



2615 Centennial Blvd., Suite 200
Tallahassee, FL 32308
850-668-8100

Life Insurance Company of Alabama
Instructions for Filing
Form 1120-L
U.S. Life Insurance Company Income Tax Return
for the year ended December 31, 2013

The original return should be signed (using full name and title) and dated on page one by an authorized officer of the corporation.

The signed return should be filed on or before September 15, 2014 with the following:

Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201-0012

This return indicates a \$220,447 overpayment. Of this amount, \$0 will be refunded to you and \$220,447 has been applied to your 2014 estimated tax.

To document the timely filing of your tax return(s), we suggest that you obtain and retain proof of mailing. Proof of mailing can be accomplished by sending the tax return(s) by registered or certified mail (metered by the U.S. Postal Service) or through the use of an IRS approved delivery method provided by an IRS designated private delivery service.

U.S. Life Insurance Company Income Tax Return

2013

For calendar year 2013 or tax year beginning _____, 2013, ending _____, 20__ --
Information about Form 1120-L and its separate instructions is at www.irs.gov/form1120L.

A Check if:	Name	B Employer identification number
1 Consolidated return (attach Form 851) <input type="checkbox"/>	LIFE INSURANCE COMPANY OF ALABAMA	63-0321291
2 Life-nonlife consolidated return <input type="checkbox"/>	Number, street, and room or suite no. If a P.O. box, see instructions.	C Date incorporated
3 Schedule M-3 (Form 1120-L) attached <input checked="" type="checkbox"/>	P.O. BOX 349	07/28/1952
	City or town, state or province, country, and ZIP or foreign postal code	D Check applicable box if an election has been made under section(s):
	GADSDEN, AL 35901	<input type="checkbox"/> 953(c)(3)(C) <input type="checkbox"/> 953(d)
E Check if: (1) <input type="checkbox"/> Final return (2) <input type="checkbox"/> Name change (3) <input type="checkbox"/> Address change (4) <input type="checkbox"/> Amended return		

Income	1 Gross premiums, etc., less return premiums, etc. Enter balance	1	37,233,051.
	2 Net decrease, if any, in reserves (see instructions)	2	
	3 10% of any decrease in reserves under section 807(f)(1)(B)(ii)	3	
	4 Investment income (Schedule B, line 8) (see instructions)	4	2,551,594.
	5 Net capital gain (Schedule D (Form 1120), line 17)	5	448,421.
	6 Income from a special loss discount account (attach Form 8816)	6	
	7 Other income (attach statement) SEE STATEMENT. 1.	7	33,577.
	8 Life insurance company gross income. Add lines 1 through 7.	8	40,266,643.
Deductions (See instructions for limitations on deductions.)	9 Death benefits, etc.	9	19,048,229.
	10 Net increase, if any, in reserves (Schedule F, line 35)	10	776,025.
	11 10% of any increase in reserves under section 807(f)(1)(B)(i)	11	
	12 Deductible policyholder dividends (Schedule F, line 18e)	12	52,074.
	13 Assumption by another person of liabilities under insurance, etc., contracts	13	
	14 Dividends reimbursable by taxpayer	14	
	15a Interest <input type="checkbox"/> b Less tax-exempt interest expense <input type="checkbox"/> c Bal <input type="checkbox"/>	15c	
	16 Deductible policy acquisition expenses (Schedule G, line 20)	16	3,020,695.
	17 Additional deduction (attach Form 8816)	17	
	18 Other deductions (see instructions) (attach statement) SEE STATEMENT. 1.	18	14,639,013.
19 Add lines 9 through 18	19	37,536,036.	
20 Subtotal. Subtract line 19 from line 8	20	2,730,607.	
21a Dividends-received deduction (Schedule A, line 16, column (c))	21a	26,582.	
Plus: b Operations loss deduction (see instructions) (attach statement)	21b		
	21c	26,582.	
22 Gain or (loss) from operations. Subtract line 21c from line 20	22	2,704,025.	
23 Small life insurance company deduction (Schedule H, line 17)	23	1,622,415.	
24 Life insurance company taxable income (LICTI). Subtract line 23 from line 22	24	1,081,610.	
25 Limitation on noninsurance losses (Schedule I, line 9)	25	NONE	
26 Amount subtracted from policyholders surplus account (Schedule J, Part II, line 10)	26	NONE	
27 Taxable income. Add lines 24, 25, and 26 (see instructions)	27	1,081,610.	
28 Total tax (Schedule K, line 10)	28	580,906.	
Tax and Payments	29a 2012 overpayment credited to 2013	29a	31,353.
	b Prior year(s) special estimated tax payments to be applied	29b	
	c 2013 estimated tax payments	29c	770,000.
	d 2013 special estimated tax payments (Do not include on line 29f)	29d	
	e Less 2013 refund applied for on Form 4466	29e	801,353.
	g Tax deposited with Form 7004	29g	
	h Credits: (1) Form 2439 (2) Form 4136	29h	
	i U.S. income tax paid or withheld at source (attach Form 1042-S)	29i	
	j Refundable credit from Form 8827, line 8c	29j	
		29k	801,353.
30 Estimated tax penalty. Check if Form 2220 is attached <input type="checkbox"/>	30		
31 Amount owed. If line 29k is smaller than the total of lines 28 and 30, enter amount owed	31		
32 Overpayment. If line 29k is larger than the total of lines 28 and 30, enter amount overpaid	32	220,447.	
33 Enter amount from line 32: Credited to 2014 estimated tax 220,447. Refunded	33		

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer	Date	Title	May the IRS discuss this return with the preparer shown below (see instructions)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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Paid Preparer Use Only	Print/Type preparer's name JAMES A GRAY	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN P01355700
	Firm's name THOMAS HOWELL FERGUSON P.A.	Firm's EIN 59-3186310			
	Firm's address 2615 CENTENNIAL BLVD., SUITE 200 TALLAHASSEE, FL32308	Phone no. 850-668-8100			

Schedule A Dividend Income and Dividends-Received Deduction (see instructions)

Dividends subject to proration		(a) Dividends received	(b) %	(c) Deduction (a) times (b)
1	Domestic corporations, less-than-20%-owned (other than debt-financed stock)	119,227.	70	83,459.
2	Domestic corporations, 20%-or-more-owned (other than debt-financed stock)		80	
3	Debt-financed stock of domestic and foreign corporations		see instructions	
4	Public utility corporations, less-than-20%-owned	805.	42	338.
5	Public utility corporations, 20%-or-more-owned		48	
6	Foreign corporations, less-than-20%-owned, and certain FSCs		70	
7	Foreign corporations, 20%-or-more-owned, and certain FSCs		80	
8	Wholly owned foreign subsidiaries and certain FSCs		100	
9	Certain affiliated company dividends		100	
10	Gross dividends-received deduction. Add lines 1 through 9			83,797.
11	Company share percentage (Schedule F, line 32)			29.3352
12	Prorated amount. Line 10 times line 11			24,582.
Dividends not subject to proration				
13	Affiliated company dividends SEE, STATEMENT, 2.	2,000.	see instructions	2,000.
14	Other corporate dividends			
15	Total dividends. Add lines 1 through 14, column (a). Enter here and on Schedule B, line 2	122,032.		
16	Total deductions. Add lines 12 and 13, column (c). Reduce the deduction as provided in section 805(a)(4)(D)(ii). Enter here and on page 1, line 21a and on Schedule J, Part I, line 2c			26,582.

Schedule B Gross Investment Income (section 812(d)) (see instructions)

1	Interest (excluding tax-exempt interest)	SEE, STATEMENT, 2.	1	2,379,988.
2	Gross taxable dividends (Schedule A, line 15, column (a))		2	122,032.
3	Gross rents		3	19,151.
4	Gross royalties		4	
5	Leases, terminations, etc.		5	
6	Excess of net short-term capital gain over net long-term capital loss (Schedule D (Form 1120), line 16)		6	30,423.
7	Gross income from trade or business other than an insurance business (attach statement)		7	
8	Investment income. Add lines 1 through 7. Enter here and on page 1, line 4		8	2,551,594.
9	Tax-exempt interest. Enter here and on Schedule F, line 13 and Schedule J, Part I, line 2d		9	2,117,220.
10	Increase in policy cash value of section 264(f) policies as defined in section 805(a)(4)(F). Enter here and include on Schedule F, line 13		10	
11	Add lines 8, 9, and 10		11	4,668,814.
12	100% qualifying dividends		12	2,000.
13	Gross investment income. Subtract line 12 from line 11. Enter here and on Schedule F, line 9		13	4,666,814.

Schedule F Increase (Decrease) in Reserves (section 807) and Company/Policyholder Share Percentage (section 812) (see instructions)

		(a) Beginning of tax year	(b) End of tax year
1	Life insurance reserves	53,097,095.	55,449,652.
2	Unearned premiums and unpaid losses	1,036,592.	1,002,498.
3	Supplementary contracts	233,955.	244,642.
4	Dividend accumulations and other amounts	1,192,210.	1,098,052.
5	Advance premiums	295,896.	333,058.
6	Special contingency reserves		
7	Add lines 1 through 6	55,855,748.	58,127,902.
8	Increase (decrease) in reserves under section 807. Subtract line 7, column (a) from line 7, column (b)		2,272,154.
9	Gross investment income (Schedule B, line 13)		4,666,814.
10 a	Required interest on reserves under sections 807(c)(1), (3), (4), (5), and (6) (attach statement)	2,930,057.	
b	Deductible excess interest. Enter here and on lines 18b and 19 below	37,336.	
c	Deductible amounts credited to employee pension funds		
d	Deductible amounts credited to deferred annuities		
e	Deductible interest on amounts left on deposit		
f	Total policy interest. Add lines 10a through 10e. Enter here and on line 26 below		2,967,393.
11	Subtract line 10f from line 9		1,699,421.
12	Life insurance company gross income (see instructions)	40,266,643.	
13	Tax-exempt interest and the increase in policy cash value of section 264(f) policies as defined in section 805(a)(4)(F). (Enter the sum of Schedule B, line 9 and line 10.)	2,117,220.	
14	Add lines 12 and 13		42,383,863.
15	Increase in reserves from line 8. (If a decrease in reserves, enter -0-.)		2,272,154.
16	Subtract line 15 from line 14		40,111,709.
17	Investment income ratio. Divide line 11 by line 16. If zero or less, enter -0-		4.2367
18 a	Policyholder dividends paid or accrued	14,738.	
b	Excess interest from line 10b	37,336.	
c	Premium adjustments		
d	Experience-rated refunds		
e	Deductible policyholder dividends. Add lines 18a through 18d. Enter here and on page 1, line 12		52,074.
19	Deductible excess interest from line 10b	37,336.	
20	Deductible dividends on employee pension funds		
21	Deductible dividends on deferred annuities		
22	Deductible premium and mortality charges for contracts paying excess interest		
23	Add lines 19 through 22		37,336.
24	Subtract line 23 from line 18e		14,738.
25	Investment portion of dividends. Line 17 times line 24		624.
26	Policy interest from line 10f		2,967,393.
27	Policyholder share amount. Add lines 25 and 26		2,968,017.
28	Net investment income (see instructions)	SEE STATEMENT. 5.	4,200,133.
29	Policyholder share amount from line 27		2,968,017.
30	Company share of net investment income. Subtract line 29 from line 28		1,232,116.
31	Total share percentage		100%
32	Company share percentage. Divide line 30 by line 28. Enter here and on Schedule A, line 11		29.3352 %
33	Policyholders' share percentage. Subtract line 32 from line 31		70.6648 %
34	Policyholders' share of tax-exempt interest and the increase in policy cash value of section 264(f) policies as defined in section 805(a)(4)(F). Multiply line 13 by line 33		1,496,129.
35	Net increase (decrease) in reserves. Subtract line 34 from line 8. If an increase, enter here and on page 1, line 10. If a (decrease), enter here and on page 1, line 2		776,025.

Schedule G Policy Acquisition Expenses (section 848) (see instructions)

		(a) Annuity	(b) Group life insurance	(c) Other
1	Gross premiums and other consideration	42,378.	5,035.	37,554,260.
2	Return premiums and premiums and other consideration incurred for reinsurance			486,357.
3	Net premiums. Subtract line 2 from line 1	42,378.	5,035.	37,067,903.
4	Net premium percentage	1.75%	2.05%	7.7%
5	Multiply line 3 by line 4	742.	103.	2,854,229.
6	Combine line 5, columns (a), (b), and (c), and enter here. If zero or less, enter -0- on lines 7 and 8			2,855,074.
7	Unused balance of negative capitalization amount from prior years			()
8	Combine lines 6 and 7. If zero or less, enter -0-			2,855,074.
9	General deductions (attach statement)	SEE STATEMENT, 7.		
10	Enter the lesser of line 8 or line 9			2,855,074.
11	Deductible general deductions. Subtract line 10 from line 9. Enter here and include on page 1, line 18			14,639,013.
12	If the amount on line 6 is negative, enter it as a positive amount. If the amount on line 6 is positive, enter -0-			
13	Unamortized specified policy acquisition expenses from prior years			7,549,743.
14	Deductible negative capitalization amount. Enter the lesser of line 12 or line 13			
15 a	Tentative 60-month specified policy acquisition expenses. Enter amount from line 10, but not more than \$5 million	15a	2,855,074.	
b	Limitation	15b	\$10,000,000	
16	Phase-out amount. Subtract line 15b from line 10. If zero or less, enter -0-	16		
17 a	Current year 60-month specified policy acquisition expenses. Subtract line 16 from line 15a. If zero or less, enter -0-	17a	2,855,074.	
b	Enter 10% of line 17a	17b		285,507.
18 a	Current year 120-month specified policy acquisition expenses. Subtract line 17a from line 10	18a		
b	Enter 5% of line 18a	18b		
19	Enter the applicable amount of amortization from specified policy acquisition expenses capitalized in prior years and deductible this year. Attach statement	19	SEE STATEMENT, 10.	2,735,188.
20	Deductible policy acquisition expenses. Add lines 14, 17b, 18b, and 19. Enter here and on page 1, line 16	20		3,020,695.

Schedule H Small Life Insurance Company Deduction (section 806(a)) (see instructions)

Part I - Controlled Group Information

Name of company	Tentative LICTI	
	(a) Income	(b) (Loss)
1 _____		
2 _____		
3 _____		
4 _____		
5 _____		
6 Add lines 1 through 5 in both columns		
7 Net controlled group tentative LICTI. Subtract line 6, column (b) from line 6, column (a). Enter here and on line 11 below		

Part II - Small Life Insurance Company Deduction If total assets (Schedule L, Part I, line 6, column (b)), are \$500 million or more, complete lines 8 through 12, line 16, and enter -0- on line 17 (see instructions).

8 Gain or (loss) from operations from page 1, line 22	8	2,704,025.	
9a Noninsurance income	9a		
9b Noninsurance deductions	9b		
10a Gain or (loss) on insurance operations. Subtract line 9a from line 8 and add line 9b	10a	2,704,025.	
10b Adjustments (attach statement)	10b		
10c Tentative LICTI. Combine lines 10a and 10b	10c	2,704,025.	
11 Net controlled group tentative LICTI from line 7	11		
12 Combined tentative LICTI. Add line 10c and line 11. If \$15 million or more, skip lines 13 through 15 and enter -0- on line 17 below and on page 1, line 23	12	2,704,025.	
13 Enter 60% of line 12, but not more than \$1,800,000	13		1,622,415.
14a Maximum statutory amount	14a	\$3,000,000	
14b Subtract line 14a from line 12. If zero or less, enter -0-	14b		
14c Enter 15% of line 14b, but not more than \$1,800,000	14c		
15 Tentative small life insurance company deduction. Subtract line 14c from line 13	15		1,622,415.
16 Taxpayer's share. Divide line 10c by the total of line 6, column (a) and line 10c. If line 10c is zero or less, enter -0- on this line	16		100.0000
17 Small life insurance company deduction. Multiply line 15 by line 16. Enter here and on page 1, line 23, and on Schedule J, Part I, line 2b	17		1,622,415.

Schedule I Limitation on Noninsurance Losses (section 806(b)(3)(C)) (see instructions)

1 Noninsurance income (attach statement)	1	
2 Noninsurance deductions (attach statement)	2	
3 Noninsurance operations loss deductions	3	
4 Add lines 2 and 3	4	
5 Noninsurance loss. Subtract line 1 from line 4. If line 1 is greater than line 4, skip lines 5 through 8 and enter -0- on line 9	5	
6 Enter 35% of line 5	6	
7 Enter 35% of the excess of LICTI (page 1, line 24) over any noninsurance loss included on page 1	7	
8 Enter the lesser of line 6 or line 7	8	
9 Limitation on noninsurance losses. Subtract line 8 from line 5. Enter here and on page 1, line 25	9	NONE

Schedule J Part I - Shareholders Surplus Account (Stock Companies Only) (section 815(c)) (see instructions)

1a Balance at the beginning of the tax year	1a	38,941,560.
b Transfers under pre-1984 sections 815(d)(1) and (4) for the preceding year	1b	NONE
c Balance at the beginning of the tax year. Add lines 1a and 1b	1c	38,941,560.
2a LICTI. Add lines 24 and 25, page 1. If zero or less, enter -0-	2a	1,081,610.
b Small life insurance company deduction (Schedule H, line 17)	2b	1,622,415.
c Dividends-received deduction (Schedule A, line 16, column (c))	2c	26,582.
d Tax-exempt interest (Schedule B, line 9) (see instructions)	2d	2,117,220.
3 Add lines 1c through 2d	3	43,789,387.
4 Tax liability without regard to section 815. Figure the tax on line 2a as if it were total taxable income	4	580,906.
5 Subtract line 4 from line 3. If zero or less, enter -0-	5	43,208,481.
6 Direct or indirect distributions in the tax year but not more than line 5	6	216,917.
7 Balance at the end of the tax year. Subtract line 6 from line 5	7	42,991,564.

Part II - Policyholders Surplus Account (Stock Companies Only) (section 815(d)) (see instructions)

8 Balance at the beginning of the tax year	8	1,137,367.
9a Direct or indirect distributions in excess of the amount on line 5, Part I above	9a	
b Tax increase on line 9a	9b	
c Subtractions from account under pre-1984 sections 815(d)(1) and (4)	9c	NONE
d Tax increase on line 9c	9d	NONE
e Subtraction from account under pre-1984 sections 815(d)(2)	9e	
10 Add lines 9a through 9e, but not more than line 8. Enter here and on page 1, line 26	10	NONE
11 Balance at the end of the tax year. Subtract line 10 from line 8	11	1,137,367.

Schedule K Tax Computation (see instructions)

1 Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)) <input type="checkbox"/>		
2 Income tax	2	367,747.
3 Alternative minimum tax (attach Form 4626)	3	213,159.
4 Add lines 2 and 3	4	580,906.
5a Foreign tax credit (attach Form 1118)	5a	
b Credit from Form 8834, line 7 (attach Form 8834)	5b	
c General business credit (attach Form 3800)	5c	
d Credit for prior year minimum tax (attach Form 8827)	5d	
e Bond credits from Form 8912	5e	
6 Total credits. Add lines 5a through 5e	6	
7 Subtract line 6 from line 4	7	580,906.
8 Foreign corporations - tax on income not effectively connected with U.S. business	8	
9 Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Other (attach statement)	9	
10 Total tax. Add lines 7 through 9. Enter here and on page 1, line 28.	10	580,906.

Schedule L Part I - Total Assets (section 806(a)(3)(C)) (see instructions)

	(a) Beginning of tax year		(b) End of tax year	
1 Real property	1	556,883.		563,521.
2 Stocks	2	4,490,976.		6,791,430.
3 Proportionate share of partnership and trust assets	3			
4 Other assets (attach statement) SEE STATEMENT 11.	4	97,546,617.		100,617,138.
5 Total assets of controlled groups	5			
6 Total assets. Add lines 1 through 5	6	102,594,476.		107,972,089.

Part II - Total Assets and Total Insurance Liabilities (section 842(b)(2)(B)(i)) (see instructions)

Line references below are to the "Assets" (lines 1 and 2) and "Liabilities, Surplus, and Other Funds" (lines 3 through 13) sections of the NAIC Annual Statement.

	(a) Beginning of tax year		(b) End of tax year	
1 Subtotals for assets (line 26)	1	102,594,476.		107,972,089.
2 Total assets (line 28)	2	102,594,476.		107,972,089.
3 Reserve for life policies and contracts (line 1)	3	37,323,504.		38,517,892.
4 Reserve for accident and health policies (line 2)	4	21,103,438.		22,546,995.
5 Liability for deposit-type contracts (line 3)	5	1,426,165.		1,342,695.
6 Life policy and contract claims (line 4.1)	6	408,114.		419,184.
7 Accident and health policy and contract claims (line 4.2)	7	6,687,269.		5,629,002.
8 Policyholder's dividend and coupon accumulations (line 5)	8			
9 Premiums and annuity considerations received in advance less discount (line 8)	9	295,896.		333,058.
10 Surrender values on canceled policies (line 9.1)	10			
11 Part of other amounts payable on reinsurance assumed (line 9.3)	11	2,315.		6,205.
12 Part of aggregate write-ins for liabilities (line 25). (Only include items or amounts includible in "total insurance liabilities on U.S. business" as defined in section 842(b)(2)(B)(i))	12			
13 Separate accounts statement (line 27)	13			
14 Total insurance liabilities. Add lines 3 through 13	14	67,246,701.		68,795,031.

Schedule M Other Information (see instructions)

	Yes	No		Yes	No
1 Check method of accounting: a <input checked="" type="checkbox"/> Accrual b <input type="checkbox"/> Other (specify) _____			8 At any time during the year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation? If "Yes," enter: a Percentage owned ▶ _____ % and b Owner's country ▶ _____		
2 Check if the corporation is a: a <input checked="" type="checkbox"/> Legal reserve company - if checked Kind of company: (1) <input checked="" type="checkbox"/> Stock (2) <input type="checkbox"/> Mutual Principal business: (1) <input checked="" type="checkbox"/> Life insurance (2) <input type="checkbox"/> Health and accident insurance b <input type="checkbox"/> Fraternal or assessment association c <input type="checkbox"/> Burial or other insurance company			c The corporation may have to file Form 5472 , Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached ▶ _____ 9 Has the corporation elected to use its own payout pattern for discounting unpaid losses and unpaid loss adjustment expenses?		X
3 Enter the percentage that the total of the corporation's life insurance reserves (section 816(b)) plus unearned premiums and unpaid losses (whether or not ascertained) on noncancelable life, health or accident policies not included in life insurance reserves bears to the corporation's total reserves (section 816(c)) <u>88.6774</u> %. Attach a statement showing the computation. <small>STMT 12</small>			10 Does the corporation discount any of the loss reserves shown on its annual statement?	X	
4 Does the corporation have any variable annuity contracts outstanding?		X	11 a Enter the total unpaid losses shown on the corporation's annual statement: (1) For the current year: \$ <u>6,048,186.</u> (2) For the previous year: \$ <u>7,095,383.</u> b Enter the total unpaid loss adjustment expenses shown on the corporation's annual statement: (1) For the current year: \$ _____ (2) For the previous year: \$ _____		
5 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year. <small>STMT 13</small>	X		12 If the corporation has an operations loss deduction (OLD) for the tax year and is electing under section 810(b)(3) to forego the carryback period, check here ▶ <input type="checkbox"/> If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.		
6 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "Yes," enter name and EIN of the parent corporation. ▶ _____		X	13 Enter the available OLD carryover from prior tax years. (Do not reduce it by any deduction on page 1, line 21b.) ▶ \$ <u>NONE</u>		
7 At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) If "Yes," complete a and b below a Attach a statement showing name and identifying number. (Do not include any information already entered in 6 above.) b Enter percentage owned ▶ _____ %		X	14 a Enter the corporation's state of domicile ▶ <u>AL</u> b Was the annual statement used to prepare the tax return filed with the state of domicile? If "No," complete c below. c Enter the state where the annual statement used to prepare the tax return was filed ▶ _____	X	
SEE STATEMENT 14 FOR RECONCILIATION			15 Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)? If "Yes," complete and attach Schedule UTP.		X

**SCHEDULE M-3
(Form 1120-L)**

**Net Income (Loss) Reconciliation for U.S. Life Insurance
Companies With Total Assets of \$10 Million or More**

OMB No. 1545-0128

2013

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1120-L.

▶ Information about Schedule M-3 (Form 1120-L) and its separate instructions is at www.irs.gov/form1120l.

Name of corporation (common parent, if consolidated return)

Employer identification number

LIFE INSURANCE COMPANY OF ALABAMA

63-0321291

Check applicable box(es): (1) Non-consolidated return (2) Consolidated return (Form 1120-L only)
(3) Mixed 1120/L/PC group (4) Dormant subsidiaries schedule attached

Part I Financial Information and Net Income (Loss) Reconciliation (see instructions)

- 1a Did the corporation file SEC Form 10-K for its income statement period ending with or within this tax year?
 Yes. Skip lines 1b and 1c and complete lines 2a through 11 with respect to that SEC Form 10-K.
 No. Go to line 1b. See instructions if multiple non-tax-basis income statements are prepared.
- b Did the corporation prepare a certified audited non-tax-basis income statement for that period?
 Yes. Skip line 1c and complete lines 2a through 11 with respect to that income statement.
 No. Go to line 1c.
- c Did the corporation prepare a non-tax-basis income statement for that period?
 Yes. Complete lines 2a through 11 with respect to that income statement.
 No. Skip lines 2a through 3c and enter the corporation's net income (loss) per its books and records on line 4a.
- 2a Enter the income statement period: Beginning 01/01/2013 Ending 12/31/2013
- b Has the corporation's income statement been restated for the income statement period on line 2a?
 Yes. (If "Yes," attach an explanation and the amount of each item restated.)
 No.
- c Has the corporation's income statement been restated for any of the five income statement periods preceding the period on line 2a?
 Yes. (If "Yes," attach an explanation and the amount of each item restated.)
 No.
- 3a Is any of the corporation's voting common stock publicly traded?
 Yes.
 No. If "No," go to line 4a.
- b Enter the symbol of the corporation's primary U.S. publicly traded voting common stock .
- c Enter the nine-digit CUSIP number of the corporation's primary publicly traded voting common stock

4a Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	4a	2,665,497.
b Indicate accounting standard used for line 4a (see instructions): (1) <input type="checkbox"/> GAAP (2) <input type="checkbox"/> IFRS (3) <input checked="" type="checkbox"/> Statutory (4) <input type="checkbox"/> Other (specify) _____		
5a Net income from nonincludible foreign entities (attach statement)	5a	()
b Net loss from nonincludible foreign entities (attach statement and enter as a positive amount) . . .	5b	
6a Net income from nonincludible U.S. entities (attach statement)	6a	()
b Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount)	6b	
7a Net income (loss) of other includible foreign disregarded entities (attach statement)	7a	
b Net income (loss) of other includible U.S. disregarded entities (attach statement)	7b	
c Net income (loss) of other includible corporations (attach statement)	7c	
8 Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement)	8	
9 Adjustment to reconcile income statement period to tax year (attach statement)	9	
10a Intercompany dividend adjustments to reconcile to line 11 (attach statement)	10a	
b Other statutory accounting adjustments to reconcile to line 11 (attach statement)	10b	
c Other adjustments to reconcile to amount on line 11 (attach statement)	10c	
11 Net income (loss) per income statement of includible corporations. Combine lines 4a through 10c	11	2,665,497.

Note. Part I, line 11, must equal the amount on Part II, line 30, column (a).

12 Enter the total amount (not just the corporation's share) of the assets and liabilities of all entities included or removed on the following lines.

	Total Assets	Total Liabilities
a Included on Part I, line 4 . . . ▶	107,972,089.	74,931,785.
b Removed on Part I, line 5 . . . ▶		
c Removed on Part I, line 6 . . . ▶		
d Included on Part I, line 7 . . . ▶		

Name of corporation (common parent, if consolidated return) **LIFE INSURANCE COMPANY OF ALABAMA** Employer identification number **63-0321291**

Check applicable box(es): (1) Consolidated group (2) Parent corp (3) Consolidated eliminations (4) Subsidiary corp (5) Mixed 1120/L/PC group

Check if a sub-consolidated: (6) 1120-L group (7) 1120-L eliminations

Name of subsidiary (if consolidated return) _____ Employer identification number _____

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items (Attach statements for lines 1 through 11)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations				
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions (attach statement)				
13 Interest income (attach Form 8916-A)	4,558,229.	-61,021.	-2,117,220.	2,379,988.
14 Accrual of bond discount				
15 Hedging transactions				
16 Mark-to-market income (loss)				
17 Deferred and uncollected premiums	NONE	9,942.		9,942.
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments				
20 Amortization of interest maintenance reserve	110,180.		-110,180.	
21 Original issue discount and other imputed interest				
22 Market discount reclassification				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than pass-through entities	208,364.	-208,364.		
b Gross capital gains from Schedule D, excluding amounts from pass-through entities		478,845.		478,845.
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach statements)	15,880.	21,281.		37,161.
26 Total income (loss) items. Combine lines 1 through 25	4,892,653.	240,683.	-2,227,400.	2,905,936.
27 Total expense/deduction items (from Part III, line 41)	-3,339,086.	118,711.	1,933,116.	-1,287,259.
28 Other items with no differences	1,111,930.			1,111,930.
29a Mixed groups, see instructions. All others, combine lines 26 through 28	2,665,497.	359,394.	-294,284.	2,730,607.
b 1120 subgroup reconciliation totals				
c PC insurance subgroup reconciliation totals				
30 Reconciliation totals. Combine lines 29a through 29c	2,665,497.	359,394.	-294,284.	2,730,607.

Note. Line 30, column (a) must equal the amount on Part I, line 11, and column (d) must equal Form 1120-L, page 1, line 20.

Name of corporation (common parent, if consolidated return) **LIFE INSURANCE COMPANY OF ALABAMA** Employer identification number **63-0321291**

Check applicable box(es): (1) Consolidated group (2) Parent corp (3) Consolidated eliminations (4) Subsidiary corp (5) Mixed 1120/L/PC group

Check if a sub-consolidated: (6) 1120-L group (7) 1120-L eliminations

Name of subsidiary (if consolidated return) _____ Employer identification number _____

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense	242,813.		-242,813.	
2 U.S. deferred income tax expense				
3 State and local current income tax expense				
4 State and local deferred income tax expense				
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Equity-based compensation				
9 Capitalization of deferred acquisition costs		-2,855,074.		-2,855,074.
10 Amortization of deferred acquisition costs		3,020,695.		3,020,695.
11 Meals and entertainment	79,520.		-39,760.	39,760.
12 Fines and penalties	2,708.		-2,708.	
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation				
16 Pension and profit-sharing				
17 Other post-retirement benefits				
18 Deferred compensation				
19 Charitable contribution of cash and tangible property				
20 Charitable contribution of intangible property	92,269.		-3,568.	88,701.
21 Charitable contribution limitation/carryforward				
22 Change in section 807(c)(1) tax reserves	2,637,945.	-285,388.		2,352,557.
23 Change in section 807(c)(2) tax reserves	NONE	-34,094.		-34,094.
24 Change in all other section 807(c) tax reserves	NONE	-46,308.		-46,308.
25 Section 807(f) adjustments for change in computing reserves				
26 Section 807(a)(2)(B) tax reserve amount with respect to policyholder share of tax-exempt interest			-1,496,130.	-1,496,130.
27 Current year acquisition/reorganization costs (attach statement).				
28 Amortization of acquisition, reorganization, and start-up costs				
29 Amortization/impairment of goodwill, insurance in force and ceding commissions				
30 Other amortization or impairment write-offs				
31 Section 846 amount				
32 Depreciation	101,529.	31,458.		132,987.
33 Bad debt expense/agency balances written off				
34 Corporate owned life insurance premiums	115,820.		-115,820.	
35 Purchase versus lease (for purchasers and/or lessees)				
36 Interest expense (attach Form 8916-A)				
37 Domestic production activities deduction				
38 Research and development costs				
39 Section 118 exclusion (attach statement)				
40 Other expense/deduction items with differences (attach statement)	66,482.	50,000.	-32,317.	84,165.
41 Total expense/deduction items. Combine lines 1 through 40. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive	3,339,086.	-118,711.	-1,933,116.	1,287,259.

LIFE INSURANCE COMPANY OF ALABAMA		STATUTORY	STATUTORY		TAX	INCOME	63-0321291
	BOOK INCOME	ADJUST.	INCOME	RECLASSIFY	ADJUST.	TAX RETURN	
	-----	-----	-----	-----	-----	-----	
1	PREMIUMS & ANNUITY CONSIDERATIONS		37,162,421.		STMT 18 84,440.	37,246,861.	
2	SUPPL. CONTRACTS WITH LIFE CONTINGENCIES						
3	NET INVESTMENT INCOME		4,060,663.	297,841.	-2,207,802.	2,150,702.	
4	RESERVES		-2,637,945.	83,470.	1,458,967.	-1,095,508.	
5	AMORT. OF INTEREST MAINT. RESERVE		110,180.		-110,180.		
6	SEP. ACCTS. NET GAIN FR. OPERATIONS						
7	COMMISSIONS & EXPENSES ON REINSURANCE						
8	RESERVE ADJUSTMENTS ON REINSURANCE CEDED						
9	AGGREGATE WRITE-INS FOR MISC. INCOME		33,579.			33,579.	
10	OTHER INCOME						
	GROSS INCOME		38,728,898.	381,311.	-774,575.	38,335,634.	
11	DEATH BENEFITS		2,208,418.			2,208,418.	
12	MATURED ENDOWMENTS						
13	ANNUITY BENEFITS		257,601.			257,601.	
14	BENEFITS - DISABILITY, A & H POLICIES		15,398,231.			15,398,231.	
15	COUPONS, ENDOWMENTS & SIMILAR BENEFITS		8,002.			8,002.	
16	SURRENDER BENEFITS & FUND WITHDRAWALS		1,045,271.			1,045,271.	
17	GROUP CONVERSIONS						
18	INTEREST ON POLICY OR CONTRACT FUNDS		47,236.			47,236.	
19	PAYMENTS ON SUPPLEMENTAL CONTRACTS						
20	INCREASE IN AGGREGATE RESERVES		2,637,945.			2,637,945.	
21	OTHER BENEFIT ADJUSTMENTS			83,470.		83,470.	
	NET BENEFIT ADJUSTMENTS		21,602,704.	83,470.		21,686,174.	
22	COMM. - PREM. & ANNUITY CONSIDERATIONS		7,536,051.			7,536,051.	
23	COMMISSIONS & EXP ALLOW. ON REINS. ASSUMED						
24	GENERAL INSURANCE EXPENSES		8,363,171.			8,363,171.	
25	INSURANCE TAXES, LICENSES & FEES		1,116,762.			1,116,762.	
26	INCR. IN LOADING - DEF. & UNCOLLECTED PREM		34,165.			34,165.	
27	NET TRANSFERS TO/FROM SEPARATE ACCOUNTS						
28	WRITE-INS FOR DEDUCTIONS						
29	OTHER DEDUCTIONS			731,958.	-391,971.	339,987.	
	TOTAL DEDUCTIONS		38,652,853.	815,428.	-391,971.	39,076,310.	
30	SPECIAL ITEMS				1,252,650.	1,252,650.	
	NET GAIN FROM OPERATIONS BEFORE TAX		76,045.	-434,117.	-1,635,254.	-1,993,326.	

Department of the Treasury
Internal Revenue Service

▶ **Attach to the corporation's tax return.**

2013

▶ **Information about Form 4626 and its separate instructions is at www.irs.gov/form4626.**

Name LIFE INSURANCE COMPANY OF ALABAMA Employer identification number 63-03211291

Note: See the instructions to find out if the corporation is a small corporation exempt from the alternative minimum tax (AMT) under section 55(e).

1	Taxable income or (loss) before net operating loss deduction	1	<u>1,081,610.</u>
2	Adjustments and preferences:		
a	Depreciation of post-1986 property	2a	<u>515.</u>
b	Amortization of certified pollution control facilities	2b	
c	Amortization of mining exploration and development costs	2c	
d	Amortization of circulation expenditures (personal holding companies only)	2d	
e	Adjusted gain or loss	2e	<u>NONE</u>
f	Long-term contracts	2f	
g	Merchant marine capital construction funds	2g	
h	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only)	2h	
i	Tax shelter farm activities (personal service corporations only)	2i	
j	Passive activities (closely held corporations and personal service corporations only)	2j	
k	Loss limitations	2k	
l	Depletion	2l	
m	Tax-exempt interest income from specified private activity bonds	2m	
n	Intangible drilling costs	2n	
o	Other adjustments and preferences	2o	
3	Pre-adjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2o	3	<u>1,082,125.</u>
4	Adjusted current earnings (ACE) adjustment:		
a	ACE from line 10 of the ACE worksheet in the instructions	4a	<u>3,512,000.</u>
b	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see instructions)	4b	<u>2,429,875.</u>
c	Multiply line 4b by 75% (.75). Enter the result as a positive amount	4c	<u>1,822,406.</u>
d	Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see instructions). Note: You must enter an amount on line 4d (even if line 4b is positive)	4d	<u>1,750,479.</u>
e	ACE adjustment. • If line 4b is zero or more, enter the amount from line 4c • If line 4b is less than zero, enter the smaller of line 4c or line 4d as a negative amount	4e	<u>1,822,406.</u>
5	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any AMT	5	<u>2,904,531.</u>
6	Alternative tax net operating loss deduction (see instructions)	6	
7	Alternative minimum taxable income. Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions	7	<u>2,904,531.</u>
8	Exemption phase-out (if line 7 is \$310,000 or more, skip lines 8a and 8b and enter -0- on line 8c):		
a	Subtract \$150,000 from line 7 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	8a	
b	Multiply line 8a by 25% (.25)	8b	
c	Exemption. Subtract line 8b from \$40,000 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	8c	<u>NONE</u>
9	Subtract line 8c from line 7. If zero or less, enter -0-	9	<u>2,904,531.</u>
10	Multiply line 9 by 20% (.20)	10	<u>580,906.</u>
11	Alternative minimum tax foreign tax credit (AMTFTC) (see instructions)	11	
12	Tentative minimum tax. Subtract line 11 from line 10	12	<u>580,906.</u>
13	Regular tax liability before applying all credits except the foreign tax credit	13	<u>367,747.</u>
14	Alternative minimum tax. Subtract line 13 from line 12. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 3, or the appropriate line of the corporation's income tax return	14	<u>213,159.</u>

For Paperwork Reduction Act Notice, see separate instructions.

Form **4626** (2013)

Adjusted Current Earnings (ACE) Worksheet

Keep for Your Records

► See ACE Worksheet Instructions.

1	Pre-adjustment AMTI. Enter the amount from line 3 of Form 4626		1	1,082,125.
2	ACE depreciation adjustment:			
a	AMT depreciation	2a		94,346.
b	ACE depreciation:			
	(1) Post-1993 property	2b(1)		94,346.
	(2) Post-1989, pre-1994 property	2b(2)		
	(3) Pre-1990 MACRS property	2b(3)		
	(4) Pre-1990 original ACRS property	2b(4)		
	(5) Property described in sections 168(f)(1) through (4)	2b(5)		
	(6) Other property	2b(6)		
	(7) Total ACE depreciation. Add lines 2b(1) through 2b(6)	2b(7)		94,346.
c	ACE depreciation adjustment. Subtract line 2b(7) from line 2a		2c	
3	Inclusion in ACE of items included in earnings and profits (E&P):			
a	Tax-exempt interest income	3a		621,091.
b	Death benefits from life insurance contracts	3b		
c	All other distributions from life insurance contracts (including surrenders)	3c		
d	Inside buildup of undistributed income in life insurance contracts	3d		
e	Other items (see Regulations sections 1.56(g)-1(c)(6)(iii) through (ix) for a partial list)	3e		
f	Total increase to ACE from inclusion in ACE of items included in E&P. Add lines 3a through 3e		3f	621,091.
4	Disallowance of items not deductible from E&P:			
a	Certain dividends received	4a		24,582.
b	Dividends paid on certain preferred stock of public utilities that are deductible under section 247	4b		
c	Dividends paid to an ESOP that are deductible under section 404(k)	4c		
d	Nonpatronage dividends that are paid and deductible under section 1382(c)	4d		
e	Other items (see Regulations sections 1.56(g)-1(d)(3)(i) and (ii) for a partial list)	4e		1,784,202.
f	Total increase to ACE because of disallowance of items not deductible from E&P. Add lines 4a through 4e		4f	1,808,784.
5	Other adjustments based on rules for figuring E&P:			
a	Intangible drilling costs	5a		
b	Circulation expenditures	5b		
c	Organizational expenditures	5c		
d	LIFO inventory adjustments	5d		
e	Installment sales	5e		
f	Total other E&P adjustments. Combine lines 5a through 5e		5f	
6	Disallowance of loss on exchange of debt pools		6	
7	Acquisition expenses of life insurance companies for qualified foreign contracts		7	
8	Depletion		8	
9	Basis adjustments in determining gain or loss from sale or exchange of pre-1994 property	STMT. 21.	9	NONE
10	Adjusted current earnings. Combine lines 1, 2c, 3f, 4f, and 5f through 9. Enter the result here and on line 4a of Form 4626		10	3,512,000.

**SCHEDULE D
(Form 1120)**

Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, or certain Forms 990-T.
▶ Information about Schedule D (Form 1120) and its separate instructions is at www.irs.gov/form1120.

OMB No. 1545-0123

2013

Name LIFE INSURANCE COMPANY OF ALABAMA	Employer identification number 63-0321291
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Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b				
1b Totals for all transactions reported on Form(s) 8949 with Box A checked				
2 Totals for all transactions reported on Form(s) 8949 with Box B checked				
3 Totals for all transactions reported on Form(s) 8949 with Box C checked	5,366,900.	5,336,477.		30,423.
4 Short-term capital gain from installment sales from Form 6252, line 26 or 37			4	
5 Short-term capital gain or (loss) from like-kind exchanges from Form 8824			5	
6 Unused capital loss carryover (attach computation)			6	()
7 Net short-term capital gain or (loss). Combine lines 1a through 6 in column h			7	30,423.

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b				
8b Totals for all transactions reported on Form(s) 8949 with Box D checked				
9 Totals for all transactions reported on Form(s) 8949 with Box E checked				
10 Totals for all transactions reported on Form(s) 8949 with Box F checked	16,711,840.	16,263,419.		448,421.
11 Enter gain from Form 4797, line 7 or 9			11	NONE
12 Long-term capital gain from installment sales from Form 6252, line 26 or 37			12	
13 Long-term capital gain or (loss) from like-kind exchanges from Form 8824			13	
14 Capital gain distributions (see instructions)			14	
15 Net long-term capital gain or (loss). Combine lines 8a through 14 in column h			15	448,421.

Part III Summary of Parts I and II

16 Enter excess of net short-term capital gain (line 7) over net long-term capital loss (line 15)			16	30,423.
17 Net capital gain. Enter excess of net long-term capital gain (line 15) over net short-term capital loss (line 7)			17	448,421.
18 Add lines 16 and 17. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns			18	478,844.

Note. If losses exceed gains, see **Capital losses** in the instructions.

For Paperwork Reduction Act Notice, see the Instructions for Form 1120.

Schedule D (Form 1120) (2013)

Sales and Other Dispositions of Capital Assets

Department of the Treasury
Internal Revenue Service

▶ **Information about Form 8949 and its separate instructions is at www.irs.gov/form8949.**
▶ **File with your Schedule D to list your transactions for lines 1b, 2, 3, 8b, 9, and 10 of Schedule D.**

2013

Attachment
Sequence No. **12A**

Name(s) shown on return

Social security number or taxpayer identification number

LIFE INSURANCE COMPANY OF ALABAMA

63-0321291

Most brokers issue their own substitute statement instead of using Form 1099-B. They also may provide basis information (usually your cost) to you on the statement even if it is not reported to the IRS. Before you check Box A, B, or C below, determine whether you received any statement(s) and, if so, the transactions for which basis was reported to the IRS. Brokers are required to report basis to the IRS for most stock you bought in 2011 or later.

Part I Short-Term. Transactions involving capital assets you held one year or less are short-term. For long-term transactions, see page 2.

Note. You may aggregate all short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the total directly on Schedule D, line 1a; you are not required to report these transactions on Form 8949 (see instructions).

You must check Box A, B, or C below. Check only one box. If more than one box applies for your short-term transactions, complete a separate Form 8949, page 1, for each applicable box. If you have more short-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- (A)** Short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see **Note** above)
- (B)** Short-term transactions reported on Form(s) 1099-B showing basis was **not** reported to the IRS
- (C)** Short-term transactions not reported to you on Form 1099-B

1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the Note below and see Column (e) in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)	
						(f) Code(s) from instructions	(g) Amount of adjustment		
	ST - SEE STATEMENT A	VARIOUS	12/31/2013	5,366,900.	5,336,477.			30,423.	
2 Totals.	Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line 1b (if Box A above is checked), line 2 (if Box B above is checked), or line 3 (if Box C above is checked) ▶				5,366,900.	5,336,477.			30,423.

Note. If you checked Box A above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See *Column (g)* in the separate instructions for how to figure the amount of the adjustment.

Name(s) shown on return. (Name and SSN or taxpayer identification no. not required if shown on other side.)

Social security number or taxpayer identification number

LIFE INSURANCE COMPANY OF ALABAMA

63-0321291

Most brokers issue their own substitute statement instead of using Form 1099-B. They also may provide basis information (usually your cost) to you on the statement even if it is not reported to the IRS. Before you check Box D, E, or F below, determine whether you received any statement(s) and, if so, the transactions for which basis was reported to the IRS. Brokers are required to report basis to the IRS for most stock you bought in 2011 or later.

Part II Long-Term. Transactions involving capital assets you held more than one year are long term. For short-term transactions, see page 1.

Note. You may aggregate all long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the total directly on Schedule D, line 8a; you are not required to report these transactions on Form 8949 (see instructions).

You must check Box D, E, or F below. Check only one box. If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

(D) Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see **Note** above)

(E) Long-term transactions reported on Form(s) 1099-B showing basis was **not** reported to the IRS

(F) Long-term transactions not reported to you on Form 1099-B

1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the Note below and see <i>Column (e)</i> in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
						(f) Code(s) from instructions	(g) Amount of adjustment	
	LT - SEE STATEMENT B	VARIOUS	12/31/2013	16,711,840.	16,263,419.			448,421.
2 Totals. Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line 8b (if Box D above is checked), line 9 (if Box E above is checked), or line 10 (if Box F above is checked) ►				16,711,840.	16,263,419.			448,421.

Note. If you checked Box D above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See *Column (g)* in the separate instructions for how to figure the amount of the adjustment.

Depreciation and Amortization
(Including Information on Listed Property)

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Attachment
Sequence No. **179**

Name(s) shown on return

Identifying number

LIFE INSURANCE COMPANY OF ALABAMA

63-0321291

Business or activity to which this form relates

GENERAL DEPRECIATION AND AMORTIZATION

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	70,916.
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	500,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
	SEE ATTACHED STATEMENT	70,916.	70,916.
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	70,916.
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	70,916.
10	Carryover of disallowed deduction from line 13 of your 2012 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	500,000.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	70,916.
13	Carryover of disallowed deduction to 2014. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	23,430.
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	22,622.

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2013	17	13,677.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

Section B - Assets Placed in Service During 2013 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property		23,430.	10.000	HY	200 DB	2,343.
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C - Assets Placed in Service During 2013 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	132,988.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed?		<input type="checkbox"/> Yes	<input type="checkbox"/> No	24b If "Yes," is the evidence written?		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25	
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1,							28	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30 Total business/investment miles driven during the year (do not include commuting miles) . . .	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?	Yes		No		Yes		No		Yes		No	
35 Was the vehicle used primarily by a more than 5% owner or related person?	Yes		No		Yes		No		Yes		No	
36 Is another vehicle available for personal use?	Yes		No		Yes		No		Yes		No	

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2013 tax year (see instructions):					
43 Amortization of costs that began before your 2013 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

Department of the Treasury
Internal Revenue Service

▶ Attach to your tax return.

▶ Information about Form 4797 and its separate instructions is at www.irs.gov/form4797.

Attachment
Sequence No. **27**

Name(s) shown on return

Identifying number

LIFE INSURANCE COMPANY OF ALABAMA

63-0321291

1 Enter the gross proceeds from sales or exchanges reported to you for 2013 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions)

1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year (see instructions)

2	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
	STMT 22						NONE

3 Gain, if any, from Form 4684, line 39

3

4 Section 1231 gain from installment sales from Form 6252, line 26 or 37

4

5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824

5

6 Gain, if any, from line 32, from other than casualty or theft

6

7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:

7

NONE

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.
Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years (see instructions),

8

9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)

9

Part II Ordinary Gains and Losses (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

11 Loss, if any, from line 7

11

()

12 Gain, if any, from line 7 or amount from line 8, if applicable

12

13 Gain, if any, from line 31

13

14 Net gain or (loss) from Form 4684, lines 31 and 38a

14

15 Ordinary gain from installment sales from Form 6252, line 25 or 36

15

16 Ordinary gain or (loss) from like-kind exchanges from Form 8824

16

17 Combine lines 10 through 16

17

18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions

18a

b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14

18b

For Paperwork Reduction Act Notice, see separate instructions.

Form **4797** (2013)

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255
(see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:		(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A			
B			
C			
D			
These columns relate to the properties on lines 19A through 19D. ▶		Property A	Property B
20	Gross sales price (Note: See line 1 before completing.)	20	
21	Cost or other basis plus expense of sale	21	
22	Depreciation (or depletion) allowed or allowable	22	
23	Adjusted basis. Subtract line 22 from line 21	23	
24	Total gain. Subtract line 23 from line 20	24	
25 If section 1245 property:			
a	Depreciation allowed or allowable from line 22	25a	
b	Enter the smaller of line 24 or 25a	25b	
26 If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.			
a	Additional depreciation after 1975 (see instructions)	26a	
b	Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b	
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c	
d	Additional depreciation after 1969 and before 1976	26d	
e	Enter the smaller of line 26c or 26d	26e	
f	Section 291 amount (corporations only)	26f	
g	Add lines 26b, 26e, and 26f	26g	
27 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).			
a	Soil, water, and land clearing expenses	27a	
b	Line 27a multiplied by applicable percentage (see instructions)	27b	
c	Enter the smaller of line 24 or 27b	27c	
28 If section 1254 property:			
a	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	28a	
b	Enter the smaller of line 24 or 28a	28b	
29 If section 1255 property:			
a	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a	
b	Enter the smaller of line 24 or 29a (see instructions)	29b	

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
(see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years	33	
34	Recomputed depreciation (see instructions)	34	
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35	

Department of the Treasury
Internal Revenue Service

▶ Attach to the corporation's tax return.

▶ Information about Form 8827 and its instructions is at www.irs.gov/form8827.

2013

Name	Employer identification number
<u>LIFE INSURANCE COMPANY OF ALABAMA</u>	63-03211291
1 Alternative minimum tax (AMT) for 2012. Enter the amount from line 14 of the 2012 Form 4626	1 34,121.
2 Minimum tax credit carryforward from 2012. Enter the amount from line 9 of the 2012 Form 8827	2 122,740.
3 Enter any 2012 unallowed qualified electric vehicle credit (see instructions)	3
4 Add lines 1, 2, and 3	4 156,861.
5 Enter the corporation's 2013 regular income tax liability minus allowable tax credits (see instructions)	5 367,747.
6 Is the corporation a "small corporation" exempt from the AMT for 2013 (see instructions)?	6 580,906.
• Yes. Enter 25% of the excess of line 5 over \$25,000. If line 5 is \$25,000 or less, enter -0-	
• No. Complete Form 4626 for 2013 and enter the tentative minimum tax from line 12	
7a Subtract line 6 from line 5. If zero or less, enter -0-	7a
b For a corporation electing to accelerate the minimum tax credit, enter the bonus depreciation amount attributable to the minimum tax credit (see instructions)	7b
c Add lines 7a and 7b.	7c
8a Enter the smaller of line 4 or line 7c. If the corporation had a post-1986 ownership change or has pre-acquisition excess credits, see instructions	8a
b Current year minimum tax credit. Enter the smaller of line 4 or line 7a here and on Form 1120, Schedule J, Part I, line 5d (or the applicable line of your return). If the corporation had a post-1986 ownership change or has pre-acquisition excess credits, see instructions. If you made an entry on line 7b, go to line 8c. Otherwise, skip line 8c	8b
c Subtract line 8b from line 8a. This is the refundable amount for a corporation electing to accelerate the minimum tax credit. Include this amount on Form 1120, Schedule J, Part II, line 19c (or the applicable line of your return)	8c
9 Minimum tax credit carryforward to 2014. Subtract line 8a from line 4. Keep a record of this amount to carry forward and use in future years.	9 156,861.

Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Corporations use Form 8827 to figure the minimum tax credit, if any, for AMT incurred in prior tax years and to figure any minimum tax credit carryforward.

Who Should File

Form 8827 should be filed by corporations that had:

- An AMT liability in 2012,
- A minimum tax credit carryforward from 2012 to 2013, or
- A qualified electric vehicle credit not allowed for 2012 (see the instructions for line 3).

Line 3

Enter any qualified electric vehicle credit not allowed for 2012 solely because of tentative minimum tax limitations.

Line 5

Enter the corporation's 2013 regular income tax liability (as defined in section 26(b)) minus any credits allowed under Chapter 1, Subchapter A, Part IV, subparts B, D, E, and F of the Internal Revenue

Code (for example, if you are filing Form 1120, subtract any credits on Schedule J, Part I, line 5a, through 5c, from the amount on Schedule J, Part I, line 2).

Line 6

See the 2013 Instructions for Form 4626 to find out if the corporation is treated as a "small corporation" exempt from the AMT for 2013. If the corporation is a "small corporation" exempt from the AMT, see section 38(c)(5) before completing line 6 for special rules that apply to controlled corporate groups, regulated investment companies, and real estate investment trusts.

Line 7b

Round 2 extension property. If the corporation made an election under section 168(k)(4)(A) to claim pre-2006 unused minimum tax credits in lieu of claiming the special depreciation allowance for certain property for either its first tax year ending after March 31, 2008, its first tax year ending after December 31, 2008, or its first tax year ending after December 31, 2010, the elections continue to apply to round 2 extension property (as defined in section 168(k)(4)(I)), unless the corporation made an election not to apply the section 168(k)(4) election to round 2 extension property for its first tax year ending after December 31, 2010.

For 2013, round 2 extension property generally is long production period property and noncommercial aircraft if acquired after March 31, 2008, and placed in service after December 31, 2011, and before January 1, 2014.

Once made, these elections cannot be revoked without IRS consent.

Round 3 extension property. If the corporation made an election to claim pre-2006 unused minimum tax credits in lieu of claiming the special depreciation allowance for certain qualified property for either its first tax year ending after March 31, 2008, its first tax year ending after December 31, 2008, or its first tax year ending after December 31, 2010, the election continues to apply to round 3 extension property (as defined in section 168(k)(4)(J)), unless the corporation makes an election not to apply the section 168(k)(4) election to round 3 extension property.

Department of the Treasury
Internal Revenue Service

▶ Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.
▶ Information about Form 8916-A and its instructions is at www.irs.gov/form1120.

2013

Name of common parent
LIFE INSURANCE COMPANY OF ALABAMA

Employer identification number
63-03211291

Name of subsidiary

Employer identification number

Part I Cost of Goods Sold

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions				
2 Amounts attributable to:				
a Stock option expense				
b Other equity based compensation				
c Meals and entertainment				
d Parachute payments				
e Compensation with section 162(m) limitation				
f Pension and profit sharing				
g Other post-retirement benefits				
h Deferred compensation				
i Reserved				
j Amortization				
k Depletion				
l Depreciation				
m Corporate owned life insurance premiums				
n Other section 263A costs				
3 Inventory shrinkage accruals				
4 Excess inventory and obsolescence reserves				
5 Lower of cost or market write-downs				
6 Other items with differences (attach statement).				
7 Other items with no differences				
8 Total cost of goods sold. Add lines 1 through 7 in columns a, b, c, and d. Enter totals on the applicable Schedule M-3. See instructions				

For Paperwork Reduction Act Notice, see instructions.

Form **8916-A** (2013)

Part II Interest Income

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income	2,117,220.		-2,117,220.	
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4 a	Intercompany interest income - From outside tax affiliated group				
4 b	Intercompany interest income - From tax affiliated group				
5	Other interest income	2,441,009.	-61,021.		2,379,988.
6	Total interest income. Add lines 1 through 5 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See the instructions.	4,558,229.	-61,021.	-2,117,220.	2,379,988.

Part III Interest Expense

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities				
2	Lease/purchase interest expense				
3 a	Intercompany interest expense - Paid to outside tax affiliated group				
3 b	Intercompany interest expense - Paid to tax affiliated group				
4	Other interest expense				
5	Total interest expense. Add lines 1 through 4 in columns a, b, c, and d. Enter total on the applicable Schedule M-3. See instructions.				

LIFE INSURANCE COMPANY OF ALABAMA
12/31/13
FEIN: 63-03211291

<u>ST/LT</u>	<u>Date Acquired</u>	<u>Date Sold</u>	<u>Description</u>	<u>Sale Price</u>	<u>Cost/Carrying Value</u>	<u>Gain/ (Loss)</u>
ST	2/3/2012	1/2/2013	ANADARKO PETROLEUM CORP	14,984.66	15,683.48	(698.82)
ST	1/3/2012	1/2/2013	AQUA AMERICA INC	7,802.84	6,558.97	1,243.87
ST	1/2/2013	8/28/2013	BCE INC	6,076.78	6,515.28	(438.50)
ST	5/1/2013	5/21/2013	CST BRANDS INC	1,449.11	1,433.39	15.72
ST	1/2/2013	2/19/2013	CENTURYLINK INC	2,604.93	2,999.98	(395.05)
ST	1/2/2013	9/19/2013	EQT CORP	9,337.46	5,738.78	3,598.68
ST	1/31/2012	1/2/2013	ENTERGY CORP	22,606.10	23,460.96	(854.86)
ST	3/16/2012	2/22/2013	ESSILOR INTERNATIONAL SA ADR	15,859.35	13,438.46	2,420.89
ST	4/19/2013	10/25/2013	GAINESVILLE & HALL CNTY GA HSP REV Co:1 Lot:1	123,750.00	130,168.06	(6,418.06)
ST	5/1/2013	10/25/2013	GOLDMAN SACHS GROUP INC Co:1 Lot:1	533,790.00	571,569.57	(37,779.57)
ST	5/18/2011	10/18/2013	GOGGLE INC CL A Co:1 Lot:1	21,009.12	11,078.17	9,930.95
ST	2/21/2013	8/5/2013	IRONDALE-WTS-D	409,597.20	391,811.51	17,785.69
ST	7/24/2012	6/11/2013	KUEHNE & NAGEL INTL	6,910.71	6,539.38	371.33
ST	12/13/2012	4/25/2013	LAKE CITY ISD 813-A	259,452.50	269,056.98	(9,604.48)
ST	10/19/2012	6/18/2013	LINNCO LLC	8,658.55	9,636.58	(978.03)
ST	1/2/2013	6/18/2013	LINNCO LLC	12,987.82	13,846.56	(858.74)
ST	6/25/2013	11/06/2013	NEWMONT MINING CORP Co:1 Lot:1	3,621.94	7,041.57	(3,419.63)
ST	8/9/2013	12/19/2013	PERRIGO COMPANY Co:1 Lot:1	14,526.95	14,525.82	1.13
ST	6/24/2013	7/25/2013	PHENIX CITY AL PREREF SCH WTS	809,265.60	749,290.76	59,974.84
ST	11/8/2012	4/24/2013	SAN MATEO UHSD-B-BABS	438,525.00	432,879.22	5,645.78
ST	12/18/2012	4/30/2013	SANGAMON SD 186-A-BAB	523,750.00	546,943.35	(23,193.35)
ST	12/6/2012	5/2/2013	SANTA ANA USD-QZABS	2,060,000.00	2,045,311.42	14,688.58
ST	9/28/2012	11/08/2013	SHANDONG WEIGAO GROUP MED POLYMER Co:1 Lot:1	4,984.08	7,333.08	(2,349.00)
ST	9/28/2012	12/05/2013	SHOPRITE HOLDINGS LTD ADR Co:1 Lot:1	7,211.30	7,211.30	-
ST	8/13/2012	5/3/2013	SYSMEX CORP ADR	2,467.90	1,763.98	703.92
ST	8/7/2012	1/2/2013	VALERO ENERGY CORP	20,758.53	18,696.96	2,061.57
ST	3/19/2013	6/18/2013	VALERO ENERGY CORP	16,694.16	17,566.00	(871.84)
ST	11/6/2012	9/10/2013	WANT WANT CHINA HOLDINGS LTD ADR	6,933.53	7,173.91	(240.38)
ST	7/1/2013	8/9/2013	MALLINCKRODT PUBLIC LTD	1,284.28	1,203.28	81.00
				5,366,900.40	5,336,476.76	30,423.64
				Realized Short Term Gain		30,424

LIFE INSURANCE COMPANY OF ALABAMA
12/31/13
FEIN: 63-03211291

ST/LT	Date Acquired	Date Sold	Description	Sale Price	Cost/Carrying Value	Gain/ (Loss)
LT	5/18/2011	10/09/2013	FMC Co:1 Lot:1	7,751.90	4,593.49	3,158.41
LT	5/24/2011	10/25/2013	AARP Co:1 Lot:1	1,280,000.00	1,264,204.35	15,795.65
LT	5/19/2011	1/2/2013	AT&T INC	30,941.76	28,223.50	2,718.26
LT	4/18/2008	1/3/2013	AEGIS ALABAMA VENTURE FUND	81,280.67	85,558.60	(4,277.93)
LT	5/25/2011	10/25/2013	ALTRIA GROUP INC Co:1 Lot:1	537,875.00	502,591.52	35,283.48
LT	9/29/2010	1/23/2013	AMERENENERGY	187,500.00	299,283.51	(111,783.51)
LT	6/5/2012	10/25/2013	AMERICUS SUMTER GA PAYRL DEV AUTH Co:1 Lot:1	256,642.50	268,466.06	(11,823.56)
LT	8/18/2011	6/4/2013	ARM HOLDINGS PLC	8,243.19	4,620.17	3,623.02
LT	8/17/2012	8/28/2013	BCE INC	18,067.27	20,164.30	(2,097.03)
LT	12/14/2011	9/20/2013	BARD C R INC	20,180.27	14,469.90	5,710.37
LT	5/18/2011	6/25/2013	BARRICK GOLD CORP	2,907.14	8,220.94	(5,313.80)
LT	8/21/2012	10/25/2013	BENTON WA REGL PUB WATER - REV Co:1 Lot:1	498,685.00	535,047.56	(36,362.56)
LT	5/20/2011	2/19/2013	CENTURYLINK INC	22,082.17	25,779.88	(3,697.71)
LT	5/18/2011	6/20/2013	CISCO SYSTEMS INC	5,241.85	3,530.26	1,711.59
LT	6/22/2011	4/29/2013	COCA-COLA ENTERPRISES INC NEW	4,513.94	3,621.62	892.32
LT	5/20/2011	1/2/2013	COMCAST CORP CLASS A	6,710.64	4,404.54	2,306.10
LT	8/15/2011	10/09/2013	COMPUTER SCIENCES CORP Co:1 Lot:1	12,952.62	7,254.65	5,697.97
LT	10/21/2011	2/8/2013	CONCORD IN CMNTY SCH BLDG CORP 1ST	2,280,140.00	2,172,704.00	107,436.00
LT	9/20/2010	10/25/2013	CUMMINS ENGINE Co:1 Lot:1	245,250.00	216,027.01	29,222.99
LT	5/18/2011	4/24/2013	DELL INC	11,586.49	14,496.91	(2,910.42)
LT	5/18/2011	1/14/2013	EBAY INC	14,611.75	8,909.74	5,702.01
LT	5/31/11	1/2/2013	EDISON INTERNATIONAL	13,762.69	11,817.58	1,945.11
LT	2/23/2012	10/25/2013	EXETER CA ELEM SCH DIST GO Co:1 Lot:1	426,300.00	454,023.20	(27,723.20)
LT	5/20/2011	1/2/2013	EXXON MOBIL CORP	8,758.68	8,104.73	653.95
LT	5/18/2011	1/28/2013	FMC	3,978.78	2,714.33	1,264.45
LT	4/17/2009	2/7/2013	FEDERAL HOME LOAN MORTGAGE CORP	1,000,000.00	1,000,000.00	-
LT	1/8/2008	2/15/2013	GE CAPITAL INTERNOTES	500,000.00	500,000.00	-
LT	3/9/2004	9/16/2013	ALLY FINANCIAL INC	300,000.00	300,000.00	-
LT	11/9/2004	9/16/2013	ALLY FINANCIAL INC	200,000.00	200,000.00	-
LT	5/18/2011	7/26/2013	GLAXOSMITHKLINE PLC SPNSD ADR	20,564.28	17,430.13	3,134.15
LT	5/24/2011	10/25/2013	GOLDMAN SACHS GROUP INC Co:1 Lot:1	574,925.00	530,128.62	44,796.38
LT	8/12/2010	4/22/2013	GOVERNMENT NATIONAL MORTGAGE	500,000.00	500,000.00	-
LT	10/29/2007	10/25/2013	HSBC FINANCE CORP Co:1 Lot:1	338,325.00	299,430.66	38,894.34
LT	3/2/2012	10/25/2013	HIGHLAND PARK MI SCHL DIST GO Co:1 Lot:1	401,500.00	412,681.44	(11,181.44)
LT	3/8/2011	10/25/2013	HOME DEPOT INC SR NOTE Co:1 Lot:1	408,187.50	350,000.00	58,187.50
LT	5/20/2011	1/2/2013	INTEGRYS ENERGY GROUP	15,940.73	15,633.14	307.59
LT	5/18/2011	9/12/2013	JOHNSON & JOHNSON	5,353.31	3,977.17	1,376.14
LT	3/8/2011	9/25/2013	KRAFT FOOD INC	596,200.00	556,778.08	39,421.92
LT	5/17/2011	9/5/2013	L OREAL COMPANY ADR	24,792.57	18,553.06	6,239.51
LT	5/18/2011	9/10/2013	MICROSOFT CORP	13,976.16	10,625.45	3,350.71
LT	4/27/2012	10/25/2013	MS DEV BK SPL OBLI COVINGTON HOSP Co:1 Lot:1	99,375.00	105,101.15	(5,726.15)
LT	5/24/2011	10/25/2013	MORGAN STANLEY SR NOTE Co:1 Lot:1	568,875.00	519,283.57	49,591.43
LT	5/18/2011	5/22/2013	NEWMONT MINING CORP	2,227.37	3,791.61	(1,564.24)
LT	5/18/2011	8/13/2013	NORTHROP GRUMMAN CORP	3,328.09	2,260.08	1,068.01
LT	5/17/2011	3/1/2013	NOVA NORDISK AS ADR	4,384.37	3,066.82	1,317.55
LT	5/18/2011	6/11/2013	NOVOZYMES A/S SPONS ADR	4,838.06	4,856.52	(18.46)
LT	9/23/2011	1/2/2013	ONEOK INC	13,054.01	9,690.09	3,363.92
LT	12/6/2011	1/2/2013	PG&E CORP	22,357.86	24,217.27	(1,859.41)
LT	5/19/2011	1/2/2013	PPL CORP	11,588.66	11,251.18	337.48
LT	11/23/2011	6/24/2013	PHENIX CITY AL RFDG SCH WTS SER B	1,258,881.82	1,258,754.15	127.67
LT	11/24/2010	10/25/2013	PLUM CREEK TIMBERLANDS LP	308,025.00	296,556.16	11,468.84
LT	4/2/2012	10/25/2013	PORT ARTHUR TX INDPT SCH DIST RFDG Co:1 Lot:1	213,250.00	224,499.82	(11,249.82)
LT	5/17/2011	8/9/2013	POTASH CORP OF SASKATCHEWAN INC	12,086.43	20,644.16	(8,557.73)
LT	6/6/2011	5/23/2013	POTASH CORP SASK INC NOTE	1,128,500.00	1,034,770.52	93,729.48
LT	6/6/2011	10/28/2013	POTASH CORP SASK INC NOTE Co:1 Lot:1	1,077,500.00	1,034,528.17	42,971.83
LT	11/9/2011	10/25/2013	PROTECTIVE LIFE CORP SR NOTE Co:1 Lot:1	608,375.00	547,471.79	60,903.21
LT	3/29/2012	7/25/2013	QUALCOMM INC	15,995.07	16,896.45	(901.38)
LT	5/19/2011	8/28/2013	SCANA CORP	7,267.92	6,277.95	989.97
LT	5/20/2011	8/23/2013	SCHLUMBERGER LTD	8,193.86	8,502.46	(308.60)
LT	9/15/2011	7/30/2013	SHWAB CHARLES CORP	14,176.05	8,748.21	5,427.84
LT	8/22/2013	11/08/2013	SHANDONG WEIGAO GROUP MED POLYMER Co:1 Lot:1	4,697.77	4,899.31	(201.54)
LT	2/22/2013	12/05/2013	SHOPRITE HOLDINGS LTD ADR Co:1 Lot:2	4,777.98	4,777.98	-
LT	11/12/2010	8/23/2013	SYMANTEC CORP	202,000.00	199,696.88	2,303.12
LT	4/29/2013	10/24/2013	TENCENT HOLDINGS LTD ADR Co:1 Lot:1	4,930.42	3,237.86	1,692.56
LT	5/18/2011	7/18/2013	TORCHMARK CORP	2,412.64	1,565.99	846.65
LT	5/20/2011	1/2/2013	TRANSCANADA CORP	19,144.69	17,586.73	1,557.96
LT	6/4/2012	10/25/2013	TROY AL WTS SER A Co:1 Lot:1	126,000.00	130,082.97	(4,082.97)
LT	8/11/2011	10/17/2013	UNION PACIFIC GROUP Co:1 Lot:2	3,850.54	2,307.09	1,543.45
LT	6/9/2011	10/17/2013	UNION PACIFIC GROUP Co:1 Lot:1	15,402.15	10,134.97	5,267.18
LT	9/2/2011	10/09/2013	UNIVERSAL ELECTRS INC Co:1 Lot:1	7,329.03	3,925.61	3,403.42
LT	5/18/2011	1/2/2013	VERIZON COMMUNICATIONS INC	8,808.82	7,656.98	1,151.84
LT	5/18/2011	3/20/2013	WILEY JOHN & SONS CL A	15,522.73	20,634.04	(5,111.31)
LT	9/23/2011	1/2/2013	WILLIAMS COS INC DEL	5,843.13	3,578.91	2,264.22
LT	5/7/2011	8/9/2013	ARCOS DORADOS HLDGS INC CL A	14,448.66	22,749.41	(8,300.75)
LT	5/17/2011	6/4/2013	CORE LABORATORIES NV	4,567.33	3,245.97	1,321.36
LT	7/26/2011	10/23/2013	CORE LABORATORIES NV Co:1 Lot:1	4,095.89	2,100.33	1,995.56
				16,711,840.21	16,263,419.26	448,420.95
					Realized Long Term Gains	448,421

LIFE INSURANCE COMPANY OF ALABAMA

12/31/2013

FEIN: 63-0321291

<u>Description</u>	<u>Date Acquired</u>	<u>Date Sold</u>	<u>Sale Price</u>	<u>Depreciation Allowed</u>	<u>Cost/ Basis</u>	<u>Gain/Loss</u>
Laternal File-Dennis #38	6/19/1987	9/30/2013	-	1,922.00	1,922.00	-
Atenco Latoral Filing Sys	1/23/1989	9/30/2013	-	1,928.00	1,928.00	-
Atenco Filing System	1/2/1990	9/30/2013	-	2,364.00	2,364.00	-
Atenco Filing System #50	4/17/1990	9/30/2013	-	1,205.00	1,205.00	-
Atenco Filing System	9/29/1992	9/30/2013	-	2,125.00	2,125.00	-
Atenco Filing System	7/29/1993	9/30/2013	-	1,642.00	1,642.00	-
APC Smart UPC RM 3000VA XL	7/1/2005	9/30/2013	-	2,103.00	2,103.00	-
Gigabit Network Switches	7/21/2005	9/30/2013	-	12,350.00	12,350.00	-
3 Intel pentium 4 2.8ghz, CD Rom	7/25/2005	9/30/2013	-	1,717.00	1,717.00	-
AcerPower Computer, 3.06 Ghz	3/27/2006	9/30/2013	-	1,028.00	1,028.00	-
SoniceWall Hardware Firewall	7/24/2006	9/30/2013	-	2,451.00	2,451.00	-
Video Camber for Tap Class	8/28/2008	9/30/2013	-	1,270.00	1,270.00	-
Laptop for Clarence - Prod #VG	7/1/2009	9/30/2013	-	2,705.00	2,705.00	-
				<u>34,810.00</u>	<u>34,810.00</u>	

Form 4562 (2013) Part I Line 6 - Section 179

Description	Acquired	Cost	Sec 179
Printer-HP MFP 4345 w/ stand RF - printshop	01/09/13	2,197	2,197
72" Left Pedestal Desk, Right Executive-Lori/Jane	01/30/13	2,532	2,532
72" Right Pedestal Desk, Left Executive-Lori/Jane	01/30/13	2,532	2,532
JD010A E4800-48G NETWORK SWITCH 3com #1	02/04/13	5,450	5,450
JD010A E4800-48G Network Switch 3 com #2	02/04/13	5,450	5,450
JD010A E4800-48G Network Switch 3com #3	02/04/13	5,450	5,450
INtel 15 processor - New Business Computer	03/06/13	1,002	1,002
Intel 15 processor - Underwriting Computer	03/06/13	1,002	1,002
Intel 15 processor - Executive Computer #1	04/18/13	1,526	1,526
Intel 15 processor - Executive computer #5	04/18/13	1,526	1,526
Intel 15 processor Executive Computer #2	04/18/13	1,526	1,526
Intel 15 processor Executive computer #3	04/18/13	1,526	1,526
Intel 15 processor Executive computer #4	04/18/13	1,526	1,526
Sonic Wall	05/15/13	5,706	5,706
APC SMART UPSX3000 RACK MOUNT & 2 UPS EXT BATT	07/12/13	3,758	3,758
LENOVO SERVER XEON PROCESSOR 16 GIG RAM	07/12/13	4,519	4,519
SECURITY SYS DVR 16CH 1 TB HARD DR DOME CAMERAS	08/13/13	1,823	1,823
BOOKCASE, EXEC DESK, LATER FILE-DEBBIE	08/28/13	2,704	2,704
DESK - NEW BUSINESS #1	09/21/13	1,079	1,079
DESK - NEW BUSINESS #2	09/21/13	1,079	1,079
DESK - NEW BUSINESS #3	09/21/13	1,079	1,079
DESK - NEW BUSINESS #4	09/21/13	1,079	1,079
DESK - NEW BUSINESS #5	09/21/13	1,079	1,079
DESK - NEW BUSINESS #6	09/21/13	1,079	1,079
DESK - NEW BUSINESS #7	09/21/13	1,079	1,079
Intel I7 2700k processor	10/01/13	1,417	1,417
Lenovo Server S/N - MJ55VN1	10/16/13	7,248	7,248
I7 Computer System S/N 11062	12/12/13	1,472	1,472
I7 Computer System S/N 11063	12/12/13	1,472	1,472
Rounding Difference			-1
			<u>70,916</u>

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PAGE 1, LINE 7: OTHER INCOME

DETAIL OF WRITE-INS FOR MISCELLANEOUS INCOME:

MISCELLANEOUS INCOME	33,133.
SURRENDER CHARGES	444.

TOTAL OTHER INCOME	33,577.
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PAGE 1, LINE 18: OTHER DEDUCTIONS

OTHER DEDUCTIONS FROM SCHEDULE G, LINE 11	14,639,013.
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TOTAL OTHER DEDUCTIONS	14,639,013.
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SCHEDULE A, LINE 13: AFFILIATED
 COMPANY DIVIDENDS NOT SUBJECT TO PRORATION

COMMON STOCKS OF AFFILIATES	2,000.
SUBTOTAL	2,000.

SCHEDULE B, LINE 1:
 INTEREST (EXCLUDING TAX EXEMPT INTEREST)

U.S. GOVERNMENT BONDS	39,332.
TAX EXEMPT INTEREST	2,117,220.
OTHER BONDS (UNAFFILIATED)	2,058,891.
CONTRACT LOANS	223,116.
CASH AND SHORT TERM INVESTMENTS	77.
OTHER INVESTED ASSETS	115,251.
AGGREGATE WRITE-INS FOR INVESTMENT INCOME	4,342.
ADD: STATUTORY ITEMS RECLASSIFIED TO INTEREST	-61,021.
SUBTOTAL: GROSS INTEREST INCOME INCLUDING TAX EXEMPT	4,497,208.
LESS: TAX EXEMPT INTEREST	2,117,220.
SUBTOTAL	2,379,988.

ADJUSTMENT FOR ACCRUAL OF MARKET DISCOUNT DETAIL

TOTAL FROM NAIC EXHIBIT 2	26,494.
SUBTOTAL	26,494.

STATUTORY ITEMS RECLASSIFIED TO INTEREST DETAIL

STATUTORY ITEMS RECLASSIFIED TO (FROM) INTEREST:	
OTHER INTEREST RECLASSIFIED ITEMS	-61,021.
RECLASSIFIED TO INTEREST INCOME	-61,021.
SUBTOTAL	-61,021.

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SCHEDULE B, LINE 1: (CONT'D)
INTEREST (EXCLUDING TAX EXEMPT INTEREST)

TAX EXEMPT INTEREST DETAIL

TAX EXEMPT INTEREST COLLECTED DURING THE YEAR	2,117,220.
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SUBTOTAL	-----	2,117,220.

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	BEGINNING	ENDING OF TAX YEAR
	-----	-----
SCHEDULE F, LINE 1: LIFE INSURANCE RESERVES		

	53,097,095.	55,449,652.
	-----	-----
	53,097,095.	55,449,652.
	=====	=====

SCHEDULE F, LINE 2: UNEARNED PREMIUMS AND UNPAID LOSSES		

	1,036,592.	1,002,498.
	-----	-----
	1,036,592.	1,002,498.
	=====	=====

SCHEDULE F, LINE 3: SUPPLEMENTARY CONTRACTS		

	233,955.	244,642.
	-----	-----
	233,955.	244,642.
	=====	=====

SCHEDULE F, LINE 4: DIVIDEND ACCUMULATIONS AND OTHER AMOUNTS		

	1,192,210.	1,098,052.
	-----	-----
	1,192,210.	1,098,052.
	=====	=====

SCHEDULE F, LINE 5: ADVANCE PREMIUMS		

	295,896.	333,058.
	-----	-----
	295,896.	333,058.
	=====	=====

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SCHEDULE F, LINE 28: NET INVESTMENT INCOME

GROSS INVESTMENT INCOME (LINE 9)	4,666,814.
APPLICABLE PERCENTAGE	90.00

NET INVESTMENT INCOME	4,200,133.
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1120-L, PAGE 3 DETAIL

RESERVES RECONCILIATION	PRIOR YEAR	CURRENT YEAR	DIFFERENCE	SCH N ADJ.
1 SECTION 807(C)(1), SCHEDULE F, LINE 1:				
A RESERVE FOR LIFE POLICIES CONTRACTS	37,323,504.	38,517,892.	1,194,388.	
B RESERVES FOR A & H POLICIES	21,103,438.	22,546,995.	1,443,557.	
C LESS:				
UNEARNED PREMIUMS AND UNPAID LOSS RES. ON				
A & H POLICY & CONTRACTS - NET OF REINS. CEDED	20,095,161.	21,593,110.	1,497,949.	
RECLASS OF NAIC EXHIBIT 6 CLAIM RESERVE	1,008,277.	953,885.	-54,392.	
E SUBTOTAL OF SCHEDULE F, LINE 1 RESERVE	37,323,504.	38,517,892.	1,194,388.	
2 SECTION 807(C)(1), SCHEDULE F, LINE 2:				
A UNEARNED PREMIUM AND UNPAID LOSS RESERVE ON				
A & H POLICY & CONTRACTS - NET OF REINSURANCE CEDED	20,095,161.	21,593,110.	1,497,949.	
C RECLASS OF NAIC EXHIBIT 6 CLAIM RESERVE	1,008,277.	953,885.	-54,392.	
F SUBTOTAL OF SCHEDULE F, LINE 2 RESERVE	21,103,438.	22,546,995.	1,443,557.	
3 SECTION 807(C)(3), SCHEDULE F, LINE 3:				
A SUPPLEMENTARY CONTRACTS	1,426,165.	1,342,695.	-83,470.	
D SUBTOTAL OF SCHEDULE F, LINE 3	1,426,165.	1,342,695.	-83,470.	
5 SECTION 807(C)(5), SCHEDULE F, LINE 5:				
A ADVANCE PREMIUMS AND PREMIUM DEPOSIT FUNDS	295,896.	333,058.	37,162.	-37,162.
C SUBTOTAL OF SCHEDULE F, LINE 5	295,896.	333,058.	37,162.	
7 TOTAL OF SCHEDULE F SUBTOTALS	60,149,003.	62,740,640.	2,591,637.	
8 AMOUNTS REPORTED ON SCHEDULE F, LINE 7	55,855,748.	58,127,902.	2,272,154.	
9 ANNUAL STATEMENT TO TAX DIFFERENCES	4,293,255.	4,612,738.	319,483.	

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SCH G, LINE 9: GENERAL DEDUCTIONS

GENERAL EXPENSES:

RENT	172,356.
SALARIES AND WAGES	4,455,235.
CONTRIBUTIONS FOR BENEFIT PLANS FOR EMPLOYEES	733,659.
OTHER AGENT WELFARE	81,351.
LEGAL FEES AND EXPENSES	42,295.
MEDICAL EXAMINATION FEES	120,554.
INSPECTION REPORT FEES	17,938.
FEES FOR PUBLIC ACCOUNTANTS AND CONSULTING ACTUARIES	446,836.
EXPENSE OF INVESTIGATION AND SETTLEMENT OF POLICY CLAIMS	142,699.
TRAVELING EXPENSES	284,015.
ADVERTISING	29,568.
POSTAGE, EXPRESS, TELEGRAPH AND TELEPHONE	212,832.
PRINTING AND STATIONERY	36,657.
COST OR DEPRECIATION OF FURNITURE AND EQUIPMENT	402,561.
RENTAL OF EQUIPMENT	136,104.
BOOKS AND PERIODICALS	4,093.
BUREAU AND ASSOCIATION FEES	32,317.
INSURANCE, EXCEPT ON REAL ESTATE	198,926.
MISCELLANEOUS LOSSES	2,410.
COLLECTION AND BANK SERVICE CHARGES	80,382.
SUNDRY GENERAL EXPENSES	186,913.
GROUP SERVICE AND ADMINISTRATIVE FEES	11,783.
AGENTS' BALANCES CHARGED OFF	31,549.
AGENCY CONFERENCES OTHER THAN LOCAL MEETINGS	528,352.
REAL ESTATE EXPENSES	103,691.
WRITE-INS FOR GENERAL EXPENSES	154,672.

INVESTMENT EXPENSES NOT INCLUDED ELSEWHERE

SUBTOTAL	39,532.
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TOTAL - GENERAL EXPENSES	8,689,280.
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TAXES, LICENSES AND FEES:

REAL ESTATE TAXES	8,769.
STATE INSURANCE DEPT. LICENSES AND FEES	272,719.
STATE TAXES ON PREMIUMS	495,395.
OTHER STATE TAXES	85,059.
U.S. SOCIAL SECURITY TAXES	240,495.
ALL OTHER TAXES	32,285.

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SCH G, LINE 9: GENERAL DEDUCTIONS (CONT'D)

TOTAL - TAXES LICENSES AND FEES	1,134,722.
ALL OTHER EXPENSES:	
COMMISSIONS ON PREMIUMS AND ANNUITY CONSIDERATIONS	7,536,051.
DEPREC. ON REAL ESTATE & OTHER INVESTED SSETS	46,251.
TOTAL - ALL OTHER EXPENSES	7,582,302.
ADDITIONAL ITEMS AND ADJUSTMENTS:	
HOME OFFICE RENTAL EXPENSE	-91,140.
LESS: MEALS AND ENTERTAINMENT DISALLOWED	39,760.
OTHER ADDITIONAL DEDUCTIONS RECLASSIFIED ITEMS	373,096.
OTHER ADDITIONAL DEDUCTIONS TAX ADJUSTMENTS	-154,413.
TOTAL ADDITIONAL ITEMS AND ADJUSTMENTS	87,783.
GRAND TOTAL - OTHER DEDUCTIONS	17,494,087.

DEPRECIATION DETAIL

COST OR DEPRECIATION OF FURNITURE AND EQUIPMENT	42,628.
COST OR DEPRECIATION OF EDP EQUIPMENT AND SOFTWARE	328,474.
STATUTORY GAIN OR LOSS ON SALE OF SECTION 1245 1250, ETC. PROPERTY INCLUDED IN THE LINE ABOVE	
NAIC AMOUNT	371,102.
ELIMINATION OF DEPR. FROM NAIC ANNUAL STMT.	-101,529.
ALLOWABLE TAX DEPRECIATION FROM FORM 4562	132,988.
	402,561.
SUBTOTAL	

1120-L, PAGE 4 DETAIL

SCH G, LINE 9: GENERAL DEDUCTIONS (CONT'D)

WRITE-INS FOR ADDITIONAL DEDUCTIONS DETAIL

SUBTOTAL OF WRITE-INS FOR GENERAL EXPENSES	67,812.
SUMMARY OF REMAINING WRITE-INS FROM OVERFLOW PAGE	86,860.
 SUBTOTAL	 154,672.

SUMMARY OF REMAINING WRITE-INS
FROM OVERFLOW PAGE (GENERAL EXPENSES) DETAIL

DEPRECIATION - AUTO	3,557.
RETIREMENT BENEFIT	83,303.
 SUBTOTAL	 86,860.

OTHER ADDITIONAL DEDUCTIONS RECLASSIFIED ITEMS DETAIL

NET AMORTIZATION TAX EXEMPT BONDS	373,096.
 SUBTOTAL	 373,096.

OTHER ADDITIONAL DEDUCTIONS TAX ADJUSTMENTS DETAIL

NONDEDUCTIBLE PENALTIES	-2,708.
NONDEDUCTIBLE DUES	-32,317.
NONDEDUCTIBLE OFFICER LIFE INSURANCE	-115,820.
NONDEDUCTIBLE CONTRIBUTIONS	-3,568.
 SUBTOTAL	 -154,413.

1120-L, PAGE 4 DETAIL

SCHEDULE G, LINE 19
 SPECIFIED POLICY ACQUISITION EXPENSES
 CAPITALIZED IN PRIOR YEARS AND DEDUCTIBLE THIS YEAR

YEAR, AMORT'N PERIOD	UNAMORTIZED BALANCE BEGIN OF YEAR	CURRENT YR. NEGATIVE OFFSET (LINE 14)	ADJUSTED BALANCE BEGIN OF YEAR	AMOUNT AMORT. IN CURRENT YR. (LINE 19)	ADJUSTED BALANCE END OF YEAR
2012 / 120					
2012 / 60	2,638,065.		2,638,065.		
2011 / 120					
2011 / 60					
2010 / 120					
2010 / 60					
2009 / 120					
2009 / 60					
2008 / 120					
2008 / 60					
2007 / 120					
2006 / 120					
2005 / 120					
2004 / 120					
2003 / 120					
	----- 2,638,065. =====	----- ----- =====	----- 2,638,065. =====	----- 586,237. ----- ----- 2,735,188. =====	----- 2,051,828. ----- ----- 2,051,828. =====

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	BEGINNING	ENDING	FMV ADJ.	OTHER ADJ.	NET TOTAL
	-----	-----	-----	-----	-----
SCHEDULE L, PART I, LINE 4: OTHER ASSETS					

BONDS	81,846,593.	87,270,063.			87,270,063.
CASH	3,182,993.	805,118.			805,118.
CONTRACT LOANS	3,150,380.	3,296,111.			3,296,111.
OTHER INVESTED ASSETS	2,253,354.	1,871,593.			1,871,593.
RECEIVABLE FOR SECURITIES	15,841.				
INVESTMENT INCOME DUE AND ACCRUED	1,163,433.	1,244,928.			1,244,928.
UNCOLLECTED PREMIUMS AND AGENT BALANCES	426,237.	442,989.			442,989.
LIFE INSURANCE PREMIUMS & ANNUITY CONSIDERATIONS					
DEFERRED AND UNCOLLECTED ON IN FORCE BUSINESS	2,320,234.	2,259,375.			2,259,375.
AMOUNTS RECOVERABLE FROM REINSURERS	45,000.	20,000.			20,000.
FEDERAL AND FOREIGN INCOME TAX RECOVERABLE		274,660.			274,660.
DEFERRED TAX ASSETS	1,551,133.	1,263,196.			1,263,196.
ELECTRONIC DATA PROCESSING EQUIPMENT AND SOFTWARE	52,311.	63,713.			63,713.
AGGREGATE WRITE-INS FOR OTHER THAN INVESTED ASSETS:					
CASH SURRENDER VALUE CO	1,533,153.	1,805,392.			1,805,392.
-----	-----	-----	-----	-----	-----
SUBTOTAL	97,546,617.	100,617,138.			100,617,138.
-----	-----	-----	-----	-----	-----
TOTAL - OTHER ASSETS	97,546,617.	100,617,138.			100,617,138.
=====	=====	=====	=====	=====	=====

1120-L, PAGE 8 DETAIL

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SCHEDULE M, QUESTION #: 3
TOTAL RESERVES COMPUTATION
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AGGREGATE RESERVES FOR
  LIFE POLICIES AND CONTRACTS
AGGREGATE RESERVE FOR
  GUARANTEED RENEWABLE A & H
POLICY AND CONTRACT CLAIMS
  ON GUARANTEED RENEWABLE A & H
ADJUSTMENTS:
LESS: POLICY LOANS
-----
TOTAL LIFE INSURANCE RESERVES
=====
AGGREGATE RESERVE FOR
  LIFE POLICIES AND CONTRACTS
AGGREGATE RESERVE FOR A & H POLICIES
POLICY AND CONTRACT CLAIMS A & H
ADJUSTMENTS:
LESS: POLICY LOANS
-----
TOTAL RESERVES
=====
MEAN OF TOTAL LIFE INSURANCE RESERVES
MEAN OF TOTAL RESERVES
-----
PERCENTAGE TO SCHEDULE M, QUESTION 3
    
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	END OF CY	END OF PY
AGGREGATE RESERVES FOR		
LIFE POLICIES AND CONTRACTS	38,517,892.	37,323,504.
AGGREGATE RESERVE FOR		
GUARANTEED RENEWABLE A & H	20,680,261.	19,147,499.
POLICY AND CONTRACT CLAIMS		
ON GUARANTEED RENEWABLE A & H	947,572.	997,219.
ADJUSTMENTS:		
LESS: POLICY LOANS	3,296,111.	3,150,380.
TOTAL LIFE INSURANCE RESERVES	56,849,614.	54,317,842.
AGGREGATE RESERVE FOR		
LIFE POLICIES AND CONTRACTS	38,517,892.	37,323,504.
AGGREGATE RESERVE FOR A & H POLICIES	22,546,995.	21,103,438.
POLICY AND CONTRACT CLAIMS A & H	5,629,002.	6,687,269.
ADJUSTMENTS:		
LESS: POLICY LOANS	3,296,111.	3,150,380.
TOTAL RESERVES	63,397,778.	61,963,831.
MEAN OF TOTAL LIFE INSURANCE RESERVES		55,583,728.
MEAN OF TOTAL RESERVES		62,680,805.
PERCENTAGE TO SCHEDULE M, QUESTION 3		88.6774

1120-L, PAGE 8 DETAIL

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SCHEDULE M, QUESTION 5 DETAIL

NAME LICOA BROKERAGE SERVICE

IDENTIFYING NUMBER.....	63-0994993
PERCENTAGE OWNED.....	100.00
TAXABLE INCOME OR (LOSS).....	

SCHEDULE N: RECONCILIATION OF NAIC ANNUAL STATEMENT INCOME TO TAXABLE INCOME

	PREMIUM INCOME	RESERVES	INVESTMENT INCOME	OTHER INCOME	BENEFITS	OTHER DEDUCTIONS	SPECIAL ITEMS	GAIN FROM OPERATIONS
GFO PER NAIC ANNUAL STATEMENT.....	-13,810.	-2,637,945.	4,060,663.	143,759.	-18,964,759.	-17,050,149.	-14,044.	-34,476,285.
RECLASSES OF STATUTORY GFO.....		83,470.	297,841.		-83,470.	-731,958.		-434,117.
RECLASSSED GFO BEFORE TAX ADJUSTMENTS.	-13,810.	-2,554,475.	4,358,504.	143,759.	-19,048,229.	-17,782,107.	-14,044.	-34,910,402.
TAX ADJUSTMENTS:								
CHANGE IN DEFERRED & UNCOL. PREMIUMS.	9,942.							9,942.
CHANGE IN ADV. PREM'S & DEPO. FUNDS..	37,162.	-37,162.						
EXCESS INT., PREM. ADJ'S AND REFUNDS.	37,336.						-37,336.	
ELIMINATION OF TAX-EXEMPT INT., NET		1,496,129.	-2,117,220.					-621,091.
ELIM. OF ACCRUAL OF MARKET DISCOUNT..			-26,494.					-26,494.
ELIMINATION OF HOME OFFICE RENT.....			-91,140.			91,140.		
CHANGE IN DUE AND ACCRUED DIVIDENDS..			-2,070.					-2,070.
NET SHORT TERM CAPITAL GAINS.....			30,423.					30,423.
LESS EQUITY IN UNDISTRIBUTED INC/LOSS			-1,301.					-1,301.
ELIMINATION OF NAIC AMORT./(IMR)....				-110,180.				-110,180.
ELIMINATION OF CHANGE IN LOADING.....						34,165.		34,165.
ELIMINATION OF NAIC DEPRECIATION.....						371,102.		371,102.
ALLOWABLE TAX DEPRECIATION.....						-132,988.		-132,988.
AMORTIZATION OF POLICY ACQ. EXPENSES.						-3,020,695.		-3,020,695.
MEALS AND ENTERTAINMENT DISALLOWED...						39,760.		39,760.
OTHER TAX ITEMS & ADJ. TO OTHER DED..						3,009,487.		3,009,487.
DIVIDENDS-RECEIVED DEDUCTION.....							-26,582.	-26,582.
NET LONG TERM CAP. GAINS FROM SCH. D							448,421.	448,421.
SMALL LIFE INSURANCE CO. DEDUCTION...							-1,622,415.	-1,622,415.
CHANGE IN PROVISION FOR DIVID'S PAY.							-694.	-694.
TOTAL TAX ADJUSTMENTS.....	84,440.	1,458,967.	-2,207,802.	-110,180.		391,971.	-1,238,606.	-1,621,210.
TAXABLE INCOME.....	37,233,051.	-776,027.	2,551,594.	33,577.	-19,048,229.	-17,390,135.	-1,252,650.	1,351,181.

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SCHEDULE N: RECONCILIATION OF NAIC ANNUAL STATEMENT INCOME TO TAXABLE INCOME

	PREMIUM INCOME	RESERVES	INVESTMENT INCOME	OTHER INCOME	BENEFITS	OTHER DEDUCTIONS	SPECIAL ITEMS	GAIN FROM OPERATIONS
	-----	-----	-----	-----	-----	-----	-----	-----
SUMMARY OF STATUTORY RECLASS ITEMS								

INTEREST INCOME			-61,021.					-61,021.
INVESTMENT EXPENSES			-358,862.					-358,862.
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TOTAL INCOME RECLASSES		83,470.	297,841.					381,311.
INVESTMENT EXPENSES						358,862.		358,862.
OTHER DEDUCTIONS						373,096.		373,096.
-----			-----	-----	-----	-----	-----	-----
TOTAL DEDUCTIONS RECLASSES					-83,470.	-731,958.		-815,428.
-----			-----	-----	-----	-----	-----	-----
TOTAL RECLASSES		83,470.	297,841.		-83,470.	-731,958.		-434,117.
=====	=====	=====	=====	=====	=====	=====	=====	=====

SCHEDULE M-3, PART II DETAIL

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LINE 25 - OTHER INCOME (LOSS) ITEMS WITH DIFFERENCES

DESCRIPTION	INCOME (LOSS) PER INCOME STMT	TEMPORARY DIFFERENCE	PERMANENT DIFFERENCE	INCOME (LOSS) PER TAX RETURN
CHANGE IN ADVANCE PREMIUMS	NONE	37,161.		37,161.
CHANGE IN PREMIUM DEPOSIT FUNDS	13,810.	-13,810.		
CASH BASIS DIVIDENDS	2,070.	-2,070.		
TOTAL	15,880.	21,281.		37,161.

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SCHEDULE M-3, PART III DETAIL

LINE 40 - OTHER EXPENSE/DEDUCTION ITEMS WITH DIFFERENCES

DESCRIPTION	EXPENSE PER INCOME STMT	TEMPORARY DIFFERENCE	PERMANENT DIFFERENCE	DEDUCTION PER TAX RETURN
NONDEDUCTIBLE DUES	32,317.		-32,317.	
CHANGE IN LOADING	34,165.	-34,165.		
POLICYHOLDER DIVIDENDS	NONE	694.		694.
CHANGE IN DEPOSIT TYPE CONTRACTS	NONE	83,471.		83,471.
TOTAL	66,482.	50,000.	-32,317.	84,165.

TAX ADJUSTMENTS DETAIL:

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TAX ADJUSTMENTS DETAIL:

CHANGE IN DEFERRED AND UNCOLLECTED PREMIUMS	9,942.
CHANGE IN ADVANCE PREMIUMS AND DEPOSIT FUNDS	37,162.
EXCESS INTEREST, PREMIUM ADJUSTMENTS, AND REFUNDS	37,336.
OTHER GROSS AND RETURN PREMIUM ITEMS	
OTHER TAX ADJUSTMENTS	

84,440.
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FORM 4626 DETAIL

LINE 2E - BASIS ADJUSTMENT

REGULAR TAX	GAIN	LOSS	
SECTION 1231	NONE		
TOTAL	NONE		
ALT. MIN. TAX			
SECTION 1231	NONE		
TOTAL	NONE		
DIFFERENCE	NONE		
BASIS ADJUSTMENT			NONE

FORM 4626 DETAIL

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LINE 4D - ACE ADJUSTMENT

	2008	2009	2010	2011	2012	2013
	-----	-----	-----	-----	-----	-----
ACE					4,585,839.	3,512,000.
AMTI					2,251,867.	1,082,125.
ACE OVER AMTI					2,333,972.	2,429,875.
AMTI OVER ACE						
75% ACE PREFERENCE .					1,750,479.	1,822,406.
75% ACE REDUCTION ..						
CARRYOVER CREATED ..					1,750,479.	1,822,406.
PRIOR YR CARRYOVER (REDUCTION ALLOWED)						1,750,479.
CARRYOVER USED (REDUCTION CLAIMED)						
CARRYOVER REMAINING					1,750,479.	3,572,885.

ACE WORKSHEET DETAIL

LINE 9 - BASIS ADJUSTMENT

AMT	GAIN	LOSS	
SECTION 1231	NONE		
TOTAL	NONE		
ACE			
TOTAL			
DIFFERENCE	NONE		
BASIS ADJUSTMENT			NONE

FORM 4797, PAGE 1 DETAIL

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LINE 2 - MOST PROPERTY HELD MORE THAN 1 YEAR

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PROPERTY DESCRIPTION	DATE ACQ	DATE SOLD	SALES PRICE	DEPRECIATION	COST OR BASIS	GAIN OR LOSS
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SEE STATEMENT C	VARIOUS	VARIOUS	NONE	34,810.	34,810.	NONE
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PART I 4797 GAINS AND LOSSES

NONE

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