 Document Identifier 451:

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your annual statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING (cont.)

26. Will the Actuarial Certifications Related to Annuity Nonforfeiture Ongoing Compliance for Equity Indexed Annuities be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:

BARCODE:

Document Identifier 452:



27. Will the Workers' Compensation Carve-Out Supplement be filed by March 1? NO

EXPLANATION:

BARCODE:

Document Identifier 495:



28. Will Supplemental Schedule O be filed with the state of domicile and the NAIC by March 1? YES

EXPLANATION:

BARCODE:

Document Identifier 465:

29. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1? NO

EXPLANATION:

BARCODE:

Document Identifier 365:



APRIL FILING

30. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1? NO

EXPLANATION:

BARCODE:

Document Identifier 306:



31. Will the Interest-Sensitive Life Insurance Products Report Forms be filed with the state of domicile and the NAIC by April 1? YES

EXPLANATION:

BARCODE:

Document Identifier 280:

32. Will the Credit Insurance Experience Exhibit be filed with the state of domicile and the NAIC by April 1? NO

EXPLANATION:

BARCODE:

Document Identifier 230:



33. Will the Accident and Health Policy Experience Exhibit be filed by April 1? NO

EXPLANATION:

BARCODE:

Document Identifier 210:



OVERFLOW PAGE FOR WRITE-INS

OVERFLOW WRITE-INS FOR Page 2, Assets

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Column 1 minus Column 2)	4 Net Admitted Assets
AGGREGATED AT Line 23, Other than Invested Assets				
2304. OTHER ASSETS NON ADMITTED	87,361	87,361		
2398. Line 23, Other than Invested Assets	87,361	87,361		

OVERFLOW WRITE-INS FOR Page 18, 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)
AGGREGATED AT Line 23, Other than Invested Assets			
2304. OTHER ASSETS NON ADMITTED	87,361	95,045	7,684
2398. Line 23, Other than Invested Assets	87,361	95,045	7,684

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	1,099,101	0.911	1,099,101	0.911
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies	16,171,788	13.406	16,171,788	13.406
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)	1,056,833	0.876	1,056,833	0.876
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	1,561,669	1.295	1,561,669	1.295
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	4,659,924	3.863	4,659,924	3.863
1.43 Revenue and assessment obligations	16,038,758	13.296	16,038,758	13.296
1.44 Industrial development and similar obligations	1,706,292	1.415	1,706,292	1.415
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	5,436,475	4.507	5,436,475	4.507
1.512 Issued or guaranteed by FNMA and FHLMC	14,233,591	11.800	14,233,591	11.800
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	3,229,008	2.677	3,229,008	2.677
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	473,702	0.393	473,702	0.393
1.523 All other	2,901,115	2.405	2,901,115	2.405
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	24,669,207	20.451	24,669,207	20.451
2.2 Unaffiliated non-U.S. securities (including Canada)	3,454,467	2.864	3,454,467	2.864
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated	258,804	0.215	258,804	0.215
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated	211,449	0.175	211,449	0.175
3.4 Other equity securities:				
3.41 Affiliated	5,879,113	4.874	5,879,113	4.874
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties	6,769	0.006	6,768	0.006
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company	11,229,473	9.309	11,229,473	9.309
5.2 Property held for production of income (including \$ of property acquired in satisfaction of debt)	497,250	0.412	497,250	0.412
5.3 Property held for sale (including \$ property acquired in satisfaction of debt)				
6. Contract loans	3,373,056	2.796	3,373,056	2.796
7. Receivables for securities	2,865	0.002	2,865	0.002
8. Cash, cash equivalents and short-term investments	2,476,078	2.053	2,476,078	2.053
9. Other invested assets				
10. Total invested assets	120,626,786	100.000	120,626,786	100.000

SCHEDULE A - VERIFICATION BETWEEN YEARS
Real Estate

1. Book/adjusted carrying value, December 31 of prior year		11,804,284
2. Cost of acquired:		
2.1 Actual cost at time of acquisition (Part 2, Column 6)		
2.2 Additional investment made after acquisition (Part 2, Column 9)	25,068	25,068
3. Current year change in encumbrances:		
3.1 Totals, Part 1, Column 13		
3.2 Totals, Part 3, Column 11		
4. Total gain (loss) on disposals, Part 3, Column 18		
5. Deduct amounts received on disposals, Part 3, Column 15		
6. Total foreign exchange change in book/adjusted carrying value:		
6.1 Totals, Part 1, Column 15		
6.2 Totals, Part 3, Column 13		
7. Deduct current year's other than temporary impairment recognized:		
7.1 Totals, Part 1, Column 12		
7.2 Totals, Part 3, Column 10		
8. Deduct current year's depreciation:		
8.1 Totals, Part 1, Column 11	102,629	
8.2 Totals, Part 3, Column 9		102,629
9. Book/adjusted carrying value at the end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 minus Line 5 plus Line 6 minus Line 7 minus Line 8)		11,726,723
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)		11,726,723

SCHEDULE B - VERIFICATION BETWEEN YEARS
Mortgage Loans

1. Book value/recorded investment excluding accrued interest, December 31 of prior year		230,283
2. Cost of acquired:		
2.1 Actual cost at time of acquisition (Part 2, Column 7)		
2.2 Additional investment made after acquisition (Part 2, Column 8)		
3. Capitalized deferred interest and other:		
3.1 Totals, Part 1, Column 12		
3.2 Totals, Part 3, Column 11		
4. Accrual of discount		
5. Unrealized valuation increase (decrease):		
5.1 Totals, Part 1, Column 9		
5.2 Totals, Part 3, Column 8		
6. Total gain (loss) on disposals, Part 3, Column 18		
7. Deduct amounts received on disposals, Part 3, Column 15		198,070
8. Deduct amortization of premium and mortgage interest points and commitment fees		25,344
9. Total foreign exchange change in book value/recorded investment excluding accrued interest:		
9.1 Totals, Part 1, Column 13		
9.2 Totals, Part 3, Column 13		
10. Deduct current year's other than temporary impairment recognized:		
10.1 Totals, Part 1, Column 11		
10.2 Totals, Part 3, Column 10		
11. Book value/recorded investment excluding accrued interest at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10)		6,869
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		6,869
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		6,869

SCHEDULE BA - VERIFICATION BETWEEN YEARS
Other Long-Term Invested Assets

1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition (Part 2, Column 8)		
2.2 Additional investment made after acquisition (Part 2, Column 9)		
3. Capitalized deferred interest and other		
3.1 Totals, Part 1, Column 16		
3.2 Totals, Part 3, Column 12		
4. Accrual of discount		
5. Unrealized valuation increase (decrease):		
5.1 Totals, Part 1, Column 13	NONE	
5.2 Totals, Part 3, Column 9		
6. Total gain (loss) on disposals, Part 3, Column 19 ..		
7. Deduct amounts received on disposals, Part 3, Col		
• 8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value:		
9.1 Totals, Part 1, Column 17		
9.2 Totals, Part 3, Column 14		
10. Deduct current year's other than temporary impairment recognized:		
10.1 Totals, Part 1, Column 15		
10.2 Totals, Part 3, Column 11		
11. Book/adjusted carrying value at the end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

SCHEDULE D - VERIFICATION BETWEEN YEARS
Bonds and Stocks

1. Book/adjusted carrying value, December 31 of prior year		107,266,851
2. Cost of bonds and stocks acquired, Part 3, Column 7		19,376,278
3. Accrual of discount		394,964
4. Unrealized valuation increase (decrease):		
4.1 Part 1, Column 12		
4.2 Part 2, Section 1, Column 15		
4.3 Part 2, Section 2, Column 13	(1,493,499)	
4.4 Part 4, Column 11		(1,493,499)
5. Total gain (loss) on disposals, Part 4, Column 19		309,830
6. Deduction consideration for bonds and stocks disposed of, Part 4, Column 7		22,563,042
7. Deduct amortization of premium		233,527
8. Total foreign exchange change in book/adjusted carrying value:		
8.1 Part 1, Column 15		
8.2 Part 2, Section 1, Column 19		
8.3 Part 2, Section 2, Column 16		
8.4 Part 4, Column 15		
9. Deduct current year's other than temporary impairment recognized:		
9.1 Part 1, Column 14		
9.2 Part 2, Section 1, Column 17	21,290	
9.3 Part 2, Section 2, Column 14		
9.4 Part 4, Column 13		21,290
10. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 minus Line 6 minus Line 7 plus Line 8 minus Line 9)		103,036,565
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)		103,036,565

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	22,707,365	24,178,883	21,880,403	22,803,850
	2. Canada				
	3. Other Countries	1,056,833	1,094,900	1,067,140	1,000,000
	4. Totals	23,764,198	25,273,783	22,947,543	23,803,850
U. S. States, Territories and Possessions (Direct and guaranteed)	5. Totals	1,561,669	1,573,617	1,575,779	1,545,000
U. S. Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	6. Totals	4,659,924	5,082,089	4,659,130	4,750,000
U. S. Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	7. Totals	35,207,649	35,894,232	34,522,094	35,760,155
Industrial and Miscellaneous, Credit Tenant Loans and Hybrid Securities (unaffiliated)	8. United States	28,044,024	28,277,501	28,412,120	28,768,735
	9. Canada	756,120	808,420	780,110	750,000
	10. Other Countries	2,698,346	2,871,165	2,679,153	2,700,000
	11. Totals	31,498,490	31,957,086	31,871,383	32,218,735
Parent, Subsidiaries and Affiliates	12. Totals				
	13. Total Bonds	96,691,930	99,780,807	95,575,929	98,077,740
PREFERRED STOCKS Industrial and Miscellaneous (unaffiliated)	14. United States	8,800	8,800	8,800	
	15. Canada				
	16. Other Countries	250,004	122,000	250,004	
	17. Totals	258,804	130,800	258,804	
Parent, Subsidiaries and Affiliates	18. Totals				
	19. Total Preferred Stocks	258,804	130,800	258,804	
COMMON STOCKS Industrial and Miscellaneous (unaffiliated)	20. United States	210,542	210,542	276,032	
	21. Canada				
	22. Other Countries	908	908	1,875	
	23. Totals	211,450	211,450	277,907	
Parent, Subsidiaries and Affiliates	24. Totals	5,874,381	5,874,381	7,679,088	
	25. Total Common Stocks	6,085,831	6,085,831	7,956,995	
	26. Total Stocks	6,344,635	6,216,631	8,215,799	
	27. Total Bonds and Stocks	103,036,565	105,997,438	103,791,728	

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments											
1.1 Class 1	958,061	7,533,048	12,588,472	1,544,785	82,999	22,707,365	23.5	21,391,451	21.0	22,707,365	
1.2 Class 2											
1.3 Class 3											
1.4 Class 4											
1.5 Class 5											
1.6 Class 6											
1.7 Totals	958,061	7,533,048	12,588,472	1,544,785	82,999	22,707,365	23.5	21,391,451	21.0	22,707,365	
2. All Other Governments											
2.1 Class 1			1,056,833			1,056,833	1.1	1,063,238	1.0	1,056,833	
2.2 Class 2											
2.3 Class 3											
2.4 Class 4											
2.5 Class 5											
2.6 Class 6											
2.7 Totals			1,056,833			1,056,833	1.1	1,063,238	1.0	1,056,833	
3. U.S. States, Territories and Possessions etc., Guaranteed											
3.1 Class 1											
3.2 Class 2	1,020,002	541,667				1,561,669	1.6	1,566,042	1.5	1,561,669	
3.3 Class 3											
3.4 Class 4											
3.5 Class 5											
3.6 Class 6											
3.7 Totals	1,020,002	541,667				1,561,669	1.6	1,566,042	1.5	1,561,669	
4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed											
4.1 Class 1				2,323,335	2,336,589	4,659,924	4.8	5,099,310	5.0	4,659,924	
4.2 Class 2											
4.3 Class 3											
4.4 Class 4											
4.5 Class 5											
4.6 Class 6											
4.7 Totals				2,323,335	2,336,589	4,659,924	4.8	5,099,310	5.0	4,659,924	
5. U.S. Special Revenue and Special Assessment Obligations etc., Non-Guaranteed											
5.1 Class 1	5,503,546	11,470,574	4,785,984	3,304,382	2,603,561	27,668,047	28.6	29,409,003	28.9	27,168,047	500,000
5.2 Class 2	48,354	51,544	65,856	384,144	5,000,002	5,549,900	5.7	5,549,829	5.5	5,549,901	
5.3 Class 3	200,000	855,224	934,477			1,989,701	2.1	1,984,716	1.9	1,989,701	
5.4 Class 4											
5.5 Class 5											
5.6 Class 6											
5.7 Totals	5,751,900	12,377,342	5,786,317	3,688,526	7,603,563	35,207,648	36.4	36,943,548	36.3	34,707,649	500,000

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ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Industrial and Miscellaneous (Unaffiliated)											
6.1 Class 1	2,989,892	15,454,757	7,908,852	473,702		26,827,203	27.7	30,961,647	30.4	26,578,740	248,464
6.2 Class 2	30,651	1,642,274	716,372	237,542		2,626,839	2.7	4,209,435	4.1	2,026,075	600,765
6.3 Class 3	392,669	607,271				999,940	1.0	499,479	0.5	999,940	
6.4 Class 4	53,335	198,790	219,905	359,344	140,009	971,383	1.0			971,383	
6.5 Class 5											
6.6 Class 6		73,125				73,125	0.1	73,125	0.1	73,125	
6.7 Totals	3,466,547	17,976,217	8,845,129	1,070,588	140,009	31,498,490	32.6	35,743,686	35.1	30,649,263	849,229
7. Credit Tenant Loans											
7.1 Class 1											
7.2 Class 2											
7.3 Class 3											
7.4 Class 4											
7.5 Class 5											
7.6 Class 6											
7.7 Totals											
8. Hybrid Securities											
8.1 Class 1											
8.2 Class 2											
8.3 Class 3											
8.4 Class 4											
8.5 Class 5											
8.6 Class 6											
8.7 Totals											
9. Parent, Subsidiaries and Affiliates											
9.1 Class 1											
9.2 Class 2											
9.3 Class 3											
9.4 Class 4											
9.5 Class 5											
9.6 Class 6											
9.7 Totals											

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. Total Bonds Current Year											
10.1 Class 1	(d) 9,451,499	34,458,379	26,340,141	7,646,204	5,023,149	82,919,372	85.8	X X X	X X X	82,170,909	748,464
10.2 Class 2	(d) 1,099,007	2,235,485	782,228	621,686	5,000,002	9,738,408	10.1	X X X	X X X	9,137,645	600,765
10.3 Class 3	(d) 592,669	1,462,495	934,477			2,989,641	3.1	X X X	X X X	2,989,641	
10.4 Class 4	(d) 53,335	198,790	219,905	359,344	140,009	971,383	1.0	X X X	X X X	971,383	
10.5 Class 5	(d)							X X X	X X X		
10.6 Class 6	(d)	73,125				(c) 73,125	0.1	X X X	X X X	73,125	
10.7 Totals	11,196,510	38,428,274	28,276,751	8,627,234	10,163,160	(b) 96,691,929	100.0	X X X	X X X	95,342,703	1,349,229
10.8 Line 10.7 as a % of Column 6	11.6	39.7	29.2	8.9	10.5	100.0	X X X	X X X	X X X	98.6	1.4
11. Total Bonds Prior Year											
11.1 Class 1	10,582,089	33,994,754	27,169,693	10,341,227	5,836,885	X X X	X X X	87,924,649	86.4	87,424,649	500,000
11.2 Class 2	24,687	5,361,005	197,864	741,748	5,000,002	X X X	X X X	11,325,306	11.1	10,694,392	630,914
11.3 Class 3		1,317,080	1,167,115			X X X	X X X	2,484,195	2.4	2,484,195	
11.4 Class 4						X X X	X X X				
11.5 Class 5						X X X	X X X	(c)			
11.6 Class 6		73,125				X X X	X X X	(c) 73,125	0.1	73,125	
11.7 Totals	10,606,776	40,745,964	28,534,672	11,082,975	10,836,887	X X X	X X X	(b) 101,807,275	100.0	100,676,361	1,130,914
11.8 Line 11.7 as a % of Column 8	10.4	40.0	28.0	10.9	10.6	X X X	X X X	100.0	X X X	98.9	1.1
12. Total Publicly Traded Bonds											
12.1 Class 1	9,451,499	34,138,396	25,911,660	7,646,204	5,023,149	82,170,908	85.0	87,424,649	85.9	82,170,909	X X X
12.2 Class 2	1,068,356	2,119,701	565,441	384,144	5,000,002	9,137,644	9.5	10,694,392	10.5	9,137,645	X X X
12.3 Class 3	592,669	1,462,495	934,477			2,989,641	3.1	2,484,195	2.4	2,989,641	X X X
12.4 Class 4	53,335	198,790	219,905	359,344	140,009	971,383	1.0			971,383	X X X
12.5 Class 5											X X X
12.6 Class 6		73,125				73,125	0.1	73,125	0.1	73,125	X X X
12.7 Totals	11,165,859	37,992,507	27,631,483	8,389,692	10,163,160	95,342,701	98.6	100,676,361	98.9	95,342,703	X X X
12.8 Line 12.7 as a % of Column 6	11.7	39.8	29.0	8.8	10.7	100.0	X X X	X X X	X X X	100.0	X X X
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10	11.5	39.3	28.6	8.7	10.5	98.6	X X X	X X X	X X X	98.6	X X X
13. Total Privately Placed Bonds											
13.1 Class 1		319,983	428,481			748,464	0.8	500,000	0.5	X X X	748,464
13.2 Class 2	30,651	115,784	216,788	237,542		600,765	0.6	630,914	0.6	X X X	600,765
13.3 Class 3										X X X	
13.4 Class 4										X X X	
13.5 Class 5										X X X	
13.6 Class 6										X X X	
13.7 Totals	30,651	435,767	645,269	237,542		1,349,229	1.4	1,130,914	1.1	X X X	1,349,229
13.8 Line 13.7 as a % of Column 6	2.3	32.3	47.8	17.6		100.0	X X X	X X X	X X X	X X X	100.0
13.9 Line 13.7 as a % of Line 10.7, Column 6, Section 10		0.5	0.7	0.2		1.4	X X X	X X X	X X X	X X X	1.4

(a) Includes \$ 849,228 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
 (b) Includes \$ 873,702 current year, \$ 695,658 prior year of bonds with Z designations and \$ 2,901,115 current year, \$ prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.
 (c) Includes \$ current year, \$ prior year of bonds with 5* designations and \$ current year, \$ prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.
 (d) Includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$; NAIC 2 \$; NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. U.S. Governments											
1.1 Issuer Obligations		4,790,147	11,454,408	1,026,334		17,270,889	17.9	21,264,993	20.9	17,270,890	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities	958,061	2,742,901	1,134,064	518,451	82,999	5,436,476	5.6	126,458	0.1	5,436,475	
1.7 Totals	958,061	7,533,048	12,588,472	1,544,785	82,999	22,707,365	23.5	21,391,451	21.0	22,707,365	
2. All Other Governments											
2.1 Issuer Obligations			1,056,833			1,056,833	1.1	1,063,238	1.0	1,056,833	
2.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
2.3 Defined											
2.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
2.5 Defined											
2.6 Other											
2.7 Totals			1,056,833			1,056,833	1.1	1,063,238	1.0	1,056,833	
3. U.S. States, Territories and Possessions, Guaranteed											
3.1 Issuer Obligations	1,020,002	541,667				1,561,669	1.6	1,566,042	1.5	1,561,669	
3.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
3.3 Defined											
3.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
3.5 Defined											
3.6 Other											
3.7 Totals	1,020,002	541,667				1,561,669	1.6	1,566,042	1.5	1,561,669	
4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed											
4.1 Issuer Obligations				2,323,335	2,336,589	4,659,924	4.8	5,099,310	5.0	4,659,924	
4.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
4.3 Defined											
4.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
4.5 Defined											
4.6 Other											
4.7 Totals				2,323,335	2,336,589	4,659,924	4.8	5,099,310	5.0	4,659,924	
5. U.S. Special Revenue and Special Assessment Obligations etc., Non-Guaranteed											
5.1 Issuer Obligations	256,538	4,779,683	2,527,209	2,700,961	7,480,658	17,745,049	18.4	19,021,824	18.7	17,245,049	500,000
5.2 Single Class Mortgage-Backed/Asset-Backed Securities	4,468,775	6,137,434	2,581,397	923,079	122,906	14,233,591	14.7	14,216,913	14.0	14,233,591	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
5.3 Defined	1,026,587	1,460,225	677,710	64,485		3,229,007	3.3	3,704,810	3.6	3,229,008	
5.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
5.5 Defined											
5.6 Other											
5.7 Totals	5,751,900	12,377,342	5,786,316	3,688,525	7,603,564	35,207,647	36.4	36,943,547	36.3	34,707,648	500,000

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. Industrial and Miscellaneous											
6.1 Issuer Obligations	1,970,799	14,803,102	1,140,320			17,914,221	18.5	21,003,727	20.6	17,665,758	248,464
6.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
6.3 Defined	713,733	984,220				1,697,953	1.8	1,986,520	2.0	1,697,954	
6.4 Other	137,666	346,237	219,905	833,046	140,009	1,676,863	1.7	2,192,571	2.2	1,676,863	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
6.5 Defined	221,028	1,119,603	7,268,117			8,608,748	8.9	8,930,062	8.8	8,608,748	
6.6 Other	423,320	723,054	216,788	237,542		1,600,704	1.7	1,630,807	1.6	999,940	600,765
6.7 Totals	3,466,546	17,976,216	8,845,130	1,070,588	140,009	31,498,489	32.6	35,743,687	35.1	30,649,263	849,229
7. Credit Tenant Loans											
7.1 Issuer Obligations											
7.2 Single Class Mortgage-Backed Securities											
7.7 Totals											
8. Hybrid Securities											
8.1 Issuer Obligations											
8.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
8.3 Defined											
8.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
8.5 Defined											
8.6 Other											
8.7 Totals											
9. Parent, Subsidiaries and Affiliates											
9.1 Issuer Obligations											
9.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
9.3 Defined											
9.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
9.5 Defined											
9.6 Other											
9.7 Totals											

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations	3,247,339	24,914,599	16,178,770	6,050,630	9,817,247	60,208,585	62.3	X X X	X X X	59,460,123	748,464
10.2 Single Class Mortgage-Backed/Asset-Backed Securities	5,426,836	8,880,335	3,715,461	1,441,530	205,905	19,670,067	20.3	X X X	X X X	19,670,066	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined	1,740,320	2,444,445	677,710	64,485		4,926,960	5.1	X X X	X X X	4,926,962	
10.4 Other	137,666	346,237	219,905	833,046	140,009	1,676,863	1.7	X X X	X X X	1,676,863	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
10.5 Defined	221,028	1,119,603	7,268,117			8,608,748	8.9	X X X	X X X	8,608,748	
10.6 Other	423,320	723,054	216,788	237,542		1,600,704	1.7	X X X	X X X	999,940	600,765
10.7 Totals	11,196,509	38,428,273	28,276,751	8,627,233	10,163,161	96,691,927	100.0	X X X	X X X	95,342,702	1,349,229
10.8 Line 10.7 as a % of Column 6	11.6	39.7	29.2	8.9	10.5	100.0	X X X	X X X	X X X	98.6	1.4
11. Total Bonds Prior Year											
11.1 Issuer Obligations	4,876,233	27,489,409	17,302,723	8,851,158	10,499,611	X X X	X X X	69,019,134	67.8	68,519,134	500,000
11.2 Single Class Mortgage-Backed/Asset-Backed Securities	3,224,412	7,809,006	2,327,232	821,290	161,432	X X X	X X X	14,343,371	14.1	14,343,371	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined	1,866,469	3,641,783	135,462	47,616		X X X	X X X	5,691,330	5.6	5,691,330	
11.4 Other	287,041	426,961	231,561	1,071,163	175,845	X X X	X X X	2,192,571	2.2	2,192,571	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
11.5 Defined	327,934	262,299	8,339,829			X X X	X X X	8,930,062	8.8	8,930,062	
11.6 Other	24,687	1,116,508	197,864	291,748		X X X	X X X	1,630,807	1.6	999,893	630,914
11.7 Totals	10,606,776	40,745,966	28,534,671	11,082,975	10,836,888	X X X	X X X	101,807,275	100.0	100,676,361	1,130,914
11.8 Line 11.7 as a % of Column 8	10.4	40.0	28.0	10.9	10.6	X X X	X X X	100.0	X X X	98.9	1.1
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	3,247,339	24,594,617	15,750,290	6,050,631	9,817,246	59,460,123	61.5	68,519,134	67.3	59,460,123	X X X
12.2 Single Class Mortgage-Backed/Asset-Backed Securities	5,426,836	8,880,334	3,715,461	1,441,530	205,905	19,670,066	20.3	14,343,371	14.1	19,670,066	X X X
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined	1,740,321	2,444,445	677,710	64,485		4,926,961	5.1	5,691,330	5.6	4,926,962	X X X
12.4 Other	137,666	346,237	219,905	833,046	140,009	1,676,863	1.7	2,192,571	2.2	1,676,863	X X X
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
12.5 Defined	221,028	1,119,603	7,268,117			8,608,748	8.9	8,930,062	8.8	8,608,748	X X X
12.6 Other	392,669	607,271				999,940	1.0	999,893	1.0	999,940	X X X
12.7 Totals	11,165,859	37,992,507	27,631,483	8,389,692	10,163,160	95,342,701	98.6	100,676,361	98.9	95,342,702	X X X
12.8 Line 12.7 as a % of Column 6	11.7	39.8	29.0	8.8	10.7	100.0	X X X	X X X	X X X	100.0	X X X
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10	11.5	39.3	28.6	8.7	10.5	98.6	X X X	X X X	X X X	98.6	X X X
13. Total Privately Placed Bonds											
13.1 Issuer Obligations		319,983	428,481			748,464	0.8	500,000	0.5	X X X	748,464
13.2 Single Class Mortgage-Backed/Asset-Backed Securities										X X X	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined										X X X	
13.4 Other										X X X	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
13.5 Defined										X X X	
13.6 Other	30,651	115,784	216,788	237,542		600,765	0.6	630,914	0.6	X X X	600,765
13.7 Totals	30,651	435,767	645,269	237,542		1,349,229	1.4	1,130,914	1.1	X X X	1,349,229
13.8 Line 13.7 as a % of Column 6	2.3	32.3	47.8	17.6		100.0	X X X	X X X	X X X	X X X	100.0
13.9 Line 13.7 as a % of Line 10.7, Column 6, Section 10		0.5	0.7	0.2		1.4	X X X	X X X	X X X	X X X	1.4

SCHEDULE DA - VERIFICATION BETWEEN YEARS

Short-Term Investments

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets (a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, December 31 of prior year					
2. Cost of short-term investments acquired					
3. Accrual of discount					
4. Unrealized valuation increase (decrease)					
5. Total gain (loss) on disposals					
6. Deduct consideration received on disposals					
7. Deduct amortization of premium					
8. Total foreign exchange change in book/adjusted carrying value					
9. Deduct current year's other than temporary impairment recognized					
10. Book/adjusted carrying value at the end of current period (Lines 1 plus 2 plus 3 plus 4 plus 5 minus 6 minus 7 plus 8 minus 9)					
11. Deduct total nonadmitted amounts					
12. Statement value of end of current period (Line 10 minus Line 11)					

NONE

SM11

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:

SCHEDULE DB - PART A - VERIFICATION BETWEEN YEARS

Options, Caps, Floors and Insurance Futures Options Owned

1. Book value, December 31, prior year (Line 8, prior year)	_____
2. Cost/Option Premium (Section 2, Column 7)	_____
3. Increase/(Decrease) by Adjustment (Section 1, Column 12) plus (Section 3, Column 13)	_____
4. Gain/(Loss) on Termination:	
4.1 Recognized (Section 3, Column 14)	_____
4.2 Used to Adjust Basis of Hedged Item (Section 3, Column 15)	_____
5. Consideration Received on Terminations (Section 3, Column 16)	_____
6. Used to Adjust Basis on Open Contracts (Section 3, Column 17)	_____
7. Disposition of Deferred Amount on Contracts Terminated in Prior Year:	
7.1 Recognized	_____
7.2 Used to Adjust Basis of Hedged Item	_____
8. Book value, December 31, Current Year (Line 1 plus Line 2 plus Line 3 plus Line 4 minus Line 5 minus Line 6 minus Line 7)	=====

NONE

SCHEDULE DB - PART B - VERIFICATION BETWEEN YEARS

Options, Caps, Floors and Insurance Futures Options Written

1. Book value, December 31, prior year (Line 8, prior year)	_____
2. Consideration received (Section 2, Column 7)	_____
3. Increase/(Decrease) by Adjustment (Section 1, Column 12) plus (Section 3, Column 13)	_____
4. Gain/(Loss) on Termination:	
4.1 Recognized (Section 3, Column 14)	_____
4.2 Used to Adjust Basis (Section 3, Column 15)	_____
5. Consideration Paid on Terminations (Section 3, Column 16)	_____
6. Used to Adjust Basis on Open Contracts (Section 3, Column 17)	_____
7. Disposition of Deferred Amount on Contracts Terminated in Prior Year:	
7.1 Recognized	_____
7.2 Used to Adjust Basis	_____
8. Book value, December 31, Current Year	=====

NONE

SCHEDULE DB - PART C - VERIFICATION BETWEEN YEARS

Swaps and Forwards

1.	Book value, December 31, prior year (Line 8, prior year)	.....	_____
2.	Cost or (Consideration Received) (Section 2, Column 7)	.....	_____
3.	Increase/ (Decrease) by Adjustment (Section 1,	.....	_____
4.	Gain/ (Loss) on Termination:	NONE	_____
4.1	Recognized (Section 3, Column 14)		_____
4.2	Used to Adjust Basis of Hedged Item (Se		_____
5.	Consideration Received (or Paid) on Terminator		_____
6.	Used to Adjust Basis on Hedged Item on Open Contracts (Section 1, Column 13)	.....	_____
7.	Disposition of Deferred Amount on Contracts Terminated in Prior Year:		
7.1	Recognized	.....	_____
7.2	Used to Adjust Basis of Hedged Item	.....	_____
8.	Book value, December 31, Current Year (Line 1 plus Line 2 plus Line 3 plus Line 4 minus Line 5 minus Line 6 minus Line 7)	.....	=====

SCHEDULE DB - PART D - VERIFICATION BETWEEN YEARS

Futures Contracts and Insurance Futures Contracts

1.	Book value, December 31, prior year (Line 8, prior year)	.....	_____
2.	Change in total Variation Margin on Open Contracts (Difference between years-Section 1, Column 6)	.....	_____
3.1	Change in Variation Margin on Open Contracts Used to Adjust Basis of Hedged Item (Section 1, Column 11)	.....	_____
3.2	Change in Variation Margin on Open Contracts Recognized (Difference between years-Section 1, Column 10)	.....	_____
4.1	Variation Margin on Contracts Terminated During	.....	_____
4.2	Less:	NONE	_____
4.21	Gain/ (Loss) Recognized in Current Year		_____
4.22	Gain/ (Loss) Used to Adjust Basis of Her		_____
4.3	Subtotal (Line 4.1 minus Line 4.2)	.....	_____
5.1	Net Additions to Cash Deposits (Section 2, Colu.....)	.....	_____
5.2	Less: Net Reductions to Cash Deposits (Section 3, Column 9)	.....	_____
6.	Subtotal (Line 1 minus Line 2 plus Line 3.1 plus Line 3.2 minus Line 4.3 plus Line 5.2)	.....	_____
7.	Disposition of Gain/ (Loss) on Contracts Terminated in Prior Year:		
7.1	Recognized	.....	_____
7.2	Used to Adjust Basis of Hedged Item	.....	_____
8.	Book value, December 31, Current Year (Line 6 plus Line 7.1 plus Line 7.2)	.....	=====

SCHEDULE DB - PART E - VERIFICATION

Statement Value and Fair Value of Open Contracts

			Statement Value
1.	Part A, Section 1, Column 10	.....	_____
2.	Part B, Section 1, Column 10	.....	_____
3.	Part C, Section 1, Column 10	.....	_____
4.	Part D, Section 1, Column 9 minus Column 12	.....	_____
5.	Line 1 minus Line 2 plus Line 3 plus Line 4	.....	_____
6.	Part E, Section 1, Column 4	.....	_____
7.	Part E, Section 1, Column 5	NONE	_____
8.	Line 5 minus Line 6 minus Line 7		_____
			Fair Value
9.	Part A, Section 1, Column 11	.....	_____
10.	Part B, Section 1, Column 11	.....	_____
11.	Part C, Section 1, Column 11	.....	_____
12.	Part D, Section 1, Column 9	.....	_____
13.	Line 9 minus Line 10 plus Line 11 plus Line 12	.....	_____
14.	Part E, Section 1, Column 7	.....	_____
15.	Part E, Section 1, Column 8	.....	_____
16.	Line 13 minus Line 14 minus Line 15	.....	=====

SCHEDULE DB - PART F - SECTION 1

Replicated (Synthetic) Assets Open

Replicated (Synthetic) Asset					Components of the Replicated (Synthetic) Asset						
1	2	3	4	5	Derivative Instruments Open			Cash Instrument(s) Held			
Replication RSAT Number	Description	NAIC Designation or Other Description	Statement Value	Fair Value	6	7	8	9	10	11	12
					Description	Fair Value	CUSIP	Description	Statement Value	Fair Value	NAIC Designation or Other Description

NONE

SCHEDULE DB - PART F - SECTION 2

Reconciliation of Replicated (Synthetic) Assets Open

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year-To-Date	
	1 Number of Positions	2 Total Replicated (Synthetic) Assets Statement Value	3 Number of Positions	4 Total Replicated (Synthetic) Assets Statement Value	5 Number of Positions	6 Total Replicated (Synthetic) Assets Statement Value	7 Number of Positions	8 Total Replicated (Synthetic) Assets Statement Value	9 Number of Positions	10 Total Replicated (Synthetic) Assets Statement Value
1. Beginning Inventory										
2. Add: Opened or Acquired Transactions										
3. Add: Increases in Replicated Asset Statement Value	XXX						XXX		XXX	
4. Less: Closed or Disposed of Transactions										
5. Less: Positions Disposed of for Failing Effectiveness Criteria										
6. Less: Decreases in Replicated (Synthetic) Asset Statement Value	XXX						XXX		XXX	
7. Ending Inventory										

NONE

SCHEDULE E - VERIFICATION BETWEEN YEARS

(Cash Equivalents)

	1	2	3
	Total	Bonds	Other (a)
1. Book/adjusted carrying value, December 31 of prior year	2,399,847	2,399,847	
2. Cost of cash equivalents acquired	23,403,077	23,403,077	
3. Accrual of discount	1,596	1,596	
4. Unrealized valuation increase (decrease)			
5. Total gain (loss) on disposals	(44)	(44)	
6. Deduct consideration received on disposals	25,804,477	25,804,477	
7. Deduct amortization of premium			
8. Total foreign exchange change in book/adjusted carrying value			
9. Deduct current year's other than temporary impairment recognized			
10. Book/adjusted carrying value at end of current period (Line 1 + Line 2 + Line 3 + Line 4 + Line 5 - Line 6 - Line 7 + Line 8 - Line 9)	(1)	(1)	
11. Deduct total nonadmitted amounts			
12. Statement value at end of current period	(1)	(1)	

(a) Indicate the category of such investments, for example, joint ventures, transportation equipment

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE A - PART 1

Showing all Real Estate OWNED December 31 of Current Year

1 Description of Property	2 Code	Location		5 Date Acquired	6 Date of Last Appraisal	7 Actual Cost	8 Amount of Encumbrances	9 Book/Adjusted Carrying Value Less Encumbrances	10 Fair Value Less Encumbrances	Change in Book/Adjusted Carrying Value Less Encumbrances					16 Gross Income Earned Less Interest Incurred on Encumbrances	17 Taxes, Repairs and Expenses Incurred
		3 City	4 State							11 Current Year's Depreciation	12 Current Year's Other Than Temporary Impairment Recognized	13 Current Year's Change in Encumbrances	14 Total Change in B./A.C.V. (13-11-12)	15 Total Foreign Exchange Change in B./A.C.V.		
Properties occupied by the reporting entity - Administrative																
OFFICE BUILDING		410 PONCE DE LEON AVE., SAN JUAN	PUERTO RICO	06/30/2003		5,179,927		7,945,913	7,945,913	69,143				(69,143)		
PARKING LOT		411 PONCE DE LEON AVE., SAN JUAN	PUERTO RICO	06/09/2008		2,265,012		2,265,012	2,265,012							
FLORIDA																
OFFICE BUILDING		101 ALMERIA AVE., CORAL GABLES	FLORIDA	05/01/1999		1,018,548		1,018,548	1,018,548	20,736				(20,736)		
0299999 - Properties occupied by the reporting entity - Administrative																
						8,463,487		11,229,473	11,229,473	89,879				(89,879)		
0399999 - TOTAL Properties occupied by the reporting entity																
						8,463,487		11,229,473	11,229,473	89,879				(89,879)		
Properties held for the production of income																
FLORIDA																
RESIDENTIAL APARTMENT		MIAMI	FLORIDA	12/31/2008		497,250		497,250	497,250	12,750				(12,750)		
0499999 - Properties held for the production of income																
						497,250		497,250	497,250	12,750				(12,750)		
0699999 - TOTALS																
						8,960,737		11,726,723	11,726,723	102,629				(102,629)		

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE A - PART 2

Showing all Real Estate ACQUIRED and Additions Made During the Year

1 Description of Property	Location		4 Date Acquired	5 Name of Vendor	6 Actual Cost at Time of Acquisition	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Additional Investment Made After Acquisition
	2 City	3 State						
Acquired by purchase OFFICE BUILDING IMPROVEMENT	410 PONCE DE LEON AVE., SAN JUAN	PUERTO RICO	10/14/2009					25,068
0199999 - Acquired by purchase								25,068
0399999 - TOTALS								25,068

SCHEDULE A - PART 3

Showing all Real Estate DISPOSED during the Year, including Payments during the Final Year on "Sales under Contract"

1 Description of Property	Location		4 Disposal Date	5 Name of Purchaser	6 Actual Cost	7 Expended for Additions, Permanent Improvements and Changes in Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances Prior Year	Change in Book/Adjusted Carrying Value Less Encumbrances					14 Book/Adjusted Carrying Value Less Encumbrances on Disposal	15 Amounts Received During Year	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal	19 Gross Income Earned Less Interest Incurred on Encumbrances	20 Taxes, Repairs and Expenses Incurred
	2 City	3 State						9 Current Year's Depreciation	10 Current Year's Other Than Temporary Impairment Recognized	11 Current Year's Change in Encumbrances	12 Total Change in B./A.C.V. (11-9-10)	13 Total Foreign Exchange Change in B./A.C.V.							

NONE

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE B - PART 1

Showing all Mortgage Loans OWNED December 31 of Current Year

1 Loan Number	2 Code	Location		5 Loan Type	6 Date Acquired	7 Rate of Interest	8 Book Value/Recorded Investment Excluding Accrued Interest	Change in Book Value/ Recorded Investment					14 Value of Land and Buildings	15 Date of Last Appraisal or Valuation
		3 City	4 State					9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Amortization) / Accretion	11 Current Year's Other than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other	13 Total Foreign Exchange Change in Book Value		
Mortgages in good standing - Residential mortgages - insured or guaranteed														
405-41	BAYAMON	PUERTO RICO			08/10/1990	9.500	6,769						135,430	
0299999 - Mortgages in good standing - Residential mortgages - insured or guaranteed														
							6,769						135,430	
0899999 - TOTAL Mortgages in good standing														
							6,769						135,430	
3399999 - TOTALS														
							6,769						135,430	

General Interrogatory:

1. Mortgages in good standing \$ unpaid taxes \$ interest due and unpaid.
2. Restructured mortgages \$ unpaid taxes \$ interest due and unpaid.
3. Mortgages with overdue interest over 90 days not in process of foreclosure \$ unpaid taxes \$ interest due and unpaid.
4. Mortgages in process of foreclosure \$ unpaid taxes \$ interest due and unpaid.

SCHEDULE B - PART 2

Showing All Mortgage Loans ACQUIRED During the Current Year

1 Loan Number	Location		4 Loan Type	5 Date Acquired	6 Rate of Interest	7 Actual Cost at Time of Acquisition	8 Additional Investment Made After Acquisition	9 Value of Land and Buildings
	2 City	3 State						

NONE

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE B - PART 3

Showing All Mortgage Loans DISPOSED, Transferred or Repaid During the Current Year

1 Loan Number	Location		4 Loan Type	5 Date Acquired	6 Disposal Date	7 Book Value / Recorded Investment Excluding Accrued Interest Prior Year	Change in Book / Recorded Investment					14 Book Value / Recorded Investment Excluding Accrued Interest on Disposal	15 Consideration	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal	
	2 City	3 State					8 Unrealized Valuation Increase (Decrease)	9 Current Year's (Amortization) / Accretion	10 Current Year's Other Than Temporary Impairment Recognized	11 Capitalized Deferred Interest and Other	12 Total Change in Book Value (8+9-10+11)						13 Total Foreign Exchange Change in Book Value
Mortgages closed by repayment																	
405-36	BAYAMON	PUERTO RICO		05/01/1994	10/19/2009	43,341		5,807				5,807		37,534	37,534		
405-50	RIO PIEDRAS	PUERTO RICO		01/01/1992	04/09/2009	102,612		763				763		101,849	101,849		
405-66	BAYAMON	PUERTO RICO		03/01/1994	10/19/2009	41,716		5,590				5,590		36,126	36,126		
405-77	SAN JUAN	PUERTO RICO		12/01/1998	10/19/2009	26,464		3,903				3,903		22,561	22,561		
0199999 - Mortgages closed by repayment						214,133		16,063				16,063		198,070	198,070		
0599999 - TOTALS						214,133		16,063				16,063		198,070	198,070		

SCHEDULE BA - PART 1

Showing Other Long-Term Invested Assets OWNED December 31 of Current Year

1 CUSIP Identification	2 Name or Description	3 Code	4		6 Name of Vendor or General Partner	7 NAIC Designation	8 Date Originally Acquired	9 Type and Strategy	10 Actual Cost	11 Fair Value	12 Book/Adjusted Carrying Value Less Encumbrances	Change in Book/Adjusted Carrying Value					18 Investment Income	19 Commitment for Additional Investment	20 Percentage of Ownership
			4 City	5 State								13 Unrealized Valuation Increase (Decrease)	14 Current Year's (Depreciation) or (Amortization)/ Accretion	15 Current Year's Other than Temporary Impairment Recognized	16 Capitalized Deferred Interest and Other	17 Total Foreign Exchange Change in B./A.C.V.			

NONE

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE December 31 of Current Year

1 CUSIP Identification	2 Name or Description	Location		5 Name of Vendor or General Partner	6 Date Originally Acquired	7 Type and Strategy	8 Actual Cost at Time of Acquisition	9 Additional Investment Made After	10 Amount of Encumbrances	11 Percentage of Ownership
		3 City	4 State							

NONE

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Year

1 CUSIP Identification	2 Name or Description	Location		5 Name of Purchaser or Nature of Disposal	6 Date Originally Acquired	7 Disposal Date	8 Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Change in Book/Adjusted Carrying Value						15 Book/Adjusted Carrying Vlaue Less Encumbrances on Disposal	16 Consideration	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Investment Income
		3 City	4 State					9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Depreciation) or (Amortization) / Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other	13 Total Change in B. /A. C. V. (9+10-11+12)	14 Total Foreign Exchange Change in B. /A. C. V.						

NONE

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest					Dates		
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22	
CUSIP Identification	Description	Code	Foreign	Bond CHAR	NAIC Designation	Actual Cost	Rate Used To Obtain Fair Value	Fair Value	Par Value	Book / Adjusted Carrying Value	Unrealized Valuation Increase / (Decrease)	Current Year's (Amortization) / Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B. / A. C. V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity	
U. S. Governments - Issuer Obligations																						
31331L-EK-0	FEDERAL FARM CREDIT BANK				1	1,011,210	113.660	1,136,608	1,000,000	1,006,121		(793)			6.030	5.910	MS	16,750	60,300	02/06/2002	03/21/2016	
31331L-QZ-4	FEDERAL FARM CREDIT BANK				1	983,360	113.201	1,132,012	1,000,000	990,576		1,100			5.875	6.040	AO	14,361	58,750	02/13/2002	10/03/2016	
31331X-LG-5	FEDERAL FARM CREDIT BANK				1	1,019,115	106.412	1,064,120	1,000,000	1,015,546		(1,829)			4.875	4.610	JJ	22,208	48,750	12/26/2007	01/17/2017	
31339X-2M-5	FEDERAL HOME LOAN BANK				1	230,038	105.758	264,395	250,000	237,697		3,157			3.875	5.450	JD	457	9,688	06/21/2007	06/14/2013	
3133ME-AB-7	FEDERAL HOME LOAN BANK				1	994,670	113.286	1,132,862	1,000,000	997,127		379			6.000	6.050	FA	22,667	60,000	02/13/2002	02/12/2016	
3133MJ-QF-0	FEDERAL HOME LOAN BANK				1	954,970	110.910	1,109,103	1,000,000	974,710		3,034			5.500	5.960	FA	20,778	55,000	02/07/2002	08/15/2016	
3133MT-ZL-5	FEDERAL HOME LOAN BANK				1	188,992	107.291	214,582	200,000	194,574		1,699			4.500	5.530	MN	1,150	9,000	06/28/2006	11/15/2012	
3133X7-FK-5	FEDERAL HOME LOAN BANK				1	494,389	111.091	555,455	500,000	497,146		552			5.250	5.390	JD	948	26,250	06/14/2004	06/18/2014	
3133X8-EW-8	FEDERAL HOME LOAN BANK				1	1,031,490	104.752	1,047,520	1,000,000	1,026,334		(1,187)			5.375	5.110	FA	20,306	53,750	03/09/2005	08/15/2024	
3133XK-OX-6	FEDERAL HOME LOAN BANK				1	2,052,029	106.930	2,298,995	2,150,000	2,072,234		8,352			4.875	5.470	MN	12,810	104,813	07/02/2007	05/17/2017	
3133XM-Q8-7	FEDERAL HOME LOAN BANK				1	1,853,433	108.170	2,001,163	1,850,000	1,854,671		723			5.000	4.950	MN	11,306	80,000	05/22/2009	11/17/2017	
3133XU-MR-1	FED HOME LN BANK				1	1,533,960	101.572	1,523,580	1,500,000	1,533,905		(55)			3.250	2.730	MS	14,760		12/24/2009	09/12/2014	
31359M-RG-0	FEDERAL NATIONAL MORTGAGE ASSOCIATION				1	388,577	107.467	429,868	400,000	393,795		1,748			4.375	4.900	MS	5,163	17,500	11/15/2006	03/15/2013	
31359M-UT-8	FEDERAL NATIONAL MORTGAGE ASSOCIATION				1	272,109	106.352	319,059	300,000	286,139		2,806			4.125	5.340	AO	2,613	12,375	05/19/2004	04/15/2014	
31398A-BX-9	FEDERAL NATIONAL MORTGAGE ASSOCIATION	SD			1	245,543	107.919	269,797	250,000	247,692		888			4.875	5.290	MN	1,456	12,188	06/29/2007	05/18/2012	
880591-DN-9	TENNESSEE VALLEY AUTHORITY				1	300,373	105.190	315,570	300,000	300,097		(88)			5.625	5.590	JJ	7,641	16,875	06/28/2006	01/18/2011	
880591-DS-8	TENN VALLEY AUTHORITY				1	992,970	104.313	1,043,130	1,000,000	994,759		617			4.875	4.960	JD	2,167	48,750	12/22/2006	12/15/2016	
880591-EA-6	TENN VALLEY AUTHORITY				1	1,554,420	109.000	1,635,000	1,500,000	1,548,664		(5,168)			5.500	4.970	JJ	37,354	82,500	11/12/2008	07/18/2017	
912833-DA-5	UNITED STATES TREASURY STRIPS	@			1	170,948	98.594	739,455	750,000	660,897		49,567			7.950	N/A				08/26/1992	08/15/2011	
912833-JX-9	UNITED STATES TREASURY STRIPS	@			1	166,440	98.511	492,555	500,000	438,204		29,846			7.180	N/A				04/10/1996	11/15/2011	
0199999	U. S. Governments - Issuer Obligations					16,439,036		18,724,829	17,450,000	17,270,888		95,348							214,885	756,489		
U. S. Governments - Single Class Mortgage-Backed / Asset-Backed Securities																						
36205Q-M9-7	GOVERNMENT NATL MTG ASSOC #397384				1										7.500		MON	177		02/29/1996	12/01/2009	
3620A2-W5-1	GOVERNMENT NATL MTG ASSOC #717168				1	957,855	100.280	985,966	983,203	959,011		1,570			4.500	5.150	MON	3,687	18,435	06/09/2009	04/01/2039	
3620A3-S3-9	GOVERNMENT NATL MTG ASSOC #717938				1	1,537,175	103.061	1,538,800	1,493,082	1,534,928		(2,447)			5.000	4.200	MON	6,221	18,664	09/04/2009	09/01/2039	
3620AD-NY-4	GOVERNMENT NATL MTG ASSOC #726807				1	510,393	103.061	513,505	498,249	509,768		(667)			5.000	4.330	MON	2,076	6,228	08/19/2009	09/01/2039	
36214F-EK-4	GOVERNMENT NATL MTG ASSOC #104638				1	20,254	107.400	22,483	20,934	20,703		71			9.250	9.730	MON	277	1,931	02/02/1984	10/01/2013	
36214S-PA-6	GOVERNMENT NATL MTG ASSOC #114817				1	550	109.645	561	512	534		(6)			11.500	8.870	MON	10	65	07/22/1987	08/01/2014	
36214W-WS-0	GOVERNMENT NATL MTG ASSOC #118657				1	1,003	108.657	1,014	933	979		(10)			11.000	8.210	MON	17	102	07/23/1987	06/01/2014	
36215X-SJ-7	GOVERNMENT NATL MTG ASSOC #148549				1	1,276	108.259	1,289	1,191	1,218		(7)			9.500	8.200	MON	18	108	05/07/1986	11/01/2015	
36215X-SJ-7	GOVERNMENT NATL MTG ASSOC #148549	SD			1	13,684	108.259	13,820	12,766	13,059		(78)			9.500	8.200	MON	192	1,163	05/07/1986	11/01/2015	
36216Q-F6-8	GOVERNMENT NATL MTG ASSOC #171289				1	5,168	108.037	5,346	4,948	5,028		(5)			8.500	7.730	MON	70	421	12/18/1986	08/01/2016	
36296U-SY-7	GOVERNMENT NATL MTG ASSOC #701735				1	1,008,754	100.280	991,146	988,368	1,007,569		(1,417)			4.500	4.040	MON	3,706	22,238	05/15/2009	02/01/2039	
36297E-AX-3	GOVERNMENT NATL MTG ASSOC #709322				1	397,046	100.280	391,916	390,818	396,662		(525)			4.500	4.160	MON	1,466	8,793	05/22/2009	05/01/2039	
36297J-TV-6	GOVERNMENT NATL MTG ASSOC #713464				1	988,210	103.061	988,206	958,846	987,017		(2,392)			5.000	4.040	MON	3,995	23,971	05/08/2009	04/01/2039	
0299999	U. S. Governments - Single Class Mortgage-Backed / Asset-Backed Securities					5,441,368		5,454,052	5,353,850	5,436,476		(5,913)							21,912	102,119		
0399999	Subtotal - U. S. Governments					21,880,404		24,178,881	22,803,850	22,707,364		89,435							236,797	858,608		

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Par Value	11 Book / Adjusted Carrying Value	Change in Book Adjusted Carrying Value				Interest					Dates	
		3 Code	4 Foreign	5 Bond CHAR			8 Rate Used To Obtain Fair Value	9 Fair Value			12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization) / Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B. / A. C. V.	16 Rate of	17 Effective Rate of	18 When Paid	19 Admitted Amount Due and Accrued	20 Amount Received During Year	21 Acquired	22 Maturity
All Other Governments - Issuer Obligations																					
298785-EG-7	EUROPEAN INVESTMENT BANK	F			1FE	1,067,140	109,489	1,094,900	1,000,000	1,056,833		(6,405)			5.125	4.220	MN	4,413	51,250	05/08/2008	05/30/2017
0499999 - All Other Governments - Issuer Obligations																					
						1,067,140		1,094,900	1,000,000	1,056,833		(6,405)						4,413	51,250		
1099999 - Subtotal - All Other Governments																					
						1,067,140		1,094,900	1,000,000	1,056,833		(6,405)						4,413	51,250		
U. S. States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations																					
745145-7F-3	COMMONWEALTH OF PUERTO RICO				2FE	50,000	100,271	50,136	50,000	50,000					4.100	4.100	MON	171	2,050	11/14/2003	07/01/2010
745145-7G-1	COMMONWEALTH OF PUERTO RICO				2FE	100,000	100,629	100,629	100,000	100,000					4.350	4.350	MON	363	4,350	11/14/2003	07/01/2011
745145-7H-9	COMMONWEALTH OF PUERTO RICO	SD	1		2FE	50,000	100,887	50,444	50,000	50,000				4.600	4.600	MON	192	2,300	11/14/2003	07/01/2012	
745145-7J-5	COMMONWEALTH OF PUERTO RICO		1		2FE	75,000	101,344	76,008	75,000	75,000				4.800	4.800	MON	300	3,600	12/01/2003	07/01/2013	
745145-WC-2	COMMONWEALTH OF PUERTO RICO	SD			2FE	330,777	106,301	318,903	300,000	316,667		(4,373)		5.500	3.790	JJ	8,250	16,500	08/11/2006	07/01/2013	
74514L-LL-9	PUERTO RICO COMWLTH	SD			2FE	970,002	100,773	977,498	970,000	970,002				5.250	5.250	MON	4,244	50,925	10/01/2007	07/01/2010	
1199999 - U. S. States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations																					
						1,575,779		1,573,618	1,545,000	1,561,669		(4,373)						13,520	79,725		
1799999 - Subtotal - U. S. States, Territories and Possessions (Direct and Guaranteed)																					
						1,575,779		1,573,618	1,545,000	1,561,669		(4,373)						13,520	79,725		
U. S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations																					
167485-D6-5	CHICAGO ILL	1			1FE	223,198	101,891	254,727	250,000	223,997		665			5.000	5.890	JJ	6,250	12,500	10/22/2008	01/01/2032
235308-ME-0	DALLAS TEX INDPT SCH DIST	1			1FE	1,043,980	116,969	1,169,690	1,000,000	1,039,752		(4,005)			6.375	5.750	FA	69,063		12/04/2008	02/15/2018
346424-B7-8	FORNEY TEX INDPT SCH DIST	1			1FE	900,000	113,755	1,023,795	900,000	900,000					6.000	6.000	FA	20,400	40,050	10/23/2008	08/15/2037
499512-U4-1	KNOX CNTY TENN	1			1FE	994,160	99,103	991,030	1,000,000	994,650		219			5.750	5.800	JD	4,792	57,500	10/24/2007	06/01/2027
815626-GQ-3	SEDGWICK CNTY KANS UNI SCH DIS				1FE	618,492	104,066	624,396	600,000	618,433		(59)			6.220	5.930	AO	24,800		05/19/2009	10/01/2028
95640H-BA-5	WEST VY MISSION CMNTY COLLEGE	1			1FE	879,300	101,845	1,018,450	1,000,000	883,091		3,208			5.000	6.030	FA	20,833	50,000	10/21/2008	08/01/2030
1899999 - U. S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations																					
						4,659,130		5,082,088	4,750,000	4,659,923		28						146,218	160,050		
2499999 - Subtotal - U. S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)																					
						4,659,130		5,082,088	4,750,000	4,659,923		28						146,218	160,050		
U. S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Issuer Obligations																					
155888-AT-7	CENTRAL WEBER UTAH SWR IMPT				1FE	399,600	98,428	393,712	400,000	399,600					6.150	6.150	MS	8,200	5,945	05/20/2009	03/01/2029
29216M-AC-4	EMPLOYEES RETIREMENT SYS GOVT	1			2FE	5,000,002	92,921	4,646,050	5,000,000	5,000,002					6.150	6.150	MON	25,625	307,500	01/25/2008	07/01/2038
591745-D2-7	METROPOLITAN ATLANTA RAPID TRA	1			1FE	952,850	107,127	1,071,270	1,000,000	954,529		1,531			5.000	5.400	JJ	25,000	50,000	12/02/2008	07/01/2027
63968A-MY-8	NEBRASKA PUB PWR DIST REV	1			1FE	412,172	106,704	426,816	400,000	410,895		(1,277)			5.140	4.390	JJ	10,280	10,280	06/19/2009	01/01/2014
63968A-QF-5	NEBRASKA PUB PWR DIST REV				1FE	800,000	104,301	834,408	800,000	800,000					4.850	4.850	JJ	20,154		06/11/2009	01/01/2014
646139-W3-5	NEW JERSEY ST TPK AUTH TPK REV				1FE	784,014	111,976	783,832	700,000	783,374		(640)			7.414	6.490	JJ	25,949	9,082	05/20/2009	01/01/2040
709221-QY-4	PENNSYLVANIA ST TPK COMMN OIL	1			1FE	454,420	102,674	513,370	500,000	455,620		997			5.000	5.710	JD	2,083	25,000	10/22/2008	12/01/2032
73358W-AG-9	PORT AUTH N Y & N J				1FE	1,000,000	101,660	1,016,600	1,000,000	1,000,000					5.309	5.300	JD	4,424	22,121	06/18/2009	12/01/2019
745215-AK-9	PUERTO RICO COMWLTH INDL DEV	1			2FE	99,096	100,248	100,248	100,000	99,899		72			6.500	6.600	JJ	3,250	6,500	11/03/1997	07/01/2011
74527B-JJ-4	PUERTO RICO INDL TOURIST EDL	1			1FE	500,000	101,709	508,545	500,000	500,000					6.100	6.100	MON	2,542	30,500	03/18/1999	07/01/2011

(continues)

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest					Dates		
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22	
CUSIP Identification	Description	Code	Foreign	Bond CHAR	NAIC Designation	Actual Cost	Rate Used To Obtain Fair Value	Fair Value	Par Value	Book / Adjusted Carrying Value	Unrealized Valuation Increase / (Decrease)	Current Year's (Amortization) / Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B. / A. C. V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity	
U. S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Issuer Obligations (continued)																						
74527B-JP-0	PUERTO RICO INDL TOURIST EDL	@	1	1FE		629,793	84.615	1,260,764	1,490,000	1,206,292		70,644				6.120	N/A				03/18/1999	07/01/2012
745291-PL-2	PUERTO RICO PUB FIN CORP	@	1	3FE		99,465	62.681	156,703	250,000	157,330		9,321				6.200	N/A				06/28/2002	08/01/2017
745291-QE-7	PUERTO RICO PUB FIN CORP			1FE		400,000	104.283	417,132	400,000	400,000					4.200			1,400	16,800	07/07/2003	08/01/2011	
745291-RX-4	PUERTO RICO PUB FIN CORP			1FE		875,000	106.910	935,463	875,000	875,000					4.950	4.950	MON	3,609	43,312	06/22/2004	08/01/2012	
745291-UK-8	PUERTO RICO PUB FIN CORP			1FE		93,150	105.175	94,658	90,000	90,788		(494)			6.050	5.430	MON	454	5,445	08/17/2004	08/01/2017	
745291-UM-4	PUERTO RICO PUB FIN CORP			3FE		100,588	871.952	854,998	850,000	857,368		(4,336)			6.050	5.470	MON	4,285	51,425	10/09/2007	08/01/2011	
745291-UP-7	PUERTO RICO PUB FIN CORP			1FE		125,001	105.724	132,155	125,000	125,000					6.100	6.090	MON	635	7,625	06/27/2002	08/01/2017	
745291-UQ-5	PUERTO RICO PUB FIN CORP			3FE		375,003	100.576	377,160	375,000	375,003					6.100	6.090	MON	1,906	22,876	06/27/2002	08/01/2017	
74529J-AD-7	PUERTO RICO SALES TAX FING			1FE		1,241,400	101.936	1,274,200	1,250,000	1,241,661		113			6.050	6.100	MON	6,302	75,625	07/19/2007	08/01/2037	
79575D-XB-1	SALT RIVER PROJ ARIZ AGRIC IMP			1FE		961,100	108.787	1,087,870	1,000,000	962,688		1,446			5.000	5.350	JJ	25,000	50,000	12/02/2008	01/01/2026	
745185-BB-3	PUERTO RICO COMWLTH HWY & TRAN			3FE		200,000	100.362	200,724	200,000	200,000					4.250	4.250	MON	708	8,500	11/05/2003	07/01/2010	
745185-BC-1	PUERTO RICO COMWLTH HWY & TRAN			3FE		200,000	100.714	201,428	200,000	200,000					4.500	4.500	MON	750	9,000	11/05/2003	07/01/2011	
745185-BD-9	PUERTO RICO COMWLTH HWY & TRAN			3FE		200,000	101.167	202,334	200,000	200,000					4.750	4.750	MON	792	9,500	11/05/2003	07/01/2012	
745211-LH-3	PUERTO RICO COMWLTH INDL DEV			2FE		450,000	90.270	406,215	450,000	450,000					5.200	5.200	MON	1,950	23,400	07/28/2003	07/01/2023	
2599999 - U. S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Issuer Obligations																						
						17,124,018		17,896,655	18,155,000	17,745,049		77,377							175,298	790,436		
U. S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Single Class Mortgage-Backed/Asset-Backed Securities																						
3128H4-HM-4	FEDERAL HOME LOAN MTG CORP #E96536			1		565,326	104.780	581,988	555,433	561,487		(4,260)			5.000	4.440	MON	2,314	27,772	08/08/2003	07/01/2017	
3128LX-C3-2	FEDERAL HOME LOAN MTG CORP #G01890			1		964,584	100.109	1,030,792	1,029,669	982,314		19,732			4.500	5.740	MON	3,875	46,322	01/19/2006	12/01/2034	
3128LX-QY-9	FEDERAL HOME LOAN MTG CORP #G02271			1		169,916	100.109	181,533	181,335	172,413		3,078			4.500	5.800	MON	680	8,160	09/28/2006	12/01/2034	
3128LX-R3-6	FEDERAL HOME LOAN MTG CORP #G02306			1		731,245	100.155	780,431	779,216	742,895		10,900			4.500	5.690	MON	2,922	35,065	09/28/2006	12/01/2033	
3128M4-PX-5	FEDERAL HOME LOAN MTG CORP #G02838			1		578,907	99.993	611,450	611,488	585,633		7,437			4.500	5.560	MON	2,293	27,517	03/08/2007	01/01/2036	
3128MB-SB-9	FEDERAL HOME LN MTG CORP #G13342			1		802,675	102.811	802,915	780,954	802,659		(4,938)			4.500	3.450	MON	2,929	32,214	01/05/2009	01/01/2023	
3128MC-CD-5	FEDERAL HOME LN MTG CORP #G13468			1		423,878	102.811	427,121	415,439	423,878		(1,524)			4.500	3.730	MON	1,558	14,021	02/17/2009	03/01/2023	
3128MM-BJ-1	FEDERAL HOME LOAN MTG CORP #G18040			1		883,606	104.734	912,181	870,950	878,457		(4,950)			5.000	4.590	MON	3,629	43,548	01/18/2005	08/01/2019	
3128MM-BN-2	FEDERAL HOME LOAN MTG CORP #G18044			1		236,445	102.921	244,923	237,970	236,883		518			4.500	4.610	MON	892	10,709	02/18/2005	09/01/2019	
3128PM-3K-4	FG J09802			1		736,689	100.780	730,683	725,021	735,733		(1,339)			4.000	3.530	MON	2,417	16,917	04/16/2009	02/01/2024	
312967-5A-6	FEDERAL HOME LOAN MTG CORP #B15341			1		785,177	104.641	826,135	789,494	786,471		1,514			5.000	5.080	MON	3,290	39,475	05/21/2004	02/01/2019	
312968-UK-4	FEDERAL HOME LOAN MTG CORP #B15986			1		675,956	104.641	697,196	666,275	672,477		(5,645)			5.000	4.510	MON	2,776	33,314	01/18/2005	01/01/2019	
312968-X2-1	FEDERAL HOME LOAN MTG CORP #B16097			1		639,157	104.641	659,241	630,002	635,340		(5,630)			5.000	4.520	MON	2,625	31,500	01/18/2005	01/01/2019	
312971-S6-2	FEDERAL HOME LOAN MTG CORP #B18641			1		796,090	104.734	821,835	784,688	791,795		(5,079)			5.000	4.560	MON	3,270	39,234	01/18/2005	09/01/2019	
31376K-GQ-3	FEDERAL NATIONAL MTG ASSOC #357607			1		196,242	105.141	204,477	194,479	195,159		(906)			5.000	4.680	MON	810	9,724	07/20/2004	12/01/2018	
31402D-GR-5	FEDERAL NATIONAL MTG ASSOC #725708			1		205,899	105.141	212,859	202,451	204,222		(1,586)			5.000	4.450	MON	844	10,123	12/06/2004	11/01/2018	
31402Q-HV-6	FEDERAL NATIONAL MTG ASSOC #734744			1		36,383	105.344	37,942	36,017	36,164		(164)			5.000	4.660	MON	150	1,801	09/08/2003	05/01/2018	
31402W-TN-8	FEDERAL NATIONAL MTG ASSOC #740457			1		115,273	105.344	120,212	114,114	114,674		(584)			5.000	4.630	MON	475	5,706	09/08/2003	02/01/2018	
31404L-X5-4	FEDERAL NATIONAL MTG ASSOC #772100			1		933,624	1,013.519	1,010,519	1,010,518	950,400		23,397			4.500	6.170	MON	3,789	45,473	06/09/2006	11/01/2032	
31407F-KK-5	FEDERAL NATIONAL MTG ASSOC #829298			1		972,886	100.171	1,044,841	1,043,047	992,484		21,273			4.500	5.770	MON	3,911	46,937	12/13/2005	01/01/2035	
31407R-BP-8	FEDERAL NATIONAL MTG ASSOC #838046			1		668,903	100.171	718,376	717,142	681,891		12,237			4.500	5.730	MON	2,689	32,271	12/13/2005	12/01/2034	
31417S-AP-5	FEDERAL NATIONAL MTG ASSOC #AC5413			1		1,024,811	102.984	1,019,394	989,856	1,024,126		(1,041)			4.500	3.470	MON	3,712	3,712	10/27/2009	09/01/2024	

(continues)

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SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Par Value	11 Book / Adjusted Carrying Value	Change in Book Adjusted Carrying Value				Interest					Dates	
		3 Code	4 Foreign	5 Bond CHAR			8 Rate Used To Obtain Fair Value	9 Fair Value			12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization) / Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B./A./C.V.	16 Rate of	17 Effective Rate of	18 When Paid	19 Admitted Amount Due and Accrued	20 Amount Received During Year	21 Acquired	22 Maturity
U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Single Class Mortgage-Backed/Asset-Backed Securities (continued)																					
31417S-JP-6	FEDERAL NATIONAL MTG ASSOC #AC5669				1	1,027,263	102,984	1,021,370	991,776	1,026,058		(1,495)			4.500	3.470	MON	3,719	7,438	09/29/2009	10/01/2024
2699999 - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Single Class Mortgage-Backed/Asset-Backed Securities																					
						14,170,935	14,701,414	14,357,334	14,233,593		60,945							55,569	568,953		
U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Defined Multi-Class Residential Mortgage-Backed Securities																					
31392E-CE-8	FEDERAL NATIONAL MTG ASSOC 02 55 VA				1	163,162	100,452	159,175	158,458	158,458		(2,606)			5.500	4.610	MON	726	8,715	05/24/2004	04/01/2010
31392H-BT-9	FEDERAL NATIONAL MTG ASSOC 02 92 QP				1	60,385	102,823	62,658	60,937	60,599		576			5.000	5.210	MON	254	3,047	05/19/2004	05/01/2012
31393B-2U-8	FEDERAL NATIONAL MTG ASSOC 03 60 NA				1	78,862	101,055	81,686	80,833	80,066		1,596			4.000	4.790	MON	269	3,233	03/15/2005	01/01/2012
31393C-LE-0	FEDERAL HOME LOAN MTG CORP 2619 YT		1		1	179,004	104,115	188,789	181,327	180,059		1,099			4.500	4.860	MON	680	8,160	10/06/2005	09/01/2013
31393R-TE-0	FREDDIE MAC -2631 DA				1	837,596	101,081	854,129	844,990	837,801		710			3.625	3.870	MON	2,553	10,210	08/10/2009	06/01/2022
31393Y-3A-1	FEDERAL NATIONAL MTG ASSOC 04 55 LA				1	86,621	103,067	92,501	89,748	87,895		1,336			4.500	5.520	MON	337	4,039	04/18/2006	12/01/2013
31393Y-LX-1	FEDERAL NATIONAL MTG ASSOC 04 29 AH				1	159,085	103,581	170,703	164,801	161,652		2,189			4.000	4.850	MON	549	6,592	05/26/2004	03/01/2015
31394A-S2-3	FEDERAL NATIONAL MTG ASSOC 04 74 BA				1	223,707	103,995	233,613	224,637	223,827		228			4.500	4.520	MON	842	10,109	08/27/2004	02/01/2015
31394C-UM-2	FEDERAL NATIONAL MTG ASSOC 05 21 MK				1	22,278	100,000	22,159	22,159	22,159					4.750	4.390	MON	88	1,053	04/04/2005	03/01/2010
31394C-W8-1	FEDERAL NATIONAL MTG ASSOC 05 35 DA				1	214,397	104,112	222,675	213,879	213,879		(442)			5.000	4.840	MON	891	10,694	05/02/2005	07/01/2015
31395E-RQ-2	FEDERAL HOME LOAN MTG CORP 2841 AB		1		1	189,675	103,848	198,432	191,078	190,181		405			4.000	4.140	MON	637	7,643	09/01/2004	03/01/2015
31395P-FG-2	FEDERAL HOME LOAN MTG CORP 2952 GJ		1		1	176,072	101,848	179,917	176,652	176,270		244			4.500	4.540	MON	662	7,949	04/26/2005	10/01/2011
31395R-DL-9	FEDERAL HOME LOAN MTG CORP 2960 QN		1		1	7,596	99,983	7,583	7,585	7,585					4.500	4.370	MON	28	341	04/13/2005	01/01/2010
31395T-5J-9	FEDERAL HOME LOAN MTG CORP 2956 JW		1		1	185,762	101,764	189,247	185,965	185,762		74			4.500	4.480	MON	697	8,368	04/20/2005	11/01/2011
38376G-CJ-7	GOVERNMENT NATIONAL MORTGAGE A 09-119 B				1	497,852	97,625	488,125	500,000	497,855		4			4.290	4.320	MON	1,788		11/03/2009	12/01/2019
BCC00W-FZ-6	INVESTORS GNMA CERTS TR 4 Z		1		1	145,090	100,000	144,775	144,775	144,963		(21)			7.500	7.390	MON	1,810	10,632	08/24/1995	01/01/2022
2799999 - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Defined Multi-Class Residential Mortgage-Backed Securities																					
						3,227,144	3,296,167	3,247,824	3,229,011		5,392							12,811	100,785		
3199999 - Subtotal - U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																					
						34,522,097	35,894,236	35,760,158	35,207,653		143,714							243,678	1,460,174		
Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations																					
053611-AC-3	AVERY DENNISON CORPORATION		1		2FE	510,870	103,018	515,095	500,000	504,507		(1,354)			4.875	4.550	JJ	11,240	24,375	10/21/2004	01/15/2013
06051G-DW-6	BANK OF AMERICA CORP				1FE	994,660	103,670	1,036,710	1,000,000	996,272		1,004			4.900	5.020	MN	8,167	49,000	05/22/2008	05/01/2013
07588T-AS-8	BECTON DICKINSON & CO		1		1FE	503,625	106,132	530,662	500,000	501,574		(435)			4.550	4.440	AO	4,803	22,750	10/25/2004	04/15/2013
134429-AS-8	CAMPBELL SOUP COMPANY		1		1FE	240,750	108,041	270,103	250,000	244,929		1,188			4.875	5.480	AO	3,047	12,188	03/15/2006	10/01/2013
172967-EQ-0	CITIGROUP INC				1FE	504,170	103,676	518,380	500,000	502,943		(802)			5.500	5.300	AO	6,111	27,500	05/21/2008	04/11/2013
189054-AC-3	CLOROX COMPANY		1		2FE	530,395	105,275	526,375	500,000	506,666		(5,858)			6.125	4.840	FA	12,760	30,625	08/09/2005	02/01/2011
263534-BY-0	EI DU PONT DE NEMOURS		1		1FE	531,510	110,462	552,315	500,000	526,185		(5,325)			5.875	4.440	JJ	13,545	17,380	01/22/2009	01/15/2014
291011-AM-6	EMERSON ELECTRIC COMPANY				1FE	561,800	103,936	519,685	500,000	507,032		(10,894)			7.125	4.790	FA	13,458	35,625	05/24/2004	08/15/2010
36962G-S6-2	GENERAL ELECTRIC CAPITAL CORPORATION				1FE	499,385	103,354	516,774	500,000	499,891		130			4.875	4.900	AO	4,740	24,375	10/18/2005	10/21/2010
373334-JM-4	GEORGIA POWER COMPANY		1		1FE	749,520	111,153	833,648	750,000	749,593		70			6.000	6.010	MN	7,500	42,750	11/12/2008	11/01/2013

(continues)

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Par Value	11 Book / Adjusted Carrying Value	Change in Book Adjusted Carrying Value				Interest					Dates	
		3 Code	4 Foreign	5 Bond CHAR			8 Rate Used To Obtain Fair Value	9 Fair Value			12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization) / Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B./A./C.V.	16 Rate of	17 Effective Rate of	18 When Paid	19 Admitted Amount Due and Accrued	20 Amount Received During Year	21 Acquired	22 Maturity
Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations (continued)																					
42307T-AF-5	HEINZ (H. J.) FINANCE CO	1		2FE	542,235	107,267	536,340	500,000	515,317		(6,466)			6.000	4.520	MS	8,833	30,000	06/28/2005	03/15/2012	
440452-AD-2	HORMEL FOODS CORP	1		1FE	421,892	106,981	427,924	400,000	406,615		(4,381)			6.625	5.390	JD	2,208	26,500	03/28/2006	06/01/2011	
46625H-HB-9	JPMORGAN CHASE & CO	1		1FE	973,800	105,552	1,055,520	1,000,000	980,894		5,105			4.750	5.380	MN	7,917	47,500	08/07/2008	05/01/2013	
5252M0-BZ-9	LEHMAN BROTHERS HOLDINGS			6FE	73,125	21,000	157,500	750,000	73,125					5.625	5.950	JJ			05/08/2008	01/24/2013	
59018Y-N5-6	MERRILL LYNCH & CO			1FE	753,458	107,015	802,612	750,000	752,448		(648)			6.150	6.030	AO	8,456	46,125	05/08/2008	04/25/2013	
617446-2T-5	MORGAN STANLEY			1FE	718,875	106,394	797,962	750,000	728,263		6,791			5.250	6.380	MN	6,463	39,375	08/07/2008	11/02/2012	
718507-BQ-8	PHILLIPS PETROLEUM COMPANY	1		1FE	1,171,436	103,286	981,226	950,000	963,876		(33,597)			8.750	5.000	MN	8,313	83,125	10/30/2002	05/25/2010	
724479-AF-7	PITNEY BOWES INC	1		1FE	499,455	106,372	531,860	500,000	499,782		73			4.625	4.640	AO	5,781	23,125	04/18/2005	10/01/2012	
737679-CW-8	POTOMAC ELECTRIC POWER COMPANY	1		1FE	511,935	104,583	522,918	500,000	506,106		(1,410)			4.950	4.600	MN	3,163	24,750	06/29/2005	11/15/2013	
744448-BJ-4	PUBLIC SERVICE COMPANY OF COLORADO	1		1FE	579,495	114,738	573,695	500,000	534,995		(11,575)			7.875	5.110	AO	9,844	39,375	11/01/2005	10/01/2012	
771196-AQ-5	ROCHE HLDGS INC			1FE	248,185	106,983	267,458	250,000	248,464		279			5.000	5.160	MS	4,167	6,458	02/18/2009	03/01/2014	
86787G-AG-7	SUNTRUST BANKS INC			2FE	499,330	96,917	484,585	500,000	499,585		62			5.000	5.010	MS	8,333	25,000	08/17/2005	09/01/2015	
92976W-BJ-4	WACHOVIA CORP			1FE	697,800	106,233	796,748	750,000	711,449		9,894			5.500	7.260	MN	6,875	41,250	08/07/2008	05/01/2013	
939333-AC-4	WASHINGTON MUTUAL FINANCIAL CORP			1FE	557,010	105,071	525,355	500,000	514,868		(10,272)			6.875	4.610	MN	4,392	34,375	07/20/2005	05/15/2011	
949746-NY-3	WELLS FARGO COMPANY			1FE	977,493	103,867	1,038,680	1,000,000	984,376		4,588			4.375	4.920	JJ	18,351	43,750	08/07/2008	01/31/2013	
03746A-AC-4	APACHE FINANCE CANADA	1		1FE	239,390	104,265	260,662	250,000	240,736		1,346			4.375	5.170	MN	1,398	10,938	02/02/2009	05/15/2015	
87182R-AC-1	SYSCO INTERNATIONAL CO	1		1FE	540,720	109,551	547,757	500,000	515,385		(5,876)			6.100	4.730	JD	2,542	30,500	04/15/2005	06/01/2012	
2254C0-TC-1	CREDIT SUISSE NEW YORK			1FE	495,045	106,642	533,215	500,000	496,517		922			5.000	5.220	MN	3,194	25,000	05/22/2008	05/15/2013	
2515A0-NY-5	DEUTSCHE BANK AG LONDON			1FE	996,100	106,237	1,062,370	1,000,000	997,255		728			4.875	4.960	MN	5,552	48,750	05/22/2008	05/20/2013	
25243Y-AN-9	DIAGEO PLC			1FE	414,216	115,681	462,724	400,000	411,717		(2,256)			7.375	6.530	JJ	13,603	21,633	11/21/2008	01/15/2014	
25244S-AB-7	DIAGEO FINANCE BV			1FE	373,792	103,213	412,856	400,000	392,857		5,390			3.875	5.370	AO	3,875	15,500	03/08/2006	04/01/2011	
33611M-AH-6	FIRST PUERTO RICO TAX EXEMPT MAT FUND			1Z	400,000	100,000	400,000	400,000	400,000					5.250	5.250	MON	5,250	5,250	12/01/2004	12/01/2019	
3299999	Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations				18,311,472		18,999,714	18,550,000	17,914,222		(63,579)							223,871	954,847		
Industrial and Miscellaneous (Unaffiliated) - Defined Multi-Class Residential Mortgage-Backed Securities																					
05948X-MU-2	BANC OF AMERICA MTG SECS 03 5 1A36	1		1Z*	496,563	97,343	486,717	500,000	498,091		973			5.000	5.060	MON	2,083	25,000	10/28/2004	04/01/2011	
12669E-FY-7	COUNTRYWIDE HOME LOANS 03 J4 1A2	1		1Z*	91,741	99,309	91,337	91,971	91,741		147			4.750	4.720	MON	364	4,369	12/22/2003	10/01/2011	
16162W-DU-0	CHASE MTG FINANCE CORP 03 S14 2A3	1		1Z*	498,594	95,463	477,318	500,000	498,594					5.250	5.230	MON	2,188	26,250	10/22/2004	06/01/2013	
76111X-MF-7	RESIDENTIAL FDG MTG SECS 1 04 S6 3A5	1		1Z*	432,822	96,070	425,998	443,423	440,002		2,735			4.500	4.870	MON	1,663	19,954	08/23/2004	12/01/2012	
94982W-AA-2	WELLS FARGO MTG BKD SECS TR 05 9 1A1	1		1Z*	169,526	99,481	169,176	170,057	169,526		341			4.750	4.740	MON	673	8,076	09/13/2005	02/01/2012	
3499999	Industrial and Miscellaneous (Unaffiliated) - Defined Multi-Class Residential Mortgage-Backed Securities				1,689,246		1,650,546	1,705,451	1,697,954		4,196							6,971	83,649		
Industrial and Miscellaneous (Unaffiliated) - Other Multi-Class Residential Mortgage-Backed Securities																					
126380-AB-0	CREDIT SUISSE MTG CAP 06 9 2A1	1		4Z*	970,755	81,671	813,424	995,965	971,383		907			5.500	5.780	MON	4,565	54,778	09/08/2006	10/01/2036	
126694-PF-9	COUNTRYWIDE HOME LOANS 05 28 A1	1		1Z*	231,778	92,519	214,674	232,032	231,778		104			5.500	5.420	MON	1,063	12,762	11/03/2005	04/01/2013	
BCC01H-1P-5	LEHMAN BROS GRANTOR TR 93 3 H	1		1Z	221,278	100,000	266,600	266,600	230,577		(17,455)			5.500	6.980	MON	2,464	17,020	03/22/1996	10/01/2023	
BCC01H-WI-7	R&G FEDERAL MORT TR 94 3 3C	1		1Z	243,125	100,000	250,000	250,000	243,125		1,609			5.950	6.350	MON	1,595	15,703	02/26/1998	01/01/2024	
3599999	Industrial and Miscellaneous (Unaffiliated) - Other Multi-Class Residential Mortgage-Backed Securities				1,666,936		1,544,698	1,744,597	1,676,863		(14,835)							9,687	100,263		

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Par Value	11 Book / Adjusted Carrying Value	Change in Book Adjusted Carrying Value				Interest					Dates	
		3 Code	4 Foreign	5 Bond CHAR			8 Rate Used To Obtain Fair Value	9 Fair Value			12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization) / Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B. / A. C. V.	16 Rate of	17 Effective Rate of	18 When Paid	19 Admitted Amount Due and Accrued	20 Amount Received During Year	21 Acquired	22 Maturity
Industrial and Miscellaneous (Unaffiliated) - Defined Multi-Class Commercial Mortgage-Backed Securities																					
05947U-D3-9	BANC OF AMERICA COMM MTG2005-1 A5	1	1FE		1,258,350	99,198	1,239,987	1,250,000	1,258,350					5.121	5.110	MON	5,456	64,342	12/12/2006	01/01/2015	
059497-AX-5	BANC OF AMERICA COMM MTG INC 07 1 A4	1	1FE		753,780	88,184	661,387	750,000	752,498	(482)				5.451	5.350	MON	3,407	40,883	02/15/2007	01/01/2017	
07387B-AH-6	BEAR STEARNS COMM MTG SECS 05 PWR9 A4A	1	1FE		482,578	95,867	479,340	500,000	488,515	1,650				4.871	5.320	MON	2,030	24,365	02/13/2006	08/01/2015	
126171-AB-3	COMMERCIAL MTG PT CERT 05 C6 A2	1	1FE		102,983	100,255	105,086	104,818	104,434	889				4.999	5.510	MON	437	5,240	07/28/2006	07/01/2010	
126171-AF-4	COMMERCIAL MTG PT CERT 05 C6 A5A	1	1FE		487,578	97,095	485,475	500,000	491,689	1,176				5.116	5.440	MON	2,132	25,581	03/23/2006	07/01/2015	
225470-F7-3	CREDIT SUISSE MTG CAP 06 C1 A4	1	1FE		703,500	98,503	689,528	700,000	701,301	(641)				5.543	5.460	MON	3,272	39,024	03/07/2006	12/01/2015	
36228C-WX-7	GS MTG SECS CORP II 06 G6 A4	1	1FE		703,483	91,200	638,407	700,000	702,013	(421)				5.553	5.460	MON	3,239	38,871	03/07/2006	12/01/2015	
50179M-AE-1	LB-UBS COMM MTG TR 06 C6 A4	1	1FE		1,253,076	95,324	1,191,562	1,250,000	1,252,051	(346)				5.372	5.330	MON	3,731	67,150	11/07/2006	09/11/2016	
52108H-6S-8	LB-UBS COMM MTG TR 05 C5 A1	1	1FE		57,603	100,128	57,391	57,318	57,318	(65)				4.741	4.530	MON	151	2,717	08/15/2005	03/11/2010	
52108H-FS-8	LB-UBS COMM MTG TR 01 C7 A3	1	1FE		106,109	102,261	108,178	105,786	105,885	(186)				5.642	5.430	MON	332	5,968	07/28/2006	04/11/2011	
617451-CR-8	MORGAN STANLEY CAPITAL I 06 T21 A4	1	1FE		502,732	97,971	489,855	500,000	501,508	(337)				5.162	5.060	MON	2,151	25,810	01/20/2006	11/01/2015	
61750W-AX-1	MORGAN STANLEY CAP I 06 IQ12 A4	1	1FE		1,256,934	92,794	1,159,937	1,250,000	1,254,502	(850)				5.332	5.230	MON	5,554	66,650	12/18/2006	11/01/2016	
929766-R5-4	WACHOVIA BK COMM MTG TR 05 C18 A4	1	1FE		436,395	97,217	437,477	450,000	440,366	1,445				4.935	5.370	MON	1,851	22,208	02/07/2007	03/01/2015	
92976B-DT-6	WACHOVIA BK COMM MTG TR 06 C23 A4	1	1FE		498,008	95,789	478,945	500,000	498,320	88				5.418	5.440	MON	2,258	27,090	03/21/2006	01/01/2016	
3699999 - Industrial and Miscellaneous (Unaffiliated) - Defined Multi-Class Commercial Mortgage-Backed Securities					8,603,109		8,222,555	8,617,922	8,608,750	1,920							36,001	455,889			
Industrial and Miscellaneous (Unaffiliated) - Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities																					
80281W-AF-8	SANTANDER DRIVE AUTO REG TR 2007 3 A4A	1	3FE		999,858	99,472	994,729	1,000,000	999,940	47				5.520	5.520	MON	2,453	55,200	10/11/2007	11/15/2013	
89655X-AA-6	TRINITY RAIL LSG LP 06 1A A1	1	2FE		600,765	90,691	544,842	600,765	600,765					5.900	5.900	MON	1,674	35,456	05/18/2006	05/14/2024	
3799999 - Industrial and Miscellaneous (Unaffiliated) - Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities					1,600,623		1,539,571	1,600,765	1,600,705	47							4,127	90,656			
3899999 - Subtotal - Industrial and Miscellaneous (Unaffiliated)					31,871,386		31,957,084	32,218,735	31,498,494	(72,251)								280,657	1,685,304		
7799999 - Total Bonds - Subtotal - Issuer Obligations					59,176,575		63,371,804	61,450,000	60,208,584	98,396								778,205	2,792,797		
7899999 - Total Bonds - Subtotal - Single Class Mortgage-Backed/Asset-Backed Securities					19,812,303		20,155,466	19,711,184	19,670,069	55,032								77,481	671,072		
7999999 - Total Bonds - Subtotal - Defined Multi-Class Residential Mortgage-Backed Securities					4,916,390		4,946,713	4,953,275	4,926,965	9,588								19,782	184,434		
8099999 - Total Bonds - Subtotal - Other Multi-Class Residential Mortgage-Backed Securities					1,666,936		1,544,698	1,744,597	1,676,863	(14,835)								9,687	100,263		
8199999 - Total Bonds - Subtotal - Defined Multi-Class Commercial Mortgage-Backed Securities					8,603,109		8,222,555	8,617,922	8,608,750	1,920								36,001	455,889		
8299999 - Total Bonds - Subtotal - Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities					1,600,623		1,539,571	1,600,765	1,600,705	47								4,127	90,656		
8399999 - Subtotal - Total Bonds					95,575,936		99,780,807	98,077,743	96,691,936	150,148								925,283	4,295,111		

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE D - PART 2 - SECTION 1

Showing all PREFERRED STOCKS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes		5 Number Of Shares	6 Par Value Per Share	7 Rate Per Share	8 Book/Adjusting Carrying Value	Fair Value		11 Actual Cost	Dividends			Changes in Book/Adjusted Carrying Value				20 NAIC Designation	21 Date Acquired		
		3 Code	4 Foreign					9 Rate Per Share Used to Obtain Fair Value	10 Fair Value		12 Declared but Unpaid	13 Amount Received During Year	14 Nonadmitted Declared But Unpaid	15 Unrealized Valuation Increase/ (Decrease)	16 Current Year's (Amortization) Accretion	17 Current Year's Other Than Temporary Impairment Recognized	18 Total Change in B./A.C.V. (15+16-17)			19 Total Foreign Exchange Change in B./A.C.V.	
Industrial and Miscellaneous (Unaffiliated)																					
749136-30-5	R&G FINANCIAL CORP 7.750%	F		20,000,000	25.00	0.440	8,800	0.440	8,800	8,800										P6UZ	12/20/1999
318672-50-8	FIRST BANCORP PUERTO RICO CL D 7.25	R		10,000,000	25.00		250,004	12.200	122,000	250,004										P3LZ	02/13/2002
8499999 - Industrial and Miscellaneous (Unaffiliated)																					
							258,804		130,800	258,804			10,573								
8999999 - Total - Preferred Stocks							258,804		130,800	258,804			10,573								

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE D - PART 2 - SECTION 2

Showing all COMMON STOCKS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes		5 Number of Shares	6 Book/Adjusted Carrying Value	7 Rate Per Share Used to Obtain Fair Value	8 Fair Value	9 Actual Cost	Dividends			Changes in Book/Adjusted Carrying Value				17 NAIC Market Indicator (a)	18 Date Acquired
		3 Code	4 Foreign						10 Declared but Unpaid	11 Amount Received During Year	12 Nonadmitted Declared But Unpaid	13 Unrealized Valuation Increase/ (Decrease)	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change in B./A.C.V. (13 - 14)	16 Total Foreign Exchange Change in B./A.C.V.		
Industrial and Miscellaneous (Unaffiliated)																	
318672-10-2	FIRST BANCORP	R		1,000,000	2,300	2.300	2,300	5,729		210		(8,840)		(8,840)		L	09/24/1997
733174-10-6	POPULAR INC	R		14,165,919	32,015	2.260	32,015	145,903	6	1,417		(41,081)		(41,081)		L	10/01/2008
749136-10-7	R&G FINANCIAL CORP	R		5,000,000	500	0.100	500	475				25		25		U	09/22/1997
802809-10-3	SANTANDER BANCORP	R		14,310,000	175,727	12.280	175,727	123,925				(3,005)		(3,005)		L	11/20/1998
25811P-88-6	DORAL FINANCIAL CORP	R		250,000	908	3.630	908	1,875				(968)		(968)		L	08/15/2001
9099999	Industrial and Miscellaneous (Unaffiliated)				211,450		211,449	277,907	6	1,627		(53,869)		(53,869)			
Parent, Subsidiaries, and Affiliates																	
99C002-05-4	NATIONAL INSURANCE COMPANY			64,012,000	5,874,381	91.770	5,874,381	7,679,088				(1,439,630)		(1,439,630)		A	09/28/2007
9199999	Parent, Subsidiaries, and Affiliates				5,874,381		5,874,381	7,679,088				(1,439,630)		(1,439,630)			
9799999	Total Common Stocks				6,085,831		6,085,831	7,956,995	6	1,627		(1,493,499)		(1,493,499)			
9899999	Total Preferred and Common Stocks				6,344,635		6,216,631	8,215,799	6	12,200		(1,493,499)	21,290	(1,514,789)			

(a) For all common stocks bearing the NAIC market indicator "U" provide: the number of such issues 1 , the total \$ value (included in Column 8) of all such issues \$ 500 .

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE D - PART 3

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends
Bonds - U. S. Governments								
3133XM-Q8-7	FEDERAL HOME LOAN BANK		05/22/2009	DEUTSCHE BANK		535,057	500,000.00	625
3133XU-MR-1	FED HOME LN BANK		12/24/2009	BANK OF AMERICA		1,533,960	1,500,000.00	18,417
3620A2-W5-1	GOVERNMENT NATL MTG ASSOC #717168		06/09/2009	BANK OF AMERICA		974,219	1,000,000.00	2,375
3620A3-S3-9	GOVERNMENT NATL MTG ASSOC #717938		09/04/2009	RBS SECURITIES INC		1,544,297	1,500,000.00	4,167
3620AD-NY-4	GOVERNMENT NATL MTG ASSOC #726807		08/19/2009	BANK OF AMERICA		512,188	500,000.00	1,389
36296U-SY-7	GOVERNMENT NATL MTG ASSOC #701735		05/15/2009	CANTOR, FITZGERALD LLC		1,020,625	1,000,000.00	2,125
36297E-AX-3	GOVERNMENT NATL MTG ASSOC #709322		05/22/2009	JEFFERIES & COMPANY, INC.		406,375	400,000.00	850
36297J-TV-6	GOVERNMENT NATL MTG ASSOC #713464		05/08/2009	CREDIT SUISSE FIRST BOSTON		1,030,625	1,000,000.00	2,361
0399999	Subtotal - Bonds - U. S. Governments					7,557,346	7,400,000.00	32,309
Bonds - U. S. Political Subdivisions of States								
815626-GQ-3	SEDGWICK CNTY KANS UNI SCH DIS		05/19/2009	STERNE AGEE & LEACH		618,492	600,000.00	2,695
2499999	Subtotal - Bonds - U. S. Political Subdivisions of States					618,492	600,000.00	2,695
Bonds - U. S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions								
155888-AT-7	CENTRAL WEBER UTAH SWR IMPT		05/20/2009	BAUM (GEORGE K.) & CO		399,600	400,000.00	
3128MB-5B-9	FEDERAL HOME LN MTG CORP #G13342		01/05/2009	JEFFERIES & COMPANY, INC.		1,013,163	985,746.00	2,341
3128MC-CD-5	FEDERAL HOME LN MTG CORP #G13468		02/17/2009	CANTOR, FITZGERALD LLC		510,156	500,000.00	1,000
3128PM-3K-4	FG J09802		04/16/2009	CANTOR, FITZGERALD LLC		762,070	750,000.00	1,417
31393R-TE-0	FREDDIE MAC -2631 DA		08/10/2009	KEY BANC CAPITAL MARKETS		896,835	904,752.00	1,093
31417S-AP-5	FEDERAL NATIONAL MTG ASSOC #AC5413		10/27/2009	CANTOR, FITZGERALD LLC		1,035,312	1,000,000.00	2,000
31417S-JP-6	FEDERAL NATIONAL MTG ASSOC #AC5669		09/29/2009	BANK OF AMERICA		1,035,781	1,000,000.00	2,250
38376G-CJ-7	GOVERNMENT NATIONAL MORTGAGE A 09-119 B		11/03/2009	JEFFERIES & COMPANY, INC.		497,852	500,000.00	1,728
63968A-MY-8	NEBRASKA PUB PWR DIST REV		06/19/2009	US BANCORP PIPER JAFFRAY		412,172	400,000.00	9,880
63968A-QF-5	NEBRASKA PUB PWR DIST REV		06/11/2009	MORGAN STANLEY & CO		800,000	800,000.00	
646139-W3-5	NEW JERSEY ST TPK AUTH TPK REV		05/20/2009	GOLDMAN SACHS		784,014	700,000.00	4,037
73358W-AG-9	PORT AUTH N Y & N J		06/18/2009	SALOMON SMITH BARNEY		1,000,000	1,000,000.00	
3199999	Subtotal - Bonds - U. S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions					9,146,955	8,940,498.00	25,746
Bonds - Industrial and Miscellaneous (Unaffiliated)								
263534-BV-0	EI DU PONT DE NEMOURS		01/22/2009	JP MORGAN SECURITIES INC.		531,510	500,000.00	3,672
771196-AQ-5	ROCHE HLDGS INC		02/18/2009	JP MORGAN SECURITIES INC.		248,185	250,000.00	
03746A-AC-4	APACHE FINANCE CANADA	I	02/02/2009	BARCLAYS CAPITAL		239,390	250,000.00	2,431
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					1,019,085	1,000,000.00	6,103
8399997	Subtotal - Bonds - Part 3					18,341,878	17,940,498.00	66,853
8399998	Summary Item from Part 5 for Bonds					1,034,400	1,000,000.00	6,861
8399999	Subtotal - Bonds					19,376,278	18,940,498.00	73,714
9999999	TOTALS					19,376,278		73,714

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	Change In Book/Adjusted Carrying Value					16 Book/Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date	
									10 Prior Year Book/ Adjusted Carrying Value	11 Unrealized Valuation Increase/ (Decrease)	12 Current Year (Amorti- zation) / Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B. /A. C. V. (11+12-13)							15 Total Foreign Exchange Change in B. /A. C. V.
Bonds - U. S. Governments																				
156884-G3-6	CERTS OF ACCRUAL ON TSY SECS		08/15/2009	MATURITY		1,000,000	1,000,000.00	375,010	957,513		42,487		42,487		1,000,000					08/15/2009
3133X8-EW-8	FEDERAL HOME LOAN BANK		06/29/2009	MORGAN STANLEY & CO		1,060,940	1,000,000.00	1,047,470	1,041,322		(884)		(884)		1,040,438		20,502	20,502	47,031	08/15/2024
3133XM-Q8-7	FEDERAL HOME LOAN BANK		03/10/2009	MORGAN STANLEY & CO		1,506,347	1,400,000.00	1,367,205	1,367,739		558		558		1,368,297		138,050	138,050	22,167	11/17/2017
31359M-RG-0	FEDERAL NATIONAL MORTGAGE ASSOCIATION		03/24/2009	BANK OF AMERICA		433,060	400,000.00	388,577	392,047		398		398		392,445		40,615	40,615	9,236	03/15/2013
36205Q-M9-7	GOVERNMENT NATL MTG ASSOC #397384		12/01/2009	PAYDOWN		78,241	78,241.00	81,664	78,406		(165)		(165)		78,241				3,524	12/01/2009
3620A2-W5-1	GOVERNMENT NATL MTG ASSOC #717168		12/01/2009	PAYDOWN		16,797	16,797.00	16,364			19		19		16,797				222	04/01/2039
3620A3-S3-9	GOVERNMENT NATL MTG ASSOC #717938		12/01/2009	PAYDOWN		6,918	6,918.00	7,122			(4)		(4)		6,918				50	09/01/2039
3620AD-NY-4	GOVERNMENT NATL MTG ASSOC #726807		12/01/2009	PAYDOWN		1,751	1,751.00	1,794			(1)		(1)		1,751				14	09/01/2039
36214F-EK-4	GOVERNMENT NATL MTG ASSOC #104638		11/01/2009	VARIOUS		4,193	4,193.00	4,057	4,187		7		7		4,193				218	10/01/2013
36214S-PA-6	GOVERNMENT NATL MTG ASSOC #114817		11/01/2009	VARIOUS		102	102.00	110			(1)		(1)		102				6	08/01/2014
36214W-WS-0	GOVERNMENT NATL MTG ASSOC #118657		11/01/2009	VARIOUS		146	146.00	157	147		(1)		(1)		146				9	06/01/2014
36215X-SJ-7	GOVERNMENT NATL MTG ASSOC #148549		11/01/2009	VARIOUS		1,551	1,551.00	1,663	1,555		(4)		(4)		1,551				78	11/01/2015
36216Q-F6-8	GOVERNMENT NATL MTG ASSOC #171289		11/01/2009	VARIOUS		504	504.00	526	504		(1)		(1)		504				24	08/01/2016
36296U-SY-7	GOVERNMENT NATL MTG ASSOC #701735		12/01/2009	PAYDOWN		11,632	11,632.00	11,871			(8)		(8)		11,632				174	02/01/2039
36297E-AX-3	GOVERNMENT NATL MTG ASSOC #709322		12/01/2009	PAYDOWN		9,182	9,182.00	9,329			(6)		(6)		9,182				155	05/01/2039
36297J-TV-6	GOVERNMENT NATL MTG ASSOC #713464		12/01/2009	PAYDOWN		41,154	41,154.00	42,415			(62)		(62)		41,154				796	04/01/2039
0399999	Subtotal - Bonds - U. S. Governments					4,172,518	3,972,171.00	3,355,334	3,843,523		42,332		42,332		3,973,351		199,167	199,167	83,704	
Bonds - U. S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)																				
232237-7F-8	CUYAHOGA CNTY OHIO		01/30/2009	SWS SECURITIES, INC		535,970	500,000.00	524,670	522,097		(1,035)		(1,035)		521,061		14,909	14,909	4,375	12/01/2010
447726-KB-5	HURON VALLEY MICH SCH DIST		02/18/2009	BARCLAYS CAPITAL		554,205	500,000.00	538,565	535,809		(1,758)		(1,758)		534,051		20,154	20,154	8,556	11/01/2011
2499999	Subtotal - Bonds - U. S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)					1,090,175	1,000,000.00	1,063,235	1,057,906		(2,793)		(2,793)		1,055,112		35,063	35,063	12,931	
Bonds - U. S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																				
167736-RK-5	CHICAGO ILL WTR REV		02/20/2009	FIRST ALBANY		1,095,290	1,000,000.00	1,062,880	1,058,388		(2,977)		(2,977)		1,055,411		39,879	39,879	15,833	11/01/2011
270456-BD-7	EAST ALLEN MULTI SCH BLDG CORP		01/15/2009	US BANCORP PIPER JAFFRAY		1,052,450	1,000,000.00	1,043,990	1,035,974		(1,894)		(1,894)		1,034,080		18,370	18,370	31,000	01/15/2010
3128H4-HM-4	FEDERAL HOME LOAN MTG CORP #E96536		12/01/2009	PAYDOWN		166,628	166,628.00	169,596	167,022		(394)		(394)		166,628				4,502	07/01/2017
3128LX-C3-2	FEDERAL HOME LOAN MTG CORP #G01890		12/01/2009	VARIOUS		432,888	431,377.00	406,402	418,925		2,694		2,694		421,619		11,269	11,269	13,531	12/01/2034
3128LX-QY-9	FEDERAL HOME LOAN MTG CORP #G02271		12/01/2009	PAYDOWN		28,161	28,161.00	26,388	28,029		132		132		28,161				678	12/01/2034
3128LX-R3-6	FEDERAL HOME LOAN MTG CORP #G02306		12/01/2009	PAYDOWN		74,398	74,398.00	69,818	74,156		242		242		74,398				1,815	12/01/2033
3128M4-PX-5	FEDERAL HOME LOAN MTG CORP #G02838		12/01/2009	PAYDOWN		72,093	72,093.00	68,251	71,851		241		241		72,093				1,724	01/01/2036
3128MB-5B-9	FEDERAL HOME LN MTG CORP #G13342		12/01/2009	PAYDOWN		204,792	204,792.00	210,488			(773)		(773)		204,792				4,701	01/01/2023
3128MC-CD-5	FEDERAL HOME LN MTG CORP #G13468		12/01/2009	PAYDOWN		84,561	84,561.00	86,278			(194)		(194)		84,561				1,544	03/01/2023
3128MM-BJ-1	FEDERAL HOME LOAN MTG CORP #G18040		12/01/2009	PAYDOWN		275,267	275,267.00	279,267	275,747		(479)		(479)		275,267				7,090	08/01/2019
3128MM-BN-2	FEDERAL HOME LOAN MTG CORP #G18044		12/01/2009	PAYDOWN		70,206	70,206.00	69,756	70,155		51		51		70,206				1,738	09/01/2019
3128PM-3K-4	FG J09802		12/01/2009	PAYDOWN		24,979	24,979.00	25,381			(19)		(19)		24,979				327	02/01/2024
312967-SA-6	FEDERAL HOME LOAN MTG CORP #B15341		12/01/2009	PAYDOWN		190,824	190,824.00	189,781	190,728		96		96		190,824				5,803	02/01/2019
312968-UK-4	FEDERAL HOME LOAN MTG CORP #B15986		12/01/2009	PAYDOWN		308,067	308,067.00	312,544	308,836		(768)		(768)		308,067				9,107	01/01/2019
312968-X2-1	FEDERAL HOME LOAN MTG CORP #B16097		12/01/2009	PAYDOWN		335,941	335,941.00	340,822	336,801		(860)		(860)		335,941				9,086	01/01/2019
312971-S6-2	FEDERAL HOME LOAN MTG CORP #B18641		12/01/2009	PAYDOWN		250,584	250,584.00	254,225	251,067		(483)		(483)		250,584				7,156	09/01/2019
31376K-GQ-3	FEDERAL NATIONAL MTG ASSOC #357607		12/01/2009	VARIOUS		612,461	590,985.00	596,341	594,387		(615)		(615)		593,772		18,689	18,689	15,463	12/01/2018
31392E-CE-8	FEDERAL NATIONAL MTG ASSOC 02 55 VA		12/01/2009	PAYDOWN		86,566	86,566.00	89,135	86,949		(383)		(383)		86,566				3,538	04/01/2010
31392H-BT-9	FEDERAL NATIONAL MTG ASSOC 02 92 QP		12/01/2009	PAYDOWN		57,066	57,066.00	56,549	56,915		151		151		57,066				1,434	05/01/2012
31393B-2U-8	FEDERAL NATIONAL MTG ASSOC 03 60 NA		12/01/2009	PAYDOWN		59,212	59,212.00	57,768	58,893		318		318		59,212				1,258	01/01/2012
31393Q-LE-0	FEDERAL HOME LOAN MTG CORP 2619 YT		12/01/2009	PAYDOWN		72,782	72,782.00	71,850	72,643		139		139		72,782				1,740	09/01/2013
31393R-ST-8	FEDERAL HOME LOAN MTG CORP 2631 CD		05/08/2009	VARIOUS		640,590	636,409.00	612,146	625,465		4,565		4,565		630,031		10,559	10,559	9,899	04/01/2010
31393R-TE-0	FREDDIE MAC -2631 DA		12/01/2009	PAYDOWN		59,762	59,762.00	59,239			17		17		59,762				430	06/01/2022
31393Y-3A-1	FEDERAL NATIONAL MTG ASSOC 04 55 LA		12/01/2009	PAYDOWN		36,004	36,004.00	34,749	35,812		191		191		36,004				910	12/01/2013

(continues)

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	Change In Book/Adjusted Carrying Value						16 Book/Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date
									10 Prior Year Book/ Adjusted Carrying Value	11 Unrealized Valuation Increase/ (Decrease)	12 Current Year (Amorti- zation) / Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.						
Bonds - U. S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions (continued)																				
31393Y-LX-1	FEDERAL NATIONAL MTG ASSOC 04 29 AH		12/01/2009	PAYDOWN		51,998	51,998.00	50,194	51,779		219		219		51,998			1,127	03/01/2015	
31394A-S2-3	FEDERAL NATIONAL MTG ASSOC 04 74 BA		12/01/2009	PAYDOWN		56,204	56,204.00	55,972	56,181		23		23		56,204			1,404	02/01/2015	
31394C-UM-2	FEDERAL NATIONAL MTG ASSOC 05 21 MK		12/01/2009	PAYDOWN		109,988	109,988.00	110,581	109,988						109,988			2,642	03/01/2010	
31394C-W8-1	FEDERAL NATIONAL MTG ASSOC 05 35 DA		12/01/2009	PAYDOWN		76,534	76,534.00	76,719	76,561		(27)		(27)		76,534			2,069	07/01/2015	
31395E-RQ-2	FEDERAL HOME LOAN MTG CORP 2841 AB		12/01/2009	PAYDOWN		64,861	64,861.00	64,385	64,804		57		57		64,861			1,481	03/01/2015	
31395P-FG-2	FEDERAL HOME LOAN MTG CORP 2952 GJ		12/01/2009	PAYDOWN		86,960	86,960.00	86,675	86,917		43		43		86,960			1,950	10/01/2011	
31395R-DL-9	FEDERAL HOME LOAN MTG CORP 2960 QN		12/01/2009	PAYDOWN		143,562	143,562.00	143,787	143,562						143,562			3,313	01/01/2010	
31395T-SJ-9	FEDERAL HOME LOAN MTG CORP 2956 JW		12/01/2009	PAYDOWN		79,893	79,893.00	79,806	79,880		13		13		79,893			1,826	11/01/2011	
31395T-HV-9	FEDERAL HOME LOAN MTG CORP 2964 NH		04/13/2009	VARIOUS		189,934	187,797.00	188,560	187,841		(43)		(43)		187,797	2,136	2,136	3,018	07/01/2010	
31402D-GR-5	FEDERAL NATIONAL MTG ASSOC #725708		12/01/2009	VARIOUS		842,291	810,630.00	824,436	821,097		(1,550)		(1,550)		819,547	22,743	22,743	21,306	11/01/2018	
31402Q-HV-6	FEDERAL NATIONAL MTG ASSOC #734744		12/01/2009	PAYDOWN		9,205	9,205.00	9,298	9,215		(10)		(10)		9,205			253	05/01/2018	
31402W-TN-8	FEDERAL NATIONAL MTG ASSOC #740457		12/01/2009	PAYDOWN		37,696	37,696.00	38,079	37,748		(52)		(52)		37,696			994	02/01/2018	
31404L-X5-4	FEDERAL NATIONAL MTG ASSOC #772100		12/01/2009	PAYDOWN		164,029	164,029.00	151,548	163,073		956		956		164,029			4,140	11/01/2032	
31407F-KK-5	FEDERAL NATIONAL MTG ASSOC #829298		12/01/2009	PAYDOWN		174,703	174,703.00	162,952	173,785		918		918		174,703			4,683	01/01/2035	
31407R-BP-8	FEDERAL NATIONAL MTG ASSOC #838046		12/01/2009	PAYDOWN		74,712	74,712.00	69,686	74,435		277		277		74,712			1,689	12/01/2034	
31417S-AP-5	FEDERAL NATIONAL MTG ASSOC #AC5413		12/01/2009	PAYDOWN		10,143	10,143.00	10,501	10,501		(2)		(2)		10,143			38	09/01/2024	
31417S-JP-6	FEDERAL NATIONAL MTG ASSOC #AC5669		12/01/2009	PAYDOWN		8,224	8,224.00	8,519			(4)		(4)		8,224			48	10/01/2024	
594695-F2-9	MICHIGAN ST TRUNK LINE		02/25/2009	WEDBUSH MORGAN		1,097,010	1,000,000.00	1,096,490	1,096,306		(5,163)		(5,163)		1,091,143	5,867	5,867	16,917	11/01/2011	
684545-RR-9	ORANGE CNTY FLA TOURIST DEV TA		05/13/2009	SALOMON SMITH BARNEY		1,104,690	1,000,000.00	1,063,260	1,059,269		(6,625)		(6,625)		1,052,644	52,046	52,046	32,316	04/01/2012	
74527P-AY-9	PUERTO RICO HSG FIN CORP COLL		01/01/2009	MATURITY		500,000	500,000.00	120,710	500,000						500,000				01/01/2009	
BCC00W-FZ-6	INVESTORS GNMA CERTS TR 4 Z		12/15/2009	VARIOUS		21,945	21,945.00	21,993	21,947		(2)		(2)		21,945			947	01/01/2022	
3199999 - Subtotal - Bonds - U. S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																				
						11,196,154	10,785,748.00	10,627,795	10,633,131		(11,974)		(11,974)		11,014,594		181,558	181,558	252,468	
Bonds - Industrial and Miscellaneous (Unaffiliated)																				
126171-AB-3	COMMERCIAL MTG PT CERT 05 C6 A2		12/01/2009	PAYDOWN		145,182	145,182.00	142,642	144,659		523		523		145,182			6,068	07/01/2010	
126380-AB-0	CREDIT SUISSE MTG CAP 06 9 2A1		12/01/2009	PAYDOWN		88,960	88,960.00	86,708	88,874		85		85		88,960			3,581	10/01/2036	
126694-PF-9	COUNTRYWIDE HOME LOANS 05 28 A1		12/01/2009	PAYDOWN		115,099	115,099.00	114,973	115,078		21		21		115,099			3,229	04/01/2013	
12669E-FY-7	COUNTRYWIDE HOME LOANS 03 J4 1A2		12/01/2009	PAYDOWN		90,094	90,094.00	89,869	90,035		59		59		90,094			2,165	10/01/2011	
209111-DD-2	CONSOLIDATED EDISON CO OF NEW YORK		12/01/2009	MATURITY		500,000	500,000.00	561,470	511,312		(11,312)		(11,312)		500,000			35,750	12/01/2009	
364725-AC-5	GANNETT CO INC		04/20/2009	GOLDMAN SACHS		350,000	500,000.00	564,935	530,944		(2,774)		(2,774)		528,170		(178,170)	(178,170)	17,885	04/01/2012
38148F-AA-9	FDIC GTD TLGP GOLDMAN SACHS GROUP INC		12/28/2009	VARIOUS		1,042,061	1,000,000.00	996,120	996,208		815		815		997,023	45,037	45,037	27,715	06/15/2012	
481247-AE-4	FDIC GTD TLGP JPMORGAN CHASE & CO		08/12/2009	BARCLAYS CAPITAL		1,004,003	1,000,000.00	999,500	999,503		86		86		999,589	4,414	4,414	13,635	06/22/2012	
52108H-6S-8	LB-UBS COMM MTG TR 05 C5 A1		12/11/2009	PAYDOWN		145,326	145,326.00	146,048	145,423		(98)		(98)		145,326			3,627	03/11/2010	
52108H-FS-8	LB-UBS COMM MTG TR 01 C7 A3		12/11/2009	PAYDOWN		33,123	33,123.00	33,224	33,151		(27)		(27)		33,123			1,020	04/11/2011	
650111-AD-9	NEW YORK TIMES COMPANY		04/09/2009	SECURITY CALLED BY ISSUER at 103.492		517,460	500,000.00	498,025	499,479		115		115		499,594	17,866	17,866	12,688	03/15/2010	
76111X-MF-7	RESIDENTIAL FDG MTG SECS 1 04 S6 3A5		12/01/2009	PAYDOWN		56,577	56,577.00	55,225	56,414		163		163		56,577			2,376	12/01/2012	
89655X-AA-6	TRINITY RAIL LSG LP 06 1A A1		12/14/2009	PAYDOWN		30,150	30,150.00	30,150	30,150						30,150			991	05/14/2024	
931142-BE-2	WAL-MART STORES INC		04/16/2009	BARCLAYS CAPITAL		509,150	500,000.00	549,510	507,561		(3,783)		(3,783)		503,777	5,373	5,373	23,967	08/10/2009	
94982W-AA-2	WELLS FARGO MTG BKD SECS TR 05 9 1A1		12/01/2009	PAYDOWN		146,429	146,429.00	145,971	146,312		117		117		146,429			3,276	02/01/2012	
BCC01H-IP-5	LEHMAN BROS GRANTOR TR 93 3 H		11/01/2009	VARIOUS		47,891	47,890.00	39,749	47,625		265		265		47,891			2,687	10/01/2023	
BCC01H-WI-7	R&G FEDERAL MORT TR 94 3 3C		11/01/2009	PAYDOWN		250,000	250,000.00	243,125	249,296		704		704		250,000			14,667	01/01/2024	
33611M-AA-1	FIRST PUERTO RICO TAX EXEMPT TARGET MAT	F	09/01/2009	PRIOR PERIOD INCOME														1,302	03/31/2017	
3899999 - Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)																				
						5,071,505	5,148,830.00	5,297,244	5,192,024		(15,041)		(15,041)		5,176,984		(105,480)	(105,480)	176,629	
8399997 - Subtotal - Bonds - Part 4																				
						21,530,352	20,906,749.00	20,343,608	20,726,584		12,524		12,524		21,220,041		310,308	310,308	525,732	
8399998 - Summary Item from Part 5 for Bonds																				
						1,032,690	1,000,000.00	1,034,400		(1,232)		(1,232)		1,033,168		(478)	(478)	10,201		

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1 CUSIP Identifi- cation	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	Change In Book/Adjusted Carrying Value					16 Book/Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date
									10 Prior Year Book/ Adjusted Carrying Value	11 Unrealized Valuation Increase/ (Decrease)	12 Current Year (Amorti- zation) / Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B. /A. C. V. (11+12-13)							15 Total Foreign Exchange Change in B. /A. C. V.
8399999 - Subtotal - Bonds						22,563,042	21,906,749.00	21,378,008	20,726,584		11,292		11,292	22,253,209		309,830	309,830	535,933	
9999999 - TOTALS						22,563,042		21,378,008	20,726,584		11,292		11,292	22,253,209		309,830	309,830	535,933	

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE D - PART 5

Showing all Long-Term Bonds and Stocks ACQUIRED During Year and Fully DISPOSED OF During Current Year

1 CUSIP Identifi- cation	2 Description	3 F o r e i g n	4 Date Acquired	5 Name of Vendor	6 Disposal Date	7 Name of Purchaser	8 Par Value (Bonds) or Number of Shares (Stocks)	9 Actual Cost	10 Consideration	11 Book/Adjusted Carrying Value at Disposal						17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Interest and Dividends Received During Year	21 Paid for Accrued Interest and Dividends	
											12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization)/ Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change in B./A.C.V. (12+13-14)	16 Total Foreign Exchange Change in B./A.C.V.						
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
61757U-AB-6	FDIC GTD TLGP MORGAN STANLEY		02/12/2009	MORGAN STANLEY & CO	03/25/2009	MORGAN STANLEY & CO	1,000,000.000	1,034,400	1,032,690	1,033,168		(1,232)		(1,232)		(478)	(478)	10,201	6,861		
3899999 - Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)							1,000,000.000	1,034,400	1,032,690	1,033,168		(1,232)		(1,232)		(478)	(478)	10,201	6,861		
8399998 - Subtotal - Bonds							1,000,000.000	1,034,400	1,032,690	1,033,168		(1,232)		(1,232)		(478)	(478)	10,201	6,861		
9999999 - TOTALS								1,034,400	1,032,690	1,033,168		(1,232)		(1,232)		(478)	(478)	10,201	6,861		

SCHEDULE D - PART 6 - SECTION 1

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

1 CUSIP Identification	2 Description Name of Subsidiary, Controlled or Affiliated Company	3 Foreign	4 NAIC Company Code or Alien Insurer Identification Number	5 NAIC Valuation Method (See SVO Purposes and Procedures manual)	6 Do Insurer's Assets Include Intangible Assets Connected with Holding of Such Company's Stock?	7 Total Amount of Such Intangible Assets	8 Book/Adjusted Carrying Value	Stock of Such Company Owned by Insurer on Statement Date				
								9 Number of Shares	10 % of Outstanding			
Common Stocks - U.S. Property and Casualty Insurer												
.....	NATIONAL INSURANCE COMPANY	12076	EQUITY	No	5,874,381	64,012,000	18.900
1199999	- Subtotal - Common Stocks - U.S. Property and Casualty Insurer									5,874,381	.....
1899999	- Subtotal - Common Stocks									5,874,381	.....
1999999	- TOTALS									5,874,381	.....

1. Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein: \$
2. Total amount of intangible assets nonadmitted \$

SCHEDULE D - PART 6 - SECTION 2

1 CUSIP Identification	2 Name of Lower-tier Company	3 Name of Company Listed in Section 1 Which Controls Lower-tier Company	4 Total Amount of Intangible Assets Included in Amount Shown in Column 7, Section 1	Stock in Lower-Tier Company Owned Indirectly by Insurer on Statement Date	
				5 Number of Shares	6 % of Outstanding
NONE					

SCHEDULE DA - PART 1

Showing all SHORT-TERM INVESTMENTS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes		5 Date Acquired	6 Name of Vendor	7 Maturity Date	8 Book/ Adjusted Carrying Value	Change In Book/ Adjusted Carrying Value				13 Par Value	14 Actual Cost	Interest						21 Paid for Accrued Interest
		3 Code	4 Foreign					9 Unrealized Valuation Increase/ (Decrease)	10 Current Year's (Amortization) / Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Total Foreign Exchange Change in B. /A. C. V.			15 Amount Due and Accrued Dec. 31 of Current Year on Bond Not in Default	16 Non-Admitted Due and Accrued	17 Rate of	18 Effective Rate of	19 When Paid	20 Amount Received During Year	

NONE

SCHEDULE DB - PART A - SECTION 1

Showing all Options, Caps, Floors and Insurance Futures Options Owned December 31 of Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index	Date of Acquisition	Exchange or Counterparty	Cost/Option Premium	Book Value	*	Statement Value	Fair Value	Increase/(Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment/Miscellaneous Income

NONE

SCHEDULE DB - PART A - SECTION 2

Showing all Options, Caps, Floors and Insurance Futures Options Acquired During Current Year

1	2	3	4	5	6	7
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index	Date of Acquisition	Exchange or Counterparty	Cost/Option Premium

NONE

SCHEDULE DB - PART A - SECTION 3

Showing all Owned Options, Caps, Floors and Insurance Futures Options Terminated During Current Year

1 Description	2 Number of Contracts or Notional Amount	3 Date of Maturity, Expiry, or Settlement	4 Strike Price, Rate or Index	5 Date of Acquisition	6 Exchange or Counterparty	7 Cost/Option Premium	8 Indicate Exercise, Expiration, Maturity or Sale	9 Termination Date	10 Book Value	11 *	12 Consideration Received on Terminations	13 Increase/ (Decrease) by Adjustment	Gain/ (Loss) on Termination			17 Other Investment/ Miscellaneous Income
													14 Recognized	15 Used to Adjust Basis of Hedged Item	16 Deferred	

NONE

E19

SCHEDULE DB - PART B - SECTION 1

Showing all Options, Caps, Floors and Insurance Futures Options Written and In-Force December 31 of Current Year

1 Description	2 Number of Contracts or Notional Amount	3 Date of Maturity, Expiry, or Settlement	4 Strike Price, Rate or Index	5 Date of Issuance/ Purchase	6 Exchange or Counterparty	7 Consideration Received	8 Book Value	9 *	10 Statement Value	11 Fair Value	12 Increase/ (Decrease) by Adjustment	13 Used to Adjust Basis	14 Other Investment/ Miscellaneous Income
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NONE

SCHEDULE DB - PART B - SECTION 2

Showing all Options, Caps, Floors and Insurance Futures Options Written During Current Year

1 Description	2 Number of Contracts or Notional Amount	3 Date of Maturity, Expiry, or Settlement	4 Strike Price, Rate or Index	5 Date of Issuance / Purchase	6 Exchange or Counterparty	7 Consideration Received
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NONE

E20

SCHEDULE DB - PART B - SECTION 3

Showing all Written Options, Caps, Floors and Insurance Futures Options Terminated During Current Year

1 Description	2 Number of Contracts or Notional Amount	3 Date of Maturity, Expiry, or Settlement	4 Strike Price, Rate or Index	5 Date of Issuance / Purchase	6 Exchange or Counterparty	7 Consideration Received	8 Indicate Exercise, Expiration, Maturity or Closing Purchase Transaction	9 Termination Date	10 Book Value	11 *	12 Consideration Paid on Terminations	13 Increase / (Decrease) by Adjustment	Gain / (Loss) on Termination			17 Other Investment / Miscellaneous Income
													14 Recognized	15 Used to Adjust Basis	16 Deferred	

NONE

SCHEDULE DB - PART C - SECTION 1

Showing all Collar , Swap and Forwards Open December 31 of Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Description	Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index Rec (Pay)	Date of Opening Position or Agreement	Exchange or Counterparty	Cost or (Consideration Received)	Book Value	*	Statement Value	Fair Value	Increase/ (Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment/ Miscellaneous Income	Potential Exposure

NONE

SCHEDULE DB - PART C - SECTION 2

Showing all Collar , Swap and Forwards Opened During Current Year

1	2	3	4	5	6	7
Description	Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index Rec (Pay)	Date of Opening Position or Agreement	Exchange or Counterparty	Cost or (Consideration Received)

NONE

SCHEDULE DB - PART C - SECTION 3

Showing all Collar, Swap and Forwards Terminated During Current Year

1 Description	2 Notional Amount	3 Date of Maturity, Expiry, or Settlement	4 Strike Price, Rate or Index Rec (Pay)	5 Date of Opening Position or Agreement	6 Exchange or Counterparty	7 Cost or (Consideration Received)	8 Indicate Exercise, Expiration, Maturity or Sale	9 Termination Date	10 Book Value	11 *	12 Consideration Received or (Paid) on Terminations	13 Increase/ (Decrease) by Adjustment	Gain/ (Loss) on Termination			17 Other Investment/ Miscellaneous Income
													14 Recognized	15 Used to Adjust Basis of Hedged Item	16 Deferred	

NONE

E22

SCHEDULE DB - PART D - SECTION 1

Showing all Futures Contracts and Insurance Futures Contracts Open December 31 of Current Year

1 Description	2 Number of Contracts	3 Maturity Date	4 Original Value	5 Current Value	6 Variation Margin	7 Date of Opening Position	8 Exchange or Counterparty	9 Cash Deposit	Variation Margin Information			13 Potential Exposure
									10 Recognized	11 Used to Adjust Basis of Hedged Item	12 Deferred	

NONE

SCHEDULE DB - PART D - SECTION 2

Showing all Futures Contracts and Insurance Futures Contracts Opened During Current Year

1 Description	2 Number of Contracts	3 Maturity Date	4 Original Value	5 Date of Opening Position	6 Exchange or Counterparty	7 Net Additions to Cash Deposits
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NONE

SCHEDULE DB - PART D - SECTION 3

Showing all Futures Contracts and Insurance Futures Contracts Terminated During Current Year

1 Description	2 Number of Contracts	3 Maturity Date	4 Original Value	5 Termination Value	6 Variation Margin	7 Date of Opening Position	8 Exchange or Counterparty	9 Net Reduction to Cash Deposits	10 Termination Date	Variation Margin Information		
										11 Gain / (Loss) Recognized	12 Gain / (Loss) Used to Adjust Basis of Hedged Item	13 Gain / (Loss) Deferred

NONE

SCHEDULE DB - PART E - SECTION 1

Showing Counterparty Exposure for Derivative Instruments Open December 31 of Current Year

1 Description Counterparty or Exchange Traded	2 Master Agreement (Y or N)	3 Fair Value of Acceptable Collateral	Statement Value			Fair Value			10 Potential Exposure	11 Off-Balance Sheet Exposure
			4 Contracts Statement Value > 0	5 Contracts Statement Value < 0	6 Exposure Net of Collateral	7 Contracts Fair Value > 0	8 Contracts Fair Value < 0	9 Exposure Net of Collateral		

NONE

SCHEDULE E - PART 1 - CASH

1		2	3	4	5	6	7
Depository		Code	Rate of Interest	Amount of Interest Received During Year	Amount of Interest Accrued December 31 of Current Year	Balance	*
Name	Location and Supplemental Information						
Open Depositories							
CITIBANK MONEY MARKET						500,066	
FIRST PUERTO RICO DAILY LIQ A						85,090	
INTEREST RECEIVED DURING YEAR ON DISPOSE				2,119			
FUNDS ON HANDS	HATO REY, PUERTO RICO					500	
CASH CUSTODIAN						50,353	
BANCO POPULAR DE PUERTO RICO	HATO REY, PUERTO RICO			12,162	647	350,636	
BANCO BILBAO VIZCAYA ARGENTARIA	HATO REY, PUERTO RICO			836	24	(1,635,843)	
CITIBANK, N.A.	HATO REY, PUERTO RICO					23,469	
FIRST BANK	HATO REY, PUERTO RICO			18,006	1,378	997,760	
R-G PREMIER BANK	HATO REY, PUERTO RICO					24,743	
DORAL BANK	HATO REY, PUERTO RICO			15,756		564,869	
BANCO SANTANDER PUERTO RICO	HATO REY, PUERTO RICO			16,380	47	1,288,614	
CUSTODIAN / WITHDRAWALS						(365,744)	
FLORIDA							
FIRST UNION BANK	MIAMI, FLORIDA			100		62,153	
WACHOVIA	MIAMI, FLORIDA					529,412	
0199999 - TOTAL - Open Depositories				65,358	2,096	2,476,078	
0399999 - TOTAL Cash on Deposit				65,358	2,096	2,476,078	
0599999 - TOTAL Cash				65,358	2,096	2,476,078	

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January	4,702,624	4. April	5,751,224	7. July	4,794,517	10. October	3,197,240
2. February	7,317,466	5. May	4,922,565	8. August	5,552,183	11. November	3,851,147
3. March	5,924,242	6. June	5,859,407	9. September	4,357,941	12. December	2,476,078

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned December 31 of Current Year

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due and Accrued	8 Amount Received During Year
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NONE

SCHEDULE E - PART 3 - SPECIAL DEPOSITS

States, Etc.	1 Type of Deposit	2 Purpose of Deposit	Deposits For the Benefit of All Policyholders		All Other Special Deposits	
			3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value
1. Alabama	AL					
2. Alaska	AK					
3. Arizona	AZ					
4. Arkansas	AR					
5. California	CA					
6. Colorado	CO					
7. Connecticut	CT					
8. Delaware	DE					
9. District of Columbia	DC					
10. Florida	FL	B Statutory requirement	247,692	269,797		
11. Georgia	GA					
12. Hawaii	HI					
13. Idaho	ID					
14. Illinois	IL					
15. Indiana	IN					
16. Iowa	IA					
17. Kansas	KS					
18. Kentucky	KY					
19. Louisiana	LA					
20. Maine	ME					
21. Maryland	MD					
22. Massachusetts	MA					
23. Michigan	MI					
24. Minnesota	MN					
25. Mississippi	MS					
26. Missouri	MO					
27. Montana	MT					
28. Nebraska	NE					
29. Nevada	NV					
30. New Hampshire	NH					
31. New Jersey	NJ					
32. New Mexico	NM					
33. New York	NY					
34. North Carolina	NC					
35. North Dakota	ND					
36. Ohio	OH					
37. Oklahoma	OK					
38. Oregon	OR					
39. Pennsylvania	PA					
40. Rhode Island	RI					
41. South Carolina	SC					
42. South Dakota	SD					
43. Tennessee	TN					
44. Texas	TX					
45. Utah	UT					
46. Vermont	VT					
47. Virginia	VA					
48. Washington	WA					
49. West Virginia	WV					
50. Wisconsin	WI					
51. Wyoming	WY					
52. American Samoa	AS					
53. Guam	GU					
54. Puerto Rico	PR	O STATUTORY REQUIREMENT, Statutor	1,349,728	1,360,665		
55. U. S. Virgin Islands	VI					
56. Northern Mariana Islands	MP					
57. Canada	CN					
58. Aggregate Alien and Other	OT	XXX XXX				
59. Total		XXX XXX	1,597,420	1,630,462		
DETAILS OF WRITE-INS						
5801.						
5802.						
5803.						
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	XXX				
5899. Total (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)	XXX	XXX				



STATEMENT OF ACTUARIAL OPINION

ACTUARIAL OPINION

I, William R. Horbatt, FSA, MAAA am the Appointed Actuary for National Life Insurance Company of San Juan, Puerto Rico (NALIC) and a Member of the American Academy of Actuaries.

The company issues life, annuity and health insurance contracts with indeterminate premiums, non-guaranteed cost of insurance charges and interest crediting rates. The indeterminate elements are reviewed periodically based upon emerging company experience and changes in financial markets.

- (1) Since the last annual statement filed by the company, the company has changed certain interest crediting rates on universal life insurance to reflect declining market interest rates and adjusted indeterminate premium rates to reflect emerging company experience. Illustrations are consistent with the treatment of in force policies for all policy forms available for sale.
- (2) All changes are consistent with procedures previously reported and are based upon either the company's own experience or changes in public markets. Interest credits continue to be based upon the company's portfolio results while allocations among different classes of business are based upon studies of actual experience.

I have examined the actuarial assumptions and methods used in determining nonguaranteed elements for individual life insurance and annuity contracts of NALIC to be delivered in the United States. The nonguaranteed elements included are those:

- i. Paid, credited, charged or determined in 2009; and
- ii. Authorized by NALIC to be illustrated on new and existing business during 2009.

My examination included such review of the actuarial assumptions and methods of the underlying basic records and such tests of the actuarial calculations as I considered necessary. In my opinion, the nonguaranteed elements described above have been determined in accordance with generally accepted actuarial principles and practices applicable to the determination of nonguaranteed elements.

William R. Horbatt, FSA, MAAA
Consulting Actuary
Actuarial Consortium

February 27, 2010



ANNUAL STATEMENT FOR THE YEAR 2009 OF THE NATIONAL LIFE INSURANCE COMPANY

SCHEDULE O SUPPLEMENT

Due March 1

For the Year Ended December 31, 2009

Of The NATIONAL LIFE INSURANCE COMPANY

Address (City, State and Zip Code): SAN JUAN, , PR 09360

NAIC Group Code: 0343

NAIC Company Code: 72087

Employer's I. D. Number: 660276881

SUPPLEMENTAL SCHEDULE O - PART 1

**Development of Incurred Losses
(\$000 OMITTED)**

Section A - Group Accident and Health

Year in Which Losses Were Incurred	Net Amounts Paid Policyholders				
	1 2005	2 2006	3 2007	4 2008	5 2009(a)
1. Prior	889,296	157,709	43,754	16,546	70,206
2. 2005	4,380,422	1,019,290	123,898	18,883	(13,076)
3. 2006	X X X	4,596,054	778,792	141,063	17,109
4. 2007	X X X	X X X	3,999,293	998,002	49,811
5. 2008	X X X	X X X	X X X	8,819,923	4,866,037
6. 2009	X X X	X X X	X X X	X X X	4,880,620

Section B - Other Accident and Health

1. Prior	1,840,735	75,645	46,742	2,260	4,100
2. 2005	3,937,477	2,333,526	78,018	42,750	2,088
3. 2006	X X X	3,940,596	2,753,363	98,327	15,669
4. 2007	X X X	X X X	4,450,101	2,429,924	193,283
5. 2008	X X X	X X X	X X X	4,779,103	2,526,750
6. 2009	X X X	X X X	X X X	X X X	3,617,206

Section C - Credit Accident and Health

1. Prior	123,511	14,212	1,380		204
2. 2005	377,366	77,679	14,156	3,782	9,659
3. 2006	X X X	323,305	94,362	15,799	
4. 2007	X X X	X X X	303,633	76,224	4,512
5. 2008	X X X	X X X	X X X	215,793	121,481
6. 2009	X X X	X X X	X X X	X X X	173,900

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

SUPPLEMENTAL SCHEDULE O - PART 1

**Development of Incurred Losses
(\$000 OMITTED)**

Section D - _____

Year in Which Losses Were Incurred	Net Amounts Paid Policyholders				
	1 2005	2 2006	3 2007	4 2008	5 2009(a)
1. Prior	NONE				
2. 2005					
3. 2006					
4. 2007					
5. 2008					
6. 2009	XXX	XXX	XXX	XXX	

Section E - _____

1. Prior	NONE				
2. 2005					
3. 2006					
4. 2007					
5. 2008					
6. 2009	XXX	XXX	XXX	XXX	

Section F - _____

1. Prior	NONE				
2. 2005					
3. 2006					
4. 2007					
5. 2008					
6. 2009	XXX	XXX	XXX	XXX	

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

SUPPLEMENTAL SCHEDULE O - PART 1

**Development of Incurred Losses
(\$000 OMITTED)**

Section G - _____

Year in Which Losses Were Incurred	Net Amounts Paid Policyholders				
	1 2005	2 2006	3 2007	4 2008	5 2009(a)
1. Prior	NONE				
2. 2005					
3. 2006					
4. 2007					
5. 2008					
6. 2009	XXX	XXX	XXX	XXX	

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

SUPPLEMENTAL SCHEDULE O - PART 2

**Development of Incurred Losses
(\$000 OMITTED)**

Section A - Group Accident and Health

Year in Which Losses Were Incurred	Net Amounts Paid for Cost Containment Expenses				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	NONE				
2. 2005					
3. 2006					
4. 2007					
5. 2008	XXX	XXX	XXX		
6. 2009	XXX	XXX	XXX	XXX	

Section B - Other Accident and Health

1. Prior	NONE				
2. 2005					
3. 2006					
4. 2007					
5. 2008	XXX	XXX	XXX	XXX	
6. 2009					

Section C - Credit Accident and Health

1. Prior	NONE				
2. 2005					
3. 2006					
4. 2007					
5. 2008	XXX	XXX	XXX	XXX	
6. 2009					

SUPPLEMENTAL SCHEDULE O - PART 2

**Development of Incurred Losses
(\$000 OMITTED)**

Section D - _____

Year in Which Losses Were Incurred	Net Amounts Paid for Cost Containment Expenses				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	NONE				
2. 2005					
3. 2006					
4. 2007					
5. 2008					
6. 2009					

Section E - _____

1. Prior	NONE				
2. 2005					
3. 2006					
4. 2007					
5. 2008					
6. 2009					

Section F - _____

1. Prior	NONE				
2. 2005					
3. 2006					
4. 2007					
5. 2008					
6. 2009					

SUPPLEMENTAL SCHEDULE O - PART 2

**Development of Incurred Losses
(\$000 OMITTED)**

Section G - _____

Year in Which Losses Were Incurred	Net Amounts Paid for Cost Containment Expenses				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	NONE				
2. 2005					
3. 2006					
4. 2007					
5. 2008					
6. 2009	XXX	XXX	XXX	XXX	

SCHEDULE O SUPPLEMENT (continued)

SUPPLEMENTAL SCHEDULE O - PART 3

**Development of Incurred Losses
(\$000 OMITTED)**

Section A - Group Accident and Health

Year in Which Losses Were Incurred	Sum of Net Cumulative Amount Paid Policyholders and Claim Liability and Reserve Outstanding at End of Year				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. 2005	4,639,936	5,560,230	5,583,009	X X X	X X X
2. 2006	X X X	4,804,818	5,446,270	5,535,221	X X X
3. 2007	X X X	X X X	4,288,765	5,222,316	5,213,957
4. 2008	X X X	X X X	X X X	11,083,288	14,159,665
5. 2009	X X X	X X X	X X X	X X X	5,766,877

Section B - Other Accident and Health

1. 2005	4,717,205	6,820,015	6,524,295	X X X	X X X
2. 2006	X X X	4,670,588	7,221,357	6,846,340	X X X
3. 2007	X X X	X X X	5,265,982	7,319,257	7,108,246
4. 2008	X X X	X X X	X X X	5,670,121	7,799,666
5. 2009	X X X	X X X	X X X	X X X	4,283,118

Section C - Credit Accident and Health

1. 2005	596,540	613,371	636,044	X X X	X X X
2. 2006	X X X	470,522	485,172	476,074	X X X
3. 2007	X X X	X X X	436,759	410,394	386,177
4. 2008	X X X	X X X	X X X	329,396	423,021
5. 2009	X X X	X X X	X X X	X X X	255,637

SCHEDULE O SUPPLEMENT (continued)

SUPPLEMENTAL SCHEDULE O - PART 3

**Development of Incurred Losses
(\$000 OMITTED)**

Section D - _____

Year in Which Losses Were Incurred	Sum of Net Cumulative Amount Paid Policyholders and Claim Liability and Reserve Outstanding at End of Year				
	1	2	3	4	5
			7	2008	2009
1. 2005	NONE				
2. 2006					
3. 2007					
4. 2008					
5. 2009					
	XXX	XXX	XXX	XXX	

Section E - _____

1. 2005	NONE				
2. 2006					
3. 2007					
4. 2008					
5. 2009					
	XXX	XXX	XXX	XXX	

Section F - _____

1. 2005	NONE				
2. 2006					
3. 2007					
4. 2008					
5. 2009					
	XXX	XXX	XXX	XXX	

SCHEDULE O SUPPLEMENT (continued)

SUPPLEMENTAL SCHEDULE O - PART 3

**Development of Incurred Losses
(\$000 OMITTED)**

Section G - _____

Year in Which Losses Were Incurred	Sum of Net Cumulative Amount Paid Policyholders and Claim Liability and Reserve Outstanding at End of Year				
	1	2	3	4	5
			7	2008	2009
1. 2005	NONE				
2. 2006					
3. 2007					
4. 2008			X		
5. 2009	XXX	XXX	XXX	XXX	

SCHEDULE O SUPPLEMENT (continued)

SUPPLEMENTAL SCHEDULE O - PART 4

**Development of Incurred Losses
(\$000 OMITTED)**

Section A - Group Accident and Health

Year in Which Losses Were Incurred	Sum of Net Cumulative Amount Paid Policyholders, Cost Containment Expenses, and Claim and Cost Containment Liability and Reserve Outstanding at End of Year					
	1	2	3	4	5	
			7	2008	2009	
1. 2005	NONE					
2. 2006						
3. 2007						
4. 2008						X
5. 2009						XXX

Section B - Other Accident and Health

1. 2005	NONE					
2. 2006						
3. 2007						
4. 2008						X
5. 2009						^^^	^^^	^^X	XXX

Section C - Credit Accident and Health

1. 2005	NONE					
2. 2006						
3. 2007						
4. 2008						X
5. 2009						^^^	^^^	^^X	XXX

SUPPLEMENTAL SCHEDULE O - PART 5

**Reserve and Liability Methodology - Exhibits 6 and 8
(\$000 OMITTED)**

Line of Business	1 Methodology	2 Amount
1. Industrial Life		
2. Ordinary Life	Inventory and Claim Completion	2,216
3. Individual Annuity		
4. Supplementary Contracts		
5. Credit Life	Inventory and Claim Completion	35
6. Group Life	Inventory and Claim Completion	2,950
7. Group Annuities		
8. Group Accident and Health	Inventory, Continuance, and Claim Comple	12,100
9. Credit Accident and Health	Inventory and Claim Completion	372
10. Other Accident and Health	Inventory, Continuance, and Claim Comple	2,357
11. Total		20,030

SCHEDULE O SUPPLEMENT (continued)

SUPPLEMENTAL SCHEDULE O - PART 4

**Development of Incurred Losses
(\$000 OMITTED)**

Section D - _____

Year in Which Losses Were Incurred	Sum of Net Cumulative Amount Paid Policyholders, Cost Containment Expenses, and Claim and Cost Containment Liability and Reserve Outstanding at End of Year				
	1	2	3	4	5
			7	2008	2009
1. 2005	NONE				
2. 2006					
3. 2007					
4. 2008					
5. 2009					
	XXX	XXX	XXX	XXX	

Section E - _____

1. 2005	NONE				
2. 2006					
3. 2007					
4. 2008					
5. 2009					
	XXX	XXX	XXX	XXX	

Section F - _____

1. 2005	NONE				
2. 2006					
3. 2007					
4. 2008					
5. 2009					
	XXX	XXX	XXX	XXX	

SCHEDULE O SUPPLEMENT (continued)

SUPPLEMENTAL SCHEDULE O - PART 4

**Development of Incurred Losses
(\$000 OMITTED)**

Section G - _____

Year in Which Losses Were Incurred	Sum of Net Cumulative Amount Paid Policyholders, Cost Containment Expenses, and Claim and Cost Containment Liability and Reserve Outstanding at End of Year				
	1	2	3	4	5
			7	2008	2009
1. 2005	NONE				
2. 2006					
3. 2007					
4. 2008					
5. 2009					
	XXX	XXX	XXX	XXX	

TEST RATIOS

Data as of December 31, 2008

	1 December 31, 2008
1. Page 2, Assets, Line 6, Inside Amount 1	
2. Page 6, Analysis of Operations by Lines of Business, Line 1, Column 2	
3. Page 6, Analysis of Operations by Lines of Business, Line 1, Column 3	20,123,248
4. Page 6, Analysis of Operations by Lines of Business, Line 1, Column 4	947,429
5. Page 6, Analysis of Operations by Lines of Business, Line 1, Column 6	4,427,796
6. Page 6, Analysis of Operations by Lines of Business, Line 1, Column 7	3,865,572
7. Page 6, Analysis of Operations by Lines of Business, Line 1, Column 8	
8. Page 6, Analysis of Operations by Lines of Business, Line 1, Column 9	20,997,908
9. Page 6, Analysis of Operations by Lines of Business, Line 1, Column 10	1,106,948
10. Page 6, Analysis of Operations by Lines of Business, Line 1, Column 11	20,035,884
11. Page 6, Analysis of Operations by Lines of Business, Line 19, Column 2	
12. Page 6, Analysis of Operations by Lines of Business, Line 19, Column 3	5,078,242
13. Page 9, Exhibit 1, Part 1, Line 10.4, Column 2	
14. Page 9, Exhibit 1, Part 1, Line 10.4, Column 3	
15. Page 9, Exhibit 1, Part 1, Line 19.4, Column 2	
16. Page 9, Exhibit 1, Part 1, Line 19.4, Column 3	18,547,320
17. Page 48, Schedule T, Line 99, Column 2	27,965,367
18. Page 48, Schedule T, Line 99, Column 3	947,429
19. Page 48, Schedule T, Line 99, Column 4	39,242,138
20. Page 48, Schedule T, Line 99, Column 5	
21. Page 48, Schedule T, Line 99, Column 7	