



LIFE AND ACCIDENT AND HEALTH COMPANIES—ASSOCIATION EDITION

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

NAIC Group Code 0549, 0549 NAIC Company Code 64602 Employer's ID Number 61-0403075
Organized under the Laws of Rhode Island, State of Domicile or Port of Entry Rhode Island
Country of Domicile United States
Incorporated/Organized 10/11/1945 Commenced Business 11/23/1945
Statutory Home Office 1130 Ten Rod Road, Suite 302 D, North Kingstown, RI 02852-4161
Main Administrative Office One Sun Life Executive Park, Wellesley Hills, MA 02481
Mail Address One Sun Life Executive Park, Wellesley Hills, MA 02481
Primary Location of Books and Records 1130 Ten Rod Road, Suite 302 D, North Kingstown, RI 02852-4161
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OFFICERS

Name Title Name Title
JANET VEAL WHITEHOUSE, President MICHAEL SCOTT BLOOM, AVP and Senior Counsel and Secretary
RONALD HIEBERT FRIESEN, Sr. VP and Chief Financial Officer & Treasurer KEITH GUBBAY, Sr. VP and Chief Actuary

OTHER OFFICERS

PRISCILLA SIMS BROWN, Sr. VP and Head of U.S. Marketing Sr. VP and General Counsel
STEPHEN LUKE DESCHENES, Sr. VP and General Manager, Annuities #, EVP and Chief Investment Officer
SEAN NIGEL WOODROFFE #, Vice President, Human Resources JOHN ROGER WRIGHT, EVP, Sun Life Financial U.S. Operations

DIRECTORS OR TRUSTEES

SCOTT MICHAEL DAVIS, STEPHEN LUKE DESCHENES, RONALD HIEBERT FRIESEN, KEITH GUBBAY
JANET VEAL WHITEHOUSE

State of Massachusetts
County of Norfolk ss

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

JANET VEAL WHITEHOUSE
President

MICHAEL SCOTT BLOOM
AVP and Senior Counsel and Secretary

a. Is this an original filing? Yes [X] No []

Subscribed and sworn to before me this
day of

b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE INDEPENDENCE LIFE AND ANNUITY COMPANY

ASSETS

| | Current Year | | | Prior Year |
|---|--------------|-------------------------|---|-----------------------------|
| | 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1 - 2) | 4 Net Admitted Assets |
| 1. Bonds (Schedule D)..... | 50,626,144 | | 50,626,144 | 55,416,081 |
| 2. Stocks (Schedule D): | | | | |
| 2.1 Preferred stocks | 0 | | 0 | 999,075 |
| 2.2 Common stocks | 468,773 | | 468,773 | 0 |
| 3. Mortgage loans on real estate (Schedule B): | | | | |
| 3.1 First liens | | | 0 | 0 |
| 3.2 Other than first liens | | | 0 | 0 |
| 4. Real estate (Schedule A): | | | | |
| 4.1 Properties occupied by the company (less \$ encumbrances)..... | | | 0 | 0 |
| 4.2 Properties held for the production of income (less \$ encumbrances) | | | 0 | 0 |
| 4.3 Properties held for sale (less \$ encumbrances) | | | 0 | 0 |
| 5. Cash (\$452,348 , Schedule E - Part 1), cash equivalents (\$1,999,924 , Schedule E - Part 2) and short-term investments (\$6,114,345 , Schedule DA)..... | 8,566,617 | | 8,566,617 | 3,589,519 |
| 6. Contract loans (including \$premium notes) | 21,345,927 | | 21,345,927 | 24,702,932 |
| 7. Other invested assets (Schedule BA) | 0 | | 0 | 0 |
| 8. Receivables for securities | | | 0 | 80,237 |
| 9. Aggregate write-ins for invested assets | 0 | 0 | 0 | 0 |
| 10. Subtotals, cash and invested assets (Lines 1 to 9) | 81,007,461 | 0 | 81,007,461 | 84,787,844 |
| 11. Title plants less \$charged off (for Title insurers only)..... | | | 0 | 0 |
| 12. Investment income due and accrued | 1,387,099 | | 1,387,099 | 1,519,525 |
| 13. Premiums and considerations: | | | | |
| 13.1 Uncollected premiums and agents' balances in the course of collection | | | 0 | 0 |
| 13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premium)..... | | | 0 | 0 |
| 13.3 Accrued retrospective premiums..... | | | 0 | 0 |
| 14. Reinsurance: | | | | |
| 14.1 Amounts recoverable from reinsurers | 96,239 | | 96,239 | 236,393 |
| 14.2 Funds held by or deposited with reinsured companies | | | 0 | 0 |
| 14.3 Other amounts receivable under reinsurance contracts | | | 0 | 0 |
| 15. Amounts receivable relating to uninsured plans | | | 0 | 0 |
| 16.1 Current federal and foreign income tax recoverable and interest thereon | | | 0 | 173,728 |
| 16.2 Net deferred tax asset..... | 2,339,011 | 1,793,844 | 545,167 | 264,093 |
| 17. Guaranty funds receivable or on deposit | | | 0 | 0 |
| 18. Electronic data processing equipment and software | | | 0 | 0 |
| 19. Furniture and equipment, including health care delivery assets (\$) | | | 0 | 0 |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates | | | 0 | 0 |
| 21. Receivables from parent, subsidiaries and affiliates | | | 0 | 0 |
| 22. Health care (\$) and other amounts receivable..... | | | 0 | 0 |
| 23. Aggregate write-ins for other than invested assets | 17,771 | 0 | 17,771 | 9,226 |
| 24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)..... | 84,847,581 | 1,793,844 | 83,053,737 | 86,990,809 |
| 25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | 42,834,326 | | 42,834,326 | 44,615,970 |
| 26. Total (Lines 24 and 25) | 127,681,907 | 1,793,844 | 125,888,063 | 131,606,779 |
| DETAILS OF WRITE-INS | | | | |
| 0901. | | | 0 | 0 |
| 0902. | | | 0 | 0 |
| 0903. | | | | |
| 0998. Summary of remaining write-ins for Line 9 from overflow page | 0 | 0 | 0 | 0 |
| 0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above) | 0 | 0 | 0 | 0 |
| 2301. Management fee receivable..... | 17,771 | | 17,771 | 9,226 |
| 2302. | | | 0 | 0 |
| 2303. | | | | |
| 2398. Summary of remaining write-ins for Line 23 from overflow page | 0 | 0 | 0 | 0 |
| 2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above) | 17,771 | 0 | 17,771 | 9,226 |

LIABILITIES, SURPLUS AND OTHER FUNDS

| | 1 Current Year | 2 Prior Year |
|--|-------------------|-----------------|
| 1. Aggregate reserve for life contracts \$27,309,903 (Exhibit 5, Line 9999999) less \$ included in Line 6.3 (including \$ Modco Reserve) | 27,309,903 | 34,308,440 |
| 2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Col. 1)(including \$ Modco Reserve) | 0 | 0 |
| 3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$ Modco Reserve) | 26,614 | 0 |
| 4. Contract claims: | | |
| 4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11) | 206,450 | 270,993 |
| 4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11) | 0 | 0 |
| 5. Policyholders' dividends \$ and coupons \$ due and unpaid (Exhibit 4, Line 10) | 0 | 0 |
| 6. Provision for policyholders' dividends and coupons payable in following calendar year—estimated amounts: | | |
| 6.1 Dividends apportioned for payment (including \$ Modco) | 0 | 0 |
| 6.2 Dividends not yet apportioned (including \$ Modco) | 0 | 0 |
| 6.3 Coupons and similar benefits (including \$ Modco) | 0 | 0 |
| 7. Amount provisionally held for deferred dividend policies not included in Line 6 | 0 | 0 |
| 8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ discount; including \$ 0 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14) | 0 | 0 |
| 9. Contract liabilities not included elsewhere: | | |
| 9.1 Surrender values on canceled contracts | 0 | 0 |
| 9.2 Provision for experience rating refunds, including \$ accident and health experience rating refunds | 0 | 0 |
| 9.3 Other amounts payable on reinsurance, including \$ assumed and \$37,400 ceded | 37,400 | 69,100 |
| 9.4 Interest Maintenance Reserve (IMR, Line 6) | 143,523 | 80,808 |
| 10. Commissions to agents due or accrued-life and annuity contracts \$ \$ and deposit-type contract funds \$ accident and health | 0 | 0 |
| 11. Commissions and expense allowances payable on reinsurance assumed | 0 | 0 |
| 12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6) | 0 | 0 |
| 13. Transfers to Separate Accounts due or accrued (net) (including \$ accrued for expense allowances recognized in reserves, net of reinsured allowances) | (439,361) | (695,559) |
| 14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5) | 0 | 0 |
| 15.1 Current federal and foreign income taxes, including \$ on realized capital gains (losses) | 210,839 | 0 |
| 15.2 Net deferred tax liability | 0 | 0 |
| 16. Unearned investment income | 0 | 0 |
| 17. Amounts withheld or retained by company as agent or trustee | 0 | 0 |
| 18. Amounts held for agents' account, including \$ agents' credit balances | 0 | 0 |
| 19. Remittances and items not allocated | 18,791 | 26,705 |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates | 0 | 0 |
| 21. Liability for benefits for employees and agents if not included above | 0 | 0 |
| 22. Borrowed money \$ and interest thereon \$ | 0 | 0 |
| 23. Dividends to stockholders declared and unpaid | 0 | 0 |
| 24. Miscellaneous liabilities: | | |
| 24.1 Asset valuation reserve (AVR, Line 16, Col. 7) | 86,511 | 0 |
| 24.2 Reinsurance in unauthorized companies | 0 | 0 |
| 24.3 Funds held under reinsurance treaties with unauthorized reinsurers | 0 | 0 |
| 24.4 Payable to parent, subsidiaries and affiliates | 22,057 | 146,137 |
| 24.5 Drafts outstanding | 0 | 0 |
| 24.6 Liability for amounts held under uninsured plans | 0 | 0 |
| 24.7 Funds held under coinsurance | 0 | 0 |
| 24.8 Payable for securities | 0 | 75,117 |
| 24.9 Capital notes \$ and interest thereon \$ | 0 | 0 |
| 25. Aggregate write-ins for liabilities | 0 | 0 |
| 26. Total liabilities excluding Separate Accounts business (Lines 1 to 25) | 27,622,728 | 34,281,742 |
| 27. From Separate Accounts statement | 42,834,326 | 44,615,970 |
| 28. Total liabilities (Lines 26 and 27) | 70,457,054 | 78,897,712 |
| 29. Common capital stock | 2,541,722 | 2,541,722 |
| 30. Preferred capital stock | 0 | 0 |
| 31. Aggregate write-ins for other than special surplus funds | 0 | 0 |
| 32. Surplus notes | 0 | 0 |
| 33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1) | 22,678,309 | 22,678,309 |
| 34. Aggregate write-ins for special surplus funds | 290,499 | 0 |
| 35. Unassigned funds (surplus) | 29,920,479 | 27,489,036 |
| 36. Less treasury stock, at cost: | | |
| 36.1 shares common (value included in Line 29 \$) | 0 | 0 |
| 36.2 shares preferred (value included in Line 30 \$) | 0 | 0 |
| 37. Surplus (Total Lines 31+32+33+34+35-36) (including \$ in Separate Accounts Statement) | 52,889,287 | 50,167,345 |
| 38. Totals of Lines 29, 30 and 37 (Page 4, Line 55) | 55,431,009 | 52,709,067 |
| 39. Totals of Lines 28 and 38 (Page 2, Line 26, Col. 3) | 125,888,063 | 131,606,779 |
| DETAILS OF WRITE-INS | | |
| 2501. | | |
| 2502. | | |
| 2503. | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 0 | 0 |
| 2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above) | 0 | 0 |
| 3101. | | |
| 3102. | | |
| 3103. | | |
| 3198. Summary of remaining write-ins for Line 31 from overflow page | 0 | 0 |
| 3199. Totals (Lines 3101 through 3103 plus 3198)(Line 31 above) | 0 | 0 |
| 3401. Surplus from SSAP 10R | 290,499 | 0 |
| 3402. | | |
| 3403. | | |
| 3498. Summary of remaining write-ins for Line 34 from overflow page | 0 | 0 |
| 3499. Totals (Lines 3401 through 3403 plus 3498)(Line 34 above) | 290,499 | 0 |

SUMMARY OF OPERATIONS

| | 1 Current Year | 2 Prior Year |
|--|-------------------|-----------------|
| 1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11) | (549,934) | (780,015) |
| 2. Considerations for supplementary contracts with life contingencies | 0 | 0 |
| 3. Net investment income (Exhibit of Net Investment Income, Line 17) | 4,304,217 | 4,618,397 |
| 4. Amortization of Interest Maintenance Reserve (IMR, Line 5) | 36,104 | 35,009 |
| 5. Separate Accounts net gain from operations excluding unrealized gains or losses | 0 | 0 |
| 6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1) | 0 | 0 |
| 7. Reserve adjustments on reinsurance ceded | 0 | 0 |
| 8. Miscellaneous Income: | | |
| 8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts | 1,267,818 | 1,823,444 |
| 8.2 Charges and fees for deposit-type contracts | 0 | 0 |
| 8.3 Aggregate write-ins for miscellaneous income | 260,416 | 261,413 |
| 9. Totals (Lines 1 to 8.3) | 5,318,621 | 5,958,248 |
| 10. Death benefits | 2,450,976 | 9,935,152 |
| 11. Matured endowments (excluding guaranteed annual pure endowments) | 0 | 0 |
| 12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8) | 0 | 0 |
| 13. Disability benefits and benefits under accident and health contracts | 0 | 0 |
| 14. Coupons, guaranteed annual pure endowments and similar benefits | 0 | 0 |
| 15. Surrender benefits and withdrawals for life contracts | 13,997,668 | 4,678,278 |
| 16. Group conversions | 0 | 0 |
| 17. Interest and adjustments on contract or deposit-type contract funds | 47,996 | 141,156 |
| 18. Payments on supplementary contracts with life contingencies | 31,222 | 31,222 |
| 19. Increase in aggregate reserves for life and accident and health contracts | (6,998,537) | (2,542,923) |
| 20. Totals (Lines 10 to 19) | 9,529,325 | 12,242,885 |
| 21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1) | 0 | 0 |
| 22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1) | 0 | 0 |
| 23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4) | 294,585 | 276,888 |
| 24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3) | 17,814 | 13,943 |
| 25. Increase in loading on deferred and uncollected premiums | 0 | 0 |
| 26. Net transfers to or (from) Separate Accounts net of reinsurance | (8,153,708) | (10,195,327) |
| 27. Aggregate write-ins for deductions | 0 | 0 |
| 28. Totals (Lines 20 to 27) | 1,688,016 | 2,338,389 |
| 29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28) | 3,630,605 | 3,619,859 |
| 30. Dividends to policyholders | 0 | 0 |
| 31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30) | 3,630,605 | 3,619,859 |
| 32. Federal and foreign income taxes incurred (excluding tax on capital gains) | 881,840 | 811,677 |
| 33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32) | 2,748,765 | 2,808,182 |
| 34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (52,292) (excluding taxes of \$ 53,210 transferred to the IMR) | (182,843) | (3,417,006) |
| 35. Net income (Line 33 plus Line 34) | 2,565,922 | (608,824) |
| CAPITAL AND SURPLUS ACCOUNT | | |
| 36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2) | 52,709,067 | 53,250,680 |
| 37. Net income (Line 35) | 2,565,922 | (608,824) |
| 38. Change in net unrealized capital gains (losses) less capital gains tax of \$ (13,490) | (25,053) | (20,247) |
| 39. Change in net unrealized foreign exchange capital gain (loss) | 0 | 0 |
| 40. Change in net deferred income tax | (274,735) | 983,489 |
| 41. Change in nonadmitted assets | 251,820 | (1,009,241) |
| 42. Change in liability for reinsurance in unauthorized companies | 0 | 0 |
| 43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 9999999, Col. 4) | 0 | 0 |
| 44. Change in asset valuation reserve | (86,511) | 113,211 |
| 45. Change in treasury stock (Page 3, Lines 36.1 and 36.2 Col. 2 minus Col. 1) | 0 | 0 |
| 46. Surplus (contributed to) withdrawn from Separate Accounts during period | 0 | 0 |
| 47. Other changes in surplus in Separate Accounts statement | 0 | 0 |
| 48. Change in surplus notes | 0 | 0 |
| 49. Cumulative effect of changes in accounting principles | 290,499 | 0 |
| 50. Capital changes: | | |
| 50.1 Paid in | 0 | 0 |
| 50.2 Transferred from surplus (Stock Dividend) | 0 | 0 |
| 50.3 Transferred to surplus | 0 | 0 |
| 51. Surplus adjustment: | | |
| 51.1 Paid in | 0 | 0 |
| 51.2 Transferred to capital (Stock Dividend) | 0 | 0 |
| 51.3 Transferred from capital | 0 | 0 |
| 51.4 Change in surplus as a result of reinsurance | 0 | 0 |
| 52. Dividends to stockholders | 0 | 0 |
| 53. Aggregate write-ins for gains and losses in surplus | 0 | 0 |
| 54. Net change in capital and surplus for the year (Lines 37 through 53) | 2,721,942 | (541,613) |
| 55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38) | 55,431,009 | 52,709,067 |
| DETAILS OF WRITE-INS | | |
| 08.301. Management fee income | 260,416 | 261,413 |
| 08.302. | 0 | 0 |
| 08.303. | 0 | 0 |
| 08.398. Summary of remaining write-ins for Line 8.3 from overflow page | 0 | 0 |
| 08.399. Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above) | 260,416 | 261,413 |
| 2701. | 0 | 0 |
| 2702. | 0 | 0 |
| 2703. | 0 | 0 |
| 2798. Summary of remaining write-ins for Line 27 from overflow page | 0 | 0 |
| 2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above) | 0 | 0 |
| 5301. | 0 | 0 |
| 5302. | 0 | 0 |
| 5303. | 0 | 0 |
| 5398. Summary of remaining write-ins for Line 53 from overflow page | 0 | 0 |
| 5399. Totals (Lines 5301 through 5303 plus 5398) (Line 53 above) | 0 | 0 |

CASH FLOW

| | 1 Current Year | 2 Prior Year |
|--|-------------------|-----------------|
| Cash from Operations | | |
| 1. Premiums collected net of reinsurance..... | (549,934) | (780,015) |
| 2. Net investment income..... | 4,470,967 | 4,651,543 |
| 3. Miscellaneous income..... | 1,528,234 | 2,084,857 |
| 4. Total (Lines 1 through 3)..... | 5,449,267 | 5,956,385 |
| 5. Benefit and loss related payments..... | 16,452,170 | 14,871,672 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | (8,409,823) | (10,197,306) |
| 7. Commissions, expenses paid and aggregate write-ins for deductions..... | 312,400 | 290,831 |
| 8. Dividends paid to policyholders..... | 0 | 0 |
| 9. Federal and foreign income taxes paid (recovered) net of \$918 tax on capital gains (losses)..... | 498,191 | 1,226,313 |
| 10. Total (Lines 5 through 9)..... | 8,852,938 | 6,191,510 |
| 11. Net cash from operations (Line 4 minus Line 10)..... | (3,403,671) | (235,125) |
| Cash from Investments | | |
| 12. Proceeds from investments sold, matured or repaid: | | |
| 12.1 Bonds..... | 6,314,046 | 5,920,663 |
| 12.2 Stocks..... | 0 | 0 |
| 12.3 Mortgage loans..... | 0 | 0 |
| 12.4 Real estate..... | 0 | 0 |
| 12.5 Other invested assets..... | 0 | 0 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments..... | (254) | 0 |
| 12.7 Miscellaneous proceeds..... | 80,237 | 0 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7)..... | 6,394,029 | 5,920,663 |
| 13. Cost of investments acquired (long-term only): | | |
| 13.1 Bonds..... | 811,063 | 7,303,723 |
| 13.2 Stocks..... | 338,465 | 0 |
| 13.3 Mortgage loans..... | 0 | 0 |
| 13.4 Real estate..... | 0 | 0 |
| 13.5 Other invested assets..... | 0 | 0 |
| 13.6 Miscellaneous applications..... | 75,117 | 438,845 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6)..... | 1,224,645 | 7,742,568 |
| 14. Net increase (decrease) in contract loans and premium notes..... | (3,357,005) | (1,712,625) |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)..... | 8,526,389 | (109,280) |
| Cash from Financing and Miscellaneous Sources | | |
| 16. Cash provided (applied): | | |
| 16.1 Surplus notes, capital notes..... | 0 | 0 |
| 16.2 Capital and paid in surplus, less treasury stock..... | 0 | 0 |
| 16.3 Borrowed funds..... | 0 | 0 |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities..... | 26,614 | 0 |
| 16.5 Dividends to stockholders..... | 0 | 0 |
| 16.6 Other cash provided (applied)..... | (172,234) | 68,337 |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)..... | (145,620) | 68,337 |
| RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS | | |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)..... | 4,977,098 | (276,068) |
| 19. Cash, cash equivalents and short-term investments: | | |
| 19.1 Beginning of year..... | 3,589,519 | 3,865,587 |
| 19.2 End of year (Line 18 plus Line 19.1)..... | 8,566,617 | 3,589,519 |

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE INDEPENDENCE LIFE AND ANNUITY COMPANY

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

| | 1 Total | 2 Industrial Life | Ordinary | | | 6 Credit Life (Group and Individual) | Group | | | Accident and Health | | 12 Aggregate of All Other Lines of Business |
|--|-------------|----------------------|---------------------|---------------------------|------------------------------|---|-------------------------|----------------|------------|-------------------------------------|-------------|--|
| | | | 3 Life Insurance | 4 Individual Annuities | 5 Supplementary Contracts | | 7 Life Insurance (a) | 8 Annuities | 9 Group | 10 Credit (Group and Individual) | 11 Other | |
| 1. Premiums and annuity considerations for life and accident and health contracts | (549,934) | .0 | (549,934) | .0 | | .0 | .0 | .0 | .0 | .0 | .0 | |
| 2. Considerations for supplementary contracts with life contingencies | .0 | | | | | | | | | | | |
| 3. Net investment income | 4,304,217 | .0 | 4,214,408 | 37,515 | 52,294 | | | | | | | |
| 4. Amortization of Interest Maintenance Reserve (IMR) | 36,104 | .0 | 35,350 | .315 | .439 | | | | | | | |
| 5. Separate Accounts net gain from operations excluding unrealized gains or losses | .0 | | | | | | | | | | | |
| 6. Commissions and expense allowances on reinsurance ceded | .0 | .0 | .0 | .0 | | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 7. Reserve adjustments on reinsurance ceded | .0 | | | | | | | | | | | |
| 8. Miscellaneous Income: | | | | | | | | | | | | |
| 8.1 Fees associated with income from investment management, administration and contract guarantees from Separate Accounts | 1,267,818 | .0 | 1,267,818 | | | | | | | | | |
| 8.2 Charges and fees for deposit-type contracts | .0 | | | | | | | | | | | |
| 8.3 Aggregate write-ins for miscellaneous income | 260,416 | .0 | 260,416 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 9. Totals (Lines 1 to 8.3) | 5,318,621 | .0 | 5,228,058 | 37,830 | 52,733 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 10. Death benefits | 2,450,976 | | 2,450,976 | | | | | | | | | |
| 11. Matured endowments (excluding guaranteed annual pure endowments) | .0 | .0 | .0 | | | | .0 | | | | | |
| 12. Annuity benefits | .0 | | | .0 | | | | .0 | | | | |
| 13. Disability benefits and benefits under accident and health contracts | .0 | | | | | | | | .0 | | | |
| 14. Coupons, guaranteed annual pure endowments and similar benefits | .0 | | | | | | | | | | | |
| 15. Surrender benefits and withdrawals for life contracts | 13,997,668 | | 13,997,668 | | | | | | | | | |
| 16. Group conversions | .0 | | | | | | | | | | | |
| 17. Interest and adjustments on contract or deposit-type contract funds | 47,996 | | 47,996 | .0 | | | | | | | | |
| 18. Payments on supplementary contracts with life contingencies | 31,222 | | | | 31,222 | | | | | | | |
| 19. Increase in aggregate reserves for life and accident and health contracts | (6,998,537) | | (6,998,194) | 8,273 | (8,616) | | | | | | | |
| 20. Totals (Lines 10 to 19) | 9,529,325 | .0 | 9,498,446 | 8,273 | 22,606 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) | .0 | .0 | .0 | .0 | | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 22. Commissions and expense allowances on reinsurance assumed | .0 | .0 | .0 | .0 | | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 23. General insurance expenses | 294,585 | | 294,585 | | | | | | | | | |
| 24. Insurance taxes, licenses and fees, excluding federal income taxes | 17,814 | | 17,814 | | | | | | | | | |
| 25. Increase in loading on deferred and uncollected premiums | .0 | | | | | | | | | | | |
| 26. Net transfers to or (from) Separate Accounts net of reinsurance | (8,153,708) | | (8,153,708) | | | | | | | | | |
| 27. Aggregate write-ins for deductions | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 28. Totals (Lines 20 to 27) | 1,688,016 | .0 | 1,657,137 | 8,273 | 22,606 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28) | 3,630,605 | .0 | 3,570,921 | 29,557 | 30,127 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 30. Dividends to policyholders | .0 | | | | | | | | | | | |
| 31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30) | 3,630,605 | .0 | 3,570,921 | 29,557 | 30,127 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 32. Federal income taxes incurred (excluding tax on capital gains) | 881,840 | | 866,365 | 6,637 | 8,838 | | | | | | | |
| 33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32) | 2,748,765 | .0 | 2,704,556 | 22,920 | 21,289 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| DETAILS OF WRITE-INS | | | | | | | | | | | | |
| 08.301. Management fee income | 260,416 | | 260,416 | .0 | .0 | | | | | | | |
| 08.302. | | | | | | | | | | | | |
| 08.303. | | | | | | | | | | | | |
| 08.398. Summary of remaining write-ins for Line 8.3 from overflow page | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 08.399. Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above) | 260,416 | .0 | 260,416 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 2701. | | | | | | | | | | | | |
| 2702. | | | | | | | | | | | | |
| 2703. | | | | | | | | | | | | |
| 2798. Summary of remaining write-ins for Line 27 from overflow page | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above) | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |

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

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE INDEPENDENCE LIFE AND ANNUITY COMPANY

ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR

| | 1 Total | 2 Industrial Life | Ordinary | | | 6 Credit Life (Group and Individual) | Group | |
|---|-------------|----------------------|---------------------|---------------------------|---------------------------------|--|---------------------|----------------|
| | | | 3 Life Insurance | 4 Individual Annuities | 5 Supplementary Contracts | | 7 Life Insurance | 8 Annuities |
| Involving Life or Disability Contingencies (Reserves) (Net of Reinsurance Ceded) | | | | | | | | |
| 1. Reserve December 31, prior year | 34,308,440 | 0 | 33,665,162 | 264,492 | 378,786 | 0 | 0 | 0 |
| 2. Tabular net premiums or considerations | 0 | | | | | | | |
| 3. Present value of disability claims incurred | 0 | | | | XXX | | | |
| 4. Tabular interest | 1,498,336 | | 1,466,148 | 8,422 | 23,766 | | | |
| 5. Tabular less actual reserve released | (578,949) | | (580,643) | (149) | 1,843 | | | |
| 6. Increase in reserve on account of change in valuation basis | 0 | | | | | | | |
| 7. Other increases (net) | 0 | | | | | | | |
| 8. Totals (Lines 1 to 7) | 35,227,827 | 0 | 34,550,667 | 272,765 | 404,395 | 0 | 0 | 0 |
| 9. Tabular cost | 0 | | | | XXX | | | |
| 10. Reserves released by death | 2,039,739 | | 2,039,739 | XXX | XXX | | | XXX |
| 11. Reserves released by other terminations (net) | 13,997,586 | | 13,997,586 | | | | | |
| 12. Annuity, supplementary contract, and disability payments involving life contingencies | 34,225 | | | | 34,225 | | | |
| 13. Net transfers to or (from) Separate Accounts | (8,153,626) | | (8,153,626) | | | | | |
| 14. Total deductions (Lines 9 to 13) | 7,917,924 | 0 | 7,883,699 | 0 | 34,225 | 0 | 0 | 0 |
| 15. Reserve December 31, current year | 27,309,903 | 0 | 26,666,968 | 272,765 | 370,170 | 0 | 0 | 0 |

7

EXHIBIT OF NET INVESTMENT INCOME

| | 1 Collected During Year | 2 Earned During Year |
|---|-------------------------------|----------------------------|
| 1. U.S. Government bonds | (a) 431,025 | 428,860 |
| 1.1 Bonds exempt from U.S. tax | (a) | |
| 1.2 Other bonds (unaffiliated) | (a) 2,925,389 | 2,831,802 |
| 1.3 Bonds of affiliates | (a) 0 | |
| 2.1 Preferred stocks (unaffiliated) | (b) 0 | |
| 2.11 Preferred stocks of affiliates | (b) 0 | |
| 2.2 Common stocks (unaffiliated) | 0 | |
| 2.21 Common stocks of affiliates | 0 | |
| 3. Mortgage loans | (c) | |
| 4. Real estate | (d) | |
| 5. Contract loans | 1,120,765 | 1,084,090 |
| 6. Cash, cash equivalents and short-term investments | (e) 14,514 | 14,514 |
| 7. Derivative instruments | (f) | |
| 8. Other invested assets | | |
| 9. Aggregate write-ins for investment income | 2,796 | 2,796 |
| 10. Total gross investment income | 4,494,489 | 4,362,062 |
| 11. Investment expenses | | (g) 55,982 |
| 12. Investment taxes, licenses and fees, excluding federal income taxes | | (g) 1,863 |
| 13. Interest expense | | (h) |
| 14. Depreciation on real estate and other invested assets | | (i) |
| 15. Aggregate write-ins for deductions from investment income | | 0 |
| 16. Total deductions (Lines 11 through 15) | | 57,845 |
| 17. Net investment income (Line 10 minus Line 16) | | 4,304,217 |
| DETAILS OF WRITE-INS | | |
| 0901. Miscellaneous Investment Income | 2,796 | 2,796 |
| 0902. | | |
| 0903. | | |
| 0998. Summary of remaining write-ins for Line 9 from overflow page | 0 | 0 |
| 0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9 above) | 2,796 | 2,796 |
| 1501. | | |
| 1502. | | |
| 1503. | | |
| 1598. Summary of remaining write-ins for Line 15 from overflow page | | 0 |
| 1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15 above) | | 0 |

(a) Includes \$ 183,259 accrual of discount less \$ 217,585 amortization of premium and less \$ 10,837 paid for accrued interest on purchases.
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ 0 paid for accrued dividends on purchases.
 (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ paid for accrued interest on purchases.
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$ 1,054 accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
 (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

| | 1 Realized Gain (Loss) On Sales or Maturity | 2 Other Realized Adjustments | 3 Total Realized Capital Gain (Loss) (Columns 1 + 2) | 4 Change in Unrealized Capital Gain (Loss) | 5. Change in Unrealized Foreign Exchange Capital Gain (Loss) |
|--|---|---------------------------------------|---|--|---|
| 1. U.S. Government bonds | 14,965 | | 14,965 | | |
| 1.1 Bonds exempt from U.S. tax | | | 0 | | |
| 1.2 Other bonds (unaffiliated) | 338,160 | (435,981) | (97,821) | (168,850) | |
| 1.3 Bonds of affiliates | 0 | 0 | 0 | 0 | 0 |
| 2.1 Preferred stocks (unaffiliated) | 0 | 0 | 0 | 0 | 0 |
| 2.11 Preferred stocks of affiliates | 0 | 0 | 0 | 0 | 0 |
| 2.2 Common stocks (unaffiliated) | 0 | 0 | 0 | 130,308 | 0 |
| 2.21 Common stocks of affiliates | 0 | 0 | 0 | 0 | 0 |
| 3. Mortgage loans | 0 | 0 | 0 | 0 | 0 |
| 4. Real estate | 0 | 0 | 0 | 0 | 0 |
| 5. Contract loans | 0 | 0 | 0 | 0 | 0 |
| 6. Cash, cash equivalents and short-term investments | (252) | 0 | (252) | 0 | 0 |
| 7. Derivative instruments | 0 | 0 | 0 | 0 | 0 |
| 8. Other invested assets | 0 | 0 | 0 | 0 | 0 |
| 9. Aggregate write-ins for capital gains (losses) | 0 | 0 | 0 | 0 | 0 |
| 10. Total capital gains (losses) | 352,873 | (435,981) | (83,108) | (38,542) | 0 |
| DETAILS OF WRITE-INS | | | | | |
| 0901. | | | | | |
| 0902. | | | | | |
| 0903. | | | | | |
| 0998. Summary of remaining write-ins for Line 9 from overflow page | 0 | 0 | 0 | 0 | 0 |
| 0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above) | 0 | 0 | 0 | 0 | 0 |

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE INDEPENDENCE LIFE AND ANNUITY COMPANY

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

| | 1 | | 2 | | 3 | | 4 | | 5 | | 6 | | 7 | | 8 | | 9 | | 10 | | 11 | |
|---|-----------|-----------------|----------------|----------------------|------------------------------------|----------------|-------|----------------|-------|----------------|-------|----------------|-------|----------------|-------|----------------|-------|----------------|-------|----------------|-------|----------------|
| | Total | Industrial Life | Life Insurance | Individual Annuities | Credit Life (Group and Individual) | Life Insurance | Group | Life Insurance |
| FIRST YEAR (other than single) | | | | | | | | | | | | | | | | | | | | | | |
| 1. Uncollected | .0 | | | | | | | | | | | | | | | | | | | | | |
| 2. Deferred and accrued | .0 | | | | | | | | | | | | | | | | | | | | | |
| 3. Deferred, accrued and uncollected: | | | | | | | | | | | | | | | | | | | | | | |
| 3.1 Direct | .0 | | | | | | | | | | | | | | | | | | | | | |
| 3.2 Reinsurance assumed | .0 | | | | | | | | | | | | | | | | | | | | | |
| 3.3 Reinsurance ceded | .0 | | | | | | | | | | | | | | | | | | | | | |
| 3.4 Net (Line 1 + Line 2) | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 4. Advance | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 5. Line 3.4 - Line 4 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 6. Collected during year: | | | | | | | | | | | | | | | | | | | | | | |
| 6.1 Direct | .0 | | | | | | | | | | | | | | | | | | | | | |
| 6.2 Reinsurance assumed | .0 | | | | | | | | | | | | | | | | | | | | | |
| 6.3 Reinsurance ceded | .0 | | | | | | | | | | | | | | | | | | | | | |
| 6.4 Net | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 7. Line 5 + Line 6.4 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 8. Prior year (uncollected + deferred and accrued - advance) | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 9. First year premiums and considerations: | | | | | | | | | | | | | | | | | | | | | | |
| 9.1 Direct | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 9.2 Reinsurance assumed | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 9.3 Reinsurance ceded | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 9.4 Net (Line 7 - Line 8) | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| SINGLE | | | | | | | | | | | | | | | | | | | | | | |
| 10. Single premiums and considerations: | | | | | | | | | | | | | | | | | | | | | | |
| 10.1 Direct | .0 | | | | | | | | | | | | | | | | | | | | | |
| 10.2 Reinsurance assumed | .0 | | | | | | | | | | | | | | | | | | | | | |
| 10.3 Reinsurance ceded | .549,934 | | .549,934 | | | | | | | | | | | | | | | | | | | |
| 10.4 Net | (549,934) | .0 | (549,934) | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| RENEWAL | | | | | | | | | | | | | | | | | | | | | | |
| 11. Uncollected | .0 | | | | | | | | | | | | | | | | | | | | | |
| 12. Deferred and accrued | .0 | | | | | | | | | | | | | | | | | | | | | |
| 13. Deferred, accrued and uncollected: | | | | | | | | | | | | | | | | | | | | | | |
| 13.1 Direct | .0 | | | | | | | | | | | | | | | | | | | | | |
| 13.2 Reinsurance assumed | .0 | | | | | | | | | | | | | | | | | | | | | |
| 13.3 Reinsurance ceded | .0 | | | | | | | | | | | | | | | | | | | | | |
| 13.4 Net (Line 11 + Line 12) | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 14. Advance | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 15. Line 13.4 - Line 14 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 16. Collected during year: | | | | | | | | | | | | | | | | | | | | | | |
| 16.1 Direct | .0 | | | | | | | | | | | | | | | | | | | | | |
| 16.2 Reinsurance assumed | .0 | | | | | | | | | | | | | | | | | | | | | |
| 16.3 Reinsurance ceded | .0 | | | | | | | | | | | | | | | | | | | | | |
| 16.4 Net | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 17. Line 15 + Line 16.4 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 18. Prior year (uncollected + deferred and accrued - advance) | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 19. Renewal premiums and considerations: | | | | | | | | | | | | | | | | | | | | | | |
| 19.1 Direct | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 19.2 Reinsurance assumed | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 19.3 Reinsurance ceded | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 19.4 Net (Line 17 - Line 18) | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| TOTAL | | | | | | | | | | | | | | | | | | | | | | |
| 20. Total premiums and annuity considerations: | | | | | | | | | | | | | | | | | | | | | | |
| 20.1 Direct | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 20.2 Reinsurance assumed | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 20.3 Reinsurance ceded | .549,934 | | .549,934 | | | | | | | | | | | | | | | | | | | |
| 20.4 Net (Lines 9.4 + 10.4 + 19.4) | (549,934) | .0 | (549,934) | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |

6

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

| | 1 Total | 2 Industrial Life | Ordinary | | 5 Credit Life (Group and Individual) | Group | | Accident and Health | | | 11 Aggregate of All Other Lines of Business |
|--|------------|----------------------|---------------------|---------------------------|--|---------------------|----------------|---------------------|---------------------------------------|-------------|---|
| | | | 3 Life Insurance | 4 Individual Annuities | | 6 Life Insurance | 7 Annuities | 8 Group | 9 Credit (Group and Individual) | 10 Other | |
| DIVIDENDS AND COUPONS APPLIED (included in Part 1) | | | | | | | | | | | |
| 21. To pay renewal premiums | 0 | | | | | | | | | | |
| 22. All other | 0 | | | | | | | | | | |
| REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED | | | | | | | | | | | |
| 23. First year (other than single): | | | | | | | | | | | |
| 23.1 Reinsurance ceded | 0 | | | | | | | | | | |
| 23.2 Reinsurance assumed | 0 | | | | | | | | | | |
| 23.3 Net ceded less assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 24. Single: | | | | | | | | | | | |
| 24.1 Reinsurance ceded | 0 | | | | | | | | | | |
| 24.2 Reinsurance assumed | 0 | | | | | | | | | | |
| 24.3 Net ceded less assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 25. Renewal: | | | | | | | | | | | |
| 25.1 Reinsurance ceded | 0 | | | | | | | | | | |
| 25.2 Reinsurance assumed | 0 | | | | | | | | | | |
| 25.3 Net ceded less assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 26. Totals: | | | | | | | | | | | |
| 26.1 Reinsurance ceded (Page 6, Line 6) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 26.2 Reinsurance assumed (Page 6, Line 22) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 26.3 Net ceded less assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMMISSIONS INCURRED (direct business only) | | | | | | | | | | | |
| 27. First year (other than single) | 0 | | | | | | | | | | |
| 28. Single | 0 | | | | | | | | | | |
| 29. Renewal | 0 | | | | | | | | | | |
| 30. Deposit-type contract funds | 0 | | | | | | | | | | |
| 31. Totals (to agree with Page 6, Line 21) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

NONE

EXHIBIT 2 - GENERAL EXPENSES

| | Insurance | | | | 5 Investment | 6 Total |
|--|-----------|-----------------------|----------------|----------------------------------|-----------------|------------|
| | 1 Life | Accident and Health | | 4 All Other Lines of Business | | |
| | | 2 Cost Containment | 3 All Other | | | |
| 1. Rent | 13,757 | 0 | 0 | 0 | 2,418 | 16,175 |
| 2. Salaries and wages | 175,097 | 0 | 0 | 0 | 30,772 | 205,869 |
| 3.11 Contributions for benefit plans for employees | 25,263 | 0 | 0 | 0 | 4,440 | 29,703 |
| 3.12 Contributions for benefit plans for agents | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.21 Payments to employees under non-funded benefit plans | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.22 Payments to agents under non-funded benefit plans | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.31 Other employee welfare | 1,002 | 0 | 0 | 0 | 176 | 1,178 |
| 3.32 Other agent welfare | 27 | 0 | 0 | 0 | 5 | 32 |
| 4.1 Legal fees and expenses | 6,033 | 0 | 0 | 0 | 1,060 | 7,093 |
| 4.2 Medical examination fees | 2,571 | 0 | 0 | 0 | 0 | 2,571 |
| 4.3 Inspection report fees | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.4 Fees of public accountants and consulting actuaries | 4,069 | 0 | 0 | 0 | 715 | 4,784 |
| 4.5 Expense of investigation and settlement of policy claims | 981 | 0 | 0 | 0 | 0 | 981 |
| 5.1 Traveling expenses | 4,382 | 0 | 0 | 0 | 770 | 5,152 |
| 5.2 Advertising | 9,856 | 0 | 0 | 0 | 1,732 | 11,588 |
| 5.3 Postage, express, telegraph and telephone | 6,047 | 0 | 0 | 0 | 1,063 | 7,110 |
| 5.4 Printing and stationery | 4,356 | 0 | 0 | 0 | 765 | 5,121 |
| 5.5 Cost or depreciation of furniture and equipment | 4,113 | 0 | 0 | 0 | 723 | 4,836 |
| 5.6 Rental of equipment | 941 | 0 | 0 | 0 | 165 | 1,106 |
| 5.7 Cost or depreciation of EDP equipment and software | 4,130 | 0 | 0 | 0 | 726 | 4,856 |
| 6.1 Books and periodicals | 269 | 0 | 0 | 0 | 47 | 316 |
| 6.2 Bureau and association fees | 1,621 | 0 | 0 | 0 | 285 | 1,906 |
| 6.3 Insurance, except on real estate | 189 | 0 | 0 | 0 | 33 | 222 |
| 6.4 Miscellaneous losses | (34,378) | 0 | 0 | 0 | 0 | (34,378) |
| 6.5 Collection and bank service charges | 6,861 | 0 | 0 | 0 | 0 | 6,861 |
| 6.6 Sundry general expenses | 20,513 | 0 | 0 | 0 | 3,605 | 24,118 |
| 6.7 Group service and administration fees | 0 | 0 | 0 | 0 | 0 | 0 |
| 6.8 Reimbursements by uninsured plans | 0 | 0 | 0 | 0 | 0 | 0 |
| 7.1 Agency expense allowance | 0 | 0 | 0 | 0 | 0 | 0 |
| 7.2 Agents' balances charged off (less \$ recovered) | 0 | 0 | 0 | 0 | 0 | 0 |
| 7.3 Agency conferences other than local meetings | 1,586 | 0 | 0 | 0 | 279 | 1,865 |
| 9.1 Real estate expenses | 0 | 0 | 0 | 0 | 0 | 0 |
| 9.2 Investment expenses not included elsewhere | 0 | 0 | 0 | 0 | 0 | 0 |
| 9.3 Aggregate write-ins for expenses | 35,299 | 0 | 0 | 0 | 6,203 | 41,502 |
| 10. General expenses incurred | 294,585 | 0 | 0 | 0 | 55,982 (a) | 350,567 |
| 11. General expenses unpaid December 31, prior year | 0 | 0 | 0 | 0 | 0 | 0 |
| 12. General expenses unpaid December 31, current year | 0 | 0 | 0 | 0 | 0 | 0 |
| 13. Amounts receivable relating to uninsured plans, prior year | 0 | 0 | 0 | 0 | 0 | 0 |
| 14. Amounts receivable relating to uninsured plans, current year | 0 | 0 | 0 | 0 | 0 | 0 |
| 15. General expenses paid during year (Lines 10+11-12-13+14) | 294,585 | 0 | 0 | 0 | 55,982 | 350,567 |
| DETAILS OF WRITE-INS | | | | | | |
| 09.301. Home Office | 28,163 | 0 | 0 | 0 | 4,949 | 33,112 |
| 09.302. SLFUS Chargebacks | 7,136 | 0 | 0 | 0 | 1,254 | 8,390 |
| 09.303. | 0 | 0 | 0 | 0 | 0 | 0 |
| 09.398. Summary of remaining write-ins for Line 9.3 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 |
| 09.399. Totals (Lines 09.301 through 09.303 + 09.398) (Line 9.3 above) | 35,299 | 0 | 0 | 0 | 6,203 | 41,502 |

(a) Includes management fees of \$ 339,179 to affiliates and \$ 0 to non-affiliates.

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

| | Insurance | | | 4 Investment | 5 Total |
|---|-----------|--------------------------|----------------------------------|-----------------|------------|
| | 1 Life | 2 Accident and Health | 3 All Other Lines of Business | | |
| 1. Real estate taxes | 0 | 0 | 0 | 0 | 0 |
| 2. State insurance department licenses and fees | 3,455 | 0 | 0 | 0 | 3,455 |
| 3. State taxes on premiums | 3,760 | 0 | 0 | 0 | 3,760 |
| 4. Other state taxes, incl. \$ for employee benefits | 807 | 0 | 0 | 142 | 949 |
| 5. U.S. Social Security taxes | 9,792 | 0 | 0 | 1,721 | 11,513 |
| 6. All other taxes | 0 | 0 | 0 | 0 | 0 |
| 7. Taxes, licenses and fees incurred | 17,814 | 0 | 0 | 1,863 | 19,677 |
| 8. Taxes, licenses and fees unpaid December 31, prior year | 0 | 0 | 0 | 0 | 0 |
| 9. Taxes, licenses and fees unpaid December 31, current year | 0 | 0 | 0 | 0 | 0 |
| 10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9) | 17,814 | 0 | 0 | 1,863 | 19,677 |

EXHIBIT 4 - DIVIDENDS OR REFUNDS

| | 1 Life | 2 Accident and Health |
|---|------------------------------------|--------------------------|
| | 1. Applied to pay renewal premiums | |
| 2. Applied to shorten the endowment or premium-paying period | | |
| 3. Applied to provide paid-up additions | | |
| 4. Applied to provide paid-up annuities | | |
| 5. Total Lines 1 through 4 | 0 | 0 |
| 6. Paid in cash | | |
| 7. Left on deposit | | |
| 8. Aggregate write-ins for dividend or refund options | 0 | 0 |
| 9. Total Lines 5 through 8 | 0 | 0 |
| 10. Amount due and unpaid | | |
| 11. Provision for dividends or refunds payable in the following calendar year | | |
| 12. Terminal dividends | | |
| 13. Provision for deferred dividend contracts | | |
| 14. Amount provisionally held for deferred dividend contracts not included in Line 13 | | |
| 15. Total Lines 10 through 14 | 0 | 0 |
| 16. Total from prior year | 0 | 0 |
| 17. Total dividends or refunds (Lines 9 + 15 - 16) | 0 | 0 |
| DETAILS OF WRITE-INS | | |
| 0801. | | |
| 0802. | | |
| 0803. | | |
| 0898. Summary of remaining write-ins for Line 8 from overflow page | 0 | 0 |
| 0899. Totals (Lines 0801 through 0803 + 0898) (Line 8 above) | 0 | 0 |

NONE

EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

| 1 | 2 | 3 | 4 | 5 | 6 |
|---|------------|------------|------------|----------------------------------|-------|
| Valuation Standard | Total | Industrial | Ordinary | Credit (Group and Individual) | Group |
| LIFE INSURANCE: | | | | | |
| 0100001. 80 CSO 4% NLP 85-88..... | 25,661,919 | | 25,661,919 | | |
| 0199997. Totals (Gross) | 25,661,919 | 0 | 25,661,919 | 0 | 0 |
| 0199998. Reinsurance ceded | 0 | | | | |
| 0199999. Totals (Net) | 25,661,919 | 0 | 25,661,919 | 0 | 0 |
| ANNUITIES (excluding supplementary contracts with life contingencies): | | | | | |
| 0200001. 1983 IAV (A) 5 1/2% CARVM 96-97..... | 228,400 | XXX | 228,400 | XXX | |
| 0200002. 1983 IAV (A) 6% CARVM 95..... | 44,365 | XXX | 44,365 | XXX | |
| 0299997. Totals (Gross) | 272,765 | XXX | 272,765 | XXX | 0 |
| 0299998. Reinsurance ceded | 0 | XXX | | XXX | |
| 0299999. Totals (Net) | 272,765 | XXX | 272,765 | XXX | 0 |
| SUPPLEMENTARY CONTRACTS WITH LIFE CONTINGENCIES: | | | | | |
| 0300001. 83a 6 3/4% immediate..... | 52,586 | | 52,586 | | |
| 0300002. a-2000 6 1/4% immediate..... | 280,149 | | 280,149 | | |
| 0300003. a-2000 6 1/2% immediate..... | 37,435 | | 37,435 | | |
| 0399997. Totals (Gross) | 370,170 | 0 | 370,170 | 0 | 0 |
| 0399998. Reinsurance ceded | 0 | | | | |
| 0399999. Totals (Net) | 370,170 | 0 | 370,170 | 0 | 0 |
| ACCIDENTAL DEATH BENEFITS: | | | | | |
| 0499997. Totals (Gross) | 0 | 0 | 0 | 0 | 0 |
| 0499998. Reinsurance ceded | 0 | | | | |
| 0499999. Totals (Net) | 0 | 0 | 0 | 0 | 0 |
| DISABILITY-ACTIVE LIVES: | | | | | |
| 0599997. Totals (Gross) | 0 | 0 | 0 | 0 | 0 |
| 0599998. Reinsurance ceded | 0 | | | | |
| 0599999. Totals (Net) | 0 | 0 | 0 | 0 | 0 |
| DISABILITY-DISABLED LIVES: | | | | | |
| 0699997. Totals (Gross) | 0 | 0 | 0 | 0 | 0 |
| 0699998. Reinsurance ceded | 0 | | | | |
| 0699999. Totals (Net) | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS RESERVES | | | | | |
| 0700001. Reserve for Minimum Death Benefit on Variable Life..... | 1,005,049 | | 1,005,049 | | |
| 0799997. Totals (Gross) | 1,005,049 | 0 | 1,005,049 | 0 | 0 |
| 0799998. Reinsurance ceded | 0 | | | | |
| 0799999. Totals (Net) | 1,005,049 | 0 | 1,005,049 | 0 | 0 |
| 9999999. Totals (Net) - Page 3, Line 1 | 27,309,903 | 0 | 27,309,903 | 0 | 0 |



ANNUAL STATEMENT FOR THE YEAR 2009 OF THE INDEPENDENCE LIFE AND ANNUITY COMPANY

EXHIBIT 5 - INTERROGATORIES

- 1.1. Has the reporting entity ever issued both participating and non-participating contracts?..... Yes [] No [X]
- 1.2. If not, state which kind is issued
 Non-participating
- 2.1. Does the reporting entity at present issue both participating and non-participating contracts? Yes [] No [X]
- 2.2. If not, state which kind is issued
 Non-participating
- 3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements? Yes [X] No []
 If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions.
- 4. Has the reporting entity any assessment or stipulated premium contracts in force? Yes [] No [X]
 If so, state:
 4.1 Amount of insurance? \$
 4.2 Amount of reserve? \$
 4.3 Basis of reserve

 4.4 Basis of regular assessments

 4.5 Basis of special assessments

 4.6 Assessments collected during the year \$
- 5. If the contract loan interest rate guaranteed in any one or more of its currently issued contracts is less than 5%, not in advance, state the contract loan rate guarantees on any such contracts.

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

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE INDEPENDENCE LIFE AND ANNUITY COMPANY

EXHIBIT 6 - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS

| | 1 Total | 2 Group Accident and Health | 3 Credit Accident and Health (Group and Individual) | 4 Collectively Renewable | Other Individual Contracts | | | | |
|---|------------|-----------------------------------|--|--------------------------------|----------------------------|------------------------------|---|--------------------------|----------------|
| | | | | | 5 Non-Cancelable | 6 Guaranteed Renewable | 7 Non-Renewable for Stated Reasons Only | 8 Other Accident Only | 9 All Other |
| ACTIVE LIFE RESERVE | | | | | | | | | |
| 1. Unearned premium reserves | 0 | | | | | | | | |
| 2. Additional contract reserves (a) | 0 | | | | | | | | |
| 3. Additional actuarial reserves-Asset/Liability analysis | 0 | | | | | | | | |
| 4. Reserve for future contingent benefits | 0 | | | | | | | | |
| 5. Reserve for rate credits | 0 | | | | | | | | |
| 6. Aggregate write-ins for reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. Totals (Gross) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. Reinsurance ceded | 0 | | | | | | | | |
| 9. Totals (Net) | 0 | | | | | | | | |
| CLAIM RESERVE | | | | | | | | | |
| 10. Present value of amounts not yet due on claims | 0 | | | | | | | | |
| 11. Additional actuarial reserves-Asset/Liability analysis | 0 | | | | | | | | |
| 12. Reserve for future contingent benefits | 0 | | | | | | | | |
| 13. Aggregate write-ins for reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14. Totals (Gross) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15. Reinsurance ceded | 0 | | | | | | | | |
| 16. Totals (Net) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 17. TOTAL (Net) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18. TABULAR FUND INTEREST | 0 | | | | | | | | |
| DETAILS OF WRITE-INS | | | | | | | | | |
| 0601. | | | | | | | | | |
| 0602. | | | | | | | | | |
| 0603. | | | | | | | | | |
| 0698. Summary of remaining write-ins for Line 6 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1301. | | | | | | | | | |
| 1302. | | | | | | | | | |
| 1303. | | | | | | | | | |
| 1398. Summary of remaining write-ins for Line 13 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

NONE

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

EXHIBIT 7 - DEPOSIT TYPE CONTRACTS

| | 1 Total | 2 Guaranteed Interest Contracts | 3 Annuities Certain | 4 Supplemental Contracts | 5 Dividend Accumulations or Refunds | 6 Premium and Other Deposit Funds |
|--|------------|---------------------------------------|------------------------|--------------------------------|--|--|
| 1. Balance at the beginning of the year before reinsurance | .0 | | | | | |
| 2. Deposits received during the year | 34,514 | | | 34,514 | | |
| 3. Investment earnings credited to the account | .0 | | | | | |
| 4. Other net change in reserves | .0 | | | | | |
| 5. Fees and other charges assessed | .0 | | | | | |
| 6. Surrender charges | .0 | | | | | |
| 7. Net surrender or withdrawal payments | 7,282 | | | 7,282 | | |
| 8. Other net transfers to or (from) Separate Accounts | .618 | | | .618 | | |
| 9. Balance at the end of current year before reinsurance (Lines 1+2+3+4-5-6-7-8) | 26,614 | .0 | .0 | 26,614 | .0 | .0 |
| 10. Reinsurance balance at the beginning of the year | .0 | | | | | |
| 11. Net change in reinsurance assumed | .0 | | | | | |
| 12. Net change in reinsurance ceded | .0 | | | | | |
| 13. Reinsurance balance at the end of the year (Lines 10+11-12) | .0 | .0 | .0 | .0 | .0 | .0 |
| 14. Net balance at the end of current year after reinsurance (Lines 9 + 13) | 26,614 | 0 | 0 | 26,614 | 0 | 0 |

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE INDEPENDENCE LIFE AND ANNUITY COMPANY

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 1 - Liability End of Current Year

| | 1 Total | 2 Industrial Life | Ordinary | | | 6 Credit Life (Group and Individual) | Group | | Accident and Health | | |
|--------------------------------|------------|----------------------|---------------------|---------------------------|------------------------------|---|---------------------|----------------|---------------------|-------------------------------------|-------------|
| | | | 3 Life Insurance | 4 Individual Annuities | 5 Supplementary Contracts | | 7 Life Insurance | 8 Annuities | 9 Group | 10 Credit (Group and Individual) | 11 Other |
| 1. Due and unpaid: | | | | | | | | | | | |
| 1.1 Direct | .0 | | | | | | | | | | |
| 1.2 Reinsurance assumed | .0 | | | | | | | | | | |
| 1.3 Reinsurance ceded | .0 | | | | | | | | | | |
| 1.4 Net | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 2. In course of settlement: | | | | | | | | | | | |
| 2.1 Resisted | | | | | | | | | | | |
| 2.11 Direct | .0 | | | | | | | | | | |
| 2.12 Reinsurance assumed | .0 | | | | | | | | | | |
| 2.13 Reinsurance ceded | .0 | | | | | | | | | | |
| 2.14 Net | .0 | .0 | (b) .0 | (b) .0 | .0 | (b) .0 | (b) .0 | .0 | .0 | .0 | .0 |
| 2.2 Other | | | | | | | | | | | |
| 2.21 Direct | .0 | | | | | | | | | | |
| 2.22 Reinsurance assumed | .0 | | | | | | | | | | |
| 2.23 Reinsurance ceded | .0 | | | | | | | | | | |
| 2.24 Net | .0 | .0 | (b) .0 | (b) .0 | .0 | (b) .0 | (b) .0 | .0 | .0 | (b) .0 | (b) .0 |
| 3. Incurred but unreported: | | | | | | | | | | | |
| 3.1 Direct | 287,509 | | 287,509 | | | | | | | | |
| 3.2 Reinsurance assumed | .0 | | | | | | | | | | |
| 3.3 Reinsurance ceded | 81,059 | | 81,059 | | | | | | | | |
| 3.4 Net | 206,450 | .0 | (b) 206,450 | (b) .0 | .0 | (b) .0 | (b) .0 | .0 | .0 | (b) .0 | (b) .0 |
| 4. TOTALS | | | | | | | | | | | |
| 4.1 Direct | 287,509 | .0 | 287,509 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 4.2 Reinsurance assumed | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 4.3 Reinsurance ceded | 81,059 | 0 | 81,059 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.4 Net | 206,450 | (a) 0 | (a) 206,450 | 0 | 0 | 0 | (a) 0 | 0 | 0 | 0 | 0 |

(a) Including matured endowments (but not guaranteed annual pure endowments) unpaid amounting to \$ in Column 2, \$ in Column 3 and \$ in Column 7.

(b) Include only portion of disability and accident and health claim liabilities applicable to assumed "accrued" benefits. Reserves (including reinsurance assumed and net of reinsurance ceded) for unaccrued benefits for Ordinary Life Insurance \$, Individual Annuities \$, Credit Life (Group and Individual) \$, and Group Life \$ are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$, Credit (Group and Individual) Accident and Health \$, and Other Accident and Health \$ are included in Page 3, Line 2 (See Exhibit 6, Claim Reserve).

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE INDEPENDENCE LIFE AND ANNUITY COMPANY

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 2 - Incurred During the Year

| | 1 Total | 2 Industrial Life (a) | Ordinary | | | 6 Credit Life (Group and Individual) | Group | | Accident and Health | | |
|--|------------|-----------------------------|----------------------------|---------------------------|---------------------------------|--|----------------------------|----------------|---------------------|--|-------------|
| | | | 3 Life Insurance (b) | 4 Individual Annuities | 5 Supplementary Contracts | | 7 Life Insurance (c) | 8 Annuities | 9 Group | 10 Credit (Group and Individual) | 11 Other |
| 1. Settlements during the year: | | | | | | | | | | | |
| 1.1 Direct | 3,681,778 | | 3,650,556 | | 31,222 | | | | | | |
| 1.2 Reinsurance assumed | 0 | | | | | | | | | | |
| 1.3 Reinsurance ceded | 1,275,190 | | 1,275,190 | | | | | | | | |
| 1.4 Net | 2,406,588 | 0 | 2,375,366 | 0 | 31,222 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Liability December 31, current year from Part 1: | | | | | | | | | | | |
| 2.1 Direct | 287,509 | 0 | 287,509 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.2 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.3 Reinsurance ceded | 81,059 | 0 | 81,059 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.4 Net | 206,450 | 0 | 206,450 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Amounts recoverable from reinsurers December 31, current year | 96,239 | | 96,239 | | | | | | | | |
| 4. Liability December 31, prior year: | | | | | | | | | | | |
| 4.1 Direct | 426,341 | 0 | 426,341 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.2 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.3 Reinsurance ceded | 155,348 | 0 | 155,348 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.4 Net | 270,993 | 0 | 270,993 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. Amounts recoverable from reinsurers December 31, prior year | 236,393 | 0 | 236,393 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. Incurred benefits: | | | | | | | | | | | |
| 6.1 Direct | 3,542,946 | 0 | 3,511,724 | 0 | 31,222 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6.2 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6.3 Reinsurance ceded | 1,060,747 | 0 | 1,060,747 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6.4 Net | 2,482,199 | 0 | 2,450,977 | 0 | 31,222 | 0 | 0 | 0 | 0 | 0 | 0 |

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

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

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

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

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EXHIBIT OF NONADMITTED ASSETS

| | 1 | 2 | 3 |
|--|--|----------------------------------|--|
| | Current Year Total Nonadmitted Assets | Prior Year Nonadmitted Assets | Change in Total Nonadmitted Assets (Col. 2 - Col. 1) |
| 1. Bonds (Schedule D)..... | 0 | 0 | 0 |
| 2. Stocks (Schedule D): | | | |
| 2.1 Preferred stocks | 0 | 0 | 0 |
| 2.2 Common stocks | 0 | 0 | 0 |
| 3. Mortgage loans on real estate (Schedule B): | | | |
| 3.1 First liens | 0 | 0 | 0 |
| 3.2 Other than first liens | 0 | 0 | 0 |
| 4. Real estate (Schedule A): | | | |
| 4.1 Properties occupied by the company | 0 | 0 | 0 |
| 4.2 Properties held for the production of income..... | 0 | 0 | 0 |
| 4.3 Properties held for sale | 0 | 0 | 0 |
| 5. Cash (Schedule-E Part 1), cash equivalents (Schedule-E Part 2) and short-term investments (Schedule DA)..... | 0 | 0 | 0 |
| 6. Contract loans | 0 | 0 | 0 |
| 7. Other invested assets (Schedule BA) | 0 | 0 | 0 |
| 8. Receivables for securities | 0 | 0 | 0 |
| 9. Aggregate write-ins for invested assets | 0 | 0 | 0 |
| 10. Subtotals, cash and invested assets (Lines 1 to 9) | 0 | 0 | 0 |
| 11. Title plants (for Title insurers only)..... | 0 | 0 | 0 |
| 12. Investment income due and accrued | 0 | 0 | 0 |
| 13. Premiums and considerations: | | | |
| 13.1 Uncollected premiums and agents' balances in the course of collection | 0 | 0 | 0 |
| 13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due..... | 0 | 0 | 0 |
| 13.3 Accrued retrospective premiums..... | 0 | 0 | 0 |
| 14. Reinsurance: | | | |
| 14.1 Amounts recoverable from reinsurers | 0 | 0 | 0 |
| 14.2 Funds held by or deposited with reinsured companies | 0 | 0 | 0 |
| 14.3 Other amounts receivable under reinsurance contracts | 0 | 0 | 0 |
| 15. Amounts receivable relating to uninsured plans | 0 | 0 | 0 |
| 16.1 Current federal and foreign income tax recoverable and interest thereon | 0 | 0 | 0 |
| 16.2 Net deferred tax asset..... | 1,793,844 | 2,336,163 | 542,319 |
| 17. Guaranty funds receivable or on deposit | 0 | 0 | 0 |
| 18. Electronic data processing equipment and software..... | 0 | 0 | 0 |
| 19. Furniture and equipment, including health care delivery assets..... | 0 | 0 | 0 |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates | 0 | 0 | 0 |
| 21. Receivables from parent, subsidiaries and affiliates | 0 | 0 | 0 |
| 22. Health care and other amounts receivable..... | 0 | 0 | 0 |
| 23. Aggregate write-ins for other than invested assets | 0 | 0 | 0 |
| 24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)..... | 1,793,844 | 2,336,163 | 542,319 |
| 25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | 0 | 0 | 0 |
| 26. Total (Lines 24 and 25) | 1,793,844 | 2,336,163 | 542,319 |
| DETAILS OF WRITE-INS | | | |
| 0901. | 0 | 0 | 0 |
| 0902. | 0 | 0 | 0 |
| 0903. | 0 | 0 | 0 |
| 0998. Summary of remaining write-ins for Line 9 from overflow page | 0 | 0 | 0 |
| 0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above) | 0 | 0 | 0 |
| 2301. | 0 | 0 | 0 |
| 2302. | 0 | 0 | 0 |
| 2303. | 0 | 0 | 0 |
| 2398. Summary of remaining write-ins for Line 23 from overflow page | 0 | 0 | 0 |
| 2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above) | 0 | 0 | 0 |

NOTES TO FINANCIAL STATEMENTS

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NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of the Independence Life and Annuity Company ("the Company") are presented on the basis of accounting practices prescribed or permitted by the Rhode Island Insurance Division.

The Rhode Island Insurance Division recognizes only statutory accounting practices prescribed or permitted by the State of Rhode Island for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Rhode Island insurance law. The National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures manual ("NAIC SAP"), has been adopted as a component of prescribed or permitted practices by the State of Rhode Island. As of December 31, 2009, the Commissioner has not permitted the Company to use any accounting practices that would result in the Company's earnings or financial position to deviate materially from NAIC SAP.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Rhode Island is shown below:

| Description | State of Domicile | 2009 | 2008 |
|--|-------------------|---------------------|---------------------|
| (1) Net Income Rhode Island State basis | Rhode Island | \$2,565,922 | (\$608,824) |
| (2) State Prescribed Practices: | | 0 | 0 |
| (3) State Permitted Practices: | | <u>0</u> | <u>0</u> |
| (4) Net Income, NAIC SAP | | <u>\$2,565,922</u> | <u>(\$608,824)</u> |
| (5) Statutory Surplus Rhode Island State basis | | \$52,889,289 | \$50,167,345 |
| (6) State Prescribed Practices: | | 0 | 0 |
| (7) State Permitted Practices: | | <u>0</u> | <u>0</u> |
| (8) Statutory Surplus, NAIC SAP | | <u>\$52,889,289</u> | <u>\$50,167,345</u> |

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

The reserves for life insurance and annuity contracts are computed in accordance with presently accepted actuarial standards, and are based on actuarial assumptions and methods (including use of published mortality tables and prescribed interest rates) which produce reserves at least as great as those required by law and contract provisions.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost, which approximates fair value.
- (2) Bonds not backed by other loans are stated at amortized cost using the scientific method except where the NAIC rating has fallen to 6 and the fair value has fallen below amortized cost, in which case they are carried at fair value.
- (3) The Company carries unaffiliated common stocks at fair value and holds no affiliated common stocks.
- (4) The Company does not hold any preferred stocks.
- (5) The Company has no investments in mortgage loans.
- (6) Loan-backed bonds and structured securities are stated at amortized cost using the scientific method except where the NAIC rating has fallen to 6 and the fair value has fallen below amortized cost, in which case they are carried at fair value. The retrospective adjustment method is used to value all securities.
- (7) The Company does not hold any investments in subsidiaries.
- (8) The Company does not hold any investments in joint ventures, partnerships or limited liability companies.
- (9) The Company does not have any investments in derivatives.
- (10) Not Applicable.

NOTES TO FINANCIAL STATEMENTS

(11) The Company does not hold any accident and health contracts.

(12) The Company did not modify its capitalization policy from the prior year.

(13) The Company does not have any pharmaceutical rebate receivables.

Note 2: Accounting Changes and Corrections of Errors

During 2009, the NAIC adopted Statement of Statutory Accounting Principles ("SSAP") No. 43R, "Loan-Backed and Structured Securities - REVISED" and SSAP No. 10R, "Income Taxes - REVISED". The adoption of SSAP 43R did not have a financial impact on the Company. The impact of SSAP 10R is disclosed in Footnote 9 and was recorded on page 4 line 49 in the amount of \$240k.

The Company did not have any other material changes in accounting principles or correction of errors during the statement year.

Note 3: Business Combinations and Goodwill

A. The statutory purchase method

The Company did not enter into any business combinations that would be accounted for under the statutory purchase method.

B. Statutory Merger

The Company was not a part of any statutory mergers during the statement year.

C. Assumption Reinsurance

The Company did not enter into any assumption reinsurance agreements during the statement year.

D. Impairment Loss

The Company did not recognize any impairment losses on any of the transactions described above during the statement year.

Note 4: Discontinued Operations

The Company did not have any discontinued operations during the statement year.

Note 5: Investments

A. Mortgage Loans, Including Mezzanine Real Estate Loans

(1) As of December 31, 2009, the Company does not hold any mortgage loans or real estate.

(2) Not applicable.

(3) Not applicable.

| | <u>Current Year</u> | <u>Prior Year</u> |
|--|-------------------------|-----------------------|
| (4) As of year end, the Company held mortgages with interest more than 180 days past due with a recorded investment, excluding accrued interest: | \$ - | \$ - |
| a. Total interest due on mortgages with interest more than 180 days past due | \$ - | \$ - |
| (5) Taxes, assessments and any amounts advanced and not included in the mortgage loan total | \$ - | \$ - |
| (6) Current year impaired loans with a related allowance for credit losses: | \$ - | \$ - |
| a. Related allowance for credit losses | \$ - | \$ - |
| (7) Impaired Mortgage loans without an allowance for credit losses | \$ - | \$ - |
| (8) Average recorded investment in impaired loans | \$ - | \$ - |
| (9) Interest income recognized during the period the loans were impaired | \$ - | \$ - |

NOTES TO FINANCIAL STATEMENTS

(10) Amount of interest income recognized on a cash basis during the period the loans were impaired

| | | | | |
|--|----|---|----|---|
| | \$ | - | \$ | - |
|--|----|---|----|---|

(11) Allowance for credit losses:

| | | | | |
|--|----|---|----|---|
| a. Balance at beginning or period | \$ | - | \$ | - |
| b. Additions charged to operations | \$ | - | \$ | - |
| c. Direct write-downs charged against the allowances | \$ | - | \$ | - |
| d. Recoveries of amounts previously charged off | \$ | - | \$ | - |
| e. Balance at end of period | \$ | - | \$ | - |

(12) Not applicable.

B. Debt Restructuring

The Company did not have any debt restructuring during the current statement year.

C. Reverse Mortgages

The Company has no reverse mortgage investments.

D. Loan-Backed Securities

(1) The fair values of publicly traded debt securities are based on third party pricing services, independent broker quotes, pricing matrices, or models and other sources, including statement value. For private placements, fair values are estimated using matrices which take into account credit spreads for publicly traded securities of similar credit risk, materiality, repayment, and liquidity characteristics.

The following table presents the carrying amounts and estimated fair values of the Company's loan-backed securities:

| (In Thousands) | December 31, 2009 | | December 31, 2008 | |
|------------------------|---------------------------|--------------------------------|---------------------------|--------------------------------|
| | Carrying <u>Amount</u> | Estimated <u>Fair Value</u> | Carrying <u>Amount</u> | Estimated <u>Fair Value</u> |
| Loan-Backed Securities | \$ 1,704 | \$ 1,585 | \$ 2,765 | \$ 2,283 |

(2) Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from broker dealer survey values or internal estimates.

(3) Exposure to any single issuer is less than 10% of net admitted assets.

(4) There were no other-than-temporary impairments recorded for loan-backed securities during 2009.

(5) There were no other-than-temporary impairments recorded for loan-backed securities during 2009.

(6) The gross unrealized losses and fair value of loan-backed securities which have been deemed temporarily impaired and length of time that securities have been in an unrealized loss position are as follows:

| (In Thousands) | December 31, 2009 | | December 31, 2008 | |
|---------------------|----------------------|-----------------------------|----------------------|-----------------------------|
| | Fair <u>Value</u> | Unrealized <u>Losses</u> | Fair <u>Value</u> | Unrealized <u>Losses</u> |
| Less than 12 months | \$ 499 | \$ (1) | \$ 435 | \$ (29) |
| 12 months or more | 867 | (131) | 1,036 | (475) |
| Total | \$ 1,366 | \$ (132) | \$ 1,471 | \$ (504) |

(7) If the fair value of a debt security, excluding loan-backed and structured securities, is less than its amortized cost basis at the balance sheet date, the Company assesses whether the impairment is other-than-temporary ("OTTI"). When an OTTI has occurred, the amount of OTTI recognized in earnings is the difference between the amortized cost basis of the security and its fair value.

If the Company intends to sell the debt security, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis, an OTTI is considered to have occurred.

Effective July 1, 2009, the Company recognizes and measures OTTI for structured securities in accordance with SSAP No. 43R. In accordance with SSAP No. 43R, if the fair value of a structured security is less than its amortized cost basis at the balance sheet date, the Company

NOTES TO FINANCIAL STATEMENTS

assesses whether the impairment is OTTI. When an OTTI has occurred, the amount of OTTI recognized in earnings is the difference between the amortized cost basis of the security and the present value of its expected future cash flows discounted at the effective interest rate implicit in the security.

If the Company intends to sell the structured security, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis, an OTTI is considered to have occurred.

If the Company does not intend to sell the structured security, or it is less likely than not that it will be required to sell the security before recovery of its amortized cost basis, the Company performs cash flow based testing to determine if the present value of its expected future cash flows discounted at the effective interest rate implicit in the security is less than its amortized cost basis. Estimating future cash flows is a quantitative and qualitative process that incorporates information received from third parties, along with assumptions and judgments about the future performance of the underlying collateral. Losses incurred on the respective portfolios are based on expected loss models, not incurred loss models. Expected future cash flows include assumptions about key systematic risks and loan-specific information.

If the Company does not intend to sell the debt or structured security, or it is less likely than not that it will be required to sell the security before recovery of its amortized cost basis, the Company employs a portfolio monitoring process to identify securities that are OTTI.

The Company has a Credit Committee comprised of investment and finance professionals which meets at least quarterly to review individual issues or issuers that may be of concern. In determining whether a security is OTTI, the Credit Committee considers the factors described below. The process involves a quarterly screening of all securities where fair value is less than the amortized cost basis. Discrete credit events, such as a ratings downgrade, are also used to identify securities that may be OTTI. The securities identified are then evaluated based on issuer-specific facts and circumstances, such as the issuer's ability to meet current and future interest and principal payments, an evaluation of the issuer's financial position and its near term recovery prospects, difficulties being experienced by an issuer's parent or affiliate, and management's assessment of the outlook for the issuer's sector. In making these evaluations, the Credit Committee exercises considerable judgment. Based on this evaluation, issues or issuers are considered for inclusion on one of the Company's following credit lists:

"Monitor List"- Management has concluded that the Company's amortized cost will be recovered through timely collection of all contractually specified cash flows, but that changes in issuer-specific facts and circumstances require monitoring on a quarterly basis. No OTTI charge is recorded in the Company's statements of operations for unrealized loss on securities related to these issuers.

"Watch List"- Management has concluded that the Company's amortized cost will be recovered through timely collection of all contractually specified cash flows, but that changes in issuer-specific facts and circumstances require continued monitoring during the quarter. A security is moved from the Monitor List to the Watch List when changes in issuer-specific facts and circumstances increase the possibility that a security may become impaired within the next 24 months. No OTTI charge is recorded in the Company's statements of operations for unrealized loss on securities related to these issuers.

"Impaired List"- Management has concluded that the Company has the intent to sell the security, it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis, or the amortized cost basis of the security is not expected to be recovered due to expected delays or shortfalls in the contractually specified cash flows. For these investments, the amount of OTTI recognized in the Company's statements of operations is the difference between the amortized cost basis of the security and its fair value or discounted cash flows.

There are inherent risks and uncertainties in management's evaluation of securities for OTTI. These risks and uncertainties include factors both external and internal to the Company, such as general economic conditions, an issuer's financial condition or near-term recovery prospects, market interest rates, unforeseen events which affect one or more issuers or industry sectors, and portfolio management parameters, including asset mix, interest rate risk, portfolio diversification, duration matching, and greater than expected liquidity needs. All of these factors could impact management's evaluation of securities for OTTI.

(8) Not applicable

E. Repurchase Agreements and/or Securities Lending Transactions

The Company has no repurchase agreements. As of December 31, 2009, the Company does not have a securities lending program.

NOTES TO FINANCIAL STATEMENTS

F. Real Estate

The Company does not have any real estate holdings.

G. Investments in Low Income Housing Tax Credits

The Company does not have any low-income housing tax credits.

Note 6: Joint Ventures, Partnerships and Limited Liability Companies

A. Investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets:

The Company does not hold any ownership interests in joint ventures, partnerships or limited liability companies.

B. Write-downs for Impairments

Not applicable

Note 7: Investment Income

A. Due and accrued income was excluded from surplus on the following basis:

All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default.

B. The total amount of investment income due and accrued excluded from surplus for 2009 was \$0.

Note 8: Derivative Instruments

The Company does not hold any derivative instruments.

Note 9: Income Taxes

A. The application of SSAP No. 10R requires a company to evaluate the recoverability of deferred tax assets and to establish a valuation allowance if necessary to reduce the deferred tax asset to an amount which is more likely than not to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. Although the realization is not assured, management believes it is more likely than not that the deferred tax assets will be realized. Therefore, the Company has not recorded a valuation allowance as of December 31, 2009.

The components of deferred tax assets (DTAs) and deferred tax liabilities (DTLs) as of December 31, 2009 and December 31, 2008 were as follows:

| <u>Description</u> | <u>December 31, 2009</u> | | | <u>December 31, 2008</u> | | |
|---|--------------------------|----------------|--------------|--------------------------|----------------|--------------|
| | <u>Ordinary</u> | <u>Capital</u> | <u>Total</u> | <u>Ordinary</u> | <u>Capital</u> | <u>Total</u> |
| Gross deferred tax assets | \$916,943 | \$1,583,439 | \$2,500,382 | \$2,416,647 | \$269,849 | \$2,686,496 |
| Statutory valuation allowance | - | - | - | - | - | - |
| Adjusted gross deferred tax assets | 916,943 | 1,583,439 | 2,500,382 | 2,416,647 | 269,849 | 2,686,496 |
| Gross deferred tax liabilities | 115,763 | 45,608 | 161,371 | 86,241 | - | 86,241 |
| Net deferred tax asset before admissibility test | 801,180 | 1,537,831 | 2,339,011 | 2,330,406 | 269,849 | 2,600,255 |
| Admitted pursuant to 10.a. | - | - | - | - | - | - |
| 10.b.i. | 254,668 | - | 254,668 | 264,093 | - | 264,093 |
| 10.b.ii. * | 5,425,192 | 5,425,192 | 5,425,192 | 5,098,828 | 5,098,828 | 5,098,828 |
| Admitted pursuant to 10.b. (lesser of i. or ii.) | 254,668 | - | 254,668 | 264,093 | - | 264,093 |
| Admitted pursuant to 10.c. | 115,763 | 45,608 | 161,371 | 86,241 | - | 86,241 |
| Admitted pursuant to 10.e.i. | - | - | - | - | - | - |
| 10.e.ii.a. | 545,167 | - | 545,167 | - | - | - |
| 10.e.ii.b. * | 8,137,787 | 8,137,787 | 8,137,787 | - | - | - |
| Admitted pursuant to 10.e.ii. (lesser of a. or b.) | 545,167 | - | 545,167 | - | - | - |
| Admitted pursuant to 10.e.iii. | 115,763 | 45,608 | 161,371 | - | - | - |
| Total admitted deferred tax assets | 660,930 | 45,608 | 706,538 | 350,333 | - | 350,333 |
| Gross deferred tax liabilities | 115,763 | 45,608 | 161,371 | 86,241 | - | 86,241 |
| Net admitted deferred tax asset | 545,167 | - | 545,167 | 264,092 | - | 264,092 |
| Total non-admitted deferred tax assets | \$256,013 | \$1,537,831 | \$1,793,844 | \$2,066,313 | \$269,849 | \$2,336,163 |
| Increase/(decrease) in total non-admitted deferred tax assets | | | \$(542,319) | | | |

* Same amount to be applied to ordinary and capital.

NOTES TO FINANCIAL STATEMENTS

The Company recorded an increased amount of admitted adjusted gross DTAs as the result of its election to employ the provisions of SSAP No. 10R, paragraph 10.e. The change in the increased amount of admitted adjusted gross DTA's resulting from the use of paragraph 10.e. is as follows:

| <u>Description</u> | <u>Change During 2009</u> | | |
|--|---------------------------|----------------|--------------|
| | <u>Ordinary</u> | <u>Capital</u> | <u>Total</u> |
| Additional amount admitted pursuant to 10.e.i. | - | - | - |
| Additional amount admitted pursuant to 10.e.ii. | \$240,499 | - | \$240,499 |
| Additional amount admitted pursuant to 10.e.iii. | - | - | - |
| Total additional amount admitted deferred tax assets | 240,499 | - | 240,499 |

At December 31, 2009, the Company has met the necessary Risk-Based Capital Levels to be able to admit the increased amount of deferred tax assets under SSAP No. 10R and an election has been made to admit deferred tax assets pursuant to SSAP No. 10R, paragraph 10.e. The Company has not elected to admit DTAs pursuant to paragraph 10.e. Such election was not available in 2008.

The following table provides the Company's admitted DTAs, admitted assets, statutory surplus and total adjusted capital in the risk-based capital calculation resulting from the calculation in SSAP No. 10R, paragraphs 10.a., 10.b., and 10.c., and the increased amount of DTAs, admitted assets and surplus resulting from the use of SSAP No. 10R, paragraph 10.e. as of December 31, 2009:

| <u>Description</u> | <u>December 31, 2009</u> | | |
|--|--------------------------|---------------------|-------------------|
| | <u>SSAP No. 10R</u> | <u>SSAP No. 10R</u> | <u>Difference</u> |
| | <u>¶10.a-c.</u> | <u>¶10.e.</u> | |
| Admitted DTAs | \$ 254,669 | 545,167 | 290,498 |
| Admitted assets | 125,852,236 | 125,888,063 | 290,498 |
| Statutory surplus | 55,140,511 | 55,431,009 | 290,498 |
| Total adjusted capital | 55,227,022 | 55,517,520 | 290,498 |
| RBC authorized control level used in 10.d. | \$ 663,598 | 685,944 | 22,346 |

B. Not applicable

C. Current income taxes incurred consist of the following major components for the years ended December 31, 2009 and 2008:

| | <u>December 31, 2009</u> | <u>December 31, 2008</u> |
|--|--------------------------|--------------------------|
| Federal Tax on Operations | \$881,840 | \$811,677 |
| Foreign Tax on Operations | 0 | 0 |
| Federal Tax on Capital Gains | 918 | 82,325 |
| Utilization of Capital Loss Carry-forwards | <u>0</u> | <u>0</u> |
| Federal and Foreign Income Taxes Incurred | <u>\$882,758</u> | <u>\$894,002</u> |

NOTES TO FINANCIAL STATEMENTS

The main components of deferred tax assets/liabilities as of December 31, 2009 and December 31, 2008 are as follows:

| | <u>December 31, 2009</u> | <u>December 31, 2008</u> | <u>Change</u> | <u>Character</u> |
|---|------------------------------|------------------------------|------------------|------------------|
| Deferred Tax Assets | | | | |
| Reserves | \$ 355,184 | \$ 210,360 | \$ 144,824 | Ordinary |
| Deferred acquisition costs | 349,473 | 531,808 | (182,335) | Ordinary |
| Investment assets | 57,784 | 1,497,368 | (1,439,584) | Ordinary |
| Investment assets - impairment and unrealized losses | 818,053 | 269,849 | 548,204 | Capital |
| Capital Loss | 765,386 | - | 765,386 | Capital |
| Goodwill | 154,502 | 177,112 | (22,610) | Ordinary |
| Total deferred tax assets | 2,500,382 | 2,686,497 | (186,115) | |
| Deferred tax assets non-admitted | 1,793,844 | 2,336,163 | (542,319) | |
| Deferred Tax Liabilities | | | | |
| Investment assets | 115,763 | - | 115,763 | Ordinary |
| Investment assets - unrealized gains | 45,608 | - | 45,608 | Capital |
| Other miscellaneous | - | 86,241 | (86,241) | Ordinary |
| Total deferred tax liabilities | \$ 161,371 | \$ 86,241 | \$ 75,130 | |

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

| | <u>December 31, 2009</u> | <u>December 31, 2008</u> | <u>Change</u> |
|--|------------------------------|------------------------------|---------------|
| Total deferred tax assets | \$2,500,382 | \$2,686,497 | \$(186,115) |
| Total deferred tax liabilities | 161,371 | 86,241 | 75,130 |
| Net deferred tax asset | \$2,339,011 | \$2,600,256 | \$(261,245) |
| Tax effect of unrealized (gains)/losses | | | 13,490 |
| Change in net deferred income tax | | | (274,735) |

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

| <u>Description</u> | <u>Amount</u> | <u>Tax Effect @ 35%</u> | <u>Effective Tax Rate</u> |
|--|---------------|-----------------------------|-------------------------------|
| Income before taxes | \$ 3,630,605 | 1,270,711 | 35.8% |
| Pre-tax capital gains - Pre IMR | (83,107) | (29,088) | -0.8% |
| Dividends received deduction | (209,411) | (73,294) | -2.1% |
| IMR | (36,104) | (12,636) | 0.0% |
| Prior year over/under accrual | 5,141 | 1,799 | 0.0% |
| Total statutory income taxes | | 1,157,492 | 32.6% |
| Federal and foreign income taxes incurred | | 882,758 | 24.9% |
| Change in net deferred income taxes | | 274,735 | 7.7% |
| Total statutory income taxes | | 1,157,492 | 32.6% |

NOTES TO FINANCIAL STATEMENTS

- E. (1) At December 31, 2009, the Company has \$2,186,819 of capital loss carryforward, which will expire, if not utilized, in 2014.
- (2) The following are income tax expenses (benefits) incurred in the current and prior years that are available for recoupment in the event of future net losses:

| | |
|------|-----------|
| 2009 | \$878,544 |
| 2008 | \$812,853 |
| 2007 | \$787,332 |

- F. (1) The Company files a consolidated federal income tax return for 2009 with the following affiliates:

| | |
|---|--|
| Sun Life Assurance Company of Canada - U.S. Operations Holdings, Inc. | Sun Life Financial (U.S.) Reinsurance Company |
| Sun Life Financial (U.S.) Holdings, Inc. | Massachusetts Financial Services Company |
| Sun Life Financial (Japan), Inc. | MFS Investment Management K.K. |
| Sun Life Financial (U.S.) Finance, Inc. | MFS Fund Distributors, Inc. |
| Sun Canada Financial Co. | MFS Service Center, Inc. |
| Sun Life Financial Distributors, Inc. | MFS Institutional Advisors, Inc. |
| Clarendon Insurance Agency, Inc. | MFS Heritage Trust Company |
| Sun Life of Canada (U.S.) Holdings, Inc. | Four Pillars Capital, Inc. |
| Sun Life of Canada (U.S.) Financial Services Holdings, Inc. | California Benefits Dental Plan |
| Sun Life Assurance Company of Canada (U.S.) | Sun Life Administrators (U.S.), Inc. |
| Independence Life and Annuity Company | Dental Holdings, Inc. |
| Sun Life Insurance and Annuity Company of New York | Sun Life Financial (U.S.) Services Company, Inc. |

- (2) The method of income tax allocation is subject to a written agreement approved by the Board of Directors. Allocation is based upon separate return calculations with current credit (benefit) given for losses and tax attributes that are utilized by the consolidated group. Intercompany tax balances are settled on a quarterly basis, with a final true up after filing of the federal income tax return, as prescribed by the terms of the tax sharing agreement.

Note 10: Information Concerning Parent, Subsidiaries and Affiliates

- A. Effective December 31, 2003, the Company became a wholly owned subsidiary of Sun Life Assurance Company of Canada (U.S.) ("Sun Life (U.S.)"). Sun Life (U.S.) is a Delaware domestic insurance company and a wholly owned direct subsidiary of Sun Life of Canada (U.S.) Holdings, Inc. The ultimate parent within the Sun Life Financial Group Insurance Holding Company System is Sun Life Financial Inc., a publicly traded Canadian holding company.
- B. The Company had no material related party transactions during 2009 and 2008.
- C. Not applicable
- D. The Company had \$22,057 and \$146,137 due to related parties at December 31, 2009 and 2008, respectively, under the terms of various management and service contracts which provide for cash settlements on a quarterly or more frequent basis.
- E. The Company has no guarantees or undertakings for the benefit of an affiliate.
- F. Material management and service contracts and all cost sharing arrangements involving the Company and any related party are as follows:
1. An administrative services agreement between the Company and Sun Life Assurance Company of Canada (U.S.), whereby Sun Life Assurance Company of Canada (U.S.) provides personnel, facilities, and actuarial, legal, and other administrative services to the Company on a cost reimbursement basis. (Reference: GSA-14)
 2. An investment advisory agreement between the Company and Sun Capital Advisers LLC, under which Sun Capital Advisers LLC acts as investment manager for certain of the Company's portfolios. (Reference: ISA-16)
 3. A principal underwriter's agreement between the Company and Clarendon Insurance Agency, Inc. (formerly Keyport Financial Services Corp.), whereby Clarendon Insurance Agency, Inc. provides underwriting and distribution services in connection with certain single premium variable life policies (Variable Life Separate Account) issued by the Company. (Reference: MSA-26)
- G. All outstanding shares of the Company are owned by Sun Life Assurance Company of Canada (U.S.), which is a Delaware stock life insurance company and a wholly owned subsidiary of Sun Life of Canada

NOTES TO FINANCIAL STATEMENTS

(U.S.) Holdings, Inc. The Company is part of an affiliated group for which the ultimate parent is Sun Life Financial Inc., a publicly traded Canadian stock holding company.

- H. The Company owns no shares of an upstream intermediate or ultimate parent, either directly or indirectly, via a downstream subsidiary, controlled or affiliated entity.
- I. The Company does not have investments in a subsidiary, controlled or affiliated entities.
- J. The Company does not have any impaired investments in a subsidiary, controlled or affiliated entities.
- K. The Company has no investment in a foreign insurance subsidiary.
- L. The Company does not hold an investment in a down stream non-insurance holding company.

Note 11: Debt

- A. The Company has no outstanding debt. The company does not hold any reverse repurchase agreements as part of debt at December 31, 2009.
- B. The Company has no Federal Home Loan Bank ("FHLB") agreements.

Note 12: Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. Defined Benefit Plans
The Company does not have any employees.
- B. Defined Contribution Plans
The Company does not have any employees.
- C. Multiemployer Plans
The Company does not have any employees.
- D. Consolidated/Holding Company Plans
The Company does not have any employees.
- E. Post-employment Benefit and Compensated Absences
The Company does not have any employees.
- F. Impact of Medicare Modernization Act on Postretirement Benefits.
The Company does not have any employees and therefore did not experience any impact due to the Medicare Modernization Act.

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

- 1. The Company is authorized to issue 5,000,000 shares of \$1 par value common stock; 2,541,722 shares are issued and outstanding.
- 2. The Company is not authorized to issue preferred stock.
- 3. The State of Rhode Island has enacted laws governing the payment of dividends to stockholders by domestic insurers. Pursuant to Rhode Island's insurance laws, the maximum amount of dividends and other distributions that a domestic insurer may pay in any twelve-month period without prior approval of the Superintendent of Insurance is limited to the lesser of: (i) 10% of its surplus as regards policyholders as of the preceding December 31; or (ii) the Company's net gain from operations for the preceding calendar year, not including realized capital gains.
- 4 & 5. Within the limitations of 13(3.) above and applicable state corporate law, there are no restrictions placed on the portion of the Company's profits that may be paid as ordinary dividends to its stockholder. No dividends were paid during 2009 or 2008.
- 6. There were no restrictions placed on the Company's surplus during 2009 and all surplus is held for the benefit of the stockholder.
- 7. There were no advances to surplus during the statement year.
- 8. The Company held no stock for special purposes at December 31, 2009.
- 9. The Company did not have any special surplus funds during the statement year.
- 10. The portion of unassigned funds (surplus) represented or reduced by unrealized gains and (losses) excluding deferred tax is approximately (\$35,000.)
- 11. The Company does not have any surplus notes.

NOTES TO FINANCIAL STATEMENTS

12. The Company did not participate in any quasi reorganization during the statement year.
13. The Company has not participated in any quasi reorganization in the past 10 years.

Note 14: Contingencies

A. Contingent Commitments

The Company has no material contingent liabilities or guarantees as of December 31, 2009.

B. Assessments

There were no assessments that could have a material financial effect on the financial condition of the Company at December 31, 2009.

C. Gain Contingencies

The Company does not have any gain contingencies.

D. Claims related to extra contractual obligation and bad faith losses stemming from lawsuits

None

E. All Other Contingencies

The Company is not aware of any contingent liabilities or impairment of assets arising from litigation, income taxes and other matters beyond the ordinary course of business that could have a material effect upon the financial condition of the Company.

Note 15: Leases

A. Lessee Leasing Arrangements

(1)

a,b,c. The Company leases a facility and equipment under a non-cancelable operating lease agreement that expires on June 30, 2010. Total rental expense, including allocated amounts, was approximately \$17,300 and \$17,500 for the years ended December 31, 2009 and 2008, respectively.

d. None

(2)

a. At January 1, 2010, the minimum aggregate rental commitments are as follows:

Year Ending December 31

| | |
|------------|---------|
| 2010 | \$3,150 |
| 2011 | 0 |
| 2012 | 0 |
| 2013 | 0 |
| 2014 | 0 |
| Thereafter | 0 |

b. The Company has no outstanding sublease agreements.

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

B. Lessor Leasing Arrangements and Leveraged Leases

The Company did not participate in any lessor leasing arrangements, or hold any leveraged leases.

Note 16: Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk

The Company does not hold any financial instruments with off balance sheet risk or financial instruments with concentration of credit risk.

NOTES TO FINANCIAL STATEMENTS

Note 17: Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables reported as Sales

The Company did not have any transfers of receivables reported as sales during the statement year.

B. Transfer and Servicing of Financial Assets

The Company did not participate in the transfer and servicing of financial assets during the statement year.

C. Wash Sales

The Company did not incur any wash sales during the statement year.

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

The Company did not have any uninsured plans during the statement year.

Note 19: Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The Company did not have any direct written premium generated through managing general agents/third party administrators during the statement year.

Note 20: Other Items

A. Extraordinary Items

The Company did not have any extraordinary items to disclose during the statement year.

B. Troubled Debt Restructuring: Debtors

None

C. Other Disclosures

Bonds with a book/adjusted carrying value of approximately \$ 7,246,010 and \$ 7,277,443 at December 31, 2009 and 2008, respectively, were on deposit with governmental authorities as required by law.

The amounts in this statement pertain to the entire Company's business including, as appropriate, its separate account business.

D. The Company does not have uncollectible premium, agents balances or other receivables.

E. Business Interruption Insurance Recoveries

The Company did not receive any business interruption insurance recoveries during the statement year.

F. State Transferable Tax Credits

The Company does not have any state transferable tax credits.

G. Sub-prime Mortgage Related Risk Exposure

As of December 31, 2009, the Company has no direct or indirect exposure to residential sub-prime mortgages.

Note 21: Events Subsequent

The Company does not have any subsequent events to report.

Note 22: Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?
Yes () No (X)

If yes, give full details.

- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10%

NOTES TO FINANCIAL STATEMENTS

or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes () No (X)

If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

(1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?

Yes () No (X)

a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate. Not applicable

b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability, for these agreements in this statement? Not applicable

(2) Does the company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes () No (X)

If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

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

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes () No (X)

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments?

B. Uncollectible Reinsurance

None

C. Commutation of Ceded Reinsurance

None

Note 23: Retrospectively Rated Contracts & Contracts Subject to Redetermination

The Company has no retrospectively rated contracts.

Note 24: Change in Incurred Losses and Loss Adjustment Expenses

Not applicable

Note 25: Inter-company Pooling Arrangements

The Company did not participate in any inter-company pooling arrangements during the statement year.

Note 26: Structured Settlements

The Company does not have any structured settlements.

NOTES TO FINANCIAL STATEMENTS

Note 27: Health Care Receivables

- A. Pharmaceutical Rebate Receivables
Not applicable
- B. Risk Sharing Receivables
Not applicable

Note 28: Participating Policies

The Company does not have participating policies.

Note 29: Premium Deficiency Reserves

Not applicable

Note 30: Reserves for Life Contracts and Deposit-Type Contracts

1. The Company does not have in-force any recurring premium life insurance business. Surrender values are not promised in excess of reserves as legally computed.
2. The Company does not have any substandard policies.
3. Not applicable
4. The Tabular Interest has been determined from basic policy data for reserving.

The Tabular less Actual Reserve Released has been determined by formula as described in the instructions.

The Tabular Cost has been determined from basic policy data for reserving.
5. The Company does not hold any life or annuity contract reserves not involving life contingencies.
6. The Company had no reserve changes other than normal updates of reserves.

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

| | 1 | 2 |
|---|------------------|-------------------|
| | <u>Amount</u> | <u>% of Total</u> |
| A. Subject to discretionary withdrawal: | | |
| (1) With fair value adjustment | \$0 | 0.000% |
| (2) At book value less current surrender charge of 5% or more | 0 | 0.000% |
| (3) At fair value | <u>0</u> | <u>0.000%</u> |
| (4) Total with adjustment or at market value | | |
| (Total of 1 through 3) | 0 | 0.000% |
| (5) At book value without adjustment (minimal or no charge or adjustment) | | 40.739% |
| | 272,765 | |
| B Not subject to discretionary withdrawal | <u>396,784</u> | 59.261% |
| C. Total (Gross: Direct +Assumed) | 669,549 | 100.000% |
| D. Reinsurance ceded | 0 | |
| E. Total (net)* (C) – (D) | <u>\$669,549</u> | |

NOTES TO FINANCIAL STATEMENTS

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

| F. Life & Accident & Health Annual Statement: | <u>Amount</u> |
|---|------------------|
| (1) Exhibit 5, Annuities Section, Total (net) | \$272,765 |
| (2) Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net) | 370,170 |
| (3) Exhibit 7, Deposit-Type Contracts, Line 14, Column 1 | 642,935 |
| (4) Subtotal | 26,614 |
| | 669,549 |
| Separate Accounts Annual Statement: | |
| (5) Exhibit 3, Line 0299999, Column 2 | 0 |
| (6) Exhibit 3, Line 0399999, Column 2 | 0 |
| (7) Policy Holder dividends and coupon accumulation | 0 |
| (8) Policyholder premiums | 0 |
| (9) Guaranteed interest contracts | 0 |
| (10) Other contract deposit funds | <u>0</u> |
| (11) Subtotal | <u>0</u> |
| (12) Combined Total | <u>\$669,549</u> |

G. FHLB (Federal Home Loan Bank) Agreements

None

Note 32: Premium and Annuity Considerations Deferred and Uncollected

The Company did not have any premium and annuity considerations that were deferred and uncollected.

NOTES TO FINANCIAL STATEMENTS

Note 33: Separate Accounts

A. General Nature and Characteristics of Separate Accounts Business:

The Company maintains a closed block of variable life insurance business. Information regarding the separate accounts of the Company is as follows:

| | 1 | 2 | 3 | 4 | 5 |
|--|----------------|--|--|--|---------------------|
| | <u>Indexed</u> | <u>Nonindexed Guarantee Less than/ equal to 4%</u> | <u>Nonindexed Guarantee More than 4%</u> | <u>Nonguaranteed Separate Accounts</u> | <u>Total</u> |
| (1) Premiums, considerations or deposits for year ended 12/31/09 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Reserves at 12/31/09: | | | | | |
| (2) For accounts with assets at: | | | | | |
| a. Fair Value | \$0 | \$0 | \$0 | \$42,394,965 | \$42,394,965 |
| b. Amortized Cost | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| c. Total Reserves | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$42,394,965</u> | <u>\$42,394,965</u> |
| (3) By withdrawal characteristics: | | | | | |
| a. Subject to discretionary withdrawal | \$0 | \$0 | \$0 | \$0 | \$0 |
| b. With FV adjustment | 0 | 0 | 0 | 0 | 0 |
| c. At book value without FV adjustment and with current surrender charge of 5% or more | 0 | 0 | 0 | 0 | 0 |
| d. At fair value | 0 | 0 | 0 | 42,394,965 | 42,394,965 |
| e. At book value without FV adjustment and with current surrender charge less than 5% | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| f. Subtotal | 0 | 0 | 0 | 42,394,965 | 42,394,965 |
| g. Not subject to discretionary withdrawal | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| h. Total | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$42,394,965</u> | <u>\$42,394,965</u> |

(4) Reserves for Asset Default Risk in Lieu of AVR

Not applicable

B. Reconciliation of Net Transfers To or (From) Separate Accounts

(1) Transfers as reported in the Summary of Operations of the Separate Accounts Statement:

| | |
|---|--------------|
| a. Transfers to Separate Accounts (Page 4, Line 1.4) | \$ 0 |
| b. Transfers from Separate Accounts (Page 4, Line 10) | \$ 8,153,708 |
| c. Net transfers to or (from) Separate Accounts | |

(2) Reconciling adjustments: In transit (82)

(3) Transfers as reported in the Summary of Operations of the Life, Accident & Health Annual Statement (Page 4, Line 26) \$ (8,153,626)

Note 34: Loss/Claim Adjustment Expenses

Not applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] NA []
- 1.3 State Regulating? Rhode Island.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2007
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/2007
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).01/09/2009
- 3.4 By what department or departments? State of Rhode Island and Providence Plantations Department of Business Regulation Insurance Division
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [] No [] NA [X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] NA [X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
 - 4.11 sales of new business? Yes [] No [X]
 - 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
 - 4.21 sales of new business? Yes [] No [X]
 - 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 6.2 If yes, give full information
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [X] No []
- 7.2 If yes,
 - 7.21 State the percentage of foreign control100.0
 - 7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney - in - fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney - in - fact).

| 1 Nationality | 2 Type of Entity |
|------------------|---------------------|
| Canada..... | Corporation..... |
| | |
| | |
| | |

GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [X] No []
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

| 1 Affiliate Name | 2 Location (City, State) | 3 FRB | 4 OCC | 5 OTS | 6 FDIC | 7 SEC |
|---|--------------------------------|----------|----------|----------|-----------|----------|
| Massachusetts Financial Services Company..... | Boston, MA..... | | | | | Yes..... |
| MFS Fund Distributors, Inc..... | Boston, MA..... | | | | | Yes..... |
| MFS Institutional Advisers, Inc..... | Boston, MA..... | | | | | Yes..... |
| MFS Service Center, Inc..... | Boston, MA..... | | | | | Yes..... |
| MFS Heritage Trust Company..... | Boston, MA..... | | | | | Yes..... |
| Sun Life Financial Distributors, Inc..... | Boston, MA..... | | | | | Yes..... |
| Clarendon Insurance Agency, Inc. | Wellesley Hills, MA..... | | | | | Yes..... |
| Sun Capital Advisers LLC..... | Wellesley Hills, MA..... | | | | | Yes..... |

- 9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche LLP, 200 Berkeley Street, Boston, MA
- 10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?.....
Steven Schoen, FSA, MAAA, One Sun Life Executive Office Park, Wellesley Hills, MA - Vice President Financial Actuarial
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
 - 11.11 Name of real estate holding company
 - 11.12 Number of parcels involved.....
 - 11.13 Total book/adjusted carrying value..... \$.....
- 11.2 If yes, provide explanation
Not Applicable
- 12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
 - Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and
 - a. professional relationships;
 - b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 - c. Compliance with applicable governmental laws, rules and regulations;
 - d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 - e. Accountability for adherence to the code.
- 13.11 If the response to 13.1 is No, please explain:
- 13.2 Has the code of ethics for senior managers been amended?..... Yes [] No [X]
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).
- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers?..... Yes [] No [X]
- 13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

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

GENERAL INTERROGATORIES

FINANCIAL

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

INVESTMENT

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3)..... Yes [X] No []
- 22.2 If no, give full and complete information relating thereto:
- 22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 16 where this information is also provide)
Not Applicable
- 22.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?..... Yes [] No [] NA [X]
- 22.5 If answer to 22.4 is YES, report amount of collateral \$
- 22.6 If answer to 22.4 is NO, report amount of collateral..... \$
- 23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3) Yes [X] No []
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- 23.21 Subject to repurchase agreements \$
 - 23.22 Subject to reverse repurchase agreements..... \$
 - 23.23 Subject to dollar repurchase agreements..... \$
 - 23.24 Subject to reverse dollar repurchase agreements..... \$
 - 23.25 Pledged as collateral..... \$
 - 23.26 Placed under option agreements..... \$
 - 23.27 Letter stock or securities restricted as to sale..... \$
 - 23.28 On deposit with state or other regulatory body..... \$ 7,246,010
 - 23.29 Other..... \$
- 23.3 For category (23.27) provide the following:

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

- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]
- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] NA [X]
If no, attach a description with this statement.
- 25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]
- 25.2 If yes, state the amount thereof at December 31 of the current year. \$

GENERAL INTERROGATORIES

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

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

| 1 Name of Custodian(s) | 2 Custodian's Address |
|----------------------------------|--|
| The Bank of New York Mellon..... | Global Securities Services, Client Services Division, 135 Santilli Highway, Everett, MA 02149.... |

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

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

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

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

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

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

| 1 Central Registration Depository Number(s) | 2 Name | 3 Address |
|--|--------------------------------|--|
| 109684..... | Sun Capital Advisers, LLC..... | One Sun Life Executive Park, Wellesley Hills, MA 02481..... |

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

27.2 If yes, complete the following schedule:

| 1 CUSIP # | 2 Name of Mutual Fund | 3 Book/Adjusted Carrying Value |
|---------------|--------------------------|-----------------------------------|
| | | |
| | | |
| 27.2999 TOTAL | | 0 |

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

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

GENERAL INTERROGATORIES

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

| | 1 Statement (Admitted) Value | 2 Fair Value | 3 Excess of Statement over Fair Value (-) or Fair Value over Statement (+) |
|----------------------------|------------------------------------|-----------------|--|
| 28.1 Bonds..... | 58,740,411 | 60,316,582 | 1,576,171 |
| 28.2 Preferred stocks..... | 0 | 0 | 0 |
| 28.3 Totals | 58,740,411 | 60,316,582 | 1,576,171 |

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

Publicly traded debt securities: 3rd party pricing services, independent broker quotes, pricing models and other sources, including statement value. Private placements: matrix pricing using credit spreads for publics of similar credit risk, materiality, repayment, and liquidity characteristics.....

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

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

29.3 If no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
An internal pricing validation of broker quotes is performed quarterly and is recorded in a quarterly validation memo. Testing includes flux analysis, spread generation and outlier analysis, second source comparison, and back testing.....

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

30.2 If no, list exceptions:

OTHER

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

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

| 1 Name | 2 Amount Paid |
|-----------|------------------|
| | |
| | |

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

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

| 1 Name | 2 Amount Paid |
|-----------|------------------|
| | |
| | |

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

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

| 1 Name | 2 Amount Paid |
|-----------|------------------|
| | |
| | |

GENERAL INTERROGATORIES

PART 2 - LIFE INTERROGATORIES

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

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$0
 1.62 Total incurred claims \$0
 1.63 Number of covered lives 0
 All years prior to most current three years:
 1.64 Total premium earned \$0
 1.65 Total incurred claims \$0
 1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$0
 1.72 Total incurred claims \$0
 1.73 Number of covered lives 0
 All years prior to most current three years:
 1.74 Total premium earned \$0
 1.75 Total incurred claims \$0
 1.76 Number of covered lives 0

2. Health Test:

| | | 1 Current Year | 2 Prior Year |
|-----|----------------------------|--------------------|--------------------|
| 2.1 | Premium Numerator | \$0 | \$0 |
| 2.2 | Premium Denominator | \$(549,934) | \$(780,015) |
| 2.3 | Premium Ratio (2.1/2.2) |0.000 |0.000 |
| 2.4 | Reserve Numerator | \$0 | \$0 |
| 2.5 | Reserve Denominator | \$26,511,304 | \$33,381,900 |
| 2.6 | Reserve Ratio (2.4/2.5) |0.000 |0.000 |

3.1 Does this reporting entity have Separate Accounts? Yes [X] No []
 3.2 If yes, has a Separate Accounts statement been filed with this Department? Yes [X] No [] NA []
 3.3 What portion of capital and surplus funds of the reporting entity covered by assets in the Separate Accounts statement, is not currently distributable from the Separate Accounts to the general account for use by the general account? \$

3.4 State the authority under which Separate Accounts are maintained:
 Rhode Island General Laws Sec 27-32-1
 3.5 Was any of the reporting entity's Separate Accounts business reinsured as of December 31? Yes [] No [X]
 3.6 Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31? Yes [] No [X]

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

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

4.2 Net reimbursement of such expenses between reporting entities:
 4.21 Paid: \$397,026
 4.22 Received: \$

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

5.2 If yes, what amount pertaining to these items is included in:
 5.21 Page 3, Line 1 \$
 5.22 Page 4, Line 1 \$

6. For stock reporting entities only:

6.1 Total amount paid in by stockholders as surplus funds since organization of the reporting entity: \$22,678,309
 7. Total dividends paid stockholders since organization of the reporting entity:
 7.11 Cash: \$7,168,000
 7.12 Stock: \$4,095,772

GENERAL INTERROGATORIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.
 Show amounts of life insurance in this exhibit in thousands (OMIT \$000)

| | 1 2009 | 2 2008 | 3 2007 | 4 2006 | 5 2005 |
|--|-------------|------------|-------------|------------|------------|
| Life Insurance in Force | | | | | |
| (Exhibit of Life Insurance) | | | | | |
| 1. Ordinary - whole life and endowment (Line 34, Col. 4) | 121,590 | 155,655 | 190,796 | 212,924 | 217,805 |
| 2. Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4) | 0 | 0 | 0 | 0 | 0 |
| 3. Credit life (Line 21, Col. 6) | 0 | 0 | 0 | 0 | 0 |
| 4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4) | 0 | 0 | 0 | 0 | 0 |
| 5. Industrial (Line 21, Col. 2) | 0 | 0 | 0 | 0 | 0 |
| 6. FEGLI/SGLI (Lines 43 & 44, Col. 4) | 0 | 0 | 0 | 0 | 0 |
| 7. Total (Line 21, Col. 10) | 121,590 | 155,655 | 190,796 | 212,924 | 217,805 |
| New Business Issued | | | | | |
| (Exhibit of Life Insurance) | | | | | |
| 8. Ordinary - whole life and endowment (Line 34, Col. 2) | 0 | 0 | 0 | 0 | 0 |
| 9. Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2) | 0 | 0 | 0 | 0 | 0 |
| 10. Credit life (Line 2, Col. 6) | 0 | 0 | 0 | 0 | 0 |
| 11. Group (Line 2, Col. 9) | 0 | 0 | 0 | 0 | 0 |
| 12. Industrial (Line 2, Col. 2) | 0 | 0 | 0 | 0 | 0 |
| 13. Total (Line 2, Col. 10) | 0 | 0 | 0 | 0 | 0 |
| Premium Income - Lines of Business | | | | | |
| (Exhibit 1 - Part 1) | | | | | |
| 14. Industrial life (Line 20.4, Col. 2) | 0 | 0 | 0 | 0 | 0 |
| 15.1 Ordinary life insurance (Line 20.4, Col. 3) | (549,934) | (780,015) | (758,171) | (864,038) | (871,343) |
| 15.2 Ordinary individual annuities (Line 20.4, Col. 4) | 0 | 0 | 0 | 0 | 0 |
| 16. Credit life, (group and individual) (Line 20.4, Col. 5) | 0 | 0 | 0 | 0 | 0 |
| 17.1 Group life insurance (Line 20.4, Col. 6) | 0 | 0 | 0 | 0 | 0 |
| 17.2 Group annuities (Line 20.4, Col. 7) | 0 | 0 | 0 | 0 | 0 |
| 18.1 A & H-group (Line 20.4, Col. 8) | 0 | 0 | 0 | 0 | 0 |
| 18.2 A & H-credit (group and individual) (Line 20.4, Col. 9) | 0 | 0 | 0 | 0 | 0 |
| 18.3 A & H-other (Line 20.4, Col. 10) | 0 | 0 | 0 | 0 | 0 |
| 19. Aggregate of all other lines of business (Line 20.4, Col. 11) | 0 | 0 | 0 | 0 | 0 |
| 20. Total | (549,934) | (780,015) | (758,171) | (864,038) | (871,343) |
| Balance Sheet | | | | | |
| (Pages 2 and 3) | | | | | |
| 21. Total admitted assets excluding Separate Accounts business (Page 2, Line 24, Col. 3) | 83,053,737 | 86,990,809 | 90,556,853 | 99,201,122 | 96,755,363 |
| 22. Total liabilities excluding Separate Accounts business (Page 3, Line 26) | 27,622,728 | 34,281,742 | 37,306,173 | 47,943,194 | 48,015,538 |
| 23. Aggregate life reserves (Page 3, Line 1) | 27,309,903 | 34,308,440 | 36,851,362 | 47,349,316 | 47,173,250 |
| 24. Aggregate A & H reserves (Page 3, Line 2) | 0 | 0 | 0 | 0 | 0 |
| 25. Deposit-type contract funds (Page 3, Line 3) | 26,614 | 0 | 0 | 14,625 | 39,626 |
| 26. Asset valuation reserve (Page 3, Line 24.1) | 86,511 | 0 | 113,211 | 333,378 | 224,669 |
| 27. Capital (Page 3, Lines 29 & 30) | 2,541,722 | 2,541,722 | 2,541,722 | 2,541,722 | 2,541,722 |
| 28. Surplus (Page 3, Line 37) | 52,889,287 | 50,167,345 | 50,708,958 | 48,716,206 | 46,198,103 |
| Cash Flow (Page 5) | | | | | |
| 29. Net cash from operations (Line 11) | (3,403,671) | (235,125) | (7,852,091) | 2,633,097 | 1,470,914 |
| Risk-Based Capital Analysis | | | | | |
| 30. Total adjusted capital | 55,517,520 | 52,709,067 | 53,363,891 | 51,591,306 | 48,964,494 |
| 31. Authorized control level risk - based capital | 685,944 | 624,570 | 633,832 | 629,800 | 511,709 |
| Percentage Distribution of Cash, Cash Equivalents and Invested Assets | | | | | |
| (Page 2, Col. 3) (Line No. / Page 2, Line 10, Col. 3) x 100.0 | | | | | |
| 32. Bonds (Line 1) | 62.5 | 65.4 | 64.2 | 54.5 | 57.1 |
| 33. Stocks (Lines 2.1 and 2.2) | 0.6 | 1.2 | 1.7 | 0.5 | 0.0 |
| 34. Mortgage loans on real estate (Lines 3.1 and 3.2) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 35. Real estate (Lines 4.1, 4.2 and 4.3) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 36. Cash, cash equivalents and short - term investments (Line 5) | 10.6 | 4.2 | 4.4 | 6.4 | 3.0 |
| 37. Contract loans (Line 6) | 26.4 | 29.1 | 29.7 | 38.6 | 39.9 |
| 38. Other invested assets (Line 7) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 39. Receivables for securities (Line 8) | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 |
| 40. Aggregate write-ins for invested assets (Line 9) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 41. Cash, cash equivalents and invested assets (Line 10) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

FIVE-YEAR HISTORICAL DATA

(Continued)

| | 1 2009 | 2 2008 | 3 2007 | 4 2006 | 5 2005 |
|--|-------------|-------------|--------------|-------------|-------------|
| Investments in Parent, Subsidiaries and Affiliates | | | | | |
| 42. Affiliated bonds (Sch. D Summary, Line 12, Col. 1) | 0 | 0 | 0 | 0 | 0 |
| 43. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1) | 0 | 0 | 0 | 0 | 0 |
| 44. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1) | 0 | 0 | 0 | 0 | 0 |
| 45. Affiliated short-term investments (subtotal included in Schedule DA, Verification, Col. 5, Line 10) | 0 | 0 | 0 | 0 | 0 |
| 46. Affiliated mortgage loans on real estate | 0 | 0 | 0 | 0 | 0 |
| 47. All other affiliated | 0 | 0 | 0 | 0 | 0 |
| 48. Total of above Lines 42 to 47 | 0 | 0 | 0 | 0 | 0 |
| Total Nonadmitted and Admitted Assets | | | | | |
| 49. Total nonadmitted assets (Page 2, Line 26, Col. 2) | 1,793,844 | 2,336,163 | 1,326,922 | 1,419,093 | 1,655,585 |
| 50. Total admitted assets (Page 2, Line 26, Col. 3) | 125,888,063 | 131,606,779 | 162,386,640 | 171,919,732 | 171,889,854 |
| Investment Data | | | | | |
| 51. Net investment income (Exhibit of Net Investment Income) | 4,304,217 | 4,618,397 | 4,616,684 | 4,790,886 | 4,287,239 |
| 52. Realized capital gains (losses) | (83,108) | 19,664 | 263,371 | (36,176) | 68,719 |
| 53. Unrealized capital gains (losses) | (38,542) | (31,150) | 3,360 | (3,360) | 0 |
| 54. Total of above Lines 51, 52 and 53 | 4,182,567 | 4,606,911 | 4,883,415 | 4,751,350 | 4,355,958 |
| Benefits and Reserve Increase (Page 6) | | | | | |
| 55. Total contract benefits - life (Lines 10, 11, 12, 13, 14 and 15, Col.1 minus Lines 10, 11, 12, 13, 14, and 15, Cols. 9, 10 and 11) | 16,448,644 | 14,613,430 | 18,998,956 | 9,140,666 | 6,509,538 |
| 56. Total contract benefits - A & H (Lines 13 & 14, Cols. 9, 10 & 11) | 0 | 0 | 0 | 0 | 0 |
| 57. Increase in life reserves - other than group and annuities (Line 19, Cols. 2 & 3) | (6,998,194) | (2,543,204) | (10,441,198) | 267,158 | (2,029,428) |
| 58. Increase in A & H reserves (Line 19, Cols. 9, 10 & 11) | 0 | 0 | 0 | 0 | 0 |
| 59. Dividends to policyholders (Line 30, Col. 1) | 0 | 0 | 0 | 0 | 0 |
| Operating Percentages | | | | | |
| 60. Insurance expense percent (Page 6, Col. 1, Lines 21, 22 & 23, less Line 6) / (Page 6, Col.1, Line 1 plus Exhibit 7, Col. 2, Line 2) x 100.00 | (53.6) | (35.5) | (36.4) | (32.4) | (29.3) |
| 61. Lapse percent (ordinary only). [(Exhibit of Life Insurance, Column 4, Lines 14 & 15) / 1/2 (Exhibit of Life Insurance, Column 4, Lines 1 & 21)] x 100.00 | 17.1 | 7.9 | 12.2 | 2.9 | 4.5 |
| 62. A & H loss percent (Schedule H, Part 1, Lines 5 & 6, Col. 2) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 63. A & H cost containment percent (Schedule H, Part 1, Line 4, Col. 2) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 64. A & H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Col. 2) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| A & H Claim Reserve Adequacy | | | | | |
| 65. Incurred losses on prior years' claims - group health (Schedule H, Part 3, Line 3.1 Col. 2) | 0 | 0 | 0 | 0 | 0 |
| 66. Prior years' claim liability and reserve - group health (Sch. H, Part 3, Line 3.2 Col. 2) | 0 | 0 | 0 | 0 | 0 |
| 67. Incurred losses on prior years' claims-health other than group (Sch. H, Part 3, Line 3.1 Col. 1 less Col. 2) | 0 | 0 | 0 | 0 | 0 |
| 68. Prior years' claim liability and reserve-health other than group (Sch. H, Part 3, Line 3.2 Col. 1 less Col. 2) | 0 | 0 | 0 | 0 | 0 |
| Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33) | | | | | |
| 69. Industrial life (Col. 2) | 0 | 0 | 0 | 0 | 0 |
| 70. Ordinary - life (Col. 3) | 2,704,556 | 2,765,801 | 2,262,403 | 2,573,513 | 2,926,758 |
| 71. Ordinary - individual annuities (Col. 4) | 22,920 | 21,130 | 19,810 | 38,069 | 6,085 |
| 72. Ordinary-supplementary contracts (Col. 5) | 21,289 | 21,251 | 18,162 | 13,174 | 8,463 |
| 73. Credit life (Col. 6) | 0 | 0 | 0 | 0 | 0 |
| 74. Group life (Col. 7) | 0 | 0 | 0 | 0 | 0 |
| 75. Group annuities (Col. 8) | 0 | 0 | 0 | 0 | 0 |
| 76. A & H-group (Col. 9) | 0 | 0 | 0 | 0 | 0 |
| 77. A & H-credit (Col. 10) | 0 | 0 | 0 | 0 | 0 |
| 78. A & H-other (Col. 11) | 0 | 0 | 0 | 0 | 0 |
| 79. Aggregate of all other lines of business (Col. 12) | 0 | 0 | 0 | 0 | 0 |
| 80. Total (Col. 1) | 2,748,765 | 2,808,182 | 2,300,375 | 2,624,756 | 2,941,306 |

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

Yes [] No []

If no, please explain:

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE INDEPENDENCE LIFE AND ANNUITY COMPANY

EXHIBIT OF LIFE INSURANCE

| | Industrial | | Ordinary | | Credit Life (Group and Individual) | | Group | | | 10 Total Amount of Insurance (a) |
|---|--------------------|----------------------------|--------------------|----------------------------|--|----------------------------|---------------|-------------------|----------------------------|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | Number of | | 9 | |
| | Number of Policies | Amount of Insurance (a) | Number of Policies | Amount of Insurance (a) | Number of Individual Policies and Group Certificates | Amount of Insurance (a) | 7 Policies | 8 Certificates | Amount of Insurance (a) | |
| 1. In force end of prior year | 0 | 0 | 1,015 | 155,655 | 0 | 0 | 0 | 0 | 0 | 155,655 |
| 2. Issued during year | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Revived during year | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. Increased during year (net) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. Subtotals, Lines 2 to 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. Additions by dividends during year | XXX | 0 | XXX | 0 | XXX | 0 | XXX | XXX | 0 | 0 |
| 8. Aggregate write-ins for increases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. Totals (Lines 1 and 6 to 8) | 0 | 0 | 1,015 | 155,655 | 0 | 0 | 0 | 0 | 0 | 155,655 |
| Deductions during year: | | | | | | | | | | |
| 10. Death | 0 | 0 | 24 | 3,643 | 0 | 0 | XXX | 0 | 0 | 3,643 |
| 11. Maturity | 0 | 0 | 0 | 0 | 0 | 0 | XXX | 0 | 0 | 0 |
| 12. Disability | 0 | 0 | 0 | 0 | 0 | 0 | XXX | 0 | 0 | 0 |
| 13. Expiry | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14. Surrender | 0 | 0 | 61 | 23,740 | 0 | 0 | 0 | 0 | 0 | 23,740 |
| 15. Lapse | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16. Conversion | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX | XXX | 0 |
| 17. Decreased (net) | 0 | 0 | 0 | 6,682 | 0 | 0 | 0 | 0 | 0 | 6,682 |
| 18. Reinsurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19. Aggregate write-ins for decreases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20. Totals (Lines 10 to 19) | 0 | 0 | 85 | 34,065 | 0 | 0 | 0 | 0 | 0 | 34,065 |
| 21. In force end of year, (Line 9 minus Line 20) | 0 | 0 | 930 | 121,590 | 0 | 0 | 0 | 0 | 0 | 121,590 |
| 22. Reinsurance ceded end of year | XXX | 0 | XXX | 34,346 | XXX | 0 | XXX | XXX | 0 | 34,346 |
| 23. Line 21 minus Line 22 | XXX | 0 | XXX | 87,244 | XXX | (b) | 0 | XXX | XXX | 0 |
| DETAILS OF WRITE-INS | | | | | | | | | | |
| 0801. | | | | | | | | | | |
| 0802. | | | | | | | | | | |
| 0803. | | | | | | | | | | |
| 0898. Summary of remaining write-ins for Line 8 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0899. Totals (Lines 0801 through 0803 plus 0898) (Line 8 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1901. | | | | | | | | | | |
| 1902. | | | | | | | | | | |
| 1903. | | | | | | | | | | |
| 1998. Summary of remaining write-ins for Line 19 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1999. Totals (Lines 1901 through 1903 plus 1998) (Line 19 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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

(b) Group \$; Individual \$

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ANNUAL STATEMENT FOR THE YEAR 2009 OF THE INDEPENDENCE LIFE AND ANNUITY COMPANY

EXHIBIT OF LIFE INSURANCE (Continued)

ADDITIONAL INFORMATION ON INSURANCE IN FORCE END OF YEAR

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

ADDITIONAL INFORMATION ON ORDINARY INSURANCE

| Term Insurance Excluding Extended Term Insurance | Issued During Year (Included in Line 2) | | In Force End of Year (Included in Line 2) | |
|--|---|------------------------------|---|------------------------------|
| | 1 Number of Policies | 2 Amount of Insurance (a) | 3 Number of Policies | 4 Amount of Insurance (a) |
| 27. Term policies - decreasing | | | | |
| 28. Term policies - other | | | | |
| 29. Other term insurance - decreasing | XXX | | XXX | |
| 30. Other term insurance | XXX | | XXX | |
| 31. Totals (Lines 27 to 30) | 0 | 0 | 0 | 0 |
| Reconciliation to Lines 2 and 21: | | | | |
| 32. Term additions | XXX | | XXX | |
| 33. Totals, extended term insurance | XXX | XXX | | |
| 34. Totals, whole life and endowment | | | 930 | 121,590 |
| 35. Total (Lines 31 to 34) | 0 | 0 | 930 | 121,590 |

CLASSIFICATION OF AMOUNT OF INSURANCE (a) BY PARTICIPATING STATUS

| | Issued During Year (Included in Line 2) | | In Force End of Year (Included in Line 2) | |
|--|---|--------------------|---|--------------------|
| | 1 Non-Participating | 2 Participating | 3 Non-Participating | 4 Participating |
| 36. Industrial | | | | |
| 37. Ordinary | | | 121,590 | |
| 38. Credit Life (Group and Individual) | | | | |
| 39. Group | | | | |
| 40. Totals (Lines 36 to 39) | 0 | 0 | 121,590 | 0 |

ADDITIONAL INFORMATION ON CREDIT LIFE AND GROUP INSURANCE

| | Credit Life | | Group | |
|--|---|------------------------------|-----------------------------|------------------------------|
| | 1 Number of Individual Policies and Group Certificates | 2 Amount of Insurance (a) | 3 Number of Certificates | 4 Amount of Insurance (a) |
| 41. Amount of insurance included in Line 2 ceded to other companies | XXX | | XXX | |
| 42. Number in force end of year if the number under shared groups is counted on a pro-rata basis | | XXX | | XXX |
| 43. Federal Employees' Group Life Insurance included in Line 21 | | | | |
| 44. Servicemen's Group Life Insurance included in Line 21 | | | | |
| 45. Group Permanent Insurance included in Line 21 | | | | |

ADDITIONAL ACCIDENTAL DEATH BENEFITS

| | |
|---|--|
| 46. Amount of additional accidental death benefits in force end of year under ordinary policies (a) | |
|---|--|

BASIS OF CALCULATION OF DECREASING TERM INSURANCE

| | |
|--|--|
| 47. State basis of calculation of (47.1) decreasing term insurance combined with Family Income Mortgage Protection, etc., policies and riders and of (47.2) term insurance on wife and children under Family, Parent and Children, etc. policies and riders included above | |
| 47.1 | |
| 47.2 | |

POLICIES WITH DISABILITY PROVISIONS

| Disability Provision | Industrial | | Ordinary | | Credit | | Group | |
|-----------------------|-------------------------|------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|-----------------------------|------------------------------|
| | 1 Number of Policies | 2 Amount of Insurance (a) | 3 Number of Policies | 4 Amount of Insurance (a) | 5 Number of Policies | 6 Amount of Insurance (a) | 7 Number of Certificates | 8 Amount of Insurance (a) |
| 48. Waiver of Premium | | | | | | | | |
| 49. Disability Income | | | | | | | | |
| 50. Extended Benefits | | | XXX | XXX | | | | |
| 51. Other | | | | | | | | |
| 52. Total | 0 ^(b) | 0 | 0 ^(b) | 0 | 0 ^(b) | 0 | 0 ^(b) | 0 |

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

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

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

SUPPLEMENTARY CONTRACTS

| | Ordinary | | Group | |
|--------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|---------------------------------------|
| | 1 Involving Life Contingencies | 2 Not Involving Life Contingencies | 3 Involving Life Contingencies | 4 Not Involving Life Contingencies |
| 1. In force end of prior year | 3 | 0 | 0 | 0 |
| 2. Issued during year | | 1 | | |
| 3. Reinsurance assumed | | | | |
| 4. Increased during year (net) | | | | |
| 5. Totals (Lines 1 to 4) | 3 | 1 | 0 | 0 |
| Deductions during year: | | | | |
| 6. Decreased (net) | | | | |
| 7. Reinsurance ceded | | | | |
| 8. Totals (Lines 6 and 7) | 0 | 0 | 0 | 0 |
| 9. In force end of year | 3 | 1 | 0 | 0 |
| 10. Amount on deposit | | (a) | | (a) |
| 11. Income now payable | | | | |
| 12. Amount of income payable | (a) 34,225 | (a) 7,282 | (a) | (a) |

ANNUITIES

| | Ordinary | | Group | |
|--------------------------------------|----------------|---------------|----------------|-------------------|
| | 1 Immediate | 2 Deferred | 3 Contracts | 4 Certificates |
| 1. In force end of prior year | 0 | 11 | 0 | 0 |
| 2. Issued during year | | | | |
| 3. Reinsurance assumed | | | | |
| 4. Increased during year (net) | | | | |
| 5. Totals (Lines 1 to 4) | 0 | 11 | 0 | 0 |
| Deductions during year: | | | | |
| 6. Decreased (net) | | | | |
| 7. Reinsurance ceded | | | | |
| 8. Totals (Lines 6 and 7) | 0 | 0 | 0 | 0 |
| 9. In force end of year | 0 | 11 | 0 | 0 |
| Income now payable: | | | | |
| 10. Amount of income payable | (a) | XXX | XXX | (a) |
| Deferred fully paid: | | | | |
| 11. Account balance | XXX | (a) 272,765 | XXX | (a) |
| Deferred not fully paid: | | | | |
| 12. Account balance | XXX | (a) | XXX | (a) |

ACCIDENT AND HEALTH INSURANCE

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

DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS

| | 1 | 2 |
|--------------------------------------|----------------------------|--|
| | Deposit Funds Contracts | Dividend Accumulations Contracts |
| 1. In force end of prior year | 0 | 0 |
| 2. Issued during year | | |
| 3. Reinsurance assumed | | |
| 4. Increased during year (net) | | |
| 5. Totals (Lines 1 to 4) | 0 | 0 |
| Deductions during year: | | |
| 6. Decreased (net) | | |
| 7. Reinsurance ceded | | |
| 8. Totals (Lines 6 and 7) | 0 | 0 |
| 9. In force end of year | 0 | 0 |
| 10. Amount of account balance | (a) | (a) |

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

SCHEDULE T—PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

| States, Etc. | 1 | Direct Business Only | | | | | |
|--|---------------|-------------------------|------------------------|---|----------------------|---------------------------|------------------------|
| | | Life Contracts | | 4 | 5 | 6 | 7 |
| | | 2 | 3 | | | | |
| | Active Status | Life Insurance Premiums | Annuity Considerations | Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees | Other Considerations | Total Columns 2 Through 5 | Deposit-Type Contracts |
| 1. Alabama | AL | L | .0 | .0 | .0 | .0 | .0 |
| 2. Alaska | AK | L | .0 | .0 | .0 | .0 | .0 |
| 3. Arizona | AZ | L | .0 | .0 | .0 | .0 | .0 |
| 4. Arkansas | AR | L | .0 | .0 | .0 | .0 | .0 |
| 5. California | CA | L | .0 | .0 | .0 | .0 | .0 |
| 6. Colorado | CO | L | .0 | .0 | .0 | .0 | .0 |
| 7. Connecticut | CT | L | .0 | .0 | .0 | .0 | .0 |
| 8. Delaware | DE | L | .0 | .0 | .0 | .0 | .0 |
| 9. District of Columbia | DC | L | .0 | .0 | .0 | .0 | .0 |
| 10. Florida | FL | L | .0 | .0 | .0 | .0 | .0 |
| 11. Georgia | GA | L | .0 | .0 | .0 | .0 | .0 |
| 12. Hawaii | HI | L | .0 | .0 | .0 | .0 | .0 |
| 13. Idaho | ID | L | .0 | .0 | .0 | .0 | .0 |
| 14. Illinois | IL | L | .0 | .0 | .0 | .0 | .0 |
| 15. Indiana | IN | L | .0 | .0 | .0 | .0 | .0 |
| 16. Iowa | IA | L | .0 | .0 | .0 | .0 | .0 |
| 17. Kansas | KS | L | .0 | .0 | .0 | .0 | .0 |
| 18. Kentucky | KY | L | .0 | .0 | .0 | .0 | .0 |
| 19. Louisiana | LA | L | .0 | .0 | .0 | .0 | .0 |
| 20. Maine | ME | L | .0 | .0 | .0 | .0 | .0 |
| 21. Maryland | MD | L | .0 | .0 | .0 | .0 | .0 |
| 22. Massachusetts | MA | L | .0 | .0 | .0 | .0 | .0 |
| 23. Michigan | MI | L | .0 | .0 | .0 | .0 | .0 |
| 24. Minnesota | MN | L | .0 | .0 | .0 | .0 | .0 |
| 25. Mississippi | MS | L | .0 | .0 | .0 | .0 | .0 |
| 26. Missouri | MO | L | .0 | .0 | .0 | .0 | .0 |
| 27. Montana | MT | L | .0 | .0 | .0 | .0 | .0 |
| 28. Nebraska | NE | L | .0 | .0 | .0 | .0 | .0 |
| 29. Nevada | NV | L | .0 | .0 | .0 | .0 | .0 |
| 30. New Hampshire | NH | L | .0 | .0 | .0 | .0 | .0 |
| 31. New Jersey | NJ | L | .0 | .0 | .0 | .0 | .0 |
| 32. New Mexico | NM | L | .0 | .0 | .0 | .0 | .0 |
| 33. New York | NY | N | .0 | .0 | .0 | .0 | .0 |
| 34. North Carolina | NC | L | .0 | .0 | .0 | .0 | .0 |
| 35. North Dakota | ND | L | .0 | .0 | .0 | .0 | .0 |
| 36. Ohio | OH | L | .0 | .0 | .0 | .0 | .0 |
| 37. Oklahoma | OK | L | .0 | .0 | .0 | .0 | .0 |
| 38. Oregon | OR | L | .0 | .0 | .0 | .0 | .0 |
| 39. Pennsylvania | PA | L | .0 | .0 | .0 | .0 | .0 |
| 40. Rhode Island | RI | L | .0 | .0 | .0 | .0 | .0 |
| 41. South Carolina | SC | L | .0 | .0 | .0 | .0 | .0 |
| 42. South Dakota | SD | L | .0 | .0 | .0 | .0 | .0 |
| 43. Tennessee | TN | L | .0 | .0 | .0 | .0 | .0 |
| 44. Texas | TX | L | .0 | .0 | .0 | .0 | .0 |
| 45. Utah | UT | L | .0 | .0 | .0 | .0 | .0 |
| 46. Vermont | VT | L | .0 | .0 | .0 | .0 | .0 |
| 47. Virginia | VA | L | .0 | .0 | .0 | .0 | .0 |
| 48. Washington | WA | L | .0 | .0 | .0 | .0 | .0 |
| 49. West Virginia | WV | L | .0 | .0 | .0 | .0 | .0 |
| 50. Wisconsin | WI | L | .0 | .0 | .0 | .0 | .0 |
| 51. Wyoming | WY | L | .0 | .0 | .0 | .0 | .0 |
| 52. American Samoa | AS | N | .0 | .0 | .0 | .0 | .0 |
| 53. Guam | GU | N | .0 | .0 | .0 | .0 | .0 |
| 54. Puerto Rico | PR | N | .0 | .0 | .0 | .0 | .0 |
| 55. US Virgin Islands | VI | N | .0 | .0 | .0 | .0 | .0 |
| 56. Northern Mariana Islands | MP | N | .0 | .0 | .0 | .0 | .0 |
| 57. Canada | CN | N | .0 | .0 | .0 | .0 | .0 |
| 58. Aggregate Other Alien | OT | .XXX | .0 | .0 | .0 | .0 | .0 |
| 59. Subtotal | (a) | .50 | .0 | .0 | .0 | .0 | .0 |
| 90. Reporting entity contributions for employee benefits plans | .XXX | | | | | .0 | |
| 91. Dividends or refunds applied to purchase paid-up additions and annuities | .XXX | | | | | .0 | |
| 92. Dividends or refunds applied to shorten endowment or premium paying period | .XXX | | | | | .0 | |
| 93. Premium or annuity considerations waived under disability or other contract provisions | .XXX | | | | | .0 | |
| 94. Aggregate of other amounts not allocable by State | .XXX | .0 | .0 | .0 | .0 | .0 | .0 |
| 95. Totals (Direct Business) | .XXX | .0 | .0 | .0 | .0 | .0 | .0 |
| 96. Plus Reinsurance Assumed | .XXX | | | | | .0 | |
| 97. Totals (All Business) | .XXX | .0 | .0 | .0 | .0 | .0 | .0 |
| 98. Less Reinsurance Ceded | .XXX | .549,934 | | | | .549,934 | |
| 99. Totals (All Business) less Reinsurance Ceded | .XXX | (.549,934) | .0 | (b) | .0 | (.549,934) | .0 |
| DETAILS OF WRITE-INS | | | | | | | |
| 5801. Alien(01) | .XXX | .0 | .0 | .0 | .0 | .0 | .0 |
| 5802. | .XXX | | | | | | |
| 5803. | .XXX | | | | | | |
| 5898. Summary of remaining write-ins for Line 58 from overflow page | .XXX | .0 | .0 | .0 | .0 | .0 | .0 |
| 5899. Totals (Lines 5801 through 5803 plus 5898)(Line 58 above) | .XXX | .0 | .0 | .0 | .0 | .0 | .0 |
| 9401. | .XXX | | | | | | |
| 9402. | .XXX | | | | | | |
| 9403. | .XXX | | | | | | |
| 9498. Summary of remaining write-ins for Line 94 from overflow page | .XXX | .0 | .0 | .0 | .0 | .0 | .0 |
| 9499. Totals (Lines 9401 through 9403 plus 9498)(Line 94 above) | .XXX | .0 | .0 | .0 | .0 | .0 | .0 |

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

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

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

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

PART 1 - ORGANIZATIONAL CHART

Sun Life Financial Inc. – List of Subsidiaries

Schedule Y as of December 31, 2009

| Federal ID# | Name of Subsidiary Company of Sun Life Financial Inc. | % of Voting Shares | Insurer / Non-Insurer |
|-------------|---|--------------------|-----------------------|
| 98-0226074 | Sun Life Financial Inc. – Operations in the United States | | |
| 20-8998687 | SL Finance 2007-1, Inc. | 100% | Non-Insurer |
| 20-4688437 | Sun Life Financial Global Funding II, L.P. | 99% | Non-Insurer |
| | Sun Life Financial Global Funding II, U.L.C. | 100% | Non-Insurer |
| | Sun Life Financial Global Funding II, L.L.C. | 100% | Non-Insurer |
| 20-5376334 | Sun Life Financial Global Funding III, L.P. | 99% | Non-Insurer |
| | Sun Life Financial Global Funding III, U.L.C. | 100% | Non-Insurer |
| | Sun Life Financial Global Funding III, L.L.C. | 100% | Non-Insurer |
| 98-0226074 | Sun Life Financial Inc. – Operations in Foreign Countries | | |
| | 2097261 Ontario Inc. | 100% | Non-Insurer |
| 20-4688437 | Sun Life Financial Global Funding II, L.P. | 1% | Non-Insurer |
| | 2109578 Ontario Inc. | 100% | Non-Insurer |
| 20-5376334 | Sun Life Financial Global Funding III, L.P. | 1% | Non-Insurer |
| | 6183271 Canada Inc. | 100% | Non-Insurer |
| | Sun Life Financial (Chile) S.A. | 99.999% | Non-Insurer |
| | 6183298 Canada Inc. | 100% | Non-Insurer |
| | Sun Life Financial (Chile) S.A. | 0.001% | Non-Insurer |
| | 6324983 Canada Inc. | 100% | Non-Insurer |
| | 6560016 Canada Inc. | 0.05% | Non-Insurer |
| | 6828141 Canada Inc. | 100% | Non-Insurer |
| | 6884644 Canada Inc. | 100% | Non-Insurer |
| | 7290314 Canada Inc. | 100% | Non-Insurer |
| | Sun Life (Barbados) Holdings No. 1 Limited | 100% | Non-Insurer |
| | Sun Life (Barbados) Holdings No. 2 Limited | 100% | Non-Insurer |
| | Sun Life (Barbados) Holdings No. 3 Limited | 100% | Non-Insurer |
| | Sun Life (Barbados) Holdings No. 4 Limited | 100% | Non-Insurer |
| | Sun Life (Poland) Group Financing sp. z.o.o. | 100% | Non-Insurer |
| | Sun Life 2007-1 Financing Corp. | 100% | Non-Insurer |

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

| Federal ID# | Name of Subsidiary Company of Sun Life Financial Inc. | % of Voting Shares | Insurer / Non-Insurer |
|------------------------|---|--------------------|-----------------------|
| | Sun Life Financial Reinsurance (Barbados) Limited | 100% | Insurer |
| | Sun Life Reinsurance (Barbados) No. 4 Corp. | 100% | Insurer |
| | Sun Life Global Investments Inc. – Operations in the United States | 100% | Non-Insurer |
| 04-3401283 | Sun Life Assurance Company of Canada - U.S. Operations Holdings, Inc. | 100% | Non-Insurer |
| | SL Investment 2007-1 ULC | 100% | Non-Insurer |
| | SL Investment Holdings 2007-1 LLC | 100% | Non-Insurer |
| 04-3132283 | Sun Capital Advisers LLC | 100% | Non-Insurer |
| 04-3526207 | Sun Life Financial (Japan), Inc. | 100% | Non-Insurer |
| 04-3579262 | Sun Life Financial (U.S.) Holdings, Inc. | 100% | Non-Insurer |
| | Sun Life Financial (U.S.) Investments LLC | 100% | Non-Insurer |
| 04-3401285 | Sun Life of Canada (U.S.) Financial Services Holdings, Inc. | 99.85% | Non-Insurer |
| 04-2747644 | Massachusetts Financial Services Company | 96.69% | Non-Insurer |
| 26-0718714 | Four Pillars Capital, Inc. | 100% | Non-Insurer |
| | MFS Development Funds, LLC | 100% | Non-Insurer |
| 04-3169826 | MFS Fund Distributors, Inc. | 100% | Non-Insurer |
| 02-0507414 | MFS Heritage Trust Company | 100% | Non-Insurer |
| 04-3247425 | MFS Institutional Advisors, Inc. | 100% | Non-Insurer |
| | MFS Institutional Advisors (Australia) Pty Limited | 100% | Non-Insurer |
| | MFS International Ltd. | 100% | Non-Insurer |
| | MFS do Brasil Desenvolvimento de Mercado Ltda. | 100% | Non-Insurer |
| | MFS International (Hong Kong) Limited | 100% | Non-Insurer |
| | MFS International (U.K.) Limited | 100% | Non-Insurer |
| | MFS Investment Management Company (LUX) S.A. | 100% | Non-Insurer |
| | MFS Investment Management K.K. | 100% | Non-Insurer |
| 04-2864897 | MFS Service Center, Inc. | 100% | Non-Insurer |
| 04-3365782 | Sun Life of Canada (U.S.) Holdings, Inc. | 100% | Non-Insurer |
| 06-1502012 | Dental Holdings, Inc. | 100% | Non-Insurer |
| 33-0475116 | California Benefits Dental Plan | 100% | Non-Insurer |
| 59-0411385 68047 TX | Professional Insurance Company | 100% | Insurer |
| 04-3292937 | Sun Canada Financial Co. | 100% | Non-Insurer |
| 06-1435452 | Sun Life Administrators (U.S.), Inc. | 100% | Non-Insurer |

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

| Federal ID# | Name of Subsidiary Company of Sun Life Financial Inc. | % of Voting Shares | Insurer / Non-Insurer |
|--------------------------|---|--------------------|-----------------------|
| 04-2461439 79065 DE | Sun Life Assurance Company of Canada (U.S.) | 100% | Insurer |
| | 7101 France Avenue Manager, LLC | 100% | Non-Insurer |
| | 7101 France Avenue, LLC | 100% | Non-Insurer |
| 04-2476246 | Clarendon Insurance Agency, Inc. | 100% | Non-Insurer |
| 61-0403075 64602 RI | Independence Life and Annuity Company | 100% | Insurer |
| | SL Investment DELRE Holdings 2009-1, LLC | 100% | Non-Insurer |
| | SLF Private Placement Investment Company I, LLC | 100% | Non-Insurer |
| 04-2845273 72664 NY | Sun Life Insurance and Annuity Company of New York | 100% | Insurer |
| | SLNY Private Placement Investment Company I, LLC | 100% | Non-Insurer |
| | Sun MetroNorth, LLC | 100% | Non-Insurer |
| | Sun Parkaire Landing LLC | 100% | Non-Insurer |
| 04-3574531 | Sun Life Financial (U.S.) Finance, Inc. | 100% | Non-Insurer |
| 26-1292779 13051 VT | Sun Life Financial (U.S.) Reinsurance Company | 100% | Insurer |
| | Sun Life Financial (U.S.) Services Company, Inc. | 100% | Non-Insurer |
| 04-2470476 | Sun Life Financial Distributors, Inc. | 100% | Non-Insurer |
| | Sun Life Reinsurance (Barbados) No. 3 Corp. | 100% | Insurer |
| | Sun Life Global Investments Inc. – Operations in Foreign Countries | 100% | Non-Insurer |
| | 3060097 Nova Scotia Company | 100% | Non-Insurer |
| | McLean Budden Limited | 66.9% | Non-Insurer |
| 38-1082080 80802 (CN) | Sun Life Assurance Company of Canada (including the United States Branch) – Operations in the United States | 100% | Insurer |
| | Crosspointe Shops II LLC | 100% | Non-Insurer |
| | Crosspointe Shops I LLC | 100% | Non-Insurer |
| | Plaza West LLC | 100% | Non-Insurer |
| | SL Investment Holdings 2008-1, LLC | 100% | Non-Insurer |
| | SL Investment PAR Holdings 2008-1, LLC | 100% | Non-Insurer |
| | SL Investment US-RE Holdings 2009-1, Inc. | 100% | Non-Insurer |
| | Sun Broad Street Inline Shops Member, LLC | 100% | Non-Insurer |

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

| Federal ID# | Name of Subsidiary Company of Sun Life Financial Inc. | % of Voting Shares | Insurer / Non-Insurer |
|--------------------------|---|--------------------|-----------------------|
| | Sun Broad Street Inline Shops, LLC | 100% | Non-Insurer |
| | Sun Broad Street Outparcel Shops, LLC | 100% | Non-Insurer |
| | Sun Commerce Center, LLC | 100% | Non-Insurer |
| | Sun Encore, LLC | 100% | Non-Insurer |
| | Sun Grand Parkway GP, LLC | 100% | Non-Insurer |
| | Sun Grand Parkway, L.P. | 1% | Non-Insurer |
| | Sun Grand Parkway, L.P. | 99% | Non-Insurer |
| | Sun Greenfield, LLC | 100% | Non-Insurer |
| | Sun Highlands Plaza, LLC | 100% | Non-Insurer |
| | Sun Lakewood GP, LLC | 100% | Non-Insurer |
| | Sun Lakewood, L.P. | 1% | Non-Insurer |
| | Sun Lakewood, L.P. | 99% | Non-Insurer |
| 06-0893662 80926 CT | Sun Life and Health Insurance Company (U.S.) | 100% | Insurer |
| 04-3638553 | Sun Life Financial (Bermuda) Holdings, Inc. | 100% | Non-Insurer |
| 52-2301409 | Sun Life Financial Insurance and Annuity Company (Bermuda) Ltd. | 100% | Insurer |
| 20-1591914 | Sun Life Financial Global Funding, L.P. | 99% | Non-Insurer |
| | Sun Life Financial Global Funding, U.L.C. | 100% | Non-Insurer |
| | Sun Life Financial Global Funding, L.L.C. | 100% | Non-Insurer |
| | Sun Starlite, LLC | 100% | Non-Insurer |
| | Sun Sunset Plaza, LLC | 100% | Non-Insurer |
| 38-1082080 80802 (CN) | Sun Life Assurance Company of Canada – Operations in Foreign Countries | 100% | Insurer |
| | 1245792 Ontario Inc. | 100% | Non-Insurer |
| | 2053812 Ontario Inc. | 100% | Non-Insurer |
| 20-1591914 | Sun Life Financial Global Funding, L.P. | 1% | Non-Insurer |
| | 6560016 Canada Inc. | 99.95% | Non-Insurer |
| | Sun Life Reinsurance (Barbados) No. 2 Corp. | 100% | Insurer |
| | 6965083 Canada Inc. | 100% | Non-Insurer |
| | 7037457 Canada Inc. | 100% | Non-Insurer |
| | 7073747 Canada Inc. | 100% | Non-Insurer |
| | Amaulico Fund Ltd. | 100% | Non-Insurer |
| | Amaulico Ltd. | 100% | Non-Insurer |

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

| Federal ID# | Name of Subsidiary Company of Sun Life Financial Inc. | % of Voting Shares | Insurer / Non-Insurer |
|-------------|---|--------------------|-----------------------|
| | BestServe Financial Limited | 100% | Non-Insurer |
| | Buffett & Company Worksite Wellness Inc. | 36% | Non-Insurer |
| | CCPI Holdco Limited | 70.7% | Non-Insurer |
| | Canada China Property Investments Limited Partnership | 20% | Non-Insurer |
| 995169 | Clarica MEEL Holdings Limited | 100% | Non-Insurer |
| 154014 | Mississauga Executive Enterprises Ltd. | 50% | Non-Insurer |
| | Lease Administration Corporation | 66.67% | Non-Insurer |
| | MCAP Service Corporation | 40% | Non-Insurer |
| | PT. Sun Life Financial Indonesia | 96% | Insurer |
| | PT. Sun Life Indonesia Services | 100% | Non-Insurer |
| | PT. CIMB Sun Life | 49% | Insurer |
| | PT. Sun Life Financial Indonesia | 4% | Insurer |
| | PVS Preferred Vision Services Inc. | 40% | Non-Insurer |
| | SECLON Inc. | 30% | Non-Insurer |
| | seclonLogic Inc. | 30% | Non-Insurer |
| | SLF of Canada UK Limited | 100% | Non-Insurer |
| | Lincoln National (UK) plc | 100% | Non-Insurer |
| | Barnwood Property Group Limited | 0.05% | Non-Insurer |
| | Barnwood Properties Limited | 0.05% | Non-Insurer |
| | Chapel Ash Limited | 100% | Non-Insurer |
| | City Financial Partners Limited | 100% | Non-Insurer |
| | IMPCO Properties G.B. Limited | 0.05% | Non-Insurer |
| | Laurtrust Limited | 100% | Non-Insurer |
| | Lincoln Assurance Limited | 100% | Insurer |
| | Barnwood Property Group Limited | 99.95% | Non-Insurer |
| | Barnwood Properties Limited | 99.95% | Non-Insurer |
| | IMPCO Properties G.B. Limited | 100% | Non-Insurer |
| | Lincoln Investment Management Limited | 100% | Non-Insurer |
| | Lincoln Unit Trust Managers Limited | 100% | Non-Insurer |
| | SLF Services Company Limited | 100% | Non-Insurer |
| | SLFC Assurance (UK) Limited | 100% | Insurer |
| | SLFC Investment Managers (UK) Limited | 100% | Non-Insurer |
| | SLFC Unit Managers (UK) Limited | 100% | Non-Insurer |

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

| Federal ID# | Name of Subsidiary Company of Sun Life Financial Inc. | % of Voting Shares | Insurer / Non-Insurer |
|-------------|--|--------------------|-----------------------|
| | SLFoC Financial Group Plc | 100% | Non-Insurer |
| | SLFoC Independent (Jersey) Limited | 100% | Non-Insurer |
| | SLFoC Independent Limited | 100% | Non-Insurer |
| | Sun Life Financial of Canada UK Limited | 100% | Non-Insurer |
| | Sun Life of Canada UK Holdings Limited | 100% | Non-Insurer |
| | Confederation Life Insurance Company (U.K.) Limited | 100% | Insurer |
| | SLC Financial Services (U.K.) Limited | 100% | Non-Insurer |
| | Sun Life Assurance Company of Canada (U.K.) Limited | 100% | Insurer |
| | BHO Lease Company Limited | 100% | Non-Insurer |
| | Sun Life Financial of Canada Trustee Limited | 100% | Non-Insurer |
| | Sun Life (Hungary) Group Financing Limited Liability Company | 51.66% | Non-Insurer |
| | Sun Life (India) AMC Investments Inc. | 100% | Non-Insurer |
| | Birla Sun Life Asset Management Company Limited | 50% | Non-Insurer |
| | Birla Sun Life AMC (Mauritius) Limited | 100% | Non-Insurer |
| | India Advantage Fund Limited | 100% | Non-Insurer |
| | Birla Sun Life Trustee Company Private Limited | 50% | Non-Insurer |
| | Sun Life (India) Distribution Investments Inc. | 100% | Non-Insurer |
| | Sun Life Assurance Company of Canada (Barbados) Limited | 100% | Insurer |
| | Sun Life Capital Trust | 100% | Non-Insurer |
| | Sun Life Capital Trust II | 100% | Non-Insurer |
| | Sun Life Everbright Life Insurance Company Limited | 50% | Insurer |
| | Sun Life Financial (Hungary) Investments Inc. | 100% | Non-Insurer |
| | Sun Life (Hungary) Group Financing Limited Liability Company | 48.34% | Non-Insurer |
| | Sun Life Financial (India) Insurance Investments Inc. | 100% | Non-Insurer |
| | Birla Sun Life Insurance Company Limited | 26% | Insurer |
| | Sun Life Financial (Mauritius) Inc. | 100% | Non-Insurer |
| | Sun Life India Service Centre Private Limited | 100% | Non-Insurer |
| | Sun Life Financial Advisory Inc. | 100% | Non-Insurer |
| | Sun Life Financial Asia Services Limited | 100% | Non-Insurer |
| | Sun Life Financial Distributors (Bermuda) Ltd. | 100% | Non-Insurer |
| | Sun Life Financial Distributors (Canada) Inc. | 100% | Non-Insurer |
| 321232-7 | Sun Life Financial Investment Services (Canada) Inc. | 100% | Non-Insurer |
| | Sun Life Financial Investments (Bermuda) Ltd. | 100% | Non-Insurer |

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

| Federal ID# | Name of Subsidiary Company of Sun Life Financial Inc. | % of Voting Shares | Insurer / Non-Insurer |
|-------------|--|--------------------|-----------------------|
| | Sun Life Financial LTC Solutions Inc. | 100% | Non-Insurer |
| | Sun Life Financial Realty Advisors Inc. | 100% | Non-Insurer |
| | Sun Life Financial Trust Inc. | 100% | Non-Insurer |
| | Hillcrest IV Properties Inc. | 100% | Non-Insurer |
| | Sun Life Hong Kong Limited | 100% | Insurer |
| | Sun Life Financial (Hong Kong) Limited | 100% | Non-Insurer |
| | Sun Life Hong Kong Advisory Limited | 100% | Non-Insurer |
| | Sun Life Hong Kong Services Limited | 100% | Non-Insurer |
| | Sun Life Trustee Company Limited | 100% | Non-Insurer |
| | Sun Life Information Services Canada, Inc. | 100% | Non-Insurer |
| | Sun Life Information Services Ireland Limited | 100% | Non-Insurer |
| | Sun Life Insurance (Canada) Limited | 100% | Insurer |
| | SLI General Partner Limited | 100% | Non-Insurer |
| | SLI Investments LP | 0.1% | Non-Insurer |
| | SLI Investments LP | 99.9% | Non-Insurer |
| | 6425411 Canada Inc. | 100% | Non-Insurer |
| | Sun Life Investments LLC | 100% | Non-Insurer |
| | Sun Life Asset Management Inc. | 100% | Non-Insurer |
| | Sun Life of Canada (Netherlands) B.V. | 50% | Non-Insurer |
| | Sun Life Financial of Canada (U.K.) Overseas Investments Limited | 100% | Non-Insurer |
| | Sun Life of Canada (Netherlands) B.V. | 50% | Non-Insurer |
| | Sun Life Financial Philippine Holding Company, Inc. | 100% | Non-Insurer |
| | Sun Life of Canada (Philippines), Inc. | 100% | Insurer |
| | MINT Financial & Insurance Agency Inc. | 50% | Non-Insurer |
| | Sun Life Asset Management Company, Inc. | 100% | Non-Insurer |
| | Sun Life Financial - Philippines Foundation, Inc. | 100% | Non-Insurer |
| | Sun Life Financial Plans, Inc. | 100% | Non-Insurer |
| | Sun Life of Canada Prosperity Balanced Fund, Inc. | 25% | Non-Insurer |
| | Sun Life of Canada Prosperity Philippine Equity Fund, Inc. | 25% | Non-Insurer |
| | Sun Life Prosperity Dollar Abundance Fund, Inc. | 26.55% | Non-Insurer |
| | Sun Life Prosperity GS Fund, Inc. | 34.27% | Non-Insurer |
| | Sun Life Prosperity Money Market Fund, Inc. | 49.66% | Non-Insurer |
| | Sun Life of Canada International Assurance Limited | 100% | Insurer |

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

PART 1 - ORGANIZATIONAL CHART

| Federal ID# | Name of Subsidiary Company of Sun Life Financial Inc. | % of Voting Shares | Insurer / Non-Insurer |
|-------------|---|--------------------|-----------------------|
| | Sun Life Reinsurance (Ireland) Limited | 100% | Insurer |

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