ANNUAL STATEMENT

OF THE

NATIONWIDE LIFE AND ANNUITY INSURANCE COMPANY

OF

COLUMBUS

IN THE STATE OF

OHIO

TO THE

Insurance Department

OF THE

STATE OF

FOR THE YEAR ENDED
DECEMBER 31, 2005

2005

LIFE AND ACCIDENT AND HEALTH

2005

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LIFE ACCIDENT AND HEALTH COMPANIES - ASSOCIATION EDITION

ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2005
OF THE CONDITION AND AFFAIRS OF THE

Nationwide Life and Annuity Insurance Company

NAIC Group Code 0140 (Current) 0140 (Prior) NAIC Company Code 92657 Employer's ID Number 31-1000740

Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio

Country of Domicile United States of America

Incorporated/Organized 02/09/1981 Commenced Business 05/06/1981

Statutory Home Office One Nationwide Plaza (Street and Number), Columbus , OH 43215-2220 (City or Town, State and Zip Code)

Main Administrative Office One Nationwide Plaza (Street and Number)
Columbus , OH 43215-2220 (City or Town, State and Zip Code), 800-882-2822 (Area Code) (Telephone Number)

Mail Address One Nationwide Plaza (Street and Number or P.O. Box), Columbus , OH 43215-2220 (City or Town, State and Zip Code)

Primary Location of Books and Records One Nationwide Plaza (Street and Number)
Columbus , OH 43215-2220 (City or Town, State and Zip Code), 800-882-2822-75238 (Area Code) (Telephone Number)

Internet Website Address www.nationwide.com

Statutory Statement Contact Stephen P. MacDonough (Name), 800-882-2822-75238 (Area Code) (Telephone Number)
macdons3@nationwide.com (E-mail Address), 614-677-6688 (FAX Number)

Policyowner Relations Contact P.O. Box 182835 (Street and Number)
Columbus , OH 43218-2835 (City or Town, State and Zip Code), 800-547-7548 (Area Code) (Telephone Number)

OFFICERS

President	Mark Raymond Thresher	Treasurer	Brian Waggoner Nocco
Secretary	Thomas Edward Barnes	Actuary	Timothy Gerard Frommeyer

OTHER

Wesley Kim Austin Senior Vice President	John Stephen Baine Senior Vice President	James Robert Burke Senior Vice President
John Laughlin Carter # Senior Vice President	Thomas Williams Dietrich Senior Vice President	Timothy Gerard Frommeyer # Sr VP, CFO and Actuary
Peter Anthony Golato Senior Vice President	Judith Lynn Greenstein Senior Vice President	Kelly Ann Hamilton Senior Vice President
Patricia Ruth Hatler EVP, Chief Legal & Gov Officer	Terri Lynn Hill Executive Vice President	David Karl Hollingsworth Senior Vice President
David Ralph Jahn Senior Vice President	William Gerald Jurgensen CEO	Richard Andrew Karas Senior Vice President
Michael Craig Keller Executive Vice President	Gale Verdell King Senior Vice President	Srinivas Koushik Senior Vice President
Gregory Samuel Lashutka Senior Vice President	Katherine Ann Mabe Senior Vice President	Duane Carlos Meek Senior Vice President
Keith Ivory Millner Senior Vice President	Carol Baldwin Moody # Senior Vice President	Brian Waggoner Nocco Senior VP and Treasurer
Ralph Dennis Noice Senior Vice President	Mark David Phelan Senior Vice President	Kathleen Dunbar Ricord Executive Vice President
Robert Allen Rosholt Executive Vice President	Gary Igor Siroko Senior Vice President	John Stephen Skubik Senior Vice President
Gail Gladys Snyder Senior Vice President	Mark David Torkos Senior Vice President	

DIRECTORS OR TRUSTEES

Joseph Anthony Alutto	James Gilbert Brocksmith Jr.	Keith William Eckel
William Gerald Jurgensen	Lydia Micheaux Marshall	Donald Lee McWhorter
David Owen Miller	Martha James Miller de Lombera	James Ferry Patterson
Gerald Dennis Prothro	Arden Lee Shisler	Alex Shumate

State of Ohio
County of Franklin SS:

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

Mark Raymond Thresher	Thomas Edward Barnes	James David Benson
President	Secretary	Treasurer (VP - NF Controller)

Subscribed and sworn to before me this
_____ day of February, 2006

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.....

Arlene E. Swanson
Notary Public - State of Ohio
June 23, 2010

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)	4,337,885,396	0	4,337,885,396	4,646,780,771
2.	Stocks (Schedule D):				
	2.1 Preferred stocks	5,581,114	0	5,581,114	5,581,114
	2.2 Common stocks	675,697	0	675,697	1,869,146
3.	Mortgage loans on real estate (Schedule B):				
	3.1 First liens	1,185,735,757	0	1,185,735,757	1,232,962,616
	3.2 Other than first liens	0	0	0	0
4.	Real estate (Schedule A):				
	4.1 Properties occupied by the company (less $ 0 encumbrances)	0	0	0	0
	4.2 Properties held for the production of income (less $ 0 encumbrances)	361,173	0	361,173	374,275
	4.3 Properties held for sale (less $ 0 encumbrances)	0	0	0	3,575,938
5.	Cash ($ (16,646,183) , Schedule E - Part 1), cash equivalents ($ 0 , Schedule E - Part 2) and short-term investments ($ 32,851,881 , Schedule DA)	16,205,698	0	16,205,698	(5,240,305)
6.	Contract loans (including $ 0 premium notes)	1,748,474	0	1,748,474	913,732
7.	Other invested assets (Schedule BA)	0	0	0	0
8.	Receivables for securities	2,428,485	16,046	2,412,439	1,328,060
9.	Aggregate write-ins for invested assets	(5,898,441)	0	(5,898,441)	(11,201,705)
10.	Subtotals, cash and invested assets (Lines 1 to 9)	5,544,723,353	16,046	5,544,707,307	5,876,943,642
11.	Title plants less $ 0 charged off (for Title insurers only)	0	0	0	0
12.	Investment income due and accrued	55,947,615	0	55,947,615	61,142,038
13.	Premiums and considerations:				
	13.1 Uncollected premiums and agents' balances in the course of collection	(550,899)	4,565	(555,464)	(72,455)
	13.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including $ 0 earned but unbilled premiums)	(796,593)	0	(796,593)	162,986
	13.3 Accrued retrospective premiums	0	0	0	0
14.	Reinsurance:				
	14.1 Amounts recoverable from reinsurers	2,148,854	0	2,148,854	0
	14.2 Funds held by or deposited with reinsured companies	0	0	0	0
	14.3 Other amounts receivable under reinsurance contracts	15,071,786	0	15,071,786	67,785,609
15.	Amounts receivable relating to uninsured plans	0	0	0	0
16.1	Current federal and foreign income tax recoverable and interest thereon	0	0	0	0
16.2	Net deferred tax asset	56,263,224	47,805,783	8,457,441	8,649,718
17.	Guaranty funds receivable or on deposit	868	0	868	868
18.	Electronic data processing equipment and software	0	0	0	0
19.	Furniture and equipment, including health care delivery assets ($ 0)	0	0	0	0
20.	Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
21.	Receivables from parent, subsidiaries and affiliates	5,922,203	0	5,922,203	7,083,000
22.	Health care ($ 0) and other amounts receivable	178,798	178,798	0	0
23.	Aggregate write-ins for other than invested assets	6,232,576	2,780,454	3,452,122	7,096,798
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	5,685,141,785	50,785,646	5,634,356,139	6,028,792,204
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	2,096,029,149	0	2,096,029,149	2,290,378,857
26.	Total (Lines 24 and 25)	7,781,170,934	50,785,646	7,730,385,288	8,319,171,061
	DETAILS OF WRITE-INS				
0901.	DERIVATIVES	(5,898,441)	0	(5,898,441)	(11,201,705)
0902.					
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)	(5,898,441)	0	(5,898,441)	(11,201,705)
2301.	ACCOUNTS RECEIVABLE & OTHER ASSETS	3,452,122	0	3,452,122	7,096,798
2302.	DEFERRED SOFTWARE COSTS	2,780,454	2,780,454	0	0
2303.					
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)	6,232,576	2,780,454	3,452,122	7,096,798

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Aggregate reserve for life contracts $ 5,360,084,862 (Exh. 5, Line 9999999) less $ 0 included in Line 6.3 (including $ 4,999,231,968 Modco Reserve)	5,360,084,862	5,672,452,315
2.	Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Col. 1) (including $ 0 Modco Reserve)	0	0
3.	Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including $ 0 Modco Reserve)	7,715,567	5,597,800
4.	Contract claims:		
	4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11)	(332,621)	23,236
	4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11)	0	0
5.	Policyholders' dividends $ 0 and coupons $ 0 due and unpaid (Exhibit 4, Line 10)	0	0
6.	Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
	6.1 Dividends apportioned for payment (including $ 0 Modco)	0	0
	6.2 Dividends not yet apportioned (including $ 0 Modco)	0	0
	6.3 Coupons and similar benefits (including $ 0 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 $ 0 discount; including $ 0 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of lines 4 and 14)	141,714	21,498
9.	Contract liabilities not included elsewhere:		
	9.1 Surrender values on canceled contracts	0	0
	9.2 Provision for experience rating refunds, including $ 0 accident and health experience rating refunds	0	0
	9.3 Other amounts payable on reinsurance including $ 0 assumed and $ 0 ceded	0	0
	9.4 Interest maintenance reserve (IMR, Line 6)	4,862,029	5,060,616
10.	Commissions to agents due or accrued-life and annuity contracts $ 2,493,362 accident and health $ 0 and deposit-type contract funds $ 856,617	3,349,979	1,953,247
11.	Commissions and expense allowances payable on reinsurance assumed	0	0
12.	General expenses due or accrued (Exhibit 2, Line 12, Col. 6)	81,814	184,351
13.	Transfers to Separate Accounts due or accrued (net) (including $ (26,298,023) accrued for expense allowances recognized in reserves, net of reinsured allowances)	(36,468,856)	(49,647,500)
14.	Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5)	3,344,556	2,378,052
15.1	Current federal and foreign income taxes including $ 3,053,491 on realized capital gains (losses)	(3,920,716)	21,537,217
15.2	Net deferred tax liability	0	0
16.	Unearned investment income	16,890	36,188
17.	Amounts withheld or retained by company as agent or trustee	179,061	148,980
18.	Amounts held for agents' account, including $ 0 agents' credit balances	0	0
19.	Remittances and items not allocated	15,493,490	9,782,249
20.	Net adjustment in assets and liabilities due to foreign exchange rates	0	0
21.	Liability for benefits for employees and agents if not included above	0	0
22.	Borrowed money $ 0 and interest thereon $ 0	0	0
23.	Dividends to stockholders declared and unpaid	0	0
24.	Miscellaneous liabilities:		
	24.1 Asset valuation reserve (AVR, Line 16, Col. 7)	32,391,231	27,271,727
	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	37,326,251	93,079,577
	24.5 Drafts outstanding	0	0
	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	7,783,469
	24.9 Capital notes $ 0 and interest thereon $ 0	0	0
25.	Aggregate write-ins for liabilities	937,939	942,986
26.	Total Liabilities excluding Separate Accounts business (Lines 1 to 25)	5,425,203,190	5,798,606,008
27.	From Separate Accounts Statement	2,096,029,149	2,290,378,857
28.	Total Liabilities (Lines 26 and 27)	7,521,232,339	8,088,984,865
29.	Common capital stock	2,640,000	2,640,000
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)	247,960,000	247,960,000
34.	Aggregate write-ins for special surplus funds	0	0
35.	Unassigned funds (surplus)	(41,447,051)	(20,413,804)
36.	Less treasury stock, at cost:		
	36.1 0 shares common (value included in Line 29 $ 0)	0	0
	36.2 0 shares preferred (value included in Line 30 $ 0)	0	0
37.	Surplus (Total Lines 31+32+33+34+35-36) (including $ 0 in Separate Accounts Statement)	206,512,949	227,546,196
38.	Totals of Lines 29, 30 and 37 (Page 4, Line 55)	209,152,949	230,186,196
39.	Totals of Lines 28 and 38 (Page 2, Line 26, Col. 3)	7,730,385,288	8,319,171,061
	DETAILS OF WRITE-INS		
2501.	RESERVE FOR ESCHEAT FUNDS	303,939	292,986
2502.	RESERVE FOR LITGATION	634,000	650,000
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)	937,939	942,986
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.			
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)	114,723,152	166,904,594
2.	Considerations for supplementary contracts with life contingencies	0	0
3.	Net investment income (Exhibit of Net Investment Income, Line 17)	328,528,898	331,640,817
4.	Amortization of interest maintenance reserve (IMR, Line 5)	2,466,222	1,380,765
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)	43,987,666	63,567,771
7.	Reserve adjustments on reinsurance ceded	(674,671,733)	(91,862,439)
8.	Miscellaneous Income:		
	8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	27,945,854	30,370,506
	8.2 Charges and fees for deposit-type contracts	0	0
	8.3 Aggregate write-ins for miscellaneous income	8,058,055	7,271,725
9.	Total (Lines 1 to 8.3)	(148,961,886)	509,273,739
10.	Death benefits	792,061	1,761,983
11.	Matured endowments (excluding guaranteed annual pure endowments)	0	0
12.	Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8)	334,146,767	287,177,524
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	43,897,516	103,313,661
16.	Group conversions	0	0
17.	Interest and adjustments on contract or deposit-type contract funds	2,903,888	1,136,929
18.	Payments on supplementary contracts with life contingencies	0	0
19.	Increase in aggregate reserves for life and accident and health contracts	(312,118,698)	223,189,495
20.	Totals (Lines 10 to 19)	69,621,534	616,579,592
21.	Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1)	52,041,154	69,854,260
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 and 4)	42,044,543	26,803,273
24.	Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3)	5,338,876	3,573,927
25.	Increase in loading on deferred and uncollected premiums	2,719,065	149,530
26.	Net transfers to or (from) Separate Accounts net of reinsurance	(298,582,624)	(245,923,353)
27.	Aggregate write-ins for deductions	0	0
28.	Totals (Lines 20 to 27)	(126,817,452)	471,037,229
29.	Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(22,144,434)	38,236,510
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)	(22,144,434)	38,236,510
32.	Federal and foreign income taxes incurred (excluding tax on capital gains)	(8,112,362)	20,461,078
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)	(14,032,072)	17,775,432
34.	Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of $ 2,825,572 (excluding taxes of $ 2,267,635 transferred to the IMR)	(2,993,029)	(5,225,958)
35.	Net income (Line 33 plus Line 34)	(17,025,101)	12,549,474
	CAPITAL AND SURPLUS ACCOUNT		
36.	Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2)	230,186,196	228,250,002
37.	Net income (Line 35)	(17,025,101)	12,549,474
38.	Change in net unrealized capital gains (losses)	162,430	(107,049)
39.	Change in net unrealized foreign exchange capital gain (loss)	0	0
40.	Change in net deferred income tax	7,015,325	9,012,652
41.	Change in nonadmitted assets and related items	(6,066,399)	(8,930,234)
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 (Exh. 5A, Line 9999999, Col. 4)	0	0
44.	Change in asset valuation reserve	(5,119,501)	(10,825,139)
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	(10,713)	247,280
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	10,713	(10,790)
54.	Net change in capital and surplus for the year (Lines 37 through 53)	(21,033,246)	1,936,194
55.	Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	209,152,950	230,186,196
	DETAILS OF WRITE-INS		
08.301.	MISCELLANEOUS INCOME	8,058,055	7,271,725
08.302.			
08.303.			
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)	8,058,055	7,271,725
2701.			
2702.			
2703.			
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.	DECREASE IN GUARANTY FUND	0	(112)
5302.	MISCELLANEOUS ADJUSTMENT	10,713	(10,678)
5303.			
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)	10,713	(10,790)

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	113,566,891	113,194,637
2.	Net investment income	351,183,474	352,144,509
3.	Miscellaneous income	79,991,575	101,210,002
4.	Total (Lines 1 through 3)	544,741,940	566,549,148
5.	Benefit and loss related payments	1,059,165,431	485,078,467
6.	Net transfers to Separate, Segregated Accounts and Protected Cell Accounts	(311,761,268)	(257,481,316)
7.	Commissions, expenses paid and aggregate write-ins for deductions	44,450,051	101,764,401
8.	Dividends paid to policyholders	0	0
9.	Federal and foreign income taxes paid (recovered) $ 0 net of tax on capital gains (losses)	17,345,571	15,530,100
10.	Total (Lines 5 through 9)	809,199,785	344,891,652
11.	Net cash from operations (Line 4 minus Line 10)	(264,457,845)	221,657,496
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	1,034,888,067	804,726,986
	12.2 Stocks	1,387,409	823,563
	12.3 Mortgage loans	276,245,075	193,287,226
	12.4 Real estate	3,572,132	0
	12.5 Other invested assets	0	0
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
	12.7 Miscellaneous proceeds	11,235,031	21,641,583
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,327,327,714	1,020,479,358
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	745,032,238	957,763,173
	13.2 Stocks	0	1,032,784
	13.3 Mortgage loans	231,558,590	303,729,497
	13.4 Real estate	85,445	3,608,006
	13.5 Other invested assets	0	0
	13.6 Miscellaneous applications	21,843,907	10,523,362
	13.7 Total investments acquired (Lines 13.1 to 13.6)	998,520,180	1,276,656,822
14.	Net increase (decrease) in contract loans and premium notes	834,742	342,948
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	327,972,792	(256,520,412)
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes	0	0
	16.2 Capital and paid in surplus, less treasury stock	0	0
	16.3 Borrowed funds	0	0
	16.4 Net deposits on deposit-type contracts and other insurance liabilities	2,117,767	1,814,911
	16.5 Dividends to stockholders	0	0
	16.6 Other cash provided (applied)	(44,186,710)	32,386,446
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(42,068,943)	34,201,357
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	21,446,004	(661,559)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	(5,240,305)	(4,578,746)
	19.2 End of year (Line 18 plus Line 19.1)	16,205,699	(5,240,305)

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

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

		1	2	Ordinary			6	Group		Accident and Health			12
				3	4	5		7	8	9	10	11	
		Total	Industrial Life	Life Insurance	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance (a)	Annuities	Group	Credit (Group and Individual)	Other	Aggregate of All Other Lines of Business
1.	Premiums and annuity considerations for life and accident and health contracts	114,723,152	0	88,271,568	18,492,368	0	0	0	7,959,216	0	0	0	0
2.	Considerations for supplementary contracts with life contingencies	0	0	0	0	0	0	0	0	0	0	0	0
3.	Net investment income	328,528,898	0	9,044,766	293,374,758	0	0	0	0	0	0	0	26,109,374
4.	Amortization of Interest Maintenance Reserve (IMR)	2,466,222	0	(44,986)	2,681,848	0	0	0	0	0	0	0	(170,640)
5.	Separate Accounts net gain from operations excluding unrealized gains or losses	0	0	0	0	0	0	0	0	0	0	0	0
6.	Commissions and expense allowances on reinsurance ceded	43,987,666	0	2,495,737	41,469,733	0	0	0	22,196	0	0	0	0
7.	Reserve adjustments on reinsurance ceded	(674,671,733)	0	0	(674,412,664)	0	0	0	(259,069)	0	0	0	0
8.	Miscellaneous Income:												
	8.1 Fees associated with income from investment management, administration and contract guarantees from Separate Accounts	27,945,854	0	917,871	21,790,407	0	0	0	5,237,576	0	0	0	0
	8.2 Charges and fees for deposit-type contracts	0	0	0	0	0	0	0	0	0	0	0	0
	8.3 Aggregate write-ins for miscellaneous income	8,058,055	0	210,616	7,705,934	0	0	0	136,033	0	0	0	5,472
9.	Totals (Lines 1 to 8.3)	(148,961,886)	0	100,895,572	(288,897,616)	0	0	0	13,095,952	0	0	0	25,944,206
10.	Death benefits	792,061	0	792,061	0	0	0	0	0	0	0	0	0
11.	Matured endowments (excluding guaranteed annual pure endowments)	0	0	0	0	0	0	0	0	0	0	0	0
12.	Annuity benefits	334,146,767	0	0	308,638,683	0	0	0	25,508,084	0	0	0	0
13.	Disability benefits and benefits under accident and health contracts	0	0	0	0	0	0	0	0	0	0	0	0
14.	Coupons, guaranteed annual pure endowments and similar benefits	0	0	0	0	0	0	0	0	0	0	0	0
15.	Surrender benefits and withdrawals for life contracts	43,897,516	0	43,897,516	0	0	0	0	0	0	0	0	0
16.	Group conversions	0	0	0	0	0	0	0	0	0	0	0	0
17.	Interest and adjustments on contract or deposit-type contract funds	2,903,888	0	101,550	2,802,338	0	0	0	0	0	0	0	0
18.	Payments on supplementary contracts with life contingencies	0	0	0	0	0	0	0	0	0	0	0	0
19.	Increase in aggregate reserves for life and accident and health contracts	(312,118,698)	0	96,262,305	(404,027,014)	0	0	0	(4,353,989)	0	0	0	0
20.	Totals (Lines 10 to 19)	69,621,534	0	141,053,432	(92,585,993)	0	0	0	21,154,095	0	0	0	0
21.	Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)	52,041,154	0	26,836,726	24,797,639	0	0	0	406,789	0	0	0	0
22.	Commissions and expense allowances on reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0
23.	General insurance expenses	42,044,544	0	22,590,790	18,343,959	0	0	0	182,224	0	0	0	927,571
24.	Insurance taxes, licenses and fees, excluding federal income taxes	5,338,876	0	3,158,353	1,774,976	0	0	0	5,547	0	0	0	400,000
25.	Increase in loading on deferred and uncollected premiums	2,719,065	0	2,719,065	0	0	0	0	0	0	0	0	0
26.	Net transfers to or (from) Separate Accounts net of reinsurance	(298,582,624)	0	(21,932,439)	(263,392,746)	0	0	0	(13,257,439)	0	0	0	0
27.	Aggregate write-ins for deductions	0	0	0	0	0	0	0	0	0	0	0	0
28.	Totals (Lines 20 to 27)	(126,817,451)	0	174,425,927	(311,062,165)	0	0	0	8,491,216	0	0	0	1,327,571
29.	Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(22,144,435)	0	(73,530,355)	22,164,549	0	0	0	4,604,736	0	0	0	24,616,635
30.	Dividends to policyholders	0	0	0	0	0	0	0	0	0	0	0	0
31.	Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	(22,144,435)	0	(73,530,355)	22,164,549	0	0	0	4,604,736	0	0	0	24,616,635
32.	Federal income taxes incurred (excluding tax on capital gains)	(8,112,362)	0	(10,102,438)	(5,457,513)	0	0	0	(48,361)	0	0	0	7,495,950
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)	(14,032,073)	0	(63,427,917)	27,622,062	0	0	0	4,653,097	0	0	0	17,120,685
	DETAILS OF WRITE-INS												
08.301.	Miscellaneous Income	8,058,055	0	210,616	7,705,934	0	0	0	136,033	0	0	0	5,472
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)	8,058,055	0	210,616	7,705,934	0	0	0	136,033	0	0	0	5,472
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 0 , Line 10 0 , Line 16 0 , Line 23 0 , Line 24 0

ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR

		1	2	Ordinary			6	Group	
				3	4	5		7	8
		Total	Industrial Life	Life Insurance	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance	Annuities
	Involving Life or Disability Contingencies (Reserves) (Net of Reinsurance Ceded)								
1.	Reserve December 31, prior year	5,672,452,315	0	133,897,762	5,472,553,847	0	0	0	66,000,706
2.	Tabular net premiums or considerations	71,080,625	0	65,393,312	5,684,776	0	0	0	2,537
3.	Present value of disability claims incurred	0	0	0	0	XXX	0	0	0
4.	Tabular interest	42,965,815	0	6,577,344	33,777,982	0	0	0	2,610,489
5.	Tabular less actual reserve released	2,230	0	0	2,230	0	0	0	0
6.	Increase in reserve on account of change in valuation basis	0	0	0	0	0	0	0	0
7.	Other increases (net)	(420,913,523)	0	(547,535)	(416,826,205)	0	0	0	(3,539,783)
8.	Totals (Lines 1 to 7)	5,365,587,462	0	205,320,883	5,095,192,630	0	0	0	65,073,949
9.	Tabular cost	(39,909,568)	0	(39,909,568)	0	XXX	0	0	0
10.	Reserves released by death	231,816	0	231,816	XXX	XXX	0	0	XXX
11.	Reserves released by other terminations (net)	45,585,691	0	15,220,266	27,441,284	0	0	0	2,924,141
12.	Annuity, supplementary contract and disability payments involving life contingencies	1,276,567	0	0	1,276,567	0	0	0	0
13.	Net transfers to or (from) Separate Accounts	(1,681,906)	0	(382,066)	(1,831,033)	0	0	0	531,193
14.	Total Deductions (Lines 9 to 13)	5,502,600	0	(24,839,552)	26,886,818	0	0	0	3,455,334
15.	Reserve December 31, current year	5,360,084,862	0	230,160,435	5,068,305,812	0	0	0	61,618,615

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a) 9,064,245	8,218,071
1.1	Bonds exempt from U.S. tax	(a) 0	0
1.2	Other bonds (unaffiliated)	(a) 250,713,792	246,551,357
1.3	Bonds of affiliates	(a) 0	0
2.1	Preferred stocks (unaffiliated)	(b) 426,967	426,967
2.11	Preferred stocks of affiliates	(b) 0	0
2.2	Common stocks (unaffiliated)	24,201	(82,541)
2.21	Common stocks of affiliates	0	0
3.	Mortgage loans	(c) 79,754,778	79,816,876
4.	Real estate	(d) 891,268	891,268
5	Contract Loans	32,638	59,052
6	Cash, cash equivalents and short-term investments	(e) 503,831	503,831
7	Derivative instruments	(f) 858,971	832,106
8.	Other invested assets	0	0
9.	Aggregate write-ins for investment income	739,683	739,683
10.	Total gross investment income	343,010,374	337,956,670
11.	Investment expenses		(g) 8,984,484
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g) 207,498
13.	Interest expense		(h) 214,244
14.	Depreciation on real estate and other invested assets		(i) 21,546
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		9,427,772
17.	Net investment income (Line 10 minus Line 16)		328,528,898
	DETAILS OF WRITE-INS		
0901.	Miscellaneous Income	739,683	739,683
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	739,683	739,683
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1303 plus 1598) (Line 15, above)		0

(a) Includes $ 14,972,588 accrual of discount less $ 30,441,865 amortization of premium and less $ 2,547,008 paid for accrued interest on purchases.

(b) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued dividends on purchases.

(c) Includes $ 299,222 accrual of discount less $ 2,309,396 amortization of premium and less $ 0 paid for accrued interest on purchases.

(d) Includes $ 0 for company's occupancy of its own buildings; and excludes $ 0 interest on encumbrances.

(e) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued interest on purchases.

(f) Includes $ 0 accrual of discount less $ 0 amortization of premium.

(g) Includes $. 0 investment expenses and $ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.

(h) Includes $ 0 interest on surplus notes and $ 0 interest on capital notes.

(i) Includes $ 21,546 depreciation on real estate and $ 0 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 Total
1.	U.S. Government bonds	(1,251,480)	0	0	(1,251,480)
1.1	Bonds exempt from U.S. tax	0	0	0	0
1.2	Other bonds (unaffiliated)	6,779,525	(4,193,181)	(4,905,122)	(2,318,778)
1.3	Bonds of affiliates	0	0	0	0
2.1	Preferred stocks (unaffiliated)	0	0	0	0
2.11	Preferred stocks of affiliates	0	0	0	0
2.2	Common stocks (unaffiliated)	889,862	0	(695,903)	193,959
2.21	Common stocks of affiliates	0	0	0	0
3.	Mortgage loans	(779,396)	0	249,197	(530,199)
4.	Real estate	0	(80,807)	0	(80,807)
5.	Contract Loans	0	0	0	0
6.	Cash, cash equivalents and short-term investments	0	0	0	0
7.	Derivative instruments	734,739	0	0	734,739
8.	Other invested assets	0	0	0	0
9.	Aggregate write-ins for capital gains (losses)	916	0	0	916
10.	Total capital gains (losses)	6,374,166	(4,273,988)	(5,351,828)	(3,251,650)
	DETAILS OF WRITE-INS				
0901.	FX Realized on Currency	916	0	0	916
0902.					
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)	916	0	0	916

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

	1	2	Ordinary		5	Group		Accident and Health			11
			3	4		6	7	8	9	10	
	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
FIRST YEAR (other than single)											
1. Uncollected	(499,119)	0	(499,119)	0	0	0	0	0	0	0	0
2. Deferred and accrued	2,045,152	0	2,045,152	0	0	0	0	0	0	0	0
3. Deferred , accrued and uncollected:											
3.1 Direct	5,457,334	0	5,457,334	0	0	0	0	0	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	3,911,301	0	3,911,301	0	0	0	0	0	0	0	0
3.4 Net (Line 1 + Line 2)	1,546,033	0	1,546,033	0	0	0	0	0	0	0	0
4. Advance	0	0	0	0	0	0	0	0	0	0	0
5. Line 3.4 - Line 4	1,546,033	0	1,546,033	0	0	0	0	0	0	0	0
6. Collected during year:											
6.1 Direct	71,813,509	0	71,813,509	0	0	0	0	0	0	0	0
6.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
6.3 Reinsurance ceded	4,238,356	0	4,238,356	0	0	0	0	0	0	0	0
6.4 Net	67,575,153	0	67,575,153	0	0	0	0	0	0	0	0
7. Line 5 + Line 6.4	69,121,186	0	69,121,186	0	0	0	0	0	0	0	0
8. Prior year (uncollected + deferred and accrued - advance)	251,801	0	251,801	0	0	0	0	0	0	0	0
9. First year premiums and considerations:											
9.1 Direct	76,988,269	0	76,988,269	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	8,118,884	0	8,118,884	0	0	0	0	0	0	0	0
9.4 Net (Line 7 - Line 8)	68,869,385	0	68,869,385	0	0	0	0	0	0	0	0
SINGLE											
10. Single premiums and considerations:											
10.1 Direct	0	0	0	0	0	0	0	0	0	0	0
10.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
10.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0
10.4 Net	0	0	0	0	0	0	0	0	0	0	0
RENEWAL											
11. Uncollected	(615,715)	0	(615,715)	0	0	0	0	0	0	0	0
12. Deferred and accrued	15,763	0	15,763	0	0	0	0	0	0	0	0
13. Deferred, accrued and uncollected:											
13.1 Direct	380,724	0	380,724	0	0	0	0	0	0	0	0
13.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
13.3 Reinsurance ceded	980,676	0	980,676	0	0	0	0	0	0	0	0
13.4 Net (Line 11 + Line 12)	(599,952)	0	(599,952)	0	0	0	0	0	0	0	0
14. Advance	141,714	0	141,714	0	0	0	0	0	0	0	0
15. Line 13.4 - Line 14	(741,666)	0	(741,666)	0	0	0	0	0	0	0	0
16. Collected during year:											
16.1 Direct	183,989,635	0	27,374,387	148,653,132	0	0	7,962,116	0	0	0	0
16.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
16.3 Reinsurance ceded	137,667,012	0	7,503,349	130,160,763	0	0	2,900	0	0	0	0
16.4 Net	46,322,623	0	19,871,038	18,492,369	0	0	7,959,216	0	0	0	0
17. Line 15 + Line 16.4	45,580,957	0	19,129,372	18,492,369	0	0	7,959,216	0	0	0	0
18. Prior year (uncollected + deferred and accrued - advance)	(272,809)	0	(272,809)	0	0	0	0	0	0	0	0
19. Renewal premiums and considerations:											
19.1 Direct	184,250,145	0	27,634,897	148,653,132	0	0	7,962,116	0	0	0	0
19.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
19.3 Reinsurance ceded	138,396,378	0	8,232,714	130,160,764	0	0	2,900	0	0	0	0
19.4 Net (Line 17 - Line 18)	45,853,767	0	19,402,183	18,492,368	0	0	7,959,216	0	0	0	0
TOTAL											
20. Total premiums and annuity considerations:											
20.1 Direct	261,238,414	0	104,623,166	148,653,132	0	0	7,962,116	0	0	0	0
20.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
20.3 Reinsurance ceded	146,515,262	0	16,351,598	130,160,764	0	0	2,900	0	0	0	0
20.4 Net (Line 9.4 + 10.4 + 19.4)	114,723,152	0	88,271,568	18,492,368	0	0	7,959,216	0	0	0	0

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

		1	2	Ordinary		5	Group		Accident and Health			11
				3	4		6	7	8	9	10	
		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
	DIVIDENDS AND COUPONS APPLIED (included in Part 1)											
21.	To pay renewal premiums	0	0	0	0	0	0	0	0	0	0	0
22.	All other	0	0	0	0	0	0	0	0	0	0	0
	REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED											
23.	First year (other than single):											
	23.1 Reinsurance ceded	30,214,024	0	0	30,214,024	0	0	0	0	0	0	0
	23.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
	23.3 Net ceded less assumed	30,214,024	0	0	30,214,024	0	0	0	0	0	0	0
24.	Single:											
	24.1 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0
	24.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
	24.3 Net ceded less assumed	0	0	0	0	0	0	0	0	0	0	0
25.	Renewal:											
	25.1 Reinsurance ceded	13,773,641	0	2,495,737	11,255,708	0	0	22,196	0	0	0	0
	25.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
	25.3 Net ceded less assumed	13,773,641	0	2,495,737	11,255,708	0	0	22,196	0	0	0	0
26.	Totals:											
	26.1 Reinsurance ceded (Page 6, Line 6)	43,987,666	0	2,495,737	41,469,733	0	0	22,196	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	43,987,666	0	2,495,737	41,469,733	0	0	22,196	0	0	0	0
	COMMISSIONS INCURRED (direct business only)											
27.	First year (other than single)	24,323,556	0	24,296,319	27,237	0	0	0	0	0	0	0
28.	Single	0	0	0	0	0	0	0	0	0	0	0
29.	Renewal	2,540,407	0	2,540,407	0	0	0	0	0	0	0	0
30.	Deposit-type contract funds	25,177,191	0	0	24,770,402	0	0	406,789	0	0	0	0
31.	Totals (to agree with Page 6, Line 21)	52,041,154	0	26,836,726	24,797,639	0	0	406,789	0	0	0	0

EXHIBIT 2 - GENERAL EXPENSES

		Insurance				5	6
		1	Accident and Health		4		
		Life	2 Cost Containment	3 All Other	All Other Lines of Business	Investment	Total
1.	Rent	67,179	0	0	1,040,666	181,815	1,289,660
2.	Salaries and wages	1,147,333	0	0	14,647,540	3,746,307	19,541,180
3.11	Contributions for benefit plans for employees	106,703	0	0	1,005,305	719,565	1,831,573
3.12	Contributions for benefit plans for agents	0	0	0	0	0	0
3.21	Payments to employees under non-funded benefit plans	9,894	0	0	124,658	0	134,552
3.22	Payments to agents under non-funded benefit plans	0	0	0	0	0	0
3.31	Other employee welfare	18,635	0	0	324,354	24,739	367,728
3.32	Other agent welfare	0	0	0	0	0	0
4.1	Legal fees and expenses	33,640	0	0	513,793	123,603	671,036
4.2	Medical examination fees	(332)	0	0	(2,056,558)	0	(2,056,890)
4.3	Inspection report fees	453	0	0	1,695	4	2,152
4.4	Fees of public accountants and consulting actuaries	229,853	0	0	2,330,008	1,503,836	4,063,697
4.5	Expense of investigation and settlement of policy claims	(2)	0	0	(26)	0	(28)
5.1	Traveling expenses	99,013	0	0	1,369,025	211,758	1,679,796
5.2	Advertising	87,010	0	0	1,009,556	202	1,096,768
5.3	Postage, express, telegraph and telephone	28,895	0	0	1,010,543	49,118	1,088,556
5.4	Printing and stationery	24,175	0	0	1,919,450	23,975	1,967,600
5.5	Cost or depreciation of furniture and equipment	57,520	0	0	481,797	363,309	902,626
5.6	Rental of equipment	120,363	0	0	1,855,207	304,635	2,280,205
5.7	Cost or depreciation of EDP equipment and software	27,598	0	0	377,020	54,331	458,949
6.1	Books and periodicals	9,859	0	0	95,408	19,122	124,389
6.2	Bureau and association fees	5,687	0	0	71,836	540	78,063
6.3	Insurance, except on real estate	22,658	0	0	285,487	9,846	317,991
6.4	Miscellaneous losses	18,532	0	0	108,587	10,177	137,296
6.5	Collection and bank service charges	7,432	0	0	109,992	250,497	367,921
6.6	Sundry general expenses	2,428,051	0	0	2,225,672	37,882	4,691,605
6.7	Group service and administration fees	18,034,365	0	0	(9,520,233)	18	8,514,150
6.8	Reimbursements by uninsured accident and health plans	0	0	0	0	0	0
7.1	Agency expense allowance	0	0	0	0	0	0
7.2	Agents' balances charged off (less $ 0 recovered)	0	0	0	0	0	0
7.3	Agency conferences other than local meetings	0	0	0	1,518	0	1,518
9.1	Real estate expenses	0	0	0	54,714	1,338,018	1,392,732
9.2	Investment expenses not included elsewhere	6,276	0	0	66,739	11,187	84,202
9.3	Aggregate write-ins for expenses	0	0	0	0	0	0
10.	General expenses incurred	22,590,790	0	0	19,453,753	8,984,484	(a) 51,029,027
11.	General expenses unpaid December 31, prior year	0	0	0	184,351	0	184,351
12.	General expenses unpaid December 31, current year	0	0	0	81,814	0	81,814
13.	Amounts receivable relating to uninsured accident and health plans, prior year	0	0	0	0	0	0
14.	Amounts receivable relating to uninsured accident and health plans, current year	0	0	0	0	0	0
15.	General expenses paid during year (Lines 10+11-12-13+14)	22,590,790	0	0	19,556,290	8,984,484	51,131,564
	DETAILS OF WRITE-INS						
09.301.							
09.302.							
09.303.							
09.398.	Summary of remaining write-ins for Line 9.3 from overflow pag	0	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	0

(a) Includes management fees of $ 0 to affiliates and $ 0 to non-affiliates.

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

		Insurance			4	5
		1 Life	2 Accident and Health	3 All Other Lines of Business	Investment	Total
1.	Real estate taxes	0	0	0	141,652	141,652
2.	State insurance department licenses and fees	115,135	0	0	0	115,135
3.	State taxes on premiums	2,062,210	0	0	0	2,062,210
4.	Other state taxes, including $ 0 for employee benefits	118,303	0	0	0	118,303
5.	U.S. Social Security taxes	1,228,704	0	0	2,446	1,231,150
6.	All other taxes	1,414,524	0	400,000	63,400	1,877,924
7.	Taxes, licenses and fees incurred	4,938,876	0	400,000	207,498	5,546,374
8.	Taxes, licenses and fees unpaid December 31, prior year	2,373,503	0	0	4,549	2,378,052
9.	Taxes, licenses and fees unpaid December 31, current year	3,340,007	0	0	4,549	3,344,556
10.	Taxes, licenses and fees paid during year (Lines 7 + 8 - 9)	3,972,372	0	400,000	207,498	4,579,870

EXHIBIT 4 - DIVIDENDS OR REFUNDS

NONE

		1 Life	2 Accident and Health
1.	Applied to pay renewal premiums		
2.	Applied to shorten the endowment or premium-paying period		
3.	Applied to provide paid-up additions		
4.	Applied to provide paid-up annuities		
5.	Total Lines 1 through 4		
6.	Paid in cash		
7.	Left on deposit		
8.	Aggregate write-ins for dividend or refund options		
9.	Total Lines 5 through 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 through 14		
16.	Total from prior year		
17.	Total Dividends or refunds (Lines 9 + 15 - 16)		
	DETAILS OF WRITE-INS		
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)		

EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

1 Valuation Standard	2 Total	3 Industrial	4 Ordinary	5 Credit (Group and Individual)	6 Group
1980 CSO 4% CRVM 1989-	6,760,527	0	6,760,527	0	0
1980 CSO 4% Net Level 1989-	215,290	0	215,290	0	0
1980 CET 4% Net Level 1989-	408	0	408	0	0
1980 CET 4$ CRVM 1989	784,948	0	784,948	0	0
1980 CSO 2 12% CRVM 1993-	53,843	0	53,843	0	0
1980 CSO 3% CRVM 1996-	159,322,595	0	159,322,595	0	0
1980 CSO 4.5% CRVM 2004-	362,507,579	0	362,507,579	0	0
1980 CSO 4.5% Net Level 2004-	1,069,415	0	1,069,415	0	0
2001 CSO 4% CRVM 1989-	3,644,133	0	3,644,133	0	0
0199997. Totals (Gross)	534,358,738	0	534,358,738	0	0
0199998. Reinsurance ceded	304,998,171	0	304,998,171	0	0
0199999. Life Insurance: Totals (Net)	229,360,567	0	229,360,567	0	0
1983 Individual Annuity (0,0) 8.25% Immediate	105,279	XXX	105,279	XXX	0
1983 Individual Annuity (0,0) 8.75% Immediate	6,384	XXX	6,384	XXX	0
1983 Individual Annuity (0,0) 7.75% Immediate	63,639	XXX	63,639	XXX	0
1983 Individual Annuity (0,0) 7.00% Immediate	7,658	XXX	7,658	XXX	0
1983 Individual Annuity (0,0) 6.50% Immediate	84,556	XXX	84,556	XXX	0
Deferred Annuity (CARVM)	5,629,383,374	XXX	5,566,861,991	XXX	62,521,383
1983 Individual Annuity (0,0) 7.25% Immediate	478,989	XXX	478,989	XXX	0
1983 Individual Annuity (0,0) 6.75% Immediate	233,302	XXX	233,302	XXX	0
2000 Individual Annuity (0,0) 6.25% Immediate	215,732	XXX	215,732	XXX	0
2000 Individual Annuity (0,0) 7.00% Immediate	746,976	XXX	746,976	XXX	0
2000 Individual Annuity (0,0) 6.75% Immediate	939,270	XXX	939,270	XXX	0
2000 Individual Annuity (0,0) 6.50% Immediate	376,908	XXX	376,908	XXX	0
2000 Individual Annuity (0,0) 6.00% Immediate	494,214	XXX	494,214	XXX	0
2000 Individual Annuity (0,0) 5.50% Immediate	3,490,435	XXX	3,490,435	XXX	0
2000 Individual Annuity (0,0) 5.25% Immediate	2,819,084	XXX	2,819,084	XXX	0
0299997. Totals (Gross)	5,639,445,800	XXX	5,576,924,417	XXX	62,521,383
0299998. Reinsurance ceded	511,322,272	XXX	509,968,910	XXX	1,353,362
0299999. Annuities: Totals (Net)	5,128,123,528	XXX	5,066,955,507	XXX	61,168,021
0399998. Reinsurance ceded	0	0	0	0	0
0399999. SCWLC: Totals (Net)	0	0	0	0	0
1959 ADB & 1980 CSO 4%	59	0	59	0	0
0499997. Totals (Gross)	59	0	59	0	0
0499998. Reinsurance ceded	0	0	0	0	0
0499999. Accidental Death Benefits: Totals (Net)	59	0	59	0	0
1952 Disability & 1958 CSO 4% 1983-	600,830	0	600,830	0	0
1980 Disability &1980 CSO 4.5%	56	0	56	0	0
0599997. Totals (Gross)	600,886	0	600,886	0	0
0599998. Reinsurance ceded	0	0	0	0	0
0599999. Disability-Active Lives: Totals (Net)	600,886	0	600,886	0	0
0699998. Reinsurance ceded	0	0	0	0	0
0699999. Disability-Disabled Lives: Totals (Net)	0	0	0	0	0
For excess of valuation net premiums over gross premiums on respective policies	2,581,363	0	2,581,363	0	0
Reserve for separate account minimum death benefit	2,276,798	0	1,623,957	0	652,841
NY 147	62	0	62	0	0
Excess Interest Reserve	1,070,364	0	1,070,364	0	0
0799997. Totals (Gross)	5,928,587	0	5,275,746	0	652,841
0799998. Reinsurance ceded	3,928,765	0	3,726,518	0	202,247
0799999. Miscellaneous Reserves: Totals (Net)	1,999,822	0	1,549,228	0	450,594
9999999. Totals (Net) - Page 3, Line 1	5,360,084,862	0	5,298,466,247	0	61,618,615

EXHIBIT 5 - INTERROGATORIES

1.1 Has the reporting entity ever issued both participating and non-participating contracts? ..... Yes [ ] No [X]

1.2 If not, state which kind is issued.
Non-participating

2.1 Does the reporting entity at present issue both participating and non-participating contracts? ..... Yes [ ] No [X]

2.2 If not, state which kind is issued.
Non-participating

3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements? ..... Yes [X] No [ ]
If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions.

4. Has the reporting entity any assessment or stipulated premium contracts in force? Yes [ ] No [X]
If so, state:
4.1 Amount of insurance? ..... $ 0
4.2 Amount of reserve? ..... $ 0
4.3 Basis of reserve:

4.4 Basis of regular assessments:

4.5 Basis of special assessments:

4.6 Assessments collected during the year ..... $ 0

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.
N/A

6. Does the reporting entity hold reserves for any annuity contracts that are less than the reserves that would be held on a standard basis? ..... Yes [ ] No [X]

6.1 If so, state the amount of reserve on such contracts on the basis actually held: ..... $ 0

6.2 That would have been held (on an exact or approximate basis) using the actual ages of the annuitants; the interest rate(s) used in 6.1; and the same mortality basis used by the reporting entity for the valuation of comparable annuity benefits issued to standard lives. If the reporting entity has no comparable annuity benefits for standard lives to be valued, the mortality basis shall be the table most recently approved by the state of domicile for valuing individual annuity benefits: ..... $ 0

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 ..... $ 0

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: ..... $ 0

7.4 Identify where the reserves are reported in the blank:

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

1	Valuation Basis		4
	2	3	
Description of Valuation Class	Changed From	Changed To	Increase in Actuarial Reserve Due to Change
	NONE		
9999999 - Total (Column 4, only)			

Exhibit 6 - Aggregate Reserves for Accident and Health Contracts

N O N E

EXHIBIT 7 - DEPOSIT TYPE CONTRACTS

	1 Total	2 Guaranteed Interest Contracts	3 Annuities Certain	4 Supplemental Contracts	5 Dividend Accumulations or Refunds	6 Premium and Other Deposit Funds
1. Balance at the beginning of the year before reinsurance	5,597,800	0	4,906,626	0	0	691,174
2. Deposits received during the year	2,191,114	0	2,191,114	0	0	0
3. Investment earnings credited to the account	379,033	0	379,033	0	0	0
4. Other net change in reserves	1,131,352	0	1,815,923	0	0	(684,571)
5. Fees and other charges assessed	0	0	0	0	0	0
6. Surrender charges	0	0	0	0	0	0
7. Net surrender or withdrawal payments	1,583,732	0	1,583,732	0	0	0
8. Other net transfers to or (from) Separate Accounts	0	0	0	0	0	0
9. Balance at the end of current year before reinsurance (Lines 1+2+3+4-5-6-7-8)	7,715,567	0	7,708,964	0	0	6,603
10. Reinsurance balance at the beginning of the year	0	0	0	0	0	0
11. Net change in reinsurance assumed	0	0	0	0	0	0
12. Net change in reinsurance ceded	0	0	0	0	0	0
13. Reinsurance balance at the end of the year (Lines 10+11-12)	0	0	0	0	0	0
14. Net balance at the end of current year after reinsurance (Lines 9 + 13)	7,715,567	0	7,708,964	0	0	6,603

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 1 - Liability End of Current Year

		1	2	Ordinary			6	Group		Accident and Health		
				3	4	5		7	8	9	10	11
		Total	Industrial Life	Life Insurance	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance	Annuities	Group	Credit (Group and Individual)	Other
1. Due and unpaid:												
	1.1 Direct	0	0	0	0	0	0	0	0	0	0	0
	1.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
	1.3 Reinsurance ceded	350,000	0	350,000	0	0	0	0	0	0	0	0
	1.4 Net	(350,000)	0	(350,000)	0	0	0	0	0	0	0	0
2. In course of settlement:												
2.1 Resisted	2.11 Direct	0	0	0	0	0	0	0	0	0	0	0
	2.12 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
	2.13 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	0	0
	2.22 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
	2.23 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0
	2.24 Net	0	0	(b) 0	(b) 0	0	(b) 0	(b) 0	0	(b) 0	(b) 0	(b) 0
3. Incurred but unreported:												
	3.1 Direct	17,379	0	17,379	0	0	0	0	0	0	0	0
	3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
	3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0
	3.4 Net	17,379	0	(b) 17,379	(b) 0	0	(b) 0	(b) 0	0	(b) 0	(b) 0	(b) 0
4. TOTALS	4.1 Direct	17,379	0	17,379	0	0	0	0	0	0	0	0
	4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
	4.3 Reinsurance ceded	350,000	0	350,000	0	0	0	0	0	0	0	0
	4.4 Net	(332,621)	(a) 0	(a) (332,621)	0	0	0	(a) 0	0	0	0	0

(a) Including matured endowments (but not guaranteed annual pure endowments) unpaid amounting to $ 0 in Column 2, $ 0 in Column 3 and $ 0 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 $ 0
Individual Annuities $ 0 , Credit Life (Group and Individual) $ 0 , and Group Life $ 0 , are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health $ 0
Credit (Group and Individual) Accident and Health $ 0 , and Other Accident and Health $ 0 are included in Page 3, Line 2 (See Exhibit 6, Claim Reserve).

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 2 - Incurred During the Year

	1	2	Ordinary			6	Group		Accident and Health		
			3	4	5		7	8	9	10	11
	Total	Industrial Life (a)	Life Insurance (b)	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance (c)	Annuities	Group	Credit (Group and Individual)	Other
1. Settlements During the Year:											
1.1 Direct	1,087,571,742	0	5,250,048	1,054,431,314	0	0	0	27,890,380	0	0	0
1.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded	750,128,202	0	2,112,481	745,633,425	0	0	0	2,382,296	0	0	0
1.4 Net	(d) 337,443,540	0	3,137,567	308,797,889	0	0	0	25,508,084	0	0	0
2. Liability December 31, current year from Part 1:											
2.1 Direct	17,379	0	17,379	0	0	0	0	0	0	0	0
2.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
2.3 Reinsurance ceded	350,000	0	350,000	0	0	0	0	0	0	0	0
2.4 Net	(332,621)	0	(332,621)	0	0	0	0	0	0	0	0
3. Amounts recoverable from reinsurers December 31, current year	2,148,855	0	1,989,648	159,207	0	0	0	0	0	0	0
4. Liability December 31, prior year:											
4.1 Direct	23,236	0	23,236	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0
4.4 Net	23,236	0	23,236	0	0	0	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	1,087,565,885	0	5,244,191	1,054,431,314	0	0	0	27,890,380	0	0	0
6.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
6.3 Reinsurance ceded	752,627,057	0	4,452,129	745,792,632	0	0	0	2,382,296	0	0	0
6.4 Net	334,938,828	0	792,062	308,638,682	0	0	0	25,508,084	0	0	0

(a) Including matured endowments (but not guaranteed annual pure endowments) amounting to $ 0 in Line 1.1, $ 0 in Line 1.4.
$ 0 in Line 6.1, and $ 0 in Line 6.4.

(b) Including matured endowments (but not guaranteed annual pure endowments) amounting to $ 0 in Line 1.1, $ 0 in Line 1.4.
$ 0 in Line 6.1, and $ 0 in Line 6.4.

(c) Including matured endowments (but not guaranteed annual pure endowments) amounting to $ 0 in Line 1.1, $ 0 in Line 1.4.
$ 0 in Line 6.1, and $ 0 in Line 6.4.

(d) Includes $ 0 premiums waived under total and permanent disability benefits.

EXHIBIT OF NON-ADMITTED ASSETS

		1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)	0	0	0
2.	Stocks (Schedule D):			
	2.1 Preferred stocks	0	0	0
	2.2 Common stocks	0	0	0
3.	Mortgage loans on real estate (Schedule B):			
	3.1 First liens	0	0	0
	3.2 Other than first liens	0	0	0
4.	Real estate (Schedule A):			
	4.1 Properties occupied by the company	0	0	0
	4.2 Properties held for the production of income	0	0	0
	4.3 Properties held for sale	0	0	0
5.	Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)	0	0	0
6.	Contract loans	0	0	0
7.	Other invested assets (Schedule BA)	0	0	0
8.	Receivables for securities	16,046	132,425	116,379
9.	Aggregate write-ins for invested assets	0	0	0
10.	Subtotals, cash and invested assets (Lines 1 to 9)	16,046	132,425	116,379
11.	Title plants (for Title insurers only)	0	0	0
12.	Investment income due and accrued	0	0	0
13.	Premiums and considerations:			
	13.1 Uncollected premiums and agents' balances in the course of collection	4,565	4,565	0
	13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	0	0
	13.3 Accrued retrospective premiums	0	0	0
14.	Reinsurance:			
	14.1 Amounts recoverable from reinsurers	0	0	0
	14.2 Funds held by or deposited with reinsured companies	0	0	0
	14.3 Other amounts receivable under reinsurance contracts	0	0	0
15.	Amounts receivable relating to uninsured plans	0	0	0
16.1	Current federal and foreign income tax recoverable and interest thereon	0	0	0
16.2	Net deferred tax asset	47,805,783	40,598,181	(7,207,602)
17.	Guaranty funds receivable or on deposit	0	0	0
18.	Electronic data processing equipment and software	0	0	0
19.	Furniture and equipment, including health care delivery assets	0	0	0
20.	Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
21.	Receivable from parent, subsidiaries and affiliates	0	0	0
22.	Health care and other amounts receivable	178,798	0	(178,798)
23.	Aggregate write-ins for other than invested assets	2,780,454	3,984,112	1,203,658
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	50,785,646	44,719,283	(6,066,363)
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
26.	Total (Lines 24 and 25)	50,785,646	44,719,283	(6,066,363)
	DETAILS OF WRITE-INS			
0901.	DERIVATIVES	0	0	0
0902.				
0903.				
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0
2301.	DEFERRED SOFTWARE COSTS	2,780,454	3,984,112	1,203,658
2302.				
2303.				
2398.	Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399.	Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	2,780,454	3,984,112	1,203,658

(1) Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Nationwide Life and Annuity Insurance Company (Company) are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance (Department).

The Department recognizes only statutory accounting practices prescribed or permitted by the Department for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Ohio.

The Company elected to use rounding in reporting amounts in the statement. The amounts in this statement pertain to the entire Company business including, as appropriate, its Separate Account business.

B. Use of Estimates in Preparation of the Financial Statements

In preparing the financial statements in conformity with Statutory Accounting Principles management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. It also requires disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ significantly from those estimates.

C. Accounting Policy

Life premiums are recognized as income over the premium paying period of the related policies. Annuity considerations are recognized as revenue when received. Expenses incurred in connection with acquiring new insurance business, including costs such as sales commissions, are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

(1) Short-term investments are stated at amortized cost, which approximates fair value.

(2) Issuer obligations are stated at amortized cost using the modified scientific method.

(3) Common stocks are stated at market value.

(4) Preferred stocks are carried at amortized cost unless rated at a 4 or below by the NAIC, in which case preferred stocks are stated at the lower of cost or fair value.

(5) Mortgage loans on real estate are stated at the aggregate unpaid balance.

(6) Loan-backed securities are stated at amortized cost using the retrospective method.

(7) Not Applicable - The Company has no subsidiaries.

(8) Not Applicable - The Company does not have any ownership interest in joint ventures.

(9) Derivative instruments are valued consistently with the hedged item. Hedges of assets carried at market value are valued at market value. Hedges of assets carried at amortized cost are valued at amortized cost. Derivatives, which cease to be effective hedges, are valued at market value. For derivatives not qualifying for hedge accounting, the carrying amount reflects the derivative's fair value. For all derivatives, fair value represent the future discounted cash flows to be paid or received over the life of the derivative contract, based on current rate spreads, notional amounts, and projected rate curves.

(10) Not Applicable -The Company does not have a premium deficiency reserve.

(11) Not Applicable - The Company does not write accident and health insurance.

(12) The Company has not modified its capitalization policy from the prior period.

(13) As of January 1, 2005, the Company has elected to adopt SSAP No. 88 "Investments in Subsidiary, Controlled, and Affiliated Entities" and SSAP No. 91 "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities". The adoption of both principles has no impact on the Company's financial statements.

(2) Accounting Changes and Corrections of Errors

A. The Company had no material changes in accounting principle or correction of errors in the preparation of its 2005 financial statements.

B. Cumulative Effect upon Adoption of Codification – Not Applicable.

(3) Business Combinations and Goodwill

A. Statutory Purchase Method – Not Applicable.

B. Statutory Merger – Not Applicable.

C. Assumption Reinsurance – Not Applicable.

D. Impairment Loss – Not Applicable.

(4) Discontinued Operations – None.

(5) Investments

A. Mortgage Loans

	Residential	Commercial
(1) The minimum and maximum lending rates for mortgage loans during 2005, by category, were:	N/A	4.6% and 6.7%

(2) During 2005, the Company did not reduce interest rates of any outstanding mortgages.

(3) The maximum percentage of any one loan to the value of security at one time of the loan, exclusive of insured or guaranteed or purchase money mortgage was: 89.41%

	12/31/2005	12/31/2004
(4) As of year end, the Company held mortgages with interest more than 180 days past due with a recorded investment, excluding interest	$ -	$ -
Total interest due on mortgages with interest more than 180 days past due	$ -	$ -
(5) Taxes, assessments, and any amounts advanced and not included in the mortgage loan total	$ -	$ -
(6) Current year impaired loans	$ 205,563	$ -
Related allowance for credit losses	$ 47,499	$ -
(7) Impaired mortgage loans without an allowance for credit losses	$ -	$ -
(8) Average recorded investment in impaired loans	$ 205,563	$ -
(9) Interest income recognized during the period the loans were impaired	$ 11,821	$ -
(10) Amount of interest income recognized on a cash basis during the period the loans were impaired	$ 12,142	$ -
(11) Allowance for credit losses:		
a. Balance at beginning of period	$ 3,510,764	$ 3,253,763
b. Additions charged to operations	98,210	-
Reductions to the allowance for credit loss	(309,543)	-
c. Direct write-downs charged against the allowances	-	-
d. Recoveries of amounts previously charged off	-	-
e. Change in allowance calculation procedures	-	-
f. Balance at end of period	$ 3,299,431	$ 3,253,763

(12) Cash receipts are recorded when received. Loans in foreclosure and loans considered to be impaired are placed on non-accrual status. Interest received on non-accrual status mortgage loans on real estate is included in net investment income in the period received.

Debt Restructuring

	12/31/2005	12/31/2004
(1) The total recorded investment in restructured loans, as of period ended	$ 476,696	$ 494,802
(2) The realized capital losses related to these loans	$ -	$ -
(3) Total contractual commitments to extend credit to debtors owning receivables whose terms have been modified in troubled debt restructurings	$ -	$ -

(4) The Company places impaired loans on a non-accrual status. Interest received on non-accrual status mortgage loans on real estate is included in interest income in the period received.

C. Reverse Mortgages – None.

D. Loan-Backed Securities

(1) The company has elected to use the book value as of January 1, 1994 as the cost for applying the retrospective adjustment method to securities purchased prior to that date.

(2) Prepayment assumptions for single class mortgage-backed/asset-backed securities and multi-class securities were obtained primarily from an external source. Prepayment assumptions not available from an external source were based on internal estimates. These assumptions are consistent with the current interest rate and economic environment. The retrospective adjustment method is used to value all single class and multi-class mortgage-backed/asset-backed securities.

(3) Securities traded on national exchanges are valued based on prices from independent services. Investments for which published quotations are not available are valued from an internally developed matrix or obtained from other independent sources.

(4) The Company uses the retrospective method for all loan-backed securities.

E. Repurchase Agreements

For repurchase agreements, Company policies require a minimum of 102% of the fair value of securities purchased under repurchase agreements to be maintained as collateral. There were no repurchase agreements outstanding as of December 31, 2005 or December 31, 2004.

F. Real Estate

(1) Hudson Road Office Park

A. REO property in Woodbury, Minnesota. The property was classified as a long lived asset to be disposed of by sale with expected sale proceeds that fell below the net book value. Therefore, an impairment was taken to reduce the book value to a level consistent with the market value (sale proceeds) of the property.

B. An impairment was taken for $80,807. The fair market value of this property was determined by the Nationwide Real Estate Investment area through their market analysis of properties in the immediate market area.

C. This impairment is included in the realized gains/losses on page 4.

(2) Retail Land and Sale Operations - Not Applicable.

(6) Joint Ventures, Partnerships, and Limited Liability Companies

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

B. The Company did not recognize any impairment write downs for its investments in joint ventures, partnerships and limited liability companies during the statement periods.

(7) Investment Income

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

(1) Mortgage loans: Loans in foreclosure, delinquent more than one year or for which collection of interest is uncertain, are placed on non-accrual status.

(2) Bonds: Bonds for which the collection of interest is uncertain are placed on non-accrual status.

(3) Real Estate: Properties on which rent is in arrears for more than 90 days are placed on non-accrual status.

B. The total amount excluded:

(1) Mortgage loans:	$ -
(2) Bonds:	$ 16,046
(3) Real Estate:	$ -

(8) Derivative Instruments

A.-E. The Company uses interest rate swaps and exchange-traded futures contracts to reduce market risks from changes in interest rates and to alter interest rate exposures arising from mismatches between assets and liabilities. The Company uses currency swaps to reduce foreign currency risk on foreign denominated assets and liabilities. Under cross currency swaps, the Company agrees with the other parties to exchange, at specified intervals, the difference between fixed-rate (generally denominated in the foreign currency) and variable-rate (generally in US dollars) interest amounts, calculated by reference to an agreed notional amount. Cash is transferred at the inception and conclusion of the contract, to exchange notional amounts. The Company takes positions in credit default swaps to increase investment returns.

Under interest rate swaps, the Company agrees with the other parties to exchange, at specified intervals, the difference between fixed rate and variable rate interest amounts, calculated by reference to an agreed notional amount. Generally, no cash is exchanged at the inception of the contract, and no principal payments are made by either party. A single net interest payment is usually made by one counterparty at each due date.

A credit default swap is an agreement to purchase or sell a referenced asset if a specified credit event occurs. The Company sells credit default protection to enhance investment returns. The credit default swap is combined with an underlying highly rated asset to replicate a corporate bond. The premium received for selling default protection is recorded as an increase to investment income. The Company also has purchased default protection on selected debt instruments to hedge short term credit concerns, or because the combination of hedged item and purchased default protection provides sufficient spread and duration to fund related liabilities. The purchased default protection does not receive hedge accounting treatment.

The Company is exposed to credit-related losses in the event of nonperformance by counterparties to financial instruments, but it does not expect any counterparties to fail to meet their obligations given their high credit ratings. Potential losses are minimized through careful evaluation of counter-party credit standing; selection of counterparties from a limited group of high quality institutions and collateral agreements. The credit exposure of interest rate swaps is represented by the fair value (market value) of contracts with a positive fair value at the reporting date.

The Company's total credit exposure to interest rate and cross currency swaps was $333,000 as of December 31, 2005 ($1,589,000 as of December 31, 2004) and is represented by the fair value of contracts with a net positive fair value, aggregated for each counterparty, at the reporting date, reduced for collateral posted by the counterparty.

The Company uses exchange-traded futures contracts to reduce market risk on equity securities. The gain/loss on derivatives substantially offset the gain/loss on the hedged item. Exchange prices are the source for market values assigned.

As reported on Schedule DB Part D, financial futures are agreements to buy or sell a specific amount of a financial instrument at a specific price at a future date. Futures contracts have limited off-balance sheet credit risk as they are executed on organized exchanges and require cash or security collateral, as well as daily cash settlements of margins.

Derivative instruments are valued consistently with the hedged items. Hedges of assets carried at market are valued at market value, with the offset recorded in earnings and surplus, based on how the hedged item's market value is recorded. Hedges of assets carried at amortized cost are carried at amortized cost. Derivatives, which cease to be effective hedges and derivative instruments receiving immediate recognition accounting, are valued at market with the offset recorded in net realized capital gains or losses.

Periodic cash flows and accruals of income/expense are reported in a manner consistent with the hedged item, generally as other investment income. Realized gains and losses on commitment and anticipatory hedges are used to adjust the basis of the hedged item and are therefore amortized into investment income over the remaining life of the hedged item.

No gain or loss recognized in derivative instruments' unrealized gains or losses during the year are excluded from the assessment of hedge effectiveness. There is also no net gain or loss recognized during the year resulting from derivatives that no longer qualify for hedge accounting. In addition, no amounts of gains or losses were classified in unrealized gains/losses related to cash flow hedges that have been discontinued because it was no longer probable that the original forecasted transaction would occur as anticipated.

At December 31, 2005 and 2004, a net gain of $0 and a net gain of $153,000, respectively, relating to U.S. Treasury futures contracts used as hedges of anticipated bonds and mortgage loan investments were deferred. The investments being hedged were funded during the first quarter of 2005.

The notional amount and carrying and fair values of derivative instruments outstanding as of December 31, 2005 were as follows:

Type of Derivative	Notional	Carrying Value	Fair Value Asset	Fair Value Liability	Average Fair Value	Income/ (Expense)
Interest Rate Swap	$ 35,562,000	$ -	$ 297,000	$ (224,000)	$ 8,000	$ 137,000
Cross-Currency Interest Rate Swap	45,129,000	(4,309,000)	-	(9,170,000)	(1,528,000)	(167,000)
Credit Default Swap Sold	74,000,000	-	506,000.00	(224,000)	23,000	725,000
Credit Default Swap Purchased	2,000,000	(56,000.00)	-	(57,000)	(57,000)	(25,000)
Total	$ 156,691,000	$ (4,365,000)	$ 803,000	$ (9,675,000)	$ (1,554,000)	$ 670,000

The Company is not currently engaged in written covered options used for income generation or derivatives accounted for as cash flow hedges of a forecasted transaction, other than the payment of variable interest on existing financial instruments.

(9) Income Taxes

A. The components of the net deferred income tax assets at each date presented were as follows:

	12/31/2005	12/31/2004	Change
(1) Total of all deferred tax assets (admitted and non-admitted)	$ 69,537,379	$ 66,081,909	$ 3,455,470
(2) Total of all deferred tax liabilities	(13,274,155)	(16,834,010)	3,559,855
(3) Subtotal	$ 56,263,224	$ 49,247,899	$ 7,015,325
(4) Total of all deferred tax assets nonadmitted	47,805,783	40,598,181	7,207,602
(5) Net deferred tax asset	$ 8,457,441	$ 8,649,718	$ (192,277)

The change in deferred income taxes reported in surplus before consideration of nonadmitted assets is comprised of the following components:

(6) Net deferred tax asset	$ 56,263,224	$ 49,247,899	$ 7,015,325
(7) Tax effect of unrealized gains and losses	184,811	101,212	83,599
(8) Net tax effect without unrealized gains and losses	$ 56,078,413	$ 49,146,687	$ 6,931,726

B. Deferred tax liabilities are not recognized for the following amounts – Not Applicable.

C. Current income taxes incurred consist of the following major components:

	12/31/2005	12/31/2004
1. Current year expense	$ (865,258)	$ 14,238,350
2. Tax credits	-	-
3. Audit Settlement	(4,054,324)	7,323,213
4. Prior year under/(over) accrual of tax reserves	(367,208)	612,344
5. Current income taxes incurred	$ (5,286,790)	$ 22,173,907

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred liabilities are as follows:

Deferred Tax Assets	12/31/2005	12/31/2004	Change
1. Life reserves	$ 23,855,547	$ 19,275,601	$ 4,579,946
2. Deferred acquisition costs	42,863,449	44,582,803	(1,719,354)
3. Other	2,818,382	2,223,505	594,877
4. Total deferred tax assets	69,537,378	66,081,909	3,455,469
5. Nonadmitted deferred tax assets	47,805,783	40,598,181	7,207,602
6. Admitted deferred tax assets	21,731,595	25,483,728	(3,752,133)
Deferred Tax Liabilities			
7. Investments	$ (10,223,614)	$ (3,311,940)	$ (6,911,674)
8. Life reserves	(2,820,020)	(12,291,964)	9,471,944
9. Other	(230,520)	(1,230,106)	999,586
10. Total deferred tax liabilities	(13,274,154)	(16,834,010)	3,559,856
11. Net Admitted Deferred Tax Asset	$ 8,457,441	$ 8,649,718	$ (192,277)

D. The Company's income tax incurred and change in deferred differs from the amount obtained by applying the federal statutory rate of 35% to income before income taxes as follows:

	12/31/2005	12/31/2004
1. Current income taxes incurred	$ (5,286,790)	$ 22,173,907
2. Change in deferred income tax (without tax on unrealized gains and losses)	(6,931,726)	(9,075,142)
3. Total income tax reported	$ (12,218,516)	$ 13,098,765
4. Income before income taxes	$ (22,311,893)	$ 34,723,381
5. Expected income tax expense at 35% tax rate	35%	35%
6. Increase in tax rate reported resulting from:	(7,809,163)	12,153,183
a. Dividends received deduction	(3,929,566)	(1,627,047)
b. Nondeductible expenses, meals, penalities, lobbying	83,589	94,149
c. Tax exempt income	-	-
d. Tax adjustment for IMR	(69,505)	677,727
e. Deferred benefit on nonadmitted assets	(962,346)	1,800,754
f. Tax credits	-	-
g. Other	468,475	-
7. Total income tax reported	$ (12,218,516)	$ 13,098,766

E.

	Amount	Origination	Expiration
(1) Amount of operating loss carry forwards	-	N/A	N/A
Amount of tax credits	-	N/A	N/A

(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:

2005	$ -
2004	$ 13,945,393
2003	$ 16,396,711

F.

(1) The Company will file a consolidated tax return with its parent company Nationwide Life Insurance Company (NLIC) for tax years 2005 and 2004.

(2) The method of allocation among the companies is subject to the resolution approved by the Board of Directors. Allocation is based upon separate return or sub-group aggregated separate return calculations with the Company being reimbursed for the actual Federal income tax benefit of its net operating losses, which are actually used to reduce the taxable income of other companies in the consolidated return. Under Internal Revenue Code regulations, Nationwide Financial Services, Inc. (NFS) and its subsidiaries, including the Company, cannot file a life/non-life consolidated federal income tax return until five full years following NFS' departure from the Nationwide Mutual Insurance Company (NMIC) consolidated federal income tax return group. Therefore, NFS and its direct non-life insurance company subsidiaries will file a consolidated federal income tax return; NLIC and the Company will file a consolidated federal income tax returns until 2008, when NFS expects to be able to file a single consolidated federal income tax return with all of its subsidiaries, including NLIC and the Company.

(10) Information Concerning Parent, Subsidiaries and Affiliates

A - D. The Company is a wholly owned subsidiary of NLIC. NLIC is wholly owned subsidiary of NFS, a public holding company, domiciled in the State of Delaware, which in turn, is a majority owned subsidiary of Nationwide Corporation (Corp.). Corp. is a subsidiary of Nationwide Mutual Insurance Company (NMIC) and Nationwide Mutual Fire Insurance Company.

During 2005, the Company did not receive any capital contributions from NLIC ($0 in 2004).

The Company leases office space from NMIC and certain of its subsidiaries. For the years ended December 31, 2005 and 2004, the Company made lease payments to NMIC and its subsidiaries of $207,355 and $294,681 respectively.

The Company and various affiliates entered into agreements with Nationwide Cash Management Company (NCMC), an affiliate, under which NCMC acts as a common agent in handling the purchase and sale of short-term securities for the respective accounts of the participants. Amounts on deposit with NCMC were $32,694,504 and $8,966,766 as of December 31, 2005 and 2004 respectively, and are included in short-term investments.

The Company also participates in inter-company repurchase agreements with affiliates; whereby, the seller will transfer securities to the buyer at a stated value. Upon demand or after a stated period, the seller will repurchase the securities at the original sales price plus interest. Through 2005 and 2004, the most the Company had outstanding at any given time was $53,236,000 and $36,900,000, respectively, and the Company incurred interest expense on inter-company repurchase agreements of $210,402 and $63,078 for 2005 and 2004, respectively. The Company believes that the terms of the repurchase agreements are materially consistent with what the Company could have obtained with unaffiliated parties.

Amounts payable to NMIC and Nationwide Services Company, LLC, a subsidiary of NMIC, from the Company under the cost sharing agreement were $9,210,112 and $11,485,035 as of December 31, 2005 and 2004, respectively.

Pursuant to a cost sharing agreement among NMIC and certain of its direct and indirect subsidiaries, including the Company, NMIC provides certain operational and administrative services, such as sales support, advertising, personnel and general management services, to those subsidiaries. Expenses covered by this agreement are subject to allocation among NMIC, the Company and other affiliates. The allocations are based on techniques and procedures in accordance with insurance regulatory guidelines. Measures used to allocate expenses among companies include individual employee estimates of time spent, special cost studies, salary expense, commission expense and other methods agreed to by the participating companies that are within industry guidelines and practices. In addition, Nationwide Services Company, LLC provides computer, telephone, mail, employee benefits administration and other services to NMIC and certain of its direct and indirect subsidiaries, including the Company, based on specified rates for units of service consumed. For the years ended December 31, 2005 and 2004, the Company made payments to NMIC and Nationwide Services Company, LLC totaling $16,450,440 and $3,121,552, respectively. The company does not believe that expenses recognized under these agreements are materially different than expenses that would have been recognized had the Company operated on a stand-alone basis.

Funds of Gartmore Global Investments, Inc. (GGI), an affiliate, are offered to the Company's customers as investment options in certain of the Company's products. As of December 31, 2005 and 2004, customer allocations to GGI funds totaled $198,584,803 and $208,408,125, respectively. For the years ended 2005 and 2004, GGI paid the Company $846,791 and $609,520, respectively, for the distribution and servicing of these funds.

The Company has an inter-company reinsurance agreement with NLIC whereby certain in force and subsequently issued fixed individual deferred annuity contracts are ceded on a modified coinsurance basis. Under modified coinsurance agreements, invested assets and liabilities for future policy benefits are retained by the ceding company and net investment earnings on the invested assets are paid to the assuming company. Under terms of the agreement, the Company bears the investment risk associated with changes in interest rates is borne by NLIC. Risk of asset default is retained by the Company, although a fee is paid by NLIC to the Company for the Company's retention of such risk. The agreement will remain in force until all contract obligations are settled. The ceding of risk does not discharge the original insurer from its primary obligation to the contract holder. The Company believes that the terms of the modified coinsurance agreement are consistent in all material respects with what the Company could have obtained with unaffiliated parties. Amounts ceded to NLIC in 2005 include premiums and other income of $130,163,664 ($651,772,000 in 2004), net investment income of $290,466,478 ($294,903,000 in 2004) and benefits, claims and other expenses of $391,233,807 ($910,756,441 in 2004). Amounts payable related to this contract were $23,764,369 ($81,594,000 in 2004). The reserve adjustment represents reserve increases related to this fixed block of business, offset by investment earnings on the underlying assets.

The Company has an inter-company reinsurance agreement with NLIC whereby a certain life insurance contract is ceded on a 100% coinsurance basis. Amounts ceded to NLIC include expenses of $237,020 through December 31, 2005 ($228,000 in 2004).

Policy reserves ceded under this agreement totaled $127,527,573 and $119,149,684 as of December 31, 2005 and 2004, respectively.

During 2005, the Company sold $49,977,862 of corporate bonds to Nationwide Life Insurance Company.

E. Not Applicable.

F. Not Applicable.

G. Not Applicable.

H. Not Applicable.

I. Not Applicable.

J. Not Applicable.

(11) Debt

A. The Company has not issued capital notes.

B. Not Applicable.

(12) Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and other Post-Retirement Benefit Plans

A. The Company, together with other affiliated companies, participates in the Nationwide Retirement Plan (Retirement Plan). The plan covers substantially all employees, excluding employees of Nationwide Financial Network (NFN), who have completed at least one year of service. All participants are eligible for benefits based on an account balance feature. Participants last hired before 2002 are eligible for benefits based on the highest average annual salary of a specified number of consecutive years of the last ten years of service, if such benefits are of greater value than the account balance feature. The Company funds pension costs accrued for direct employees plus an allocation of pension costs accrued for employees of affiliates whose work efforts benefit the Company. Plan contributions are invested in a group annuity contract of NLIC.

Pension costs charged to operations under the Retirement Plan during the year ended December 31, 2005 was $267,808 ($245,115 in 2004).

The plan as a whole reported pension benefit obligation for non-vested employees of $52,709,834 and $59,932,456 at December 31, 2005 and 2004, respectively.

In addition to the defined benefit pension plan, the Company, together with other affiliated companies, participates in life and health care defined benefit plans (Post-retirement Plan) for qualifying retirees. Post-retirement life and health care benefits are contributory and generally available to full time employees, hired prior to June 1, 2000, who have attained age 55 and have accumulated 15 years of service with the Company after reaching age 40. Post-retirement health care benefit contributions are adjusted annually and contain cost sharing features such as deductible and coinsurance. In addition, there are caps on the Company's portion of the per-participant cost of the post-retirement health care benefits. The Company's policy is to fund the cost of health care benefits in amounts determined at the discretion of management. Plan assets are invested primarily in group annuity and life insurance contracts of NLIC.

Two significant plan changes were enacted to the postretirement benefit plans as of December 31, 2002. The post-retirement medical plan was revised to reflect the current expectation that there will be no further increases in the benefit cap after 2006. Prior to 2007, it is assumed that benefit caps will increase by 3% per year, at which time the cap will be frozen. The post-retirement death benefit plan was revised to reflect that all employer subsidies will be phased out beginning in 2007. The 2007 subsidy is assumed to be 2/3 of the current subsidy and the 2008 subsidy is assumed to be 1/3 of the current amount. There is no employer-subsidized benefit assumed after 2008.

After the acquisition of NFN, the existing retiree medical and life insurance benefits were continued through December 31, 2002. Effective January 1, 2003, the continuation of these benefits was assumed under the Nationwide benefit plans. A separate retiree medical and life insurance contribution schedule was maintained. All other Nationwide plan provisions apply to NFN retirees on the same basis as for all Nationwide retirees.

The Company's net post-retirement benefits cost for the year ended December 31, 2005 and 2004 was $93,294 and $84,440 respectively. At December 31, 2005 and 2004, there was no accrued liability for post-retirement benefit obligations for retirees and other fully eligible or vested plan participants.

The post-retirement benefit obligation for non-vested employees was $121,576,453 and $115,211,538 at December 31, 2005 and 2004, respectively.

A summary of assets, obligations, and assumptions of the Pension and Other Post-Retirement Benefit plans, as a whole, are as follows at December 31, 2005 and 2004:

	Pension Benefits		Post-Retirement Benefits	
	2005	2004	2005	2004
(1) Change in benefit obligation:				
a. Benefit obligation at beginning of year	$ 2,673,150,964	$ 2,394,865,521	$ 176,891,646	$ 194,193,509
b. Service cost	155,380,174	137,289,293	13,193,741	10,891,721
c. Interest cost	131,621,369	130,219,420	9,407,380	10,821,228
d Contribution by plan participants	-	-	6,520,630	4,148,529
e. Actuarial loss (gain)	250,229,996	116,225,404	(462,822)	(8,660,987)
f. Benefits paid	(117,285,011)	(105,448,674)	(25,887,357)	(22,320,556)
g. Plan amendments	-	-	-	(12,181,798)
h. Plan curtailment	-	-	-	-
I. Acquistion	-	-	-	-
Benefit obligation at end of year	$ 3,093,097,492	$ 2,673,150,964	$ 179,663,218	$ 176,891,646
(2) Change in plan assets:				
a. Fair value of plan assets at beginning of year	$ 2,454,253,696	$ 2,242,379,047	$ 135,556,406	$ 127,500,318
b. Actual return on plan asset	184,130,454	187,323,323	6,308,775	6,150,760
c. Employer contribution	249,800,000	130,000,000	19,074,677	20,077,355
d. Plan participant's contributions	-	-	6,520,630	4,148,529
e. Benefits paid	(117,285,011)	(105,448,674)	(25,887,357)	(22,320,556)
Fair value of plan assets at end of year	$ 2,770,899,139	$ 2,454,253,696	$ 141,573,131	$ 135,556,406
(3) Funded status	$ (322,198,353)	$ (218,897,268)	$ (38,090,087)	$ (41,335,240)
a. Unamortized prior service cost	15,043,700	16,597,930	(12,157,499)	(13,163,502)
b. Unrecognized net loss	757,842,895	544,402,996	40,803,884	40,307,843
c. Remaining net obligation or (net asset) at transition	(83,273,213)	(139,488,629)	512,961	586,247
Prepaid benefit cost (benefit)	$ 367,415,029	$ 202,615,029	$ (8,930,741)	$ (13,604,652)
(4) Benefit obligation for non-vested employees	$ 52,709,834	$ 59,932,456	$ 121,576,453	$ 115,211,538
(5) Components of net periodic benefit cost:				
a. Service cost	$ 155,380,174	$ 137,289,293	$ 13,193,741	$ 10,891,721
b. Interest cost on projected benefit obligation	131,621,369	130,219,420	9,407,380	10,821,228
c. Expected return on plan assets	(172,534,660)	(167,653,802)	(8,753,619)	(8,862,641)
d. Amortization of unrecognized transition obligation or transition asset	(56,215,416)	(88,496,413)	73,281	419,074
e. Recognized gains	25,194,303	22,087,272	1,485,986	1,497,311
f. Amortization of prior service cost recognized	1,554,230	1,554,230	(1,006,003)	(46,979)
g. Amount of gain or loss recognized due to a settlement or curtailment	-	-	-	-
Total net periodic benefit cost	$ 85,000,000	$ 35,000,000	$ 14,400,766	$ 14,719,714

(6) A minimum pension liability adjustment is required when the actuarial present value of accumulated benefits exceeds plan assets and accrued pension liabilities. The minimum liability adjustment, less allowable intangible assets, net of tax benefit, is reported as a change in surplus in the Summary of Operations. At December 31, 2005 and 2004, no additional minimum liability was required.

The following table summarizes benefits expected to be paid in each of the next five fiscal years and in the aggregate for the five fiscal years thereafter:

(in millions)	Pension Benefits	Post-Retirement Benefits
2006	115.7	20.7
2007	117.8	20.5
2008	120.2	19.8
2009	127.0	19.3
2010	133.8	19.9
2011-2015	817.1	111.6

(7) The following tables are the basis of measurement for plan liabilities and is relevant for items 1-4 above.

	Pension Benefits		Post-Retirement Benefits	
	2005	2004	2005	2004
Weighted average assumptions as of December 31:				
a. Weighted average discount rate	4.75%	5.00%	5.45%	5.70%
b. Rate of increase in future compensation levels	4.25%	3.50%	N/A	N/A
Assumed health care cost trend rate:				
a. Initial rate (10.0% pre age 65, 11.0% post age 65)	-	-	9.00%	10.00%
b. Ultimate rate (5.2% pre age 65, 5.7% post age 65)	-	-	5.50%	5.20%
c. Declining period	-	-	7 Years	10 Years

(8) The following tables are the basis of measurement for net periodic and post-retirement costs and are relevant for item 5:

	Pension Benefits		Post-Retirement Benefits	
	2005	2004	2005	2004
a. Weighted average discount rate	5.00%	5.50%	5.70%	6.10%
b. Rate of increase in future compensation levels	3.50%	4.00%	N/A	N/A
c. Expected long-term rate of return of plan assets	6.75%	7.25%	6.50%	7.00%
d. Assumed health care cost trend rate:				
Initial rate	-	-	10.00%	11.00%
Ultimate rate	-	-	5.20%	5.20%
Declining period	-	-	10 years	11 years

(9) As a result of the 2004 post-retirement health plan change, the effect of a one percentage-point change in the trend assumption on the accumulated post-retirement benefit obligation (APBO) was not material due to the plan caps. The effect on one percentage-point increase is the assumed health care cost trend rate on the APBO as a whole as of December 31, 2004 is $1,600,000. The effect of a one percentage-point trend rate decrease is $1,500,000.

(10) The pension plan employs a total return investment approach using a mix of equities and fixed income investments to maximize the long term return on plan assets in exchange for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. The plan requires investment in a group annuity contract backed by fixed investments with an interest rate guarantee to match liabilities for specific classes of retirees. On a periodic basis, the portfolio is analyzed to establish the optimal mix of assets based on current market conditions given the risk tolerance. In the most recent study, asset sub-classes were considered in debt securities (diversified U.S. investment grade bonds, diversified high-yield U.S. securities, international fixed income, emerging markets and commercial mortgage loans) and equity investments (domestic equities, private equities, international equities, emerging market equities and real estate investments). Each asset sub-class chosen contains a diversified blend of securities from that sub-class. Investment mix is measured and monitored continually through regular investment reviews, annual liability measurements and periodic asset/liability studies.

The following table summarizes the asset allocation for the NMIC sponsored pension plan as a whole at the end of 2005 and 2004 and the target allocation for 2006, by asset category:

Asset Category	Percentage of plan assets		Target allocation percentage
	2005	2004	2006
Equity securities	50%	48%	40-65%
Debt securities	50%	52%	25-50%
Real estate	-	-	0-10%
Total	100%	100%	

The postretirement benefit plans employ a total return investment approach using a mix of equities and fixed income investments to maximize the long-term return on plan assets in exchange for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. Plan investments for retiree life insurance benefits generally include a retiree life insurance contract issued by NLIC. For retiree medical liabilities, plan investments include both a group annuity contract issued by NLIC backed by fixed investments with an interest rate guarantee and a separate account invested in diversified U.S. equities. Investment mix is measured and monitored continually through regular investment reviews, annual liability measurements and periodic asset/liability studies.

The following table summarizes the asset allocation for the NMIC-sponsored postretirement benefit plans as a whole at the end of 2005 and 2004 and the target allocation for 2006, by asset category:

Asset Category	Percentage of plan assets		Target allocation percentage
	2005	2004	2006
Equity securities	60%	60%	50-80%
Debt securities	37%	35%	20-50%
Other	3%	5%	0-10%
Total	100%	100%	

(11) – (13) – Not applicable.

(14) In 2004 the post-retirement medical plan was amended to reflect the provisions of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act), which was signed into law on December 8, 2003. The amendment integrates prescription drug benefits with the coverage provisions provided in the Act. The impact of the amendment is reflected in the accumulated post-retirement benefit obligation as of December 31, 2004. The expense impact of the Act was a $2.0 million decrease for 2005.

B. Defined Contribution Plan

The Company, together with other affiliated companies, participates in a defined contribution savings plan covering substantially all employees of the Company. Employees make salary deferral contributions of up to 80%. Salary deferrals of up to 6% are subject to a 50% company match. The Company match is funded on a biweekly basis and the expense of such contributions are allocated to the Company based on employee contributions. For the Plan as a whole, the expense was $39,300,000 and $36,500,000 for 2005 and 2004, respectively. Individuals are subject to a dollar limit on salary deferrals per IRS Section 402(g) ($14,000 in 2005 and $13,000 in 2004). Other limits also apply. The Company has no legal obligation for benefits under this plan.

C. Multiemployer Plans – Not Applicable.

D. Consolidated/Holding Company Plans

The Company, together with other affiliated companies; participates in non-qualified deferred compensation and defined benefit arrangements for certain employees and agents. The employer has no legal obligation for benefits under the plans. Expenses are allocated to the Company based on individual participants. Total Plan liabilities for non-qualified deferred compensation plans were $212,000,000 and $162,700,000 on December 31, 2005 and December 31, 2004, respectively. Total Plan liabilities for non-qualified defined benefit plans were $183,300,000 and $162,500,000 on December 31, 2005 and 2004, respectively. Total expenses related to the non-qualified benefit plans were $32,400,000 for 2005 and $31,500,000 for 2004. Total Plan liabilities for the agents' plan were $983,900,000 and $931,300,000 on December 31, 2005 and December 31, 2004, respectively. Total expense recorded during 2005 and 2004 was $102,998,000 and $107,466,000, respectively. The agent plan liability was pooled prior to 2001, but pooling was discontinued in 2001. The entire liability now resides on NMIC's books.

E. Post Employment Benefits and Compensated Absences – The Company has no obligation to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned vacation. The liability for earned but untaken vacation has been accrued.

(13) Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

(1) The Company has 66,000 Class A shares issued, authorized, and outstanding as of December 31, 2005 and 2004, respectively.

(2) The Company has no preferred stock outstanding.

(3) Ohio law limits the payment of dividends to the parent. The maximum dividend that may be paid in any twelve-month period without prior approval of the Director of Insurance is limited to the greater of net income of the preceding calendar year or 10% of capital and surplus as of the prior December 31 less dividends paid in prior twelve months. As of December 31, 2005, the maximum dividend that may be paid by the Company in 2006 without regulatory approval is $20,915,295.

(4) Not Applicable.

(5) Not Applicable.

(6) Not Applicable.

(7) The Company does not hold any stocks for special purpose.

(8) The Company does not hold any special surplus funds.

(9) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

	12/31/2005	12/31/2004
a. Unrealized gains and losses	$ (3,664,129)	$ (6,362,442)
b. Nonadmitted asset values	$ 54,047,215	$ 48,230,046
c. Separate account business	$ -	$ -
d. Asset valuation reserves	$ 32,391,229	$ 27,271,727
e. Provision for reinsurance	$ -	$ -

(10) The Company has no surplus debentures or similar obligations.

(11) Quasi –Reorganization - Not Applicable.

(12) Quasi- Reorganization – Not Applicable.

(14) Contingencies

A. The Company is a party to litigation and arbitration proceedings in the ordinary course of its business. It is not possible to determine the ultimate outcome of the pending investigations and legal proceedings or to provide reasonable ranges of potential losses. Some of the matters, including certain of those referred to below, are in very preliminary stages, and the Company does not have sufficient information to make an assessment of plaintiffs' claims for liability or damages. In some of the cases seeking to be certified as class actions, the court has not yet decided whether a class will be certified or (in the event of certification) the size of the class and class period. In many of the cases, plaintiffs are seeking undefined amounts of damages or other relief, including punitive damages and equitable remedies that are difficult to quantify and cannot be defined based on the information currently available. The Company does not believe, based on information currently known by the Company's management, that the outcomes of such pending investigations and legal proceedings are likely to have a material adverse effect on the Company's consolidated financial position. However, given the large and/or indeterminate amounts sought in certain of these matters and inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could have a material adverse effect on the Company's consolidated financial results in a particular quarterly or annual period.

In recent years, life insurance companies have been named as defendants in lawsuits, including class action lawsuits relating to life insurance and annuity pricing and sales practices. A number of these lawsuits have resulted in substantial jury awards or settlements to life insurers other than the Company.

The financial services industry, including mutual fund, variable annuity life insurance and distribution companies have been the subject of increasing scrutiny by regulators, legislators, and the media over the past few years. Numerous regulatory agencies, including the Securities Exchange Commission (SEC), the National Association of Securities Dealers, and the New York Attorney General, have commenced industry-wide investigations regarding late trading and market timing in connection with mutual funds and variable insurance contracts, and have commenced enforcement actions against some mutual fund and life insurance companies on those issues. The Company has been contacted by or received subpoenas for the SEC and the New York Attorney General, who are investigating market timing in certain mutual funds offered in insurance products sponsored by the Company. The Company has cooperated with these investigations. Information requests from the New York State Attorney General and the SEC with respect to investigations into later trading and market timing were last responded to by the Company and its affiliates in December 2003 and April 2005, respectively, and no further information requests have been received with respect to these matters.

In addition, state and federal regulators have commenced investigations or other proceedings relating to compensation and bidding arrangements and possible anti-competitive activities between insurance producers and brokers and issuers of insurance products, and unsuitable sales and replacements by producers on behalf of the issuer. Also under investigation are compensation agreements between the issuer of variable insurance contracts and mutual funds or their affiliates, the use of side agreements and finite reinsurance agreements, and funding agreements issued to back medium-term note (MTN) programs. Related investigations and proceedings may be commenced in the future. The Company and/or its affiliates have been contacted by or received subpoenas from state and federal regulatory agencies, state securities law regulators and state attorneys general for information relation to these investigations into compensation and bidding arrangements, anti-competitive activities, unsuitable sales or replacement practice, the use of side agreements and finite reinsurance agreements, and funding agreements backing the MTN program. The Company is cooperating with regulators in connection with these inquiries. The Company will cooperate with NMIC in responding to these inquiries to the extent that any inquiries encompass its operations.

These proceedings are expected to continue in the future and could result in legal precedents and new industry-wide legislation, rules, and regulations that could significantly affect the financial services industry, including life insurance and annuity companies. These proceedings also could affect the outcome of one or more of the Company's litigation matters. There can be no assurance that any such litigation or regulatory actions will not have a material adverse effect on the Company in the future.

On January 21, 2004, the Company was named in a lawsuit filed in the United States District Court for the Northern District of Mississippi entitled *United Investors Life Insurance Company v. Nationwide Life Insurance Company and/or Nationwide Life Insurance Company of America and/or Nationwide Life and Annuity Insurance Company and/or Nationwide Life and Annuity Company of America and/or Nationwide Financial Services, Inc. and/or Nationwide Financial Corporation, and John Does A-Z.* In its complaint, plaintiff United Investors alleges that the Company and/or its affiliated life insurance companies caused the replacement of variable insurance policies and other financial products issued by United Investors with policies issued by the Nationwide defendants. The plaintiff raises claims for (1) violations of the Federal Lanham Act, and common law unfair competition and defamation, (2) tortious interference with the plaintiff's contractual relationship with Waddell & Reed, Inc. and/or its affiliates, Waddell & Reed Financial, Inc., Waddell & Reed Financial Services, Inc. and W&R Insurance Agency, Inc., or with the plaintiff's contractual relationships with its variable policyholders, (3) civil conspiracy, and (4) breach of fiduciary duty. The complaint seeks compensatory damages, punitive damages, pre- and post-judgment interest, a full accounting, a constructive trust, and costs and disbursements, including attorneys' fees. The Company filed a motion to dismiss the complaint on June 1, 2004. On February 8, 2005 the court denied the motion to dismiss. On March 23, 2005 the Company filed its answer, and on December 30, 2005, the Company filed a motion for summary judgment. The Company intends to defend this lawsuit vigorously.

On October 31, 2003, NLIC and NLAIC were named in a lawsuit seeking class action status filed in the United States District Court for the District of Arizona entitled *Robert Helman et al v. Nationwide Life Insurance Company et al*. The suit challenges the sale of deferred annuity products for use as investments in tax-deferred contributory retirement plans. On April 8, 2004, the plaintiff filed an amended class action complaint on behalf of all persons who purchased an individual variable deferred annuity contract or a certificate to a group variable annuity contract issued by NLIC or NLAIC which were allegedly used to fund certain tax-deferred retirement plans. The amended class action complaint seeks unspecified compensatory damages. NLIC and NLAIC filed a motion to dismiss the complaint on May 24, 2004. On July 27, 2004, the court granted NLIC and NLAIC's motion to dismiss. The plaintiff has appealed that dismissal to the United States Court of Appeals for the Ninth Circuit. NLIC and NLAIC intend to defend this lawsuit vigorously.

B. The increase in the number of insurance companies that are under regulatory supervision has resulted, and is expected to continue to result in increased assessments by state guaranty funds to cover losses to policyholders of insolvent or rehabilitated insurance companies. Those mandatory assessments may be partially recovered through a reduction in future premium taxes in certain states. The Company is unable to reasonably estimate the reduction the potential amounts or the potential effect of any such increased assessments or voluntary payments on the Company's financial position and results of operations, the Company recognizes its obligation for guaranty fund assessments when it receives notice that an amount is payable to a guaranty fund. Refunds for guaranty fund assessments were zero in 2005 and 2004, respectively.

C. Gain Contingencies – Not Applicable.

D. All Other Contingencies – Not Applicable.

(15) Leases

The Company does not have any material lease obligations at this time.

(16) Information about Financial Instruments with Off Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

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

	Assets		Liabilities	
	2005	2004	2005	2004
Swaps	$ 73,862,356	$ 143,612,356	$ 82,828,658	$ 57,128,658
Futures	-	45,200,000	-	-
Options	-	-	-	-
Total	$ 73,862,356	$ 188,812,356	$ 82,828,658	$ 57,128,658

(2) Commitments to fund fixed rate mortgages loans on real estate are agreements to lend a borrower, and are subject to conditions established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a deposit. Commitments extended by the Company are based on management's case-by-case credit evaluation of the borrower and the borrower's loan collateral.

Notional amounts of derivative financial instruments, primarily interest rate swaps, interest rate futures contracts and foreign currency swaps, significantly exceed the credit risk associated with these instruments and represent contractual balances on which calculation of amounts to be exchanged are based. Credit exposure is limited to the sum of the aggregate fair value of positions that have become favorable to the Company, including accrued interest receivable due from the counterparties.

(3) Should the commitment be funded, the Company's exposure to credit loss in the event of nonperformance by the borrower is represented by the contractual amounts of these commitments less the net realizable value of the collateral. The contractual amounts also represent the cash requirements for all unfounded commitments.

Potential credit losses are minimized through careful evaluation of counter-party credit standing; selection of counter-parties from a limited group of high quality institutions, collateral agreements and other contract provisions.

(4) The underlying mortgage property represents the collateral if the commitment is funded. The Company's policy for new mortgage loans on real estate is to lend no more than 80% of collateral value.

Collateral requirements for over-the-counter derivative instruments are controlled by the International Swap Dealers Association and Credit Support Annex documents that are negotiated with each counterparty. Generally, these documents outline each party's rights and obligations for receiving and posting collateral. The documents address such issues as calculating collateral due/owed, delivery and return of collateral, uses and substitution for collateral, distributions and interest rights and remedies for both parties, credit thresholds and eligible collateral (typically cash, debt obligations issued by the United States Treasury, or obligations issued by government agencies). NLIC monitors their collateral position on a daily basis, adjusting positions as necessary, and in accordance with the terms of these agreements. For futures contracts, margin requirements are established by the broker for the various types of futures contracts NLIC may employ. The margin account is settled daily for changes in contracts outstanding and movements in market values of open contracts. NLIC uses cash to cover the margin account for future activity.

(17) Sale, Transfer, and Servicing of Financial Assets and Extinguishment of Liabilities

A. Transfers of Receivables Reported as Sales – Not Applicable.

B. Transfer and Servicing of Financial Assets

The Company lends treasury, corporate, and equity securities and in turn, generally receives cash collateral. In some cases, securities or letter of credits are used by the borrower as collateral. The fair value of the collateral is equal to at least 102% of the loaned securities at all times during the period the securities are loaned.

The cash collateral is invested in high-quality short-term investments. Both the borrower and the Company can request or return the loaned securities at any time. The Company maintains ownership of the securities at all times and is entitled to receive from the borrower any payments for interest or dividends received during the loan term.

Since the collateral pledged by the borrower is not available for the general use of the Company (restricted), the collateral is not recorded on the balance sheet as an asset, and a corresponding liability for the return of the collateral is not recorded.

C. Wash Sales – None.

(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/Produced by Managing General Agents/Third Party Administrators – Not Applicable.

(20) September 11, 2001 Events

(1) To date, NLAIC has no exposure related to the events of September 11, 2001. The company continues to monitor any affects that may arise due to the events of September 11, 2001.

(2) None.

(3) None.

(4) None.

(21) Other Items

A. Extraordinary Items – None.

B. Troubled Debt Restructuring: Debtors – None.

C. Other Disclosures – None.

D. Not Applicable.

E. Not Applicable.

(22) Events Subsequent – None.

(23) Reinsurance

A. Ceded Reinsurance Report

Section 1 - General Interrogatories

1. Are any of the reinsurers, listed in Schedule S as nonaffiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the Company?

   Yes ( ) No (X)

   If yes, give full details.

2. Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

   Yes ( ) No (X)

   If yes, give full details.

Section 2 - Ceded Reinsurance Report - Part A

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

   Yes ( ) No (X)

   a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the Company to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate.
   $0

   b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability, for these agreements in the income statement?
   $0

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 re-insured policies?

   Yes ( ) No (X)

   If yes, give full details.

Section 3 - Ceded Reinsurance Report - Part B

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

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

   Yes ( ) No (X)

   If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments?
   $0

B. Uncollectible Reinsurance – None.

C. Commutation of Ceded Reinsurance – Not Applicable.

(24) Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. Not Applicable.

B. 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

The Company does not write participating policies

(30) Premium Deficiency Reserves – Not Applicable.

(31) Reserves for Life Contacts and Deposit-Type Contracts

(1) Not Applicable.

(2) Not Applicable.

(3) Not Applicable.

(4) The Tabular Interest (Page 7, Line 4), The Tabular Less Actual Reserve Released (Page 7, Part A, Line 5), and the Tabular Cost (Page 7, Line 9) have been determined by formulas described in the instructions for Page 7.

(5) The Tabular Interest on Funds not involving life contingencies is calculated using the actual accrued interest on such funds.

(6) Not Applicable.

(32) Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics

	Amount	% of Total Gross
A. Subject to discretionary withdrawal:		
(1) With market value adjustment	$ 432,683	0.01%
(2) At book value less current surrender charge of 5% or more	3,943,370,744	54.06%
(3) At fair value	1,673,627,227	22.94%
(4) Total with adjustment or at market value (Total of 1 through 3)	5,617,430,654	77.01%
(5) At book value without adjustment (Minimal or no charge or adjustment)	1,675,841,798	22.98%
B. Not subject to discretionary withdrawal	18,676,643	0.01%
C. Total (gross)	7,311,949,095	100.00%
D. Reinsurance ceded	511,322,272	
E. Total (net)* (C-D)	$ 6,800,626,823	

* Reconciliation of total annuity actuarial reserves and deposit fund liabilities

F. Life & Accident & Health Annual Statement	Amount
(1) Exhibit 5, Annuities Section, Totals (net)	$ 5,128,123,528
(2) Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net)	-
(3) Exhibit of Deposit-Type Contracts, Line 14, Column 1	7,708,965
(4) Subtotal	5,135,832,493
G. Separate Accounts Annual Statement	
(5) Exhibit 3, Line 0299999, Column 2	1,664,794,330
(6) Exhibit 3, Line 0399999, Column 2	-
(7) Policyholder dividend and coupon accumulations	-
(8) Policyholder premiums	-
(9) Guaranteed interest contracts	-
(10) Other contract deposit funds	-
(11) Subtotal	1,664,794,330
(12) Total annuity actuarial reserves and deposit fund liability	$ 6,800,626,823

(33) Premium and Annuity Considerations Deferred and Uncollected

A. Deferred and uncollected life insurance premiums and annuity considerations as of December 31, 2005 were as follows:

The amount of uncollected premiums included on Page 2 Line 12.2 includes $2,045,152 related to traditional life and $2,857,508 excluded from loading on traditional life.

(34) Separate Accounts

A. General Nature and Characteristics of Separate Accounts Business:

The separate accounts held by the Company relate to individual and group variable annuity and variable universal life insurance contracts of a non-guaranteed return nature. The net investment experience of the separate accounts is credited directly to the contract holder and can be positive or negative. The individual variable annuity contracts generally provide an incidental death benefit of the greater of account value or premium paid. However, some individual variable annuity contracts also provide death benefits equal to the most recent fifth-year anniversary account value. The death benefit and cash value under the variable universal life policies may vary with the investment performance of the underlying investments in the separate accounts. The assets and liabilities of these separate accounts are carried at market. This business has been included in Column 4.

Certain other separate accounts relate to a guaranteed term option (GTO), which provides a guaranteed interest rate that is paid over certain maturity durations ranging from three to ten years, so long as certain conditions are met. If amounts allocated to the GTO are distributed prior to the maturity period, a market value adjustment (MVA) can be assessed. The assets and liabilities of these separate accounts are carried at market. The business has been included in Columns 2 and 3.

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

	(1) Indexed	(2) Nonindexed guarantee less than or equal to 4%	(3) Nonindexed guarantee more than 4%	(4) Non-guaranteed Separate Accounts	Total
(1) Premiums, considerations or deposits for year ended December 31, 2005	$ -	$ -	$ -	$ 34,145,498	$ 34,145,498
Reserves at December 31, 2005					
(2) For accounts with assets at:					
a. Market value	$ -	$ 114,616	$ 318,067	$ 2,059,098,709	$ 2,059,531,392
b. Amortized cost	-	-	-	-	-
c. Total reserves	$ -	$ 114,616	$ 318,067	$ 2,059,098,709	$ 2,059,531,392
(3) By withdrawal characteristics:					
a. Subject to discretionary withdrawal	$ -	$ -	$ -	$ -	$ -
b. With MV adjustment	-	114,616	318,067	-	432,683
c. At book value without MV adjustment and with current surrender charge less than 5%	-	-	-	-	-
d. At market value	-	-	-	2,058,193,456	2,058,193,456
e. At book value without MV adjustment and with current surrender charge less than 5%	-	-	-	-	-
f. Subtotal	-	114,616	318,067	2,058,193,456	2,058,626,139
g. Not subject to discretionary withdrawal	-	-	-	905,253	905,253
h. Total reserves	$ -	$ 114,616	$ 318,067	$ 2,059,098,709	$ 2,059,531,392

(4) Not Applicable.

(5) Reconciliation of Net Transfers To or From Separate Accounts

(1) Transfers as reported in the Summary of Operations of the Separtate Accounts Statement	
a. Transfers to Separate Accounts (SA Page 4, Line 1.4)	$ 34,145,498
b. Transfers from Separate Accounts (SA Page 4, Line 10)	321,446,650
c. Net transfers to (from) separate accounts (a-b)	(287,301,152)
(2) Reconciling Adjustment	
a. Fees not included in general account transfers	(2,845,460)
b. Other miscellaneous adjustments not included in the general account balance	(8,436,012)
(3) Transfers as reported in the Summary of Operations of the Life, Accident & Health Annual Statement (1c) + (2) = (Page 4, Line 26)	$ (298,582,624)

(35) Loss/Claim Adjustment Expenses – 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	9,932,654	0.179	9,932,654	0.179
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	4,613,830	0.083	4,613,830	0.083
1.22 Issued by U.S. government sponsored agencies	117,719,677	2.123	117,719,677	2.123
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)	2,082,116	0.038	2,082,116	0.038
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	0.000	0	0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	3,950,000	0.071	3,950,000	0.071
1.43 Revenue and assessment obligations	44,214,816	0.797	44,214,816	0.797
1.44 Industrial development and similar obligations	0	0.000	0	0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	6,082,482	0.110	6,082,482	0.110
1.512 Issued or guaranteed by FNMA and FHLMC	81,341,484	1.467	81,341,484	1.467
1.513 All other	0	0.000	0	0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	476,150,371	8.587	476,150,371	8.587
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	0	0.000	0	0.000
1.523 All other	316,830,453	5.714	316,830,453	5.714
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	2,691,080,893	48.534	2,691,080,893	48.534
2.2 Unaffiliated foreign securities	583,886,619	10.531	583,886,619	10.531
2.3 Affiliated securities	0	0.000	0	0.000
3. Equity interests:				
3.1 Investments in mutual funds	0	0.000	0	0.000
3.2 Preferred stocks:				
3.21 Affiliated	0	0.000	0	0.000
3.22 Unaffiliated	5,581,114	0.101	5,581,114	0.101
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	0	0.000	0	0.000
3.32 Unaffiliated	675,697	0.012	675,697	0.012
3.4 Other equity securities:				
3.41 Affiliated	0	0.000	0	0.000
3.42 Unaffiliated	0	0.000	0	0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated	0	0.000	0	0.000
3.52 Unaffiliated	0	0.000	0	0.000
4. Mortgage loans:				
4.1 Construction and land development	0	0.000	0	0.000
4.2 Agricultural	0	0.000	0	0.000
4.3 Single family residential properties	0	0.000	0	0.000
4.4 Multifamily residential properties	0	0.000	0	0.000
4.5 Commercial loans	1,185,735,755	21.385	1,185,735,755	21.385
4.6 Mezzanine real estate loans	0	0.000	0	0.000
5. Real estate investments:				
5.1 Property occupied by the company	0	0.000	0	0.000
5.2 Property held for the production of income (including $ 361,173 of property acquired in satisfaction of debt)	361,173	0.007	361,173	0.007
5.3 Property held for sale (including $ 0 property acquired in satisfaction of debt)	0	0.000	0	0.000
6. Contract loans	1,748,474	0.032	1,748,474	0.032
7. Receivables for securities	2,412,439	0.044	2,412,439	0.044
8. Cash, cash equivalents and short-term investments	16,205,698	0.292	16,205,698	0.292
9. Other invested assets	(5,898,441)	(0.106)	(5,898,441)	(0.106)
10. Total invested assets	5,544,707,304	100.000	5,544,707,304	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 [X] No [ ]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? ..... Yes [X] No [ ] N/A [ ]

1.3 State Regulating? ..... Ohio

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [X]

2.2 If yes, date of change: .....

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. 12/31/2001

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. 12/31/2001

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). 12/16/2002

3.4 By what department or departments?

Ohio

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? ..... Yes [ ] No [X]

4.12 renewals? ..... Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? ..... Yes [ ] No [X]

4.22 renewals? ..... Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [X]

5.2 If yes, provide name of 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 [X]

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? ..... Yes [ ] No [X]

7.2 If yes,

7.21 State the percentage of foreign control; ..... 0.0 %

7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [X] No [ ]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
1717 Capital Management Company	Berwyn, PA					YES
401 (K) Investment Services, Inc.	Austin, TX					YES
401 (K) Investment Advisors, Inc.	Austin, TX					YES
Cap Pro Brokerage Services, Inc.	Minneapolis, MN					YES
Gartmore Distribution Services, Inc.	Conshohocken, PA					YES
Gartmore Global Asset Management Trust	Conshohocken, PA					YES
Gartmore Global Partners	Conshohocken, PA					YES
Gartmore Morley Capital Management, Inc.	Lake Oswego, OR					YES
Gartmore Mutual Capital Trust	Conshohocken, PA					YES
Gartmore Riverview, LLC.	Rumson, NJ					YES
Gartmore SA Capital Trust	Conshohocken, PA					YES
Gartmore Separate Accounts, LLC.	Irvington, NY					YES
Nationwide Financial Services	Columbus, OH					YES
Nationwide Investment Services Corporation	Columbus, OH					YES
Nationwide Securities, Inc.	Columbus, OH					YES
Nationwide Trust Company, FSB	Columbus, OH			YES		
NorthPointe Capital, LLC.	Detroit, MI					YES
Riverview International Group, Inc.	Rumson, NJ					YES
TBG Financial & Insurance Services Corporation	Los Angeles, CA					YES
TBG Advisory Services Corporation	Los Angeles, CA					YES
Wealth Development Strategies Investment Advisory, Inc.	Houston, TX					YES

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG LLP 191 West Nationwide Blvd. Columbus, OH 43215

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Michael J. Benson, Vice President and Appointed Actuary, One Nationwide Plaza Columbus, OH 43215

11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [X]

11.11 Name of real estate holding company .....

11.12 Number of parcels involved 0

11.13 Total book/adjusted carrying value ..... $ 0

11.2 If, yes provide explanation:

.....

12. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**

12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ ] No [ ]

12.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ ]

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] N/A [ ]

BOARD OF DIRECTORS

13. 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 [ ]

14. 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 [ ]

15. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person? ..... Yes [X] No [ ]

FINANCIAL

16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11 To directors or other officers ..... $ 0
16.12 To stockholders not officers ..... $ 0
16.13 Trustees, supreme or grand (Fraternal Only) ..... $ 0

16.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21 To directors or other officers ..... $ 0
16.22 To stockholders not officers ..... $ 0
16.23 Trustees, supreme or grand (Fraternal Only) ..... $ 0

17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? ..... Yes [ ] No [X]

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

17.21 Rented from others ..... $ 0
17.22 Borrowed from others ..... $ 0
17.23 Leased from others ..... $ 0
17.24 Other ..... $ 0

18.1 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]

18.2 If answer is yes,

18.21 Amount paid as losses or risk adjustment $ 0
18.22 Amount paid as expenses ..... $ 0
18.23 Other amounts paid ..... $ 0

19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes [X] No [ ]

19.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount? ..... $ 5,922,203

GENERAL INTERROGATORIES

INVESTMENT

20.1 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 [X]

20.2 If no, give full and complete information relating thereto:
Securities are held by banks in safekeeping for the Company

21.1 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 17.1). .....

Yes [X] No [ ]

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

21.21 Loaned to others	$	139,407,049
21.22 Subject to repurchase agreements	$	0
21.23 Subject to reverse repurchase agreements	$	0
21.24 Subject to dollar repurchase agreements	$	0
21.25 Subject to reverse dollar repurchase agreements	$	0
21.26 Pledged as collateral	$	1,812,824
21.27 Placed under option agreements	$	0
21.28 Letter stock or other securities restricted as to sale	$	0
21.29 Other	$	0

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [X] No [ ]

22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [X] No [ ] N/A [ ]
If no, attach a description with this statement.

23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? ..... Yes [ ] No [X]

23.2 If yes, state the amount thereof at December 31 of the current year. ..... $ 0

GENERAL INTERROGATORIES

24. 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 [ ]

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

1 Nature of Custodian(s)	2 Custodian's Address
Bank of New York	1 Wall Street 14th Floor Insurance Custody New York, NY 10286

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

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

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? Yes [ ] No [X]

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

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

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

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

25.1 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]

25.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
25.2999 - Total		0

25.3 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

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

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1	Bonds	4,337,885,396	4,337,778,113	(107,283)
26.2	Preferred stocks	5,581,114	5,634,200	53,086
26.3	Totals	4,343,466,510	4,343,412,313	(54,197)

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

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

27.2 If no, list exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 98,916

28.2 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 Insurers	43,259

29.1 Amount of payments for legal expenses, if any? $ 582,548

29.2 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
Wilmer Cutler Pickering Hale	198,881

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 0

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

PART 2 - LIFE INTERROGATORIES

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

1.2 If yes, indicate premium earned on U.S. business only $ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $ 0

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. $ 0

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. $ 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $ 0

1.62 Total incurred claims $ 0

1.63 Number of covered lives 0

All years prior to most current three years

1.64 Total premium earned $ 0

1.65 Total incurred claims $ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ 0

1.72 Total incurred claims $ 0

1.73 Number of covered lives 0

All years prior to most current three years

1.74 Total premium earned $ 0

1.75 Total incurred claims $ 0

1.76 Number of covered lives 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	0	0
2.2	Premium Denominator	114,723,152	166,904,594
2.3	Premium Ratio (2.1/2.2)	0.000	0.000
2.4	Reserve Numerator	0	0
2.5	Reserve Denominator	5,357,752,419	5,669,889,127
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 [ ] N/A [ ]

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? $ 26,298,023

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)?" 0

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 $ 29,764,469

4.22 Received $ 0

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

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

5.21 Page 3, Line 1 $ 0

5.22 Page 4, Line 1 $ 0

6. FOR STOCK REPORTING ENTITIES ONLY:

6.1 Total amount paid in by stockholders as surplus funds since organization of the reporting entity: $ 250,600,000

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

7.11 Cash $ 0

7.12 Stock $ 0

GENERAL INTERROGATORIES

8.1 Does the company reinsure any Workers' Compensation Carve-Out business defined as: ..... Yes [ ] No [X]

Reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death benefits of the occupational illness and accident exposures, but not the employers liability exposures, of business originally written as workers' compensation insurance.

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

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

		1 Reinsurance Assumed	2 Reinsurance Ceded	3 Net Retained
8.31	Earned premium	0	0	0
8.32	Paid claims	0	0	0
8.33	Claim liability and reserve (beginning of year)	0	0	0
8.34	Claim liability and reserve (end of year)	0	0	0
8.35	Incurred claims	0	0	0

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

	Attachment Point	1 Earned Premium	2 Claim Liability and Reserve
8.41	<$25,000	0	0
8.42	$25,000 - 99,999	0	0
8.43	$100,000 - 249,999	0	0
8.44	$250,000 - 999,999	0	0
8.45	$1,000,000 or more	0	0

8.5 What portion of earned premium reported in 8.31, Column 1 was assumed from pools? ..... $ 0

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

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

Type		3	4	5	6	7	8	9
1 Guaranteed Death Benefit	2 Guaranteed Living Benefit	Waiting Period Remaining	Account Value Related to Col. 3	Total Related Account Values	Gross Amount of Reserve	Location of Reserve	Portion Reinsured	Reinsurance Reserve Credit
Ratchet	GMIB Ratchet	3 yrs	792,813	4,847,768	40,613	Exhibit 5G	100% GMIB	12,990
	7 yr wait	4 yrs	2,680,590	4,847,768	40,613	Exhibit 5G	100% GMIB	12,990
		5 yrs	1,374,366	4,847,768	40,613	Exhibit 5G	100% GMIB	12,990
		Total	4,847,768	0	0			0
Ratchet	GMIB Rollup 7	3 yrs	1,382,079	12,077,091	163,494	Exhibit 5G	100% GMIB	48,977
	yr wait	4 yrs	6,142,142	12,077,091	163,494	Exhibit 5G	100% GMIB	48,977
		5 yrs	4,552,870	12,077,091	163,494	Exhibit 5G	100% GMIB	48,977
		Total	12,077,091	0	0			0
Ratchet	None	N/A	N/A	170,615,544	160,183	Exhibit 5G	48% GMDB	9,296
Reset	GMIB Ratchet	3 yrs	188,853	461,131	4,134	Exhibit 5G	100% GMIB	2,625
	7 yr wait	4 yrs	36,080	461,131	4,134	Exhibit 5G	100% GMIB	2,625
		5 yrs	236,198	461,131	4,134	Exhibit 5G	100% GMIB	2,625
		Total	461,131	0	0			0
Reset	GMIB Rollup 7	3 yrs	1,254,422	3,741,629	48,119	Exhibit 5G	100% GMIB	28,053
	yr wait	4 yrs	543,168	3,741,629	48,119	Exhibit 5G	100% GMIB	28,053
		5 yrs	1,944,039	3,741,629	48,119	Exhibit 5G	100% GMIB	28,053
		Total	3,741,629	0	0			0
Reset	None	N/A	N/A	1,335,461,375	1,427,377	Exhibit 5G	50% GMDB	210,427
Rollup	None	N/A	N/A	59,535,223	1,591	Exhibit 5G	50% GMDB	363
ROP	GMIB Ratchet	3 yrs	1,394,751	9,457,124	73,217	Exhibit 5G	100% GMIB	23,412
	7 yr wait	4 yrs	4,606,719	9,457,124	73,217	Exhibit 5G	100% GMIB	23,412
		5 yrs	3,455,655	9,457,124	73,217	Exhibit 5G	100% GMIB	23,412
		Total	9,457,124	0	0			0
ROP	GMIB Rollup 7	2 yrs	5,024	23,237,130	295,872	Exhibit 5G	100% GMIB	135,796
	yr wait	3 yrs	4,946,134	23,237,130	295,872	Exhibit 5G	100% GMIB	135,796
		4 yrs	7,675,435	23,237,130	295,872	Exhibit 5G	100% GMIB	135,796
		5 yrs	10,610,536	23,237,130	295,872	Exhibit 5G	100% GMIB	135,796
		Total	23,237,130	0	0			0
ROP	None	N/A	N/A	189,702,119	62,197	Exhibit 5G	49% GMDB	3,959

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 2005	2 2004	3 2003	4 2002	5 2001
	Life Insurance in Force					
	(Exhibit of Life Insurance)					
1.	Ordinary - whole life and endowment (Line 34, Col. 4)	3,895,922	3,759,997	3,460,738	3,337,362	4,067,881
2.	Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4)	6,971,478	1	1	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)	10,867,400	3,759,998	3,460,739	3,337,362	4,067,881
	New Business Issued					
	(Exhibit of Life Insurance)					
8.	Ordinary - whole life and endowment (Line 34, Col. 2)	749,698	899,251	428,187	14,015	138,826
9.	Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2)	6,948,723	0	1	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)	7,698,421	899,251	428,188	14,015	138,826
	Premium Income - Lines of Business					
	(Exhibit 1 - Part 1)					
14.	Industrial life (Line 20.4, Col. 2)	0	0	0	0	0
15.1	Ordinary-life insurance (Line 20.4, Col. 3)	88,271,568	83,288,645	62,130,531	70,607,010	117,236,050
15.2	Ordinary-individual annuities (Line 20.4, Col. 4)	18,492,368	52,694,041	165,968,718	229,719,732	279,938,231
16	Credit life (group and individual) (Line 20.4, Col. 5)	0	0	0	0	0
17.1	Group life insurance (Line 20.4, Col. 6)	0	0	0	0	0
17.2	Group annuities (Line 20.4, Col. 7)	7,959,216	30,921,908	79,714,436	103,259,742	132,270,906
18.1	A & H-group (Line 20.4, Col. 8)	0	0	0	0	0
18.2	A & H-credit (group and individual) (Line 20.4, Col. 9)	0	0	0	0	0
18.3	A & H-other (Line 20.4, Col. 10)	0	0	0	0	0
19.	Aggregate of all other lines of business (Line 20.4,Col. 11)	0	0	0	0	0
20.	Total	114,723,152	166,904,594	307,813,685	403,586,484	529,445,187
	Balance Sheet (Pages 2 & 3)					
21.	Total admitted assets excluding Separate Accounts business (Page 2, Line 24, Col. 3)	5,634,356,139	6,028,792,204	5,732,947,050	4,874,434,576	3,222,276,351
22.	Total liabilities excluding Separate Accounts business (Page 3, Line 26)	5,425,203,190	5,798,606,008	5,504,697,055	4,659,857,898	3,099,350,371
23.	Aggregate life reserves (Page 3, Line 1)	5,360,084,862	5,672,452,315	5,449,217,531	4,593,591,060	3,112,218,533
24.	Aggregate A & H reserves (Page 3, Line 2)	0	0	0	0	0
25.	Deposit-type contract funds (Page 3, Line 3)	7,715,567	5,597,800	3,782,889	4,313,110	0
26.	Asset valuation reserve (Page 3, Line 24.1)	32,391,231	27,271,727	16,446,589	15,294,080	14,058,614
27.	Capital (Page 3, Lines 29 and 30)	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000
28.	Surplus (Page 3, Line 37)	206,512,949	227,546,196	225,610,002	211,936,678	120,285,980
	Risk-Based Capital Analysis					
29.	Total adjusted capital	241,544,178	257,457,924	244,696,591	229,870,758	136,984,594
30.	Authorized control level risk - based capital	28,016,864	30,814,651	28,932,746	25,282,194	15,494,218
	Percentage Distribution of Cash, Cash Equivalents and Invested Assets					
	(Page 2, Col. 3) (Line No. /Page 2, Line 10, Col. 3) x 100.0					
31.	Bonds (Line 1)	78.2	79.1	80.0	80.2	78.3
32.	Stocks (Lines 2.1 and 2.2)	0.1	0.1	0.1	0.1	0.0
33.	Mortgage loans on real estate(Lines 3.1 and 3.2)	21.4	21.0	20.0	19.3	21.1
34.	Real estate (Lines 4.1, 4.2 and 4.3)	0.0	0.1	0.0	0.0	0.0
35.	Cash, cash equivalents and short-term investments (Line 5)	0.3	(0.1)	(0.1)	0.2	0.4
36.	Premium notes	XXX	XXX	XXX	0.0	0.0
37.	Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
38.	Other invested assets (Line 7)	0.0	0.0	0.0	0.0	0.0
39.	Receivables for securities (Line 8)	0.0	0.0	0.1	0.0	0.1
40.	Aggregate write-ins for invested assets (Line 9)	(0.1)	(0.2)	(0.1)	0.1	0.0
41.	Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0

FIVE-YEAR HISTORICAL DATA

(Continued)

		1 2005	2 2004	3 2003	4 2002	5 2001
	Investments in Parent, Subsidiaries and Affiliates					
42.	Affiliated bonds (Schedule D Summary, Line 25, Col. 1)	0	0	0	0	0
43.	Affiliated preferred stocks (Schedule D Summary, Line 39, Col. 1)	0	0	0	0	0
44.	Affiliated common stocks (Schedule D Summary Line 53, Col. 2),	0	0	0	0	0
45.	Affiliated short-term investments (Subtotals included in Schedule DA Part 2 Col. 5, Line 11)	0	0	0	0	0
46.	Affiliated mortgage loans on real estate	0	0	0	0	0
47.	All other affiliated	0	0	0	0	0
48.	Total of above Lines 42 to 47	0	0	0	0	0
	Total Nonadmitted and Admitted Assets					
49.	Total nonadmitted assets (Page 2, Line 26, Col. 2)	50,785,646	48,230,046	39,299,812	37,478,288	2,365,539
50.	Total admitted assets (Page 2, Line 26, Col. 3)	7,730,385,288	8,319,171,061	8,119,278,011	6,853,097,602	5,535,195,770
	Investment Data					
51.	Net investment income (Exhibit of Net Investment Income)	328,528,898	331,640,817	311,291,947	259,977,259	160,988,361
52.	Realized capital gains (losses)	2,100,178	(196,002)	(13,321,608)	(11,905,602)	999,592
53.	Unrealized capital gains (losses)	162,430	(364,049)	(1,353,755)	(1,538,828)	611,086
54.	Total of above Lines 51, 52 and 53	330,791,506	331,080,766	296,616,584	246,532,829	162,599,039
	Benefits and Reserve Increases (Page 6)					
55.	Total contract benefits - life (Lines 10, 11, 12, 13, 14 and 15 Col. 1, minus Lines 10, 11,12, 13, 14 and 15 Cols. 9, 10 and 11)	378,836,344	392,253,168	234,528,434	318,920,142	247,405,512
56.	Total contract benefits - A & H (Lines 13 & 14, Cols. 9, 10 & 11)	0	0	0	0	0
57.	Increase in life reserves - other than group and annuities (Line 19, Cols. 2 and 3)	96,262,305	45,428,533	41,049,422	(495,593)	4,582,348
58.	Increase in A & H reserves (Line 19, Cols. 9, 10 & 11)	0	0	0	0	0
59.	Dividends to policyholders (Line 30, Col. 1)	0	0	0	0	0
	Operating Percentages					
60.	Insurance expense percent (Page 6, Col. 1, Lines 21, 22 & 23, less Line 6)/(Page 6, Col. 1, Line 1 plus Exhibit 7, Col. 2, Line 2) x 100.0	43.7	19.8	13.2	11.1	12.2
61.	Lapse percent (ordinary only) [(Exhibit of Life Insurance, Col. 4, Lines 14 & 15) / 1/2 (Exhibit of Life Insurance, Col. 4, Lines 1 & 21)] x 100.0	6.2	17.0	9.4	14.2	2.5
62.	A & H loss percent (Schedule H, Part 1, Lines 5 and 6, Col. 2)	0.0	0.0	0.0	0.0	0.0
63.	A & H cost containment percent (Schedule H, Pt. 1, Line 4, Col. 2)	0.0	0.0	XXX	XXX	XXX
64.	A & H expense percent excluding cost conatinment expenses (Schedule H, Pt. 1, Line 10, Col. 2)	0.0	0.0	0.0	0.0	0.0
	A & H Claim Reserve Adequacy					
65.	Incurred losses on prior years' claims - group health (Schedule H, Part 3, Line 3.1 Col. 2)	0	0	0	0	0
66.	Prior years' claim liability and reserve - group health (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
	Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33)					
69.	Industrial life (Col. 2)	0	0	0	0	0
70.	Ordinary - life (Col. 3)	(63,427,917)	(4,935,873)	(761,949)	2,567,482	(4,143,092)
71.	Ordinary - individual annuities (Col. 4)	27,622,062	7,587,535	12,821,267	(3,556,050)	(11,746,494)
72.	Ordinary-supplementary contracts (Col. 5)	0	0	0	0	0
73.	Credit life (Col. 6)	0	0	0	0	0
74.	Group life (Col. 7)	0	0	0	0	(2,973)
75.	Group annuities (Col. 8)	4,653,097	3,021,256	2,283,111	(2,351,163)	(7,026,772)
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)	17,120,685	12,102,514	15,948,764	10,553,194	4,954,584
80.	Total (Col. 1)	(14,032,073)	17,775,432	30,291,193	7,213,463	(17,964,747)