



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2003
OF THE CONDITION AND AFFAIRS OF THE

AMERICAN PARTNERS LIFE INSURANCE COMPANY

NAIC Group Code 0004 (Current Period) 0004 (Prior Period) NAIC Company Code 93653 Employer's ID Number 03-0281692
Organized under the Laws of Arizona, State of Domicile or Port of Entry Arizona
Country of Domicile United States of America
Incorporated 12/07/1981 Commenced Business 12/28/1981
Statutory Home Office 3225 North Central Avenue, Phoenix, AZ 85012
Main Administrative Office 1751 AXP Financial Center, Minneapolis, MN 55474
Mail Address 227 AXP Financial Center, Minneapolis, MN 55474
Primary Location of Books and Records 1751 AXP Financial Center, Minneapolis, MN 55474
Internet Website Address
Statutory Statement Contact Jill L. Rickheim, 612-671-3969
Policyowner Relations Contact 227 AXP Financial Center, Minneapolis, MN 55474, 800-862-7919

OFFICERS

President Gumer Cruz Alvero Secretary Teresa Joy Rasmussen
Treasurer Walter Stanley Berman # Actuary JOHN MICHAEL WEUM

VICE PRESIDENTS

Timothy Vernon Bechtold # Walter Stanley Berman # Lorraine Rose Hart
Michelle Marie Keeley # Bruce Alan Kohn Eric Lund Marhoun
Jeryl Ann Millner # Mary Elyn Minenko Teresa Joy Rasmussen
John Theodore Sweeney #

DIRECTORS OR TRUSTEES

Gumer Cruz Alvero Timothy Vernon Bechtold Arthur Howard Berman #
Lorraine Rose Hart Balakrish Roger Natarajan #

State of Minnesota }
County of Hennepin } 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.

Gumer Cruz Alvero President Teresa Joy Rasmussen Secretary Jeryl Ann Millner Treasurer (Vice President and Controller)

Subscribed and sworn to before me this 12th day of February, 2004

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

Renee A. Bobick
Notary Public-Minnesota
January 31, 2005

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE AMERICAN PARTNERS LIFE INSURANCE 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).....	374,077,120		374,077,120	323,682,056
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	10,703,661		10,703,661	0
2.2 Common stocks .....	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....	49,256,953		49,256,953	50,284,851
3.2 Other than first liens .....	0		0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....	0		0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....	0		0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....	0		0	0
5. Cash (\$ .....(189,263) , Schedule E, Part 1), cash equivalents (\$ .....0 , Schedule E, Part 2) and short -term investments (\$ .....3,296,454 , Schedule DA).....	3,107,191		3,107,191	12,342,507
6. Contract loans, (including \$ .....premium notes)	0		0	0
7. Other invested assets (Schedule BA) .....	0	0	0	11,482,933
8. Receivable for securities .....	1,559,446		1,559,446	0
9. Aggregate write-ins for invested assets .....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	438,704,371	0	438,704,371	397,792,347
11. Investment income due and accrued .....	4,740,584		4,740,584	4,146,772
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection .....	0	0	0	0
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ .....earned but unbilled premium).....	0		0	0
12.3 Accrued retrospective premium.....	0		0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers .....	0		0	0
13.2 Funds held by or deposited with reinsured companies .....	0		0	0
13.3 Other amounts receivable under reinsurance contracts .....	0		0	0
14. Amounts receivable relating to uninsured plans .....	0		0	0
15.1 Current federal and foreign income tax recoverable and interest thereon .....	36,210		36,210	0
15.2 Net deferred tax asset.....	8,912,443	7,969,188	943,255	441,129
16. Guaranty funds receivable or on deposit .....	9,536		9,536	16,294
17. Electronic data processing equipment and software.....	0		0	0
18. Furniture and equipment, including health care delivery assets (\$ .....)	0	0	0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates .....	0		0	0
20. Receivables from parent, subsidiaries and affiliates .....	75,975		75,975	902,125
21. Health care (\$ .....) and other amounts receivable.....	0		0	0
22. Other assets nonadmitted .....	0	0	0	0
23. Aggregate write-ins for other than invested assets .....	472,289	0	472,289	670,332
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	452,951,408	7,969,188	444,982,220	403,968,999
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	15,961,915		15,961,915	15,006,642
26. Total (Lines 24 and 25)	468,913,323	7,969,188	460,944,135	418,975,641
<b>DETAILS OF WRITE-INS</b>				
0901. ....	0		0	0
0902. ....	0		0	0
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Miscellaneous Assets.....	139,001		139,001	343,357
2302. Reinsurance Receivable.....	333,288		333,288	326,975
2303. ....	0		0	0
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	472,289	0	472,289	670,332

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$ .....393,742,216 (Exh. 5, Line 9999999) less \$ ..... included in Line 6.3 (including \$ .....0 Modco Reserve) .....	393,742,216	358,744,431
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) .....	0	0
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11) .....	333,288	326,975
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 to ..... (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 \$ .....936,713 assumed and \$ ..... ceded .....	936,713	1,138,549
9.4 Interest maintenance reserve (IMR Line 6) .....	0	0
10. Commissions to agents due or accrued-life contracts and annuity contracts \$ .....0 accident and health \$ .....0 and deposit-type contract funds \$ .....	0	0
11. Commissions and expense allowances payable on reinsurance assumed .....	0	0
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 5) .....	487,944	37,649
13. Transfers to Separate Accounts due or accrued (net) (Including \$ .....0 accrued for expense allowances recognized in reserves, net of reinsured allowances) .....	0	0
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5) .....	36,740	36,740
15.1 Current federal and foreign income taxes including \$ .....(26,623) on realized capital gains (losses) (including \$ .....	918,278	740,101
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 .....	4,767	656
18. Amounts held for agents' account, including \$ .....0 agents' credit balances .....	0	0
19. Remittances and items not allocated .....	511,620	279,636
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 (Page 35, Line 16, Col. 7) .....	3,094,178	1,437,739
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 .....	0	0
24.5 Drafts outstanding .....	0	983,506
24.6 Liability for amounts held under uninsured accident and health plans .....	0	0
24.7 Funds held under coinsurance .....	0	0
24.8 Payable for securities .....	0	0
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) .....	400,029,004	363,725,982
27. From Separate Accounts Statement .....	15,961,915	15,006,642
28. Total Liabilities (Lines 26 and 27) .....	415,990,919	378,732,624
29. Common capital stock .....	2,500,000	2,500,000
30. Preferred capital stock .....	0	0
31. Aggregate write-ins for other than special surplus funds .....	0	0
32. Surplus notes .....	0	0
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1) .....	44,543,256	44,543,256
34. Aggregate write-ins for special surplus funds .....	0	0
35. Unassigned funds (surplus) .....	(2,090,039)	(6,800,239)
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 \$ .....0 in Separate Accounts Statement) .....	42,453,217	37,743,017
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55) .....	44,953,217	40,243,017
39. Totals of Lines 28 and 38 (Page 2, Line 26, Col. 3) .....	460,944,136	418,975,641
<b>DETAILS OF WRITE-INS</b>		
2501. ....		
2502. ....		
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	0	0
3101. ....		
3102. ....		
3103. ....		
3198. Summary of remaining write-ins for Line 31 from overflow page .....	0	0
3199. Totals (Lines 3101 thru 3103 plus 3198)(Line 31 above) .....	0	0
3401. ....	0	0
3402. ....		
3403. ....		
3498. Summary of remaining write-ins for Line 34 from overflow page .....	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above) .....	0	0

**SUMMARY OF OPERATIONS**

(Excluding Unrealized Capital Gains and Losses)

	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)	73,488,160	73,169,165
2. Considerations for supplementary contracts with life contingencies	0	0
3. Net investment income (Exhibit of Net Investment Income, Line 17)	26,136,638	25,527,553
4. Amortization of interest maintenance reserve (IMR) (Line 5)	(469,512)	(468,391)
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	306,146	283,910
8.2 Charges and fees for deposit-type contracts	0	0
8.3 Aggregate write-ins for miscellaneous income	11,675	7,711
9. Total (Lines 1 to 8.3)	99,473,107	98,519,948
10. Death benefits	1,086,105	1,224,561
11. Matured endowments (excluding guaranteed annual pure endowments)	0	0
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8)	2,010,247	3,593,940
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	51,335,141	47,807,791
16. Group conversions	0	0
17. Interest and adjustments on contracts or deposit-type contract funds	134	87
18. Payments on supplementary contracts with life contingencies	0	0
19. Increase in aggregate reserves for life and accident and health contracts	34,997,785	41,722,728
20. Totals (Lines 10 to 19)	89,429,412	94,349,107
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1)	28,228	30,681
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, Cols. 1 + 2 + 3)	4,748,950	2,848,199
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3)	150,213	79,456
25. Increase in loading on deferred and uncollected premiums	0	0
26. Net transfers to or (from) Separate Accounts net of reinsurance	(2,456,555)	(1,924,079)
27. Aggregate write-ins for deductions	0	0
28. Totals (Lines 20 to 27)	91,900,248	95,383,364
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	7,572,859	3,136,584
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)	7,572,859	3,136,584
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	3,545,141	2,268,153
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)	4,027,718	868,431
34. Net realized capital gains or (losses) less capital gains tax of \$ 110,525 (excluding taxes of \$ 509,864 ) transferred to the IMR	(190,749)	(3,486,870)
35. Net income (Line 33 plus Line 34)	3,836,969	(2,618,439)
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2)	40,243,017	42,824,611
37. Net income (Line 35)	3,836,969	(2,618,439)
38. Change in net unrealized capital gains (losses)	932,205	(1,254,164)
39. Change in net unrealized foreign exchange capital gain (loss)	0	0
40. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 9999999, Col. 4)	1,807,165	976,904
41. Change in nonadmitted assets and related items (Exhibit 9, Line 6, Col. 3)	(209,701)	(1,220,122)
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 (Page 35, Lines 2 + 3 + 4 + 5 - 6 + 7 + 11 + 14 + 15, Column 7)	(1,656,439)	1,534,227
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	0	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)	4,710,200	(2,581,594)
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	44,953,217	40,243,017
<b>DETAILS OF WRITE-INS</b>		
08.301. Miscellaneous fee income	11,675	7,711
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 thru 08.303 plus 08.398) (Line 8.3 above)	11,675	7,711
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 thru 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 thru 5303 plus 5398) (Line 53 above)	0	0

## CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance.....	73,488,160	73,169,166
2. Net investment income.....	25,542,475	25,393,797
3. Miscellaneous income.....	115,985	291,621
4. Total (Lines 1 to 3).....	99,146,620	98,854,584
5. Benefits and loss related payments.....	54,758,602	52,569,958
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	(2,456,555)	(1,924,079)
7. Commissions, expenses paid and aggregate write-ins for deductions.....	4,507,076	3,500,010
8. Dividends paid to policyholders.....	0	0
9. Federal and foreign income taxes paid (recovered) \$ ..... net tax on capital gains (losses)	3,513,702	4,781,831
10. Total (Lines 5 through 9).....	60,322,825	58,927,720
11. Net cash from operations (Line 4 minus Line 10).....	38,823,795	39,926,864
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	102,809,643	85,738,306
12.2 Stocks.....	512	55,964
12.3 Mortgage loans.....	4,477,900	1,172,965
12.4 Real estate.....	0	0
12.5 Other invested assets.....	0	11,378
12.6 Net gains or (losses) on cash and short-term investments.....	1,012	3,391
12.7 Miscellaneous proceeds.....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	107,289,067	86,982,004
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	150,947,954	111,684,774
13.2 Stocks.....	849	0
13.3 Mortgage loans.....	3,450,000	5,550,000
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	292,106
13.6 Miscellaneous applications.....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	154,398,803	117,526,880
14. Net increase (or decrease) in policy loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(47,109,736)	(30,544,876)
<b>Cash from Financing and Miscellaneous Sources</b>		
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 received.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	0	0
16.6 Other cash provided (applied).....	(949,374)	(17,870,638)
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6).....	(949,374)	(17,870,638)
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17).....	(9,235,315)	(8,488,650)
19. Cash and short-term investments:		
19.1 Beginning of year.....	12,342,507	20,831,157
19.2 End of period (Line 18 plus Line 19.1).....	3,107,192	12,342,507

**ANNUAL STATEMENT FOR THE YEAR 2003 OF THE AMERICAN PARTNERS LIFE INSURANCE COMPANY**

**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit) (Excluding Capital Gains and Losses)**

	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	73,488,160	0	18,927	5,784,087		1,699,808	0	65,985,338	0	0	0	
2. Considerations for supplementary contracts with life contingencies	0											
3. Net investment income	26,136,638			6,252,122				19,884,516				
4. Amortization of Interest Maintenance Reserve (IMR)	(469,512)			(112,583)				(356,929)				
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	306,146			306,146								
8.2 Charges and fees for deposit-type contracts	0											
8.3 Aggregate write-ins for miscellaneous income	11,675			11,675	0	0	0	0	0	0	0	0
9. Totals (Lines 1 to 8.3)	99,473,107	0	18,927	12,241,447	0	1,699,808	0	85,512,925	0	0	0	0
10. Death benefits	1,086,105					1,086,105						
11. Matured endowments (excluding guaranteed annual pure endowments)	0	0	0				0					
12. Annuity benefits	2,010,247			1,186,501				823,746				
13. Disability benefits and benefits under accident and health contracts	0								0	0	0	
14. Coupons, guaranteed annual pure endowments and similar benefits	0											
15. Surrender benefits and withdrawals for life contracts	51,335,141			9,597,471				41,737,670				
16. Group conversions	0											
17. Interest and adjustments on contract or deposit-type contract funds	134			134								
18. Payments on supplementary contracts with life contingencies	0											
19. Increase in aggregate reserves for life and accident and health contracts	34,997,785			(1,488,860)				36,486,645				
20. Totals (Lines 10 to 19)	89,429,412	0	0	9,295,246	0	1,086,105	0	79,048,061	0	0	0	0
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)	28,228	0	0	28,228		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	4,748,948			2,520,534				2,228,414				
24. Insurance taxes, licenses and fees, excluding federal income taxes (FIT)	150,211			79,305				70,906				
25. Increase in loading on deferred and uncollected premiums	0											
26. Net transfers to or (from) Separate Accounts net of reinsurance	(2,456,555)			(2,456,555)								
27. Aggregate write-ins for deductions	0	0	0	0	0	0	0	0	0	0	0	0
28. Totals (Lines 20 to 27)	91,900,244	0	0	9,466,758	0	1,086,105	0	81,347,381	0	0	0	0
29. Net gain from operations before dividends to policyholders and FIT (Line 9 - Line 28)	7,572,863	0	18,927	2,774,689	0	613,703	0	4,165,544	0	0	0	0
30. Dividends to policyholders	0								0	0	0	
31. Net gain from operations after dividends to policyholders and before FIT (Line 29 - Line 30)	7,572,863	0	18,927	2,774,689	0	613,703	0	4,165,544	0	0	0	0
32. Federal income taxes incurred (excluding tax on capital gains)	3,545,144		8,862	1,299,131		287,341		1,949,810				
33. Net gain from operations after dividends to policyholders and FIT and before realized capital gains or (losses) (Line 31 - Line 32)	4,027,719	0	10,065	1,475,558	0	326,362	0	2,215,734	0	0	0	0
<b>DETAILS OF WRITE-INS</b>												
08.301. Miscellaneous fee income	11,675			11,675								
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 thru 08.303 plus 08.398) (Line 8.3 above)	11,675	0	0	11,675	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 thru 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 2003 OF THE AMERICAN PARTNERS LIFE INSURANCE 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
<b>Involving Life or Disability Contingencies (Reserves)</b> (Net of Reinsurance Ceded)								
1. Reserve December 31, prior year .....	358,744,432	0	0	83,094,111	0	0	0	275,650,321
2. Tabular net premiums or considerations .....	69,732,024			5,726,246				64,005,778
3. Present value of disability claims incurred .....	0				XXX			
4. Tabular interest .....	19,300,613			4,267,775				15,032,838
5. Tabular less actual reserve released .....	(3,146,019)			(3,155,464)				9,445
6. Increase in reserve on account of change in valuation basis .....	0							
7. Other increases (net) .....	0							
8. Totals (Lines 1 to 7) .....	444,631,050	0	0	89,932,668	0	0	0	354,698,382
9. Tabular cost .....	0				XXX			
10. Reserves released by death .....	0			XXX	XXX			XXX
11. Reserves released by other terminations (net) .....	51,335,141			9,597,471				41,737,670
12. Annuity, supplementary contract and disability payments involving life contingencies .....	2,010,247			1,186,501				823,746
13. Net transfers to or (from) Separate Accounts .....	(2,456,555)			(2,456,555)				
14. Total Deductions (Lines 9 to 13) .....	50,888,833	0	0	8,327,417	0	0	0	42,561,416
15. Reserve December 31, current year .....	393,742,217	0	0	81,605,251	0	0	0	312,136,966

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**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 457,260	465,078
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 20,880,567	21,437,607
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 472,371	472,371
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c) 3,995,021	3,992,064
4. Real estate	(d)	
5. Contract loans		
6. Cash/short-term investments	(e) 68,264	68,264
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	38,635	38,635
10. Total gross investment income	25,912,118	26,474,019
11. Investment expenses		(g) 340,553
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 3,292
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		(6,464)
16. Total (Lines 11 through 15)		337,381
17. Net Investment Income - (Line 10 minus Line 16)		26,136,638
<b>DETAILS OF WRITE-INS</b>		
0901. Commitment Fees	57,313	57,313
0902. Interest Returned to Broker	(22,330)	(22,330)
0903. Miscellaneous Income	3,652	3,652
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)	38,635	38,635
1501. Interest Due & Accrued on Bonds in Default		(6,464)
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		(6,464)

(a) Includes \$ 884,963 accrual of discount less \$ 884,612 amortization of premium and less \$ 882,859 paid for accrued interest on purchases.  
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.  
 (c) Includes \$ accrual of discount less \$ 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 \$ 68,264 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 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. Government bonds					0
1.1 Bonds exempt from U.S. tax					0
1.2 Other bonds (unaffiliated)	1,292,199		964,206		2,256,405
1.3 Bonds of affiliates					0
2.1 Preferred stocks (unaffiliated)		(747,271)	(32,001)		(779,272)
2.11 Preferred stocks of affiliates					0
2.2 Common stocks (unaffiliated)	(337)				(337)
2.21 Common stocks of affiliates					0
3. Mortgage loans					0
4. Real estate					0
5. Contract loans					0
6. Cash/Short-term investments	1,012				1,012
7. Derivative instruments					0
8. Other invested assets					0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	1,292,874	(747,271)	932,205	0	1,477,808
<b>DETAILS OF WRITE-INS</b>					
0901.					0
0902.					0
0903.					0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

**ANNUAL STATEMENT FOR THE YEAR 2003 OF THE AMERICAN PARTNERS LIFE INSURANCE COMPANY**

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

	1		2		3 Ordinary		4	5	6 Group		7		8 Accident and Health		9	10	11
	Total	Industrial Life	Life Insurance	Individual Annuities	Credit Life (Group and Individual)	Life Insurance	Annuities	Group	Credit (Group and Individual)	Other	Aggregate of All Other Lines of Business						
<b>FIRST YEAR (other than single)</b>																	
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
4. Advance	.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
6. Collected during year:																	
6.1 Direct	4,638,603	.0	26,309	355,058			4,257,236										
6.2 Reinsurance assumed	.0																
6.3 Reinsurance ceded	.0																
6.4 Net	4,638,603	.0	26,309	355,058	.0	.0	4,257,236	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Line 5 + Line 6.4	4,638,603	.0	26,309	355,058	.0	.0	4,257,236	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8. Prior year (uncollected + deferred and accrued - advance)	(8,977)	.0	(8,977)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9. First year premiums and considerations:																	
9.1 Direct	4,638,603	.0	26,309	355,058	.0	.0	4,257,236	.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
9.3 Reinsurance ceded	(8,977)	.0	(8,977)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9.4 Net (Line 7 - Line 8)	4,647,580	.0	35,286	355,058	.0	.0	4,257,236	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
<b>SINGLE</b>																	
10. Single premiums and considerations:																	
10.1 Direct	.0																
10.2 Reinsurance assumed	.0																
10.3 Reinsurance ceded	.0																
10.4 Net	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
<b>RENEWAL</b>																	
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
14. Advance	.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
16. Collected during year:																	
16.1 Direct	67,157,131			5,429,029			61,728,102										
16.2 Reinsurance assumed	1,699,808				1,699,808												
16.3 Reinsurance ceded	16,359		16,359														
16.4 Net	68,840,580	.0	(16,359)	5,429,029	1,699,808	.0	61,728,102	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
17. Line 15 + Line 16.4	68,840,580	.0	(16,359)	5,429,029	1,699,808	.0	61,728,102	.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
19. Renewal premiums and considerations:																	
19.1 Direct	67,157,131	.0	.0	5,429,029	.0	.0	61,728,102	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
19.2 Reinsurance assumed	1,699,808	.0	.0	.0	1,699,808	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
19.3 Reinsurance ceded	16,359	.0	16,359	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
19.4 Net (Line 17 - Line 18)	68,840,580	.0	(16,359)	5,429,029	1,699,808	.0	61,728,102	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
<b>TOTAL</b>																	
20. Total premiums and annuity considerations:																	
20.1 Direct	71,795,734	.0	26,309	5,784,087	.0	.0	65,985,338	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
20.2 Reinsurance assumed	1,699,808	.0	.0	.0	1,699,808	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
20.3 Reinsurance ceded	7,382	.0	7,382	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
20.4 Net (Line 9.4 + 10.4 + 19.4)	73,488,160	.0	18,927	5,784,087	1,699,808	.0	65,985,338	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0

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**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	
<b>DIVIDENDS AND COUPONS APPLIED (included in Part 1)</b>											
21. To pay renewal premiums (Exhibit 4, Line 1) .....	0										
22. All other (Exhibit 4, Lines 2, 3 & 4) .....	0										
<b>REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED</b>											
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
<b>COMMISSIONS INCURRED (direct business only)</b>											
27. First year (other than single) .....	0										
28. Single .....	28,228			28,228							
29. Renewal .....	0										
30. Deposit-type contract funds .....	0										
31. Totals (to agree with Page 6, Line 21) .....	28,228	0	0	28,228	0	0	0	0	0	0	0

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**EXHIBIT 2 - GENERAL EXPENSES**

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Rent	255,262			111,038	366,300
2. Salaries and wages	2,013,104			138,994	2,152,098
3.11 Contributions for benefit plans for employees	163,288			5,406	168,694
3.12 Contributions for benefit plans for agents					0
3.21 Payments to employees under non-funded benefit plans					0
3.22 Payments to agents under non-funded benefit plans					0
3.31 Other employee welfare	96,889			2,071	98,960
3.32 Other agent welfare					0
4.1 Legal fees and expenses	48,831			(228)	48,603
4.2 Medical examination fees	4				4
4.3 Inspection report fees					0
4.4 Fees of public accountants and consulting actuaries	51,227				51,227
4.5 Expense of investigation and settlement of policy claims					0
5.1 Traveling expenses	36,782			3,978	40,760
5.2 Advertising	218,466			139	218,605
5.3 Postage, express, telegraph and telephone	334,873			1,988	336,861
5.4 Printing and stationery	192,120			714	192,834
5.5 Cost or depreciation of furniture and equipment	81,883			4,485	86,368
5.6 Rental of equipment	142,313			1,541	143,854
5.7 Cost or depreciation of EDP equipment and software					0
6.1 Books and periodicals	863			167	1,030
6.2 Bureau and association fees	10,207			189	10,396
6.3 Insurance, except on real estate	6,427			61	6,488
6.4 Miscellaneous losses	25,871			1	25,872
6.5 Collection and bank service charges				62	62
6.6 Sundry general expenses	1,059,529			13,781	1,073,310
6.7 Group service and administration fees					0
6.8 Reimbursements by uninsured accident and health plans					0
7.1 Agency expense allowance	275			7	282
7.2 Agents' balances charged off (less \$ recovered)					0
7.3 Agency conferences other than local meetings	966			(535)	431
9.1 Real estate expenses	7			60	67
9.2 Investment expenses not included elsewhere	9,763			56,634	66,397
9.3 Aggregate write-ins for expenses	0	0	0	0	0
10. General expenses incurred	4,748,950	0	0	340,553 (a)	5,089,503
11. General expenses unpaid December 31, prior year	34,877	0	0	2,772	37,649
12. General expenses unpaid December 31, current year	455,294	0	0	32,650	487,944
13. Amounts receivable relating to uninsured accident and health plans, prior year	0	0	0	0	0
14. Amounts receivable relating to uninsured accident and health plans, current year	0	0	0	0	0
15. General expenses paid during year (Lines 10+11-12-13+14)	4,328,533	0	0	310,675	4,639,208
<b>DETAILS OF WRITE-INS</b>					
09.301.					
09.302.					
09.303.					
09.398. Summary of remaining write-ins for Line 9.3 from overflow page	0	0	0	0	0
09.399. Totals (Lines 09.301 thru 09.303 plus 09.398) (Line 9.3 above)	0	0	0	0	0

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

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

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Real estate taxes					0
2. State insurance department licenses and fees	128,329			49	128,378
3. State taxes on premiums	3,604				3,604
4. Other state taxes, incl. \$ for employee benefits	(10,912)				(10,912)
5. U.S. Social Security taxes	22,434			3,243	25,677
6. All other taxes	6,758				6,758
7. Taxes, licenses and fees incurred	150,213	0	0	3,292	153,505
8. Taxes, licenses and fees unpaid December 31, prior year	34,901	0	0	1,839	36,740
9. Taxes, licenses and fees unpaid December 31, current year					0
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9)	185,114	0	0	5,131	190,245

**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 thru 4		
6. Paid in cash		
7. Left on deposit		
8. Aggregate write-ins for dividend or refund options		
9. Total Lines 5 thru 8		
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 thru 14		
16. Total from prior year		
17. Total Dividends or refunds (Lines 9 + 15 - 16)		
<b>DETAILS OF WRITE-INS</b>		
0801.		
0802.		
0803.		
0898. Summary of remaining write-ins for Line 8 from overflow page		
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)		

**NONE**

**EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS**

1	2	3	4	5	6
Valuation Standard	Total	Industrial	Ordinary	Credit (Group and Individual)	Group
<b>LIFE INSURANCE:</b>					
0100001. 80 CSO 4.5% CRVM ANB - NB.....	46,125	46,125			
0199997. Totals (Gross)	46,125	46,125	0	0	0
0199998. Reinsurance ceded	46,125	46,125	0		
0199999. Totals (Net)	0	0	0	0	0
<b>ANNUITIES (excluding supplementary contracts with life contingencies):</b>					
0200001. Single Premium No-load.....	53,380,232	XXX	53,380,232	XXX	
0200002. Flexible Premium No-load NB.....	333,979,142	XXX	21,842,178	XXX	312,136,964
0200003. Annuity 2000 6.25% Due (1998-1999).....	924	XXX	924	XXX	
0200004. Annuity 2000 7.00% Due (2000).....	1,955	XXX	1,955	XXX	
0200005. Annuity 2000 6.75% Due (2001).....	6,128	XXX	6,128	XXX	
0200006. Annuity 2000 6.50% Due (2002).....	38,430	XXX	38,430	XXX	
0200007. Annuity 2000 6.00% Due (2003)NB.....	335,405	XXX	335,405	XXX	
0299997. Totals (Gross)	387,742,216	XXX	75,605,252	XXX	312,136,964
0299998. Reinsurance ceded	0	XXX		XXX	
0299999. Totals (Net)	387,742,216	XXX	75,605,252	XXX	312,136,964
<b>SUPPLEMENTARY CONTRACTS WITH LIFE CONTINGENCIES:</b>					
0399997. Totals (Gross)	0	0	0	0	0
0399998. Reinsurance ceded	0				
0399999. Totals (Net)	0	0	0	0	0
<b>ACCIDENTAL DEATH BENEFITS:</b>					
0499997. Totals (Gross)	0	0	0	0	0
0499998. Reinsurance ceded	0				
0499999. Totals (Net)	0	0	0	0	0
<b>DISABILITY-ACTIVE LIVES:</b>					
0599997. Totals (Gross)	0	0	0	0	0
0599998. Reinsurance ceded	0				
0599999. Totals (Net)	0	0	0	0	0
<b>DISABILITY-DISABLED LIVES:</b>					
0699997. Totals (Gross)	0	0	0	0	0
0699998. Reinsurance ceded	0				
0699999. Totals (Net)	0	0	0	0	0
<b>MISCELLANEOUS RESERVES</b>					
0700001. Additional actuarial reserves - Asset/liability analysis.....	6,000,000	6,000,000			
0799997. Totals (Gross)	6,000,000	6,000,000	0	0	0
0799998. Reinsurance ceded	0				
0799999. Totals (Net)	6,000,000	6,000,000	0	0	0
9999999. Totals (Net) - (Page 3, Line 1)	393,742,216	6,000,000	75,605,252	0	312,136,964



ANNUAL STATEMENT FOR THE YEAR 2003 OF THE AMERICAN PARTNERS LIFE INSURANCE 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 ]
  - 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.  
Non-participating .....
- 6. Does the reporting entity hold reserves for any annuity contracts which 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 which 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)			
<b>NONE</b>			
0399999 - Subtotal	XXX	XXX	
9999999 - Total (Column 4, only)			

Exhibit 6 - Agg. Res. for A&H Contracts

**NONE**

Exhibit 7 - Deposit Type Contracts

**NONE**

**ANNUAL STATEMENT FOR THE YEAR 2003 OF THE AMERICAN PARTNERS LIFE INSURANCE 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
<b>1. Due and Unpaid:</b>											
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
<b>2. In course of settlement:</b>											
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	(b) 0	(b) 0	0
<b>3. Incurred but unreported:</b>											
3.1 Direct .....	0										
3.2 Reinsurance assumed .....	333,288					333,288					
3.3 Reinsurance ceded .....	0										
3.4 Net .....	333,288	0	(b) 0	(b) 0	0	(b) 333,288	(b) 0	0	(b) 0	(b) 0	(b) 0
<b>4. TOTALS</b> .....											
4.1 Direct .....	0	0	0	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed .....	333,288	0	0	0	0	333,288	0	0	0	0	0
4.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0	0
4.4 Net .....	333,288	(a) 0	(a) 0	0	0	333,288	(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 2003 OF THE AMERICAN PARTNERS LIFE INSURANCE 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	901,060			77,314				823,746			
1.2 Reinsurance assumed	2,188,979			1,109,187		1,079,792					
1.3 Reinsurance ceded	0										
1.4 Net	(d) 3,090,039	0	0	1,186,501	0	1,079,792	0	823,746	0	0	0
2. Liability December 31, current year from Part 1:											
2.1 Direct	0	0	0	0	0	0	0	0	0	0	0
2.2 Reinsurance assumed	333,288	0	0	0	0	333,288	0	0	0	0	0
2.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0
2.4 Net	333,288	0	0	0	0	333,288	0	0	0	0	0
3. Amounts recoverable from reinsurers December 31, current year	0										
4. Liability December 31, prior year:											
4.1 Direct	0	0	0	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed	326,975	0	0	0	0	326,975	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0
4.4 Net	326,975	0	0	0	0	326,975	0	0	0	0	0
5. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0	0
6. Incurred Benefits:											
6.1 Direct	901,060	0	0	77,314	0	0	0	823,746	0	0	0
6.2 Reinsurance assumed	2,195,292	0	0	1,109,187	0	1,086,105	0	0	0	0	0
6.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0
6.4 Net	3,096,352	0	0	1,186,501	0	1,086,105	0	823,746	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.

## EXHIBIT 9 ANALYSIS OF NON-ADMITTED ASSETS AND RELATED ITEMS

	1	2	3
	End of Current Year	End of Prior Year	Changes for Year (Increase) or Decrease
1. Summary of Items Page 2, Lines 12 through 20, Column 2.....	7,969,188	6,664,149	(1,305,039)
2. Other Nonadmitted Assets:			
2.1 Bills receivable .....		0	0
2.2 Leasehold improvements.....		0	0
2.3 Cash advanced to or in the hands of officers or agents.....		0	0
2.4 Loans on personal security, endorsed or not.....		0	0
2.5 Commuted commissions .....		0	0
2.6 Supplies, stationery, printed matter .....		0	0
3. Total (Lines 2.1 thru 2.6) .....	0	0	0
4. Disallowed interest maintenance reserve .....	2,004,877	3,100,215	1,095,338
5. Aggregate write-ins for other than invested assets .....	0	0	0
6. Total (Line 1 plus Lines 3 to 5)	9,974,065	9,764,364	(209,701)
<b>DETAILS OF WRITE-INS</b>			
0501. ....			
0502. ....			
0503. ....			
0598. Summary of remaining write-ins for Line 5 from overflow page .....	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

- A. The accompanying financial statements of American Partners Life Insurance Company (the Company) are presented on the basis of accounting prescribed by the Department of Insurance of the State of Arizona. The State of Arizona has adopted the National Association of Insurance Commissioners, (NAIC) Accounting Practices and Procedures Manual as a component of its Statutory Accounting Principles (SAP).
- B. The preparation of financial statements in conformity with SAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes, exhibits and schedules. Actual results may differ from these estimates.
- C. Significant Accounting Policies:

Premium revenue

Annuity considerations and deposit-type funds are recognized as revenue when received. Premiums on ordinary life insurance contracts are recognized as revenue on the anniversary date of the contracts.

Liabilities for future policy benefits

Liabilities for deferred annuities are greater than or equal to reserves based on the Commissioners Annuity Reserve Valuation Method at interest rates ranging from 4.75 percent to 6.75 percent. Liabilities for fixed annuities in a benefit status are based on the Annuity 2000 Table with interest at 6.00 percent to 7.00 percent.

Liabilities for future benefits on traditional life insurance have been computed by the Commissioners Reserve Valuation Method, based on the 1980 CSO Mortality Tables with interest at 4.5 percent.

Reinsurance

In 2003 the Company began issuing Term business, which is 100% reinsured to Transamerica Occidental Life Insurance Company.

Separate account business

The separate account assets and liabilities represent funds held for the exclusive benefit of the variable annuity contract owners. The Company receives mortality and expense risk fees from the variable annuity separate accounts.

The Company makes contractual mortality assurances to the variable annuity contract owners that the net assets of the separate accounts will not be affected by future variations in the actual life expectancy experience of the annuitants and the beneficiaries from the mortality assumptions implicit in the annuity contracts. The Company makes periodic fund transfers to, or withdrawals from, the separate accounts for such actuarial adjustments for variable annuities that are in the benefit payment period.

The Company also guarantees that the rates at which administrative fees are deducted from the contract funds will not exceed contractual maximums.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost and accounted for in the same manner as similar long-term investments except that any premium or discount is amortized on a straight-line basis to maturity.
- (2) Bonds not backed by other loans are carried at amortized cost with premium or discount amortized using the scientific amortization method. Bonds purchased at par are carried at cost. Bonds with an NAIC designation of 6, are reported at the lower of amortized cost or fair value.
- (3) Common stocks, if owned, are carried at market with subsequent fluctuations in market value recorded as unrealized gain or loss.
- (4) Preferred stocks, if any, are carried at cost.
- (5) Mortgage loans on real estate are stated at the unpaid principal balance less any write-downs for other than temporary impairments, if applicable.
- (6) Loan-backed securities and structured securities are stated at amortized cost using the scientific amortization method and include anticipated prepayments. Changes in estimated cash flow and in coupon interest cash flows from original purchase assumptions are accounted for using the prospective method. The retrospective method is used for all other pass-through, loan-backed and structured securities.
- (7) The Company has no investments in subsidiaries, controlled or affiliated companies.
- (8) The Company has a minor ownership interest in a limited liability company. The Company carries these interests based on amortized cost plus accrued interest receivable.
- (9) The Company has no derivative instruments.
- (10) The Company does not anticipate investment income as a factor in the premium deficiency calculation.
- (11) The Company has no accident and health business in-force.

### 2. Accounting Changes and Corrections of Errors

None

### 3. Business Combinations and Goodwill

Not applicable

### 4. Discontinued Operations

Not applicable

### 5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans:
- (1) The maximum and minimum lending rates for mortgage loans during 2003 were: 6.00% and 5.86%.
  - (2) The Company did not reduce the interest rate on any mortgage loans during 2003.
  - (3) The maximum percentage of any one loan to the value of security at the time of loan, exclusive of insured, guaranteed or purchase money mortgages was: 80%.
  - (4) At year-end, the Company held no mortgages with interest more than 180 days past due.
  - (5) There were no taxes, assessments or amounts advanced and not included in the mortgage loan total.
  - (6) The Company had no impaired loans at December 31, 2003 or December 31, 2002
  - (7) The Company had no impaired loans at December 31, 2003 or December 31, 2002
  - (8) The Company had no impaired loans at December 31, 2003 or December 31, 2002
  - (9) The Company had no impaired loans at December 31, 2003 or December 31, 2002
  - (10) The Company had no impaired loans at December 31, 2003 or December 31, 2002
  - (11) None
  - (12) Interest accrual is stopped when a mortgage is 90 days delinquent. Income received during the 90+ delinquent period is collected on a cash basis until the loan is brought current and then returned to a normal accrual status.
- B. Debt Restructuring  
Not applicable
- C. Reverse Mortgages  
Not applicable
- D. Loan-Backed Securities

## NOTES TO FINANCIAL STATEMENTS

Prepayment assumptions for pass-through, loan-backed bonds and structured securities are based on financial information provided by a licensed data provider. These assumptions are consistent with the current interest rate and economic environment. The retrospective method is used to value all types of these securities except for when rate changes result in recalculation of the effective yield. The recalculated yield is used to amortize the investment as of the rate change date.

E. Repurchase Agreements  
None

F. Real Estate  
Not applicable

### 6. Joint Ventures, Partnerships and Limited Liability companies

A. The Company held no investments in joint ventures, partnerships or limited liability companies that exceed 10% of the admitted assets.

B. Not applicable

### 7. Investment Income

A. The Company excludes due and accrued interest from investment income on bonds in default.

B. There was no due and accrued interest excluded from investment income in 2003.

### 8. Derivative Instruments

Not applicable

### 9. Income Taxes

A. The components of the net deferred tax asset/liability at December 31, 2003 and December 31, 2002 are as follows:

	2003	2002
(1) Total of all deferred tax assets (DTAs), admitted and nonadmitted	\$8,912,443	\$7,105,277
(2) Total of all deferred tax liabilities (DTLs)	0	0
(3) Total DTAs nonadmitted in accordance with SSAP No. 10, Income Taxes	7,969,188	6,664,149
(4) Total of all DTAs (admitted portion)	\$943,255	\$441,128
(5) The net change during the year in DTAs nonadmitted	\$1,305,039	\$1,175,404

B. The Company has no unrecognized DTLs.

C. Current federal income taxes incurred consist of the following:

	2003	2002
Current year expense	\$2,869,401	\$2,433,356
Tax credits	0	0
Current year equity tax	0	0
Prior year over-accrual of tax reserves	675,743	(165,203)
Tax Contingency Reserve	0	0
Capital Loss Carry-back Refund	110,525	(108,363)
Current income taxes incurred	\$3,655,669	\$2,159,790

The main components of the December 31, 2003 deferred tax amounts are as follows:

	Statutory Basis	Tax Basis	Difference	Tax Effect (35%)
DTA'S				
Reserves	\$(409,689,604)	\$(403,665,550)	\$6,024,054	\$2,108,419
Proxy DACs	0	6,180,659	6,180,659	2,163,231
Bonds	384,640,785	390,552,829	5,912,044	2,069,215
Capital Loss Carryforward	0	8,339,055	8,339,055	2,918,669
Various Other	XXXX	XXXX	XXXX	(347,091)
Total	XXXX	XXXX	XXXX	\$8,912,443

DTAs resulting from book/tax timing differences in:

	December 31, 2003	December 31, 2002	Change
DTA'S			
Reserves	\$2,108,419	\$358,273	\$1,750,146
Proxy DACs	2,163,231	2,126,091	37,140
Bonds	2,069,215	1,896,559	172,656
Capital Loss Carryback/Carryforward	2,918,669	1,945,524	973,145
Various Other	(347,091)	778,830	(1,125,921)
Total	\$8,912,443	\$7,105,277	\$1,807,166

DTLs: NONE

D. Actual statutory federal income taxes differ from those expected by application of the statutory tax rate to income before income taxes. The significant items causing this difference are included in the table below:

	Amount	Tax Effect at 35%	Effective Tax Rate
Income before taxes	\$7,572,859	\$2,650,501	35.00%
Net DAC adjustments	335,000	117,250	1.55%
Accrued market discount	(871,146)	(304,901)	-4.03%
Dividends received deduction	(26,000)	(9,100)	-0.12%
Hampton CDO Adj.	759,630	265,871	3.51%
Amortization of IMR	339,683	118,889	1.57%
Mortgage Prepayment Penalty	(41,569)	(14,549)	-0.19%
Various Other	129,831	45,441	0.60%
Taxable income	\$8,198,288	\$2,869,401	37.90%

## NOTES TO FINANCIAL STATEMENTS

- E. (1) At December 31, 2003, the Company had no operating loss carryforwards. The Company has net capital loss carryforwards which expire as follows:

	<u>Capital Loss Carryforward</u>	<u>Tax Effect (35%)</u>
2006	\$5,874,426	\$2,056,049
2007	2,464,629	862,620
TOTALS	\$8,339,055	\$2,918,669

- (2) The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:
- |       |             |
|-------|-------------|
| 2003: | \$3,545,144 |
| 2002: | \$2,268,153 |
| 2001  | \$3,629,789 |

- F. (1) The Company's federal income tax return is consolidated with the following entities:  
IDS Life Insurance Company, IDS Life Insurance Company of New York, American Enterprise Life Insurance Company, American Centurion Life Assurance Company, American Express Financial Corporation and American Express Company and its other subsidiaries.
- (2) The method of allocation among the companies is subject to a written agreement approved by the Board of Directors. Allocation is based upon separate return calculations with current credit for net losses. Inter-company tax balances are settled quarterly in accordance with the terms of the written agreement.

**10. Information Concerning Parent, Subsidiaries and Affiliates**

- A. At December 31, 2003, all shares of the Company were owned by IDS Life Insurance Company, a Minnesota corporation, which is a wholly owned subsidiary of American Express Financial Corporation, a Delaware Corporation, which is a wholly owned subsidiary of American Express Company, a New York corporation.
- B. None
- C. Not applicable
- D. Included on the balance sheet at December 31, 2003 and 2002, respectively, are \$75,975 and \$902,105 receivable from affiliates, which will be settled in the normal course of business. Also included on the balance sheet is \$479,444 of general expenses payable to affiliates at December 31, 2003.
- E. The Company has not made any guarantees or undertakings for the benefit of any of its affiliates which result in a material contingent exposure of the Company's assets to liability.
- F. (1) "Service and Cost Allocation Agreement" between American Partners Life Insurance Company (APL) and IDS Life Insurance Company (IDS) whereby provides administrative and technical support services and supplies pursuant to the request of APL. APL agrees to pay IDS Life the reasonable cost of such services and supplies incurred on its behalf.
- (2) "Custodial Agreement" between APL and American Express Trust Company pursuant to which American Express Trust Company provides the safekeeping and other usual custodial services pertaining to APL's invested assets.
- (3) "Distribution and Administrative Services Agreement", effective July 15, 1996, between American Partners Life Insurance Company (APL) and American Express Service Corporation (AESC) under which AESC agrees to act, and is compensated for acting as principal underwriter and distributor of variable annuity contracts and life insurance policies issued by APL. In 2002, the amount paid by APL under this agreement was \$0.298 million, which amounts to less than one-half of 1% of APL's assets.
- (4) "Service Agreement", effective March 1, 2003, between American Express Travel Related Services Company, Inc. (TRS) and American Partners Life Insurance Company (APL) whereby TRS performs certain activities relative to financial reporting and analysis services for APL.
- (5) "Travel Related Services Agreement", effective March 1, 2003, between American Express Travel Related Services Company, Inc. (TRS) and American Partners Life Insurance Company (APL) whereby TRS performs certain activities relative to travel services for APL.
- (6) "Supplementary Agreement", effective February 18, 2002, between American Partners Life Insurance Company (APL) and American Express (India) Private Limited (AEIPL) under which AEIPL will provide and be compensated for certain financial data processing activities for APL. AEIPL is a wholly owned subsidiary of American Express International Inc. (AEII). This is a supplementary agreement to an existing umbrella agreement between AEII and AEIPL ("export agreement") under which similar kinds of activities are performed for American Express offices throughout the world.
- (7) "Marketing and Promotion Services Agreement", effective May 1, 2003, between American Express Travel Related Services Company, Inc. (TRS) through its division known as Strategic Relationship Services (SRS) and American Partners Life Insurance Company (APL) whereby SRS and APL jointly offer individual term life insurance policies to SRS card members.
- (8) "Illinois State Income Tax Allocation Agreement", effective for tax years beginning with 1995, between IDS Life Insurance Company (IDS Life) and American Partners Life Insurance Company (APL). IDSL and APL comprise part of a unitary business group as defined under the Illinois Income Tax Regulations and will file unitary business group returns for tax years starting with 1995 and forward. This agreement covers APL's portion of the unitary business group's Illinois state income tax charge or refund for the applicable tax year.
- (9) "Gross Administrative Charge Agreement", effective November 1, 2003, between American Express Financial Corporation (AEFC) and American Partners Life Insurance Company (APL) whereby APL performs all management services, other than investment management services, required in connection with the management of the Funds, as defined in the agreement.
- G. Refer to Schedule Y – Organization Chart.
- H. Not applicable
- I. The Company has no investments in affiliated entities that exceed ten percent of its admitted assets.
- J. Not applicable

**11. Debt**

- A. Capital Notes:  
None
- B. Other Debt  
None

**12. Retirement Plans**

Not applicable

## NOTES TO FINANCIAL STATEMENTS

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

- (1) The Company has 30,000 shares of common stock authorized, 25,000 shares issued and outstanding. All shares have a \$100 par value.
- (2) The Company has no preferred stock outstanding.
- (3) Arizona Statutes require domestic insurers to provide advance notification to the Insurance Commissioner for payment of extraordinary dividends, and gives the Commissioner the option to disapprove such dividends. Extraordinary dividends are defined within the Arizona Statutes. In general, they are distributions made within any twelve-month period whose fair market value exceeds the lesser of ten percent of the amount of surplus at the prior year-end, or the net gain from operations for the prior year. Dividends are not cumulative.
- (4) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as dividends.
- (5) Not applicable
- (6) Not applicable
- (7) Not applicable
- (8) Not applicable
- (9) The portion of unassigned funds (surplus) represented or reduced by each of the following items:
 

a. Unrealized gains and losses	\$ 132,032
b. Nonadmitted asset value	\$9,974,065
c. Separate account business	\$ 0
d. Asset valuation reserves	\$3,094,178
e. Reinsurance in unauthorized companies	None
- 10 Surplus Notes: None
11. Not applicable
12. Not applicable

### 14. Contingencies

- A. The Company had no contingent liabilities at December 31, 2003 or December 31, 2002.
- B. None
- C. The Company has no gain contingencies.
- D. The Company is a party to litigation and arbitration proceedings in the ordinary course of its business, none of which is expected to have a material adverse affect on the Company.

In recent years, life insurance companies have been named defendants in lawsuits, including class action lawsuits, alleging improper life insurance sales practices, alleged agent misconduct, failure to properly supervise agents and other matters relating to life insurance policies and annuity contracts. The Company's parent, IDS Life, was named a defendant in three purported class-action lawsuits. A fourth lawsuit alleging the same allegation was also filed in federal court. The Company is a named defendant in one of the state filed lawsuits and the federal lawsuit. These class action lawsuits included allegations of improper insurance and annuity sales practices including improper replacement of existing annuity contracts and insurance policies, improper use of annuities to fund tax deferred contributory retirement plans, alleged agent misconduct, failure to properly supervise agents and other matters relating to life insurance policies and annuity contracts. In January 2000, AEFC reached an agreement in principle to settle the three class action lawsuits, including the one described above. It is expected the settlement will provide \$215 million of benefits to more than two million participants in exchange for a release by class members of all insurance and annuity market conduct claims dating back to 1985. Administration of the settlement and its attendant relief has concluded. Numerous individuals opted out of the settlement described above and therefore did not release their claims against AEFC and its subsidiaries. Some of these class members who opted out were represented by counsel and presented separate claims to AEFC and the Company. Most of their claims have been settled.

The outcome of any litigation or threatened litigation cannot be predicted with any certainty. However, in the aggregate, the Company does not consider any lawsuits in which it is named as a defendant to have a material impact on the Company's financial position or operating results.

### 15. Leases

None

### 16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

Not applicable

### 17. Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

Not applicable

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

Not applicable

### 19. Direct Premium Written by Managing General Agents/Third Party Administrators

Not applicable

### 20. September 11 Events

Not applicable

### 21. Other Items

- A. Not applicable
- B. Not applicable
- C. Assets in the amount of \$7,405,229 and \$7,144,482 at December 31, 2003, and 2002, respectively, were on deposit with government authorities as required by law.
- D. Not applicable
- E. Not applicable
- F. Not applicable
- G. Not applicable
- H. Not applicable

### 22. Events Subsequent

Not applicable

### 23. Reinsurance

- A. Ceded Reinsurance Report  
Section 1 – General Interrogatories

## NOTES TO FINANCIAL STATEMENTS

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)
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% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?  
Yes ( ) No (X)

### Section 2 – Ceded Reinsurance Report – Part A

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)
2. Does the company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?  
Yes ( ) No (X)

### Section 3 – Ceded Reinsurance Report – Part B

1. What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$ 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)
- B. The Company has no uncollectible reinsurance.
- C. The Company has no commuted reinsurance.

### 24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not applicable

### 25. Change in Incurred Losses and Loss Adjustment Expenses

Not applicable

### 26. Intercompany Pooling Arrangements

Not applicable

### 27. Structured Settlements

Not applicable

### 28. Health Care Receivables

Not applicable

### 29. Participating Policies

Not applicable

### 30. Premium Deficiency Reserves

Not applicable

### 31. Reserves for Life and Deposit-Type Contracts

- (1) The Company waives the deduction of deferred fractional premiums upon the death of the insured and returns any portion of the final premium beyond the date of death. Surrender values are not promised in excess of the legally computed reserves.
- (2) Additional premiums are charged for policies issued on substandard lives according to underwriting classification. The corresponding reserves held on such policies are calculated using the standard reserves plus unearned gross extra premium for policies with a flat extra premium and standard reserve, plus an additional approximate reserve based on multiple reserves for policies issued with multiple table ratings.
- (3) There is no insurance for which the gross premiums are less than the net premiums.
- (4) Tabular Interest, Tabular less Actual Reserve Released and Tabular Cost have been determined by formula, as described in the NAIC Instructions.
- (5) Actual interest is credited on accounts.
- (6) There are no "other increases" reported on line 7 of the Analysis of Increase in Reserves During the Year.

### 32. Analysis of Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics

A. Subject to discretionary withdrawal:	<u>Amount</u>	<u>% of Total</u>
(1) With Market Value Adjustment	\$0	0.0%
(2) At book value less current surrender charge of 5% or more	\$38,037,826	9.4%
(3) At fair value	<u>\$15,946,843</u>	<u>4.0%</u>
(4) Total with adjustment or at market value	\$53,984,670	13.4%
(5) At book value without adjustment **	\$349,321,548	86.5%
B. Not subject to discretionary withdrawal	<u>\$382,842</u>	<u>0.1%</u>
C. Total (gross)	\$403,689,059	100.0%
D. Reinsurance ceded	<u>\$0</u>	
E. Total (net)	\$403,689,059	

NOTES TO FINANCIAL STATEMENTS

\*\* Approximately \$288.0 million of these reserves are subject to withdrawal with a surrender charge that is contingent or less than 5% (but greater than 0%)

F. Life & Accident & Health Annual Statement:	
1. Exhibit 5, Annuities Section, Total (net)	\$387,742,216
2. Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net)	\$0
3. Exhibit of Deposit-Type Contracts, Line 14, Column 1	<u>\$0</u>
4. Subtotal	\$387,742,216
Separate Accounts Annual Statement:	
5. Exhibit 3, Line 0299999, Column 2	\$15,946,843
6. Exhibit 3, Line 0399999, Column 2	\$0
7. Page 3, Line 2, Column 3	\$0
8. Page 3, Line 3.1, Column 3	\$0
9. Page 3, Line 3.2, Column 3	\$0
10. Page 3, Line 3.3, Column 3	<u>\$0</u>
11. Subtotal	\$15,946,843
12. Combined Total	\$403,689,059

33. Premium and Annuity Considerations Deferred and Uncollected

Not applicable

34. Separate Accounts

A. General Nature and Characteristics of Separate Accounts Business

Most separate and variable accounts held by the company relate to variable annuities of a nonguaranteed return nature. The net investment experience of the separate account is credited directly to the policyholder and can be positive or negative. The assets and liabilities of these accounts are carried at market.

The variable annuity contracts provide an incidental death benefit approximately equal to the maximum of [account value, premium paid (adjusted for withdrawals)].

These guaranteed benefits reserves are held in Exhibit 5, Miscellaneous Reserves.

This business has been included in Column 4 of the table below.

Information regarding the separate accounts of the Company is as follows:

	(1)	(2)	(3)	(4)	(5)
	Indexed	Nonindexed Guarantee Less than/Equal to 4%	Nonindexed Guarantee More than 4%	Nonguaranteed Separate Accounts	TOTAL
(1) Premiums, considerations or deposits for year ended 12/31/2003	\$0	\$0	\$0	\$0	\$0
Reserves at 12/31/2003					
(2) For accounts with assets at:					
a. Market Value	\$0	\$0	\$0	\$15,946,843	\$15,946,843
b. Amortized Cost	\$0	\$0	\$0	\$0	\$0
c. Total Reserves	\$0	\$0	\$0	\$15,946,843	\$15,946,843
(3) By withdrawal characteristics:					
a. Subject to discretionary withdrawal	\$0	\$0	\$0	\$0	\$0
b. With MV adjustment	\$0	\$0	\$0		\$0
c. At book value without MV adjustment and with current surrender charge of 5% or more	\$0	\$0	\$0	\$0	\$0
d. At market value	\$0	\$0	\$0	\$15,946,843	\$15,946,843
e. At book value without MV adjustment and with current surrender charge less than 5%	\$0	\$0	\$0	\$0	\$0
f. Subtotal	\$0	\$0	\$0	\$15,946,843	\$15,946,843
g. Not subject to discretionary withdrawal	\$0	\$0	\$0	\$0	\$0
h. Total (gross)	\$0	\$0	\$0	\$15,946,843	\$15,946,843

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

1. Transfers as reported in the Summary of Operations of the Separate Accounts Statements

a. Transfers to Separate Accounts (Page 4 line 1.4)	\$786,808.00
b. Transfers from Separate Accounts (Page 4 line 10)	<u>3,258,304.00</u>

## NOTES TO FINANCIAL STATEMENTS

	\$ (2,471,496.00)
c. Net Transfers to or (from) Separate accounts (a) - (b)	
2. Reconciling Adjustments	
a. Transfers due to purchase payment credits	-
b. Contract and insurance charge	14,941.00
c. Other miscellaneous transfers	-
d. Other revenue	-
3. Transfers as Reported in the Summary of Operations of the Life, Accident & Health Annual Statement	
(1c) + (2) = Page 4, Line 26	\$(2,456,555.00)
<b>35. Loss/Claim Adjustment Expenses</b>	
Not applicable	

**SUMMARY INVESTMENT SCHEDULE**

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities .....	7,486,656	1.707	7,486,656	1.707
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....		0.000		0.000
1.22 Issued by U.S. government sponsored agencies .....		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities) .....		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations .....		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....		0.000		0.000
1.43 Revenue and assessment obligations .....		0.000		0.000
1.44 Industrial development and similar obligations .....		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA .....		0.000		0.000
1.512 Issued by FNMA and FHLMC .....	60,856,895	13.872	60,856,895	13.872
1.513 Privately issued .....		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC .....	75,985,397	17.320	75,985,397	17.320
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC .....		0.000		0.000
1.523 All other privately issued .....	16,390,781	3.736	16,390,781	3.736
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....	179,852,503	40.996	179,852,503	40.996
2.2 Unaffiliated foreign securities .....	33,504,888	7.637	33,504,888	7.637
2.3 Affiliated securities .....		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds .....		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated .....		0.000		0.000
3.22 Unaffiliated .....	10,703,661	2.440	10,703,661	2.440
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....		0.000		0.000
3.32 Unaffiliated .....		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated .....		0.000		0.000
3.42 Unaffiliated .....		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....		0.000		0.000
3.52 Unaffiliated .....		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development .....		0.000		0.000
4.2 Agricultural .....		0.000		0.000
4.3 Single family residential properties .....		0.000		0.000
4.4 Multifamily residential properties .....		0.000		0.000
4.5 Commercial loans .....	49,256,953	11.228	49,256,953	11.228
4.6 Mezzanine real estate loans .....		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company .....		0.000	0	0.000
5.2 Property held for the production of income (includes \$ ..... of property acquired in satisfaction of debt) .....		0.000	0	0.000
5.3 Property held for sale (\$ ..... including property acquired in satisfaction of debt) .....		0.000	0	0.000
6. Policy loans .....		0.000		0.000
7. Receivables for securities .....	1,559,446	0.355	1,559,446	0.355
8. Cash and short-term investments .....	3,107,191	0.708	3,107,191	0.708
9. Other invested assets .....		0.000		0.000
10. Total invested assets	438,704,371	100.000	438,704,371	100.000

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? ..... Yes [  ] No [  ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? ..... Yes [  ] No [  ] NA [  ]
- 1.3 State Regulating? ..... ARIZONA.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [  ] No [  ]
- 2.2 If yes, date of change: .....  
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ....12/31/1998
- 3.2 State the as of date 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. ....12/31/1998
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ....12/03/1999
- 3.4 By what department or departments? ARIZONA DEPARTMENT OF INSURANCE .....
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
  - 4.11 sales of new business? ..... Yes [  ] No [  ]
  - 4.12 renewals? ..... Yes [  ] No [  ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
  - 4.21 sales of new business? ..... Yes [  ] No [  ]
  - 4.22 renewals? ..... Yes [  ] No [  ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [  ] No [  ]
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC 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? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) ..... Yes [  ] No [  ]
- 6.2 If yes, give full information .....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? ..... Yes [  ] No [  ]
- 7.2 If yes,
  - 7.21 State the percentage of foreign control; .....
  - 7.22 State the nationality(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 or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

# GENERAL INTERROGATORIES

(continued)

- 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 location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
Securities American Inc.....	Omaha, NE.....					SEC.....
American Express Financial Advisors.....	Minneapolis, MN.....					SEC.....
American Enterprise Investment Services.....	Minneapolis, MN.....					SEC.....
Centurion Bank.....	Midvale, UT.....				FDIC.....	
American Express Personal Trust.....	Minneapolis, MN.....				FDIC.....	
IDS Life Insurance Company.....	Minneapolis, MN.....					SEC.....

- 9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
ERNST & YOUNG LLP, MINNEAPOLIS, MN 55402
- 10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
JOHN M WEUM, AXP FINANCIAL CENTER, MINNEAPOLIS, MN 55474
- 11. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 11.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ ] No [ ]
- 11.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ ]
- 11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] NA [ ]

## BOARD OF DIRECTORS

- 12. 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 [ ]
- 13. 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 [ ]
- 14. 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 which is in or likely to conflict with the official duties of such person? ..... Yes [ X ] No [ ]

## FINANCIAL

- 15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
    - 15.11 To directors or other officers .. \$.....
    - 15.12 To stockholders not officers ... \$.....
    - 15.13 Trustees, supreme or grand (Fraternal only) ..... \$.....
  - 15.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
    - 15.21 To directors or other officers ... \$.....
    - 15.22 To stockholders not officers .... \$.....
    - 15.23 Trustees, supreme or grand (Fraternal only) ..... \$.....
  - 16.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? ..... Yes [ ] No [ X ]
  - 16.2 If yes, state the amount thereof at December 31 of the current year:
    - 16.21 Rented from others ..... \$.....
    - 16.22 Borrowed from others ..... \$.....
    - 16.23 Leased from others ..... \$.....
    - 16.24 Other ..... \$.....
- Disclose in Notes to Financial the nature of each obligation.
- 17.1 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 ]
  - 17.2 If answer is yes,
    - 17.21 Amount paid as losses or risk adjustment ..... \$.....
    - 17.22 Amount paid as expenses ..... \$.....
    - 17.23 Other amounts paid ..... \$.....

# GENERAL INTERROGATORIES

(continued)  
INVESTMENT

18. List the following capital stock information for the reporting entity:

Class	1	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred					[ ]	[ ]	[ ]	[ ]
Common	30,000	25,000	100.000	XXX	XXX	XXX	XXX	XXX

19.1. 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, except as shown by Schedule E - Part 3 - Special Deposits? ..... Yes  No

19.2 If no, give full and complete information relating thereto:

20.1 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, except as shown on the Schedule E - Part 3 - Special Deposits; 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 16.1) ..... Yes  No

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21	Loaned to others .....	\$ .....
20.22	Subject to repurchase agreements .....	\$ .....
20.23	Subject to reverse repurchase agreements .....	\$ .....
20.24	Subject to dollar repurchase agreements .....	\$ .....
20.25	Subject to reverse dollar repurchase agreements .....	\$ .....
20.26	Pledged as collateral .....	\$ .....
20.27	Placed under option agreements .....	\$ .....
20.28	Letter stock or other securities restricted as to sale .....	\$ .....
20.29	Other .....	\$ .....

20.3 For each category above, if any of these assets are held by other, identify by whom held:

20.31 .....	20.35 .....
20.32 .....	20.36 .....
20.33 .....	20.37 .....
20.34 .....	20.38 .....
	20.39 .....

For categories (20.21) and (20.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

20.4 For category (20.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes  No

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes  No  NA   
If no, attach a description with this statement.

22.1 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

22.2 If yes, state the amount thereof at December 31 of the current year. .... \$ .....

# GENERAL INTERROGATORIES

(continued)

## INVESTMENT

23. Excluding items in Schedule E, 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 Part 1 – General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? .....

Yes [ X ] No [ ]

23.01 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
American Express Trust.....	50900 AXP Financial Center, Minneapolis, MN.....

23.02 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)	2 Complete Explanation(s)
.....	.....	.....
.....	.....	.....

23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year? .....

Yes [ ] No [ X ]

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

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

23.05 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	2 Address
.....	American Express Financial Corporation.	200 AXP Express Financial Center, Minneapolis, MN 55474.....

24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?.....

Yes [ ] No [ X ]

24.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
9999999. TOTAL		0

24.3 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

(continued)

### OTHER

25.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?.....\$ .....20,000

25.2 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
American Council of Life Insurance.....	6,500
Am Best.....	5,000
Fitch.....	8,500

26.1 Amount of payments for legal expenses, if any?.....\$ .....0

26.2 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
.....	0

27.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$ .....6,500

27.2 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
American Council of Life Insurance.....	6,500

# GENERAL INTERROGATORIES

(continued)

## PART 2 - LIFE INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? ..... Yes [ ] No [ X ]
- 1.2 If yes, indicate premium earned on U. S. business only ..... \$ .....
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ..... \$ .....
- 1.31 Reason for excluding .....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. .... \$ .....
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. .... \$ .....
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned ..... \$ .....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	2
	Current Year	Prior Year
2.1 Premium Numerator	\$ .....0	\$ .....0
2.2 Premium Denominator	\$ .....73,488,160	\$ .....73,169,165
2.3 Premium Ratio (2.1/2.2)	.....0.000	.....0.000
2.4 Reserve Numerator	\$ .....0	\$ .....0
2.5 Reserve Denominator	\$ .....388,075,504	\$ .....359,071,406
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: .....
- 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: ..... \$ .....4,501,636
- 4.22 Received: ..... \$ .....0
- 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 3 ..... \$ .....
- 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: ..... \$ .....44,543,256
7. Total dividends paid stockholders since organization of the reporting entity:
- 7.11 Cash: ..... \$ .....
- 7.12 Stock: ..... \$ .....

# GENERAL INTERROGATORIES

(continued)

## PART 2 - LIFE INTERROGATORIES

8.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [ X ]  
 8.11 Name of real estate holding company .....  
 8.12 Number of parcels involved .....  
 8.13 Total book/adjusted carrying value ..... \$.....

8.2 If yes, provide explanation:

9.1 Does the company reinsure any Workers' Compensation Carve-Out business defined as: ..... Yes [ ] No [ X ]  
 Workers compensation carve-out business is defined as 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 exposerers, of business originally written as workers' compensation insurance.

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

9.3 If 9.1 is yes, the amounts of earned premiums and claims incurred in this statement are:

	1. Reinsurance Assumed	2. Reinsurance Ceded	3. Net Retained
9.31 Earned premium.....	.....	.....	.....
9.32 Paid claims.....	.....	.....	.....
9.33 Claim liability and reserve (beginning of year).....	.....	.....	.....
9.34 Claim liability and reserve (end of year).....	.....	.....	.....
9.35 Incurred Claims.....	.....	.....	.....

9.4 If reinsurance assumed included amounts with attachment points below \$1,000,000, the distribution of the amounts reported in Lines 9.31 and 9.34 for Column 1 are:

	Attachment Point	1. Earned Premium	2. Claim Liability And Reserve
9.41	<\$25,000	.....	.....
9.42	\$25,000 – 99,999	.....	.....
9.43	\$100,000 – 249,999	.....	.....
9.44	\$250,000 – 999,999	.....	.....
9.45	\$1,000,000 or more	.....	.....

9.5 What portion of earned premium reported in 9.31, Column 1 was assumed from pools? ..... \$.....

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

10.2 If 10.1 is yes, complete the following table for each type of guaranteed benefit.:

Type		3	4	5	6	7	8	9
1 Guaranteed Death Benefits	2 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
Purchase payments	none	N/A	N/A	18,786,116	11,082	Exhibit 5	N/A	0

**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 2003	2 2002	3 2001	4 2000	5 1999
<b>Life Insurance in Force</b>					
(Exhibit of Life Insurance)					
1. Ordinary - whole Life and endowment (Line 34, Col. 4) .....	0	0	0	0	0
2. Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4) .....	18,450	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) .....	18,450	0	0	0	0
<b>New Business Issued</b>					
(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) .....	18,450	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) .....	18,450	0	0	0	0
<b>Premium Income - Lines of Business</b>					
14. Industrial life (Exhibit 1-Part 1, Line 20.4, Col. 2) .....	0	0	0	0	0
15.1 Ordinary-life insurance (Exhibit 1-Part 1, Line 20.4, Col. 3) .....	18,927	0	0	0	0
15.2 Ordinary-Individual Annuities (Exhibit 1-Part 1, Line 20.4, Col. 4) .....	5,784,087	5,961,880	7,263,052	4,826,537	4,833,892
16. Credit life (group and individual) (Exhibit 1-Part 1, Line 20.4, Col. 5) .....	1,699,808	1,828,053	1,468,542	1,131,051	0
17.1 Group life insurance (Exhibit 1-Part 1, Line 20.4, Col. 6) .....	0	0	0	0	0
17.2 Group annuities (Exhibit 1-Part 1, Line 20.4, Col. 7) .....	65,985,338	65,379,233	64,155,288	65,676,224	74,051,574
18.1 A & H-group (Exhibit 1-Part 1, Line 20.4, Col. 8) .....	0	0	0	0	0
18.2 A & H-credit (group and individual) (Exhibit 1-Part 1, Line 20.4, Col. 9) .....	0	0	0	0	0
18.3 A & H-other (Exhibit 1-Part 1, Line 20.4, Col. 10) .....	0	0	0	0	0
19. Aggregate of all other lines of business (Exhibit 1-Part 1, Line 20.4, Col. 11) .....	0	0	0	0	0
20. Deposit-type funds .....	XXX	XXX	XXX	9,805,498	6,817,988
21. Total .....	73,488,160	73,169,166	72,886,882	81,439,310	85,703,454
<b>Balance Sheet Items (Pages 2 &amp; 3)</b>					
22. Total admitted assets excluding Separate Accounts business (Page 2, Line 24, Col. 3) .....	444,982,220	403,968,999	388,749,866	344,425,305	313,109,323
23. Total liabilities excluding Separate Accounts business (Page 3, Line 26) .....	400,029,004	363,725,982	345,925,256	303,944,254	272,863,410
24. Aggregate life reserves (Page 3, Line 1) .....	393,742,216	358,744,431	317,021,703	290,119,538	264,210,202
25. Aggregate A & H reserves (Page 3, Line 2) .....	0	0	0	0	0
26. Deposit-type contract funds (Page 3, Line 3) .....	0	0	0	XXX	XXX
27. Asset valuation reserve (Page 3, Line 24.1) .....	3,094,178	1,437,739	2,971,966	4,624,650	3,583,088
28. Capital (Page 3, Lines 29 and 30) .....	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
29. Surplus (Page 3, Line 37) .....	42,453,217	37,743,017	40,324,611	37,981,052	37,745,913
<b>Risk-Based Capital Analysis</b>					
30. Total adjusted capital .....	48,047,395	41,680,756	45,796,577	45,105,702	43,829,001
31. Authorized control level risk - based capital .....	5,591,312	6,837,553	4,504,586	6,908,117	5,975,504
<b>Percentage Distribution of Assets</b>					
(Page 2, Col. 3) (Line No. / Page 2, Line 10, Col. 3) x 100.0					
32. Bonds (Line 1) .....	85.3	81.4	79.1	88.1	93.4
33. Stocks (Lines 2.1 and 2.2) .....	2.4	0.0	0.0	0.0	0.0
34. Mortgage loans on real estate (Lines 3.1 and 3.2) .....	11.2	12.6	12.1	11.7	4.1
35. Real estate (Lines 4.1, 4.2 and 4.3) .....	0.0	0.0	0.0	0.0	0.0
36. Cash and short - term investments (Line 5) .....	0.7	3.1	5.5	0.2	2.5
37. Premium notes .....	XXX	0.0	0.0	0.0	0.0
38. Contract loans (Line 6) .....	0.0	0.0	0.0	0.0	0.0
39. Other invested assets (Line 7) .....	0.0	2.9	3.3	0.0	0.0
40. Receivable for securities (Line 8) .....	0.4	0.0	0.0	0.0	0.0
41. Aggregate write-ins for invested assets (Line 9) .....	0.0	0.0	0.0	0.0	0.0
42. Cash and invested assets (Line 10) .....	100.0	100.0	100.0	100.0	100.0

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2003	2 2002	3 2001	4 2000	5 1999
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
43. Affiliated bonds (Schedule D Summary, Line 25, Col. 1) .....	0	0	0	0	0
44. Affiliated preferred stocks (Schedule D Summary, Line 39, Col. 1) .....	0	0	0	0	0
45. Affiliated common stocks (Schedule D Summary, Line 53, Col. 2) .....	0	0	0	0	0
46. Affiliated short-term investments (Subtotals included in Schedule DA Part 2 Col. 5, Line 11) .....	0	0	0	0	0
47. Affiliated mortgage loans on real estate .....	0	0	0	0	0
48. All other affiliated .....	0	0	0	0	0
49. Total of above Lines 43 to 48 .....	0	0	0	0	0
<b>Total Non-admitted and Admitted Assets</b>					
50. Total non admitted assets (Page 2, Line 26, Col. 2) .....	7,969,188	6,664,149	8,544,242	1,994,735	0
51. Total admitted assets (Page 2, Line 26, Col. 3) .....	460,944,135	418,975,641	409,950,167	375,560,765	341,237,669
<b>Investment Data</b>					
52. Net investment income (Exhibit of Net Investment Income) .....	26,136,638	25,527,554	24,002,744	24,032,769	21,417,598
53. Realized capital gains (Losses) .....	545,603	(4,108,342)	(8,208,907)	(66,397)	235,245
54. Unrealized capital gains (Losses) .....	932,205	(1,254,164)	173,262	(1,994,735)	0
55. Total of above Lines 52, 53 & 54 .....	27,614,446	20,165,048	15,967,099	21,971,638	21,652,843
<b>Benefits and Reserve Increases (Page 6)</b>					
56. 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 & 11).....	54,431,493	52,626,293	61,723,726	61,914,742	49,863,453
57. Total contract benefits - A & H (Lines 13 & 14, Cols. 9, 10 & 11) .....	0	0	0	0	0
58. Increase in life reserves - other than group and annuities (Line 19, Cols. 2 and 3) .....	0	0	0	0	0
59. Increase in A & H reserves (Line 19, Cols. 9, 10 & 11) .....	0	0	0	0	0
60. Dividends to policyholders (Line 30, Col. 1) .....	0	0	0	0	0
<b>Operating Percentages</b>					
61. Insurance expense percent (Page 6, Col. 1, Lines 21, 22 & 23, less Line 6)/(Page 6, Col. 1, Line 1 plus group annuity contribution funds) x 100.0 .....	6.5	3.9	3.3	5.4	6.7
62. Lapse percent (ordinary only) (Exhibit of Life Insurance, Col. 4, Lines 14 & 15) x 100.0 / 1/2 (Lines 1 & 21) .....	0.0	0.0	0.0	0.0	0.0
63. A & H loss percent (Schedule H, Part 1, Lines 3 and 4, Col. 2) .....	0.0	0.0	0.0	0.0	0.0
64. A & H expense percent (Schedule H, Pt. 1, Line 8, Col. 2) .....	0.0	0.0	0.0	0.0	0.0
<b>A &amp; H Claim Reserve Adequacy</b>					
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 (Schedule H, Part 3, Line 3.2 Col. 2) .....	0	0	0	0	0
67. Incurred losses on prior years' claims-health other than group (Schedule 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 (Schedule H, Part 3, Line 3.2 Col. 1 less Col. 2) .....	0	0	0	0	0
<b>Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33)</b>					
69. Industrial life (Col. 2) .....	0	0	0	0	0
70. Ordinary - life (Col. 3) .....	10,065	0	0	0	0
71. Ordinary - individual annuities (Col. 4) .....	1,475,558	(45,388)	3,364,444	143,051	531,184
72. Ordinary-supplementary contracts (Col. 5) .....	0	0	0	0	0
73. Credit life (Col. 6) .....	326,362	167,090	344,536	69,445	0
74. Group life (Col. 7) .....	0	0	0	0	0
75. Group annuities (Col. 8) .....	2,215,734	746,728	2,002,465	3,058,945	3,872,996
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) .....	4,027,719	868,430	5,711,445	3,271,441	4,404,180

**ANNUAL STATEMENT FOR THE YEAR 2003 OF THE AMERICAN PARTNERS LIFE INSURANCE 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	0	0	0	0	0	0	0	0
2. Issued during year		0	57	18,450		0		0	0	18,450
3. Reinsurance assumed										0
4. Revived during year										0
5. Increased during year (net)										0
6. Subtotals, Lines 2 to 5	0	0	57	18,450	0	0	0	0	0	18,450
7. Additions by dividends during year	XXX		XXX		XXX		XXX	XXX		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	57	18,450	0	0	0	0	0	18,450
Deductions during year:										
10. Death							XXX			0
11. Maturity							XXX			0
12. Disability							XXX			0
13. Expiry										0
14. Surrender										0
15. Lapse										0
16. Conversion							XXX	XXX	XXX	0
17. Decreased (net)										0
18. Reinsurance										0
19. Aggregate write-ins for decreases	0	0	0	0	0	0	0	0	0	0
20. Totals, (Lines 10 to 19)	0	0	0	0	0	0	0	0	0	0
21. In force end of year, (Line 9 minus Line 20)	0	0	57	18,450	0	0	0	0	0	18,450
22. Reinsurance ceded end of year	XXX	0	XXX	18,450	XXX	XXX	XXX	XXX	XXX	18,450
23. Line 21 minus Line 22	XXX	0	XXX	0	XXX	(b)	XXX	XXX	0	0
<b>DETAILS OF WRITE-INS</b>										
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 thru 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 thru 1903 plus 1998) (Line 19 above)	0	0	0	0	0	0	0	0	0	0

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

(b) Group \$ .....; Individual \$ .....

**EXHIBIT OF LIFE INSURANCE (Continued)**

**ADDITIONAL INFORMATION ON INSURANCE IN FORCE END OF YEAR**

	Industrial		Ordinary	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
24. Additions by dividends .....	XXX		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 Page 31, Line 2)		In Force End of Year (Included in Page 31, Line 21)	
	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 .....	57	18,450	57	18,450
29. Other term insurance - decreasing .....	XXX		XXX	
30. Other term insurance .....	XXX		XXX	
31. Totals, Line 27 to 30 .....	57	18,450	57	18,450
Reconciliation to Page 31, Lines 2 and 21:				
32. Term additions .....	XXX		XXX	
33. Totals, extended term insurance .....	XXX	XXX		
34. Totals, whole life and endowment .....				
35. Total (Lines 31 to 34) .....	57	18,450	57	18,450

**CLASSIFICATION OF AMOUNT OF INSURANCE (a) BY PARTICIPATING STATUS**

	Issued During Year (Included in Page 31, Line 2)		In Force End of Year (Included in Page 31, Line 21)	
	1 Non-Participating	2 Participating	3 Non-Participating	4 Participating
36. Industrial .....				
37. Ordinary .....	18,450		18,450	
38. Credit Life (Group and Individual) .....				
39. Group .....				
40. Totals (Lines 36 to 39) .....	18,450	0	18,450	0

**ADDITIONAL INFORMATION ON CREDIT LIFE AND GROUP INSURANCE**

	Credit Life		Group	
	1 Number of Individual Policies	2 Amount of Insurance (a)	3 Number of Certificates	4 Amount of Insurance (a)
41. Amount of insurance included in Page 31, 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 Page 31, Line 21 .....				
44. Servicemen's Group Life Insurance included in Page 31, Line 21 .....				
45. Group Permanent Insurance included in Page 31, 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 ORDINARY TERM INSURANCE**

47. State basis of calculation of (47.1) decreasing term insurance covering Family Income 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 <sup>(b)</sup>	0	0 <sup>(b)</sup>	0	0 <sup>(b)</sup>	0	0 <sup>(b)</sup>	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
<b>NONE</b>				
1. In force end of prior year .....				
2. Issued during year .....				
3. Reinsurance assumed .....				
4. Increased during year (net) .....				
5. Total (Lines 1 to 4) .....				
Deductions during year:				
6. Decreased (net) .....				
7. Reinsurance .....				
8. Totals (Lines 6 and 7) .....				
9. In force end of year .....				
10. Amount on deposit .....		(a)		(a)
11. Income now payable .....				
12. Amount of income payable .....	(a)	(a)	(a)	(a)

**ANNUITIES**

	Ordinary		Group	
	1 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year .....	9	3,508	5	33,604
2. Issued during year .....	5	103		1,671
3. Reinsurance assumed .....				
4. Increased during year (net) .....				
5. Total (Lines 1 to 4) .....	14	3,611	5	35,275
Deductions during year:				
6. Decreased (net) .....	2	334		3,033
7. Reinsurance .....				
8. Totals (Lines 6 and 7) .....	2	334	0	3,033
9. In force end of year .....	12	3,277	5	32,242
Income now payable:				
10. Amount of income payable .....	(a) 95,070	XXX	XXX	(a)
Deferred fully paid:				
11. Account balance .....	XXX	(a)	XXX	(a)
Deferred not fully paid:				
12. Account balance .....	XXX	(a) 38,331,173	XXX	(a) 320,031,406

**ACCIDENT AND HEALTH INSURANCE**

	Ordinary		Group		Credit	
	1 Policies	2 Premiums in Force	3 Policies	4 Premiums in Force	5 Policies	6 Premiums in Force
<b>NONE</b>						
1. In force end of prior year .....						
2. Issued during year .....						
3. Reinsurance assumed .....						
4. Increased during year (net) .....		XXX		XXX		XXX
5. Total (Lines 1 to 4) .....		XXX		XXX		XXX
Deductions during year:						
6. Conversions .....	XXX	XXX		XXX	XXX	XXX
7. Decreased (net) .....		XXX		XXX		XXX
8. Reinsurance .....		XXX		XXX		XXX
9. Total (Lines 6 thru 8) .....		XXX		XXX		XXX
10. In force end of year .....		(a)		(a)		(a)

**DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS**

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

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

**SCHEDULE D - SUMMARY BY COUNTRY**

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

Description	1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b>				
Governments (Including all obligations guaranteed by governments)	1. United States ..... 12,421,372 2. Canada ..... 0 3. Other Countries ..... 0 4. Totals ..... 12,421,372	12,421,372 0 0 12,421,372	12,478,411 0 0 12,478,411	12,400,000 0 0 12,400,000
States, Territories and Possessions (Direct and guaranteed)	5. United States ..... 0 6. Canada ..... 0 7. Other Countries ..... 0 8. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States ..... 0 10. Canada ..... 0 11. Other Countries ..... 0 12. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States ..... 131,907,577 14. Canada ..... 0 15. Other Countries ..... 0 16. Totals ..... 131,907,577	131,907,577 0 0 131,907,577	131,777,340 0 0 131,777,340	131,223,489 0 0 131,223,489
Public Utilities (unaffiliated)	17. United States ..... 11,560,544 18. Canada ..... 0 19. Other Countries ..... 272,750 20. Totals ..... 11,833,294	11,720,599 0 289,797 12,010,396	11,719,690 0 272,750 11,992,440	11,400,000 0 272,750 11,672,750
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States ..... 184,682,748 22. Canada ..... 15,399,110 23. Other Countries ..... 17,833,025 24. Totals ..... 217,914,883	189,504,068 15,680,874 17,928,242 223,113,184	184,943,292 15,405,828 17,874,869 218,223,989	180,412,055 15,090,000 17,230,000 212,732,055
Parent, Subsidiaries and Affiliates	25. Totals ..... 0 26. <b>Total Bonds</b> ..... 374,077,126	0 379,452,529	0 374,472,180	0 368,028,294
<b>PREFERRED STOCKS</b>				
Public Utilities (unaffiliated)	27. United States ..... 0 28. Canada ..... 0 29. Other Countries ..... 0 30. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	31. United States ..... 0 32. Canada ..... 0 33. Other Countries ..... 0 34. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	35. United States ..... 10,703,661 36. Canada ..... 0 37. Other Countries ..... 0 38. Totals ..... 10,703,661	11,822,765 0 0 11,822,765	10,571,629 0 0 10,571,629	0 0 0 0
Parent, Subsidiaries and Affiliates	39. Totals ..... 0 40. <b>Total Preferred Stocks</b> ..... 10,703,661	0 11,822,765	0 10,571,629	0 0
<b>COMMON STOCKS</b>				
Public Utilities (unaffiliated)	41. United States ..... 0 42. Canada ..... 0 43. Other Countries ..... 0 44. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	45. United States ..... 0 46. Canada ..... 0 47. Other Countries ..... 0 48. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	49. United States ..... 0 50. Canada ..... 0 51. Other Countries ..... 0 52. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	53. Totals ..... 0 54. <b>Total Common Stocks</b> ..... 0	0 0	0 0	0 0
	55. <b>Total Stocks</b> ..... 10,703,661 56. <b>Total Bonds and Stocks</b> ..... 384,780,787	11,822,765 391,275,294	10,571,629 385,043,809	0 0

(a) The aggregate value of bonds which are valued at other than actual fair value is \$ .....255,814,758 .

**SCHEDULE D - VERIFICATION BETWEEN YEARS**

1. Book/adjusted carrying value of bonds and stocks, prior year ..... 323,682,060	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 ..... 162,431,736	6.1 Column 17, Part 1 ..... 0
3. Increase (decrease) by adjustment:	6.2 Column 13, Part 2, Sec. 1 ..... 0
3.1 Column 16, Part 1 ..... (324,990)	6.3 Column 11, Part 2, Sec. 2 ..... 0
3.2 Column 12, Part 2, Sec. 1 ..... (779,272)	6.4 Column 11, Part 4 ..... 0
3.3 Column 10, Part 2, Sec. 2 ..... 0	7. Book/adjusted carrying value at end of current period ..... 384,780,787
3.4 Column 10, Part 4 ..... 869,206	8. Total valuation allowance ..... 0
4. Total gain (loss), Col. 14, Part 4 ..... 1,712,202	9. Subtotal (Lines 7 plus 8) ..... 384,780,787
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 ..... 102,810,155	10. Total nonadmitted amounts ..... 0
	11. Statement value of bonds and stocks, current period ..... 384,780,787

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE AMERICAN PARTNERS LIFE INSURANCE COMPANY

SCHEDULE T—PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1	Life Contracts		Direct Business Only		
		2	3	4	5	6
	Is Insurer Licensed? (Yes or No)	Life Insurance Premiums	Annuity Considerations	Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	Deposit-Type Contract Funds	Other Considerations
1. Alabama	AL	Yes	0	42,540	0	0
2. Alaska	AK	Yes	0	279,285	0	0
3. Arizona	AZ	Yes	628	854,003	0	0
4. Arkansas	AR	Yes	0	340,726	0	0
5. California	CA	Yes	0	16,251,642	0	0
6. Colorado	CO	Yes	874	1,072,262	0	0
7. Connecticut	CT	Yes	0	2,021,422	0	0
8. Delaware	DE	Yes	0	213,395	0	0
9. District of Columbia	DC	Yes	0	505,883	0	0
10. Florida	FL	Yes	3,907	7,842,580	0	0
11. Georgia	GA	Yes	0	3,302,323	0	0
12. Hawaii	HI	Yes	0	153,924	0	0
13. Idaho	ID	Yes	0	73,536	0	0
14. Illinois	IL	Yes	495	3,911,487	0	0
15. Indiana	IN	Yes	0	845,943	0	0
16. Iowa	IA	Yes	0	173,658	0	0
17. Kansas	KS	Yes	0	159,902	0	0
18. Kentucky	KY	Yes	0	424,642	0	0
19. Louisiana	LA	Yes	0	1,099,679	0	0
20. Maine	ME	Yes	0	50,120	0	0
21. Maryland	MD	Yes	0	1,341,389	0	0
22. Massachusetts	MA	Yes	58	2,774,652	0	0
23. Michigan	MI	Yes	1,877	1,618,503	0	0
24. Minnesota	MN	Yes	0	289,482	0	0
25. Mississippi	MS	Yes	0	601,608	0	0
26. Missouri	MO	Yes	0	644,154	0	0
27. Montana	MT	Yes	0	54,152	0	0
28. Nebraska	NE	Yes	0	137,102	0	0
29. Nevada	NV	Yes	0	844,000	0	0
30. New Hampshire	NH	No	0	78,652	0	0
31. New Jersey	NJ	Yes	0	7,313,504	0	0
32. New Mexico	NM	Yes	0	324,935	0	0
33. New York	NY	No	0	360,090	0	0
34. North Carolina	NC	Yes	43	144,214	0	0
35. North Dakota	ND	Yes	0	15,795	0	0
36. Ohio	OH	Yes	0	1,524,627	0	0
37. Oklahoma	OK	Yes	0	585,321	0	0
38. Oregon	OR	Yes	0	137,425	0	0
39. Pennsylvania	PA	Yes	2,107	2,148,692	0	0
40. Rhode Island	RI	Yes	1,282	322,624	0	0
41. South Carolina	SC	Yes	3,495	92,383	0	0
42. South Dakota	SD	Yes	0	50,448	0	0
43. Tennessee	TN	Yes	0	1,050,244	0	0
44. Texas	TX	Yes	3,112	5,891,119	0	0
45. Utah	UT	Yes	16	289,857	0	0
46. Vermont	VT	Yes	0	73,127	0	0
47. Virginia	VA	Yes	1,326	2,265,445	0	0
48. Washington	WA	Yes	0	563,615	0	0
49. West Virginia	WV	Yes	0	38,924	0	0
50. Wisconsin	WI	Yes	0	407,534	0	0
51. Wyoming	WY	Yes	0	37,567	0	0
52. American Samoa	AS	No	0	0	0	0
53. Guam	GU	No	0	0	0	0
54. Puerto Rico	PR	No	0	1,300	0	0
55. US Virgin Islands	VI	No	0	1,800	0	0
56. Canada	CN	No	0	11,122	0	0
57. Aggregate Other Alien	OT	XXX	7,090	115,069	0	0
58. Subtotal	(a)	49	26,309	71,769,425	0	0
59. Reporting entity contributions for employee benefit plans	XXX					
91. Dividends or refunds applied to purchase paid-up additions and annuities	XXX					
92. Dividends or refunds applied to shorten endowment or premium paying period	XXX					
93. Premium or annuity considerations waived under disability or other contract provisions	XXX					
94. Aggregate of other amounts not allocable by State	XXX		0	0	0	0
95. Totals (Direct Business)	XXX		26,309	71,769,425	0	0
96. Plus Reinsurance Assumed	XXX					
97. Totals (All Business)	XXX		26,309	71,769,425	0	0
98. Less Reinsurance Ceded	XXX					
99. Totals (All Business) less Reinsurance Ceded	XXX		26,309	71,769,425	(b)	0
<b>DETAILS OF WRITE-INS</b>						
5701. Miscellaneous	XXX		7,090	115,069	0	0
5702.	XXX					
5703.	XXX					
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX		0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)	XXX		7,090	115,069	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
9499. Totals (Lines 9401 thru 9403 plus 9498)(Line 94 above)	XXX		0	0	0	0

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

(a) Insert the number of yes 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:

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

**PART 1 - ORGANIZATIONAL CHART**

