

# American Savings Life Insurance Company

---

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

*For the Years Ended December 31, 2015 and 2014*



# AMERICAN SAVINGS LIFE INSURANCE COMPANY

## C O N T E N T S

	<u>Page</u>
<b>Independent Auditor’s Report</b> .....	2-3
<b>Statutory Financial Statements:</b>	
Statements of Admitted Assets, Liabilities, and Capital and Surplus.....	4
Statements of Operations.....	5
Statements of Changes in Capital and Surplus.....	6
Statements of Cash Flow.....	7
<b>Notes to Statutory Financial Statements</b> .....	8-26
<b>Other Legal and Regulatory Information:</b>	
Independent Auditor’s Report on Other Legal and Regulatory Information.....	28
Schedule 1 - Selected Financial Data .....	29-30
Schedule 2 - Summary Investment Schedule .....	31
Schedule 3 – Investment Risks Interrogatories .....	32-35



## Independent Auditor's Report

To the Board of Directors  
**American Savings Life Insurance Company:**

### ***Report on the Statutory Financial Statements***

We have audited the accompanying statutory financial statements of **American Savings Life Insurance Company**, which comprise the statutory statements of admitted assets, liabilities, and capital and surplus as of December 31, 2015 and 2014, and the related statutory statements of operations, changes in capital and surplus, and cash flow for the years then ended, and the related notes to the statutory financial statements.

### ***Management's Responsibility for the Statutory Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed or permitted by the Insurance Department of the State of Arizona; management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statutory financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these statutory financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statutory financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statutory financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statutory financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the statutory financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statutory financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the statutory financial statements, the **American Savings Life Insurance Company** prepared these statutory financial statements using accounting practices prescribed or permitted by the Insurance Department of the State of Arizona, which is a basis of accounting other than U.S. generally accepted accounting principles.

The effects on the statutory financial statements of the variances between the statutory basis of accounting described in Note 2 and U.S. generally accepted accounting principles, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the statutory financial statements referred to above do not present fairly, in accordance with U.S. generally accepted accounting principles, the financial position of **American Savings Life Insurance Company** as of December 31, 2015 and 2014, or the results of operations or cash flow for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the statutory financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of **American Savings Life Insurance Company** as of December 31, 2015 and 2014, and the results of its operations and its cash flow for the years then ended, on the basis of accounting described in Note 2.

*Lauson & Company PC*

Salt Lake City, Utah  
May 17, 2016

**AMERICAN SAVINGS LIFE INSURANCE COMPANY**  
**STATUTORY STATEMENTS OF ADMITTED ASSETS,**  
**LIABILITIES AND CAPITAL AND SURPLUS**  
AS OF DECEMBER 31, 2015 AND 2014

	<b>2015</b>	<b>2014</b>
<b><u>ADMITTED ASSETS</u></b>		
<b>CASH AND INVESTMENTS</b>		
Bonds, mutual funds, long term certificates of deposit	\$ 2,956,099	\$ 2,793,931
Common Stock	620,116	557,846
Mortgage loans, net	38,798,795	34,059,209
Properties occupied by the Company	454,363	466,247
Properties held for sale	2,765,564	3,942,257
Cash and short-term investments	8,470,004	6,615,175
Policy contract loans	71,194	68,011
Other invested assets	880,000	880,000
Total cash and investments	55,016,135	49,382,676
<b>INVESTMENT INCOME DUE AND ACCRUED</b>	394,049	393,788
<b>PREMIUMS DEFERRED AND UNCOLLECTED</b>	12,118	11,684
<b>CURRENT FEDERAL INCOME TAX RECOVERABLE</b>	-	77,216
<b>NET DEFERRED TAX ASSET</b>	112,927	105,102
<b>OTHER ASSETS</b>	1,612	1,988
Total admitted assets	<b>\$ 55,536,841</b>	<b>\$ 49,972,454</b>
<b><u>LIABILITIES AND CAPITAL AND SURPLUS</u></b>		
<b>LIABILITIES</b>		
Reserves for life policies and annuity contracts	\$ 30,901,534	\$ 25,738,646
Liability for deposit-type contracts	7,577,516	7,182,218
Reserves for policy and contract claims	19,050	9,050
Other policyholder funds	43,758	46,273
Interest maintenance reserve	10,124	98,174
Commission to agents due and accrued	-	7,641
Accounts payable, accrued expenses and other	1,059,626	880,748
Asset valuation reserve	1,342,330	1,474,747
Total liabilities	40,953,937	35,437,497
<b>CAPITAL AND SURPLUS</b>		
Common stock - \$.10 par value 10,000,000,000 shares authorized; 9,271,732 issued and 4,707,114 outstanding in 2015; 9,262,296 issued and 4,755,107 outstanding in 2014	927,174	926,230
Paid-in capital and contributed surplus	2,574,241	2,540,611
Unassigned surplus	17,457,245	17,251,618
Treasury stock	(6,375,756)	(6,183,502)
Total capital and surplus	14,582,904	14,534,957
Total liabilities and capital and surplus	<b>\$ 55,536,841</b>	<b>\$ 49,972,454</b>

The accompanying notes to the statutory financial statements are an integral part of these statements

**AMERICAN SAVINGS LIFE INSURANCE COMPANY**  
**STATUTORY STATEMENTS OF OPERATIONS**  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<b>2015</b>	<b>2014</b>
<b>REVENUES AND DEPOSITS</b>		
Premiums and annuity considerations	\$ 5,747,605	\$ 2,355,043
Net investment income	3,735,942	3,545,140
Amortization of interest maintenance reserve	(29)	43,881
Miscellaneous income	10,250	8,822
Total revenues and deposits	9,493,768	5,952,886
<b>EXPENSES AND WITHDRAWALS</b>		
Death benefits	181,000	52,390
Annuity benefits	1,353,879	963,500
Surrender benefits	119,132	56,548
Interest on policy for contract funds	807,659	912,784
Increase in life insurance and annuity reserves	4,538,329	1,341,752
Commissions on premiums	138,933	49,058
General insurance expenses	747,094	705,186
Insurance taxes licenses and fees (excluding federal income tax)	74,298	71,760
Increase in loading	347	(169)
Total expenses and withdrawals	7,960,671	4,152,809
Net gain from operations before dividends and federal income taxes	1,533,097	1,800,077
Dividends to policy holders	(38,405)	(40,242)
Federal income tax (excluding tax on capital gains of \$8,626 and \$8,651 for 2015 and 2014, respectively)	(265,134)	(158,114)
Net realized capital gains less capital gains tax and transfers to interest maintenance reserve	34,504	19,951
<b>NET INCOME</b>	<b>\$ 1,264,062</b>	<b>\$ 1,621,672</b>

The accompanying notes to the statutory financial statements  
are an integral part of these statements

**AMERICAN SAVINGS LIFE INSURANCE COMPANY**  
**STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	Capital Stock	Capital in Excess of Par	Stockholder and Employee Receivables Not Admitted	Change in Unrealized Capital Gains and Losses	Unassigned Surplus	Treasury Stock	Total
<b>Balances, December 31, 2013</b>	\$ 924,657	\$ 2,486,066	\$ (10,580)	\$ 53,548	\$ 17,249,003	\$ (5,999,952)	\$ 14,702,742
Net income					1,621,672		1,621,672
Dividends declared and paid					(1,100,157)		(1,100,157)
Issue employee compensation in stock	1,573	54,545					56,118
Repurchase capital stock						(183,550)	(183,550)
Change in unrealized capital gains (losses)			5,315	15,856	18,140		39,311
Change in net deferred income tax					533,310		533,310
Change in nonadmitted assets					(748,104)		(748,104)
Change in asset valuation reserve					(292,000)		(292,000)
Correction of error, depreciation on REO					(94,385)		(94,385)
<b>Balances, December 31, 2014</b>	926,230	2,540,611	(5,265)	69,404	17,187,479	(6,183,502)	14,534,957
Net income					1,264,062		1,264,062
Dividends declared and paid					(1,109,676)		(1,109,676)
Issue employee compensation in stock	944	33,630					34,574
Repurchase capital stock						(192,254)	(192,254)
Change in unrealized capital gains (losses)			5,098	(8,878)			(3,780)
Change in net deferred income tax					(196,374)		(196,374)
Change in nonadmitted assets					101,743		101,743
Change in asset valuation reserve					132,417		132,417
Correction of error, depreciation on REO					(4,444)		(4,444)
Correction of error, amortization of IMR					21,679		21,679
<b>Balances, December 31, 2015</b>	<u>\$ 927,174</u>	<u>\$ 2,574,241</u>	<u>\$ (167)</u>	<u>\$ 60,526</u>	<u>\$ 17,396,886</u>	<u>\$ (6,375,756)</u>	<u>\$ 14,582,904</u>

The accompanying notes to the statutory financial statements  
are an integral part of these statements

AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**STATUTORY STATEMENTS OF CASH FLOW**  
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<b>2015</b>	<b>2014</b>
<b>OPERATING ACTIVITIES:</b>		
Premiums received	\$ 5,745,060	\$ 2,356,030
Investment and other income received (excluding net realized gains and net of investment expenses)	3,631,238	3,644,858
Total funds provided by operations	9,376,298	6,000,888
Benefit and loss related payments	(1,644,010)	(1,189,092)
Commissions, other expenses and taxes paid	(885,076)	(811,553)
Dividends paid to policyholders	(39,157)	(36,893)
Federal income tax (excluding tax on capital gains of \$8,651 and \$112,852 for 2014 and 2013, respectively)	(156,634)	(493,246)
Total cash used for operations	(2,724,877)	(2,530,784)
Net cash provided by operating activities	6,651,422	3,470,104
 <b>INVESTING ACTIVITIES:</b>		
Proceeds from investments sold, matured or repaid:		
Bonds	113,295	695,500
Stocks	4,103,259	50,640
Mortgage loans	11,214,392	8,873,656
Real Estate	1,235,475	166,087
Other invested assets	14,839	11,407
Total investment proceeds	16,681,261	9,797,290
Cost of long-term investments acquired:		
Bonds	(274,825)	(473,160)
Stocks	(4,195,088)	(48,521)
Mortgage loans	(16,000,382)	(10,696,879)
Real Estate	(39,238)	(1,087)
Total investments acquired	(20,509,533)	(11,219,647)
Decrease in policy loans	(3,182)	13,861
Net cash used for investing activities	(3,831,454)	(1,408,496)
 <b>FINANCING ACTIVITIES (OTHER CASH PROVIDED OR APPLIED):</b>		
Capital and paid in surplus, less treasury stock	(157,680)	(127,432)
Net deposits on deposit type contract funds	213,646	660,535
Cash dividends paid	(1,109,676)	(1,100,157)
Other cash (applied)	88,571	(220,233)
Net cash used for financing activities	(965,139)	(787,287)
CHANGE IN CASH AND SHORT-TERM INVESTMENTS	1,854,829	1,274,321
CASH AND SHORT-TERM INVESTMENTS, beginning of year	6,615,176	5,340,854
<b>CASH AND SHORT-TERM INVESTMENTS</b> , end of year	<b>\$ 8,470,004</b>	<b>\$ 6,615,175</b>

The accompanying notes to the statutory financial statements are an integral part of these statements



AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**NOTES TO THE STATUTORY FINANCIAL STATEMENTS**  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

---

**Note 1 – Organization**

American Savings Life Insurance Company (the Company) is a registered capital stock life, health and accident insurance company authorized to conduct business in the states of Arizona and Utah. The Company is currently engaged in life and disability insurance business. While it is customary in the insurance industry for a significant portion of income to be derived from investments in mortgage loans, securities and bank deposits, a majority of the Company's income is derived from such sources.

*Company Reorganization*

On February 15, 2007, American Savings Life Insurance Company purchased 325,000 shares as 100% ownership of the newly formed ASL Financial Group, Inc. for \$325,000 in cash and real estate mortgage loans. ASL Financial Group then purchased 300,000 shares as 100% ownership in the newly formed American Life Financial Corporation for \$300,000 in cash and real estate mortgage loans. American Life Financial Corporation has been formed to increase the Company's mortgage investing opportunities and ASL Financial Group is a holding company, which at some future date could serve as a holding company for both American Saving Life Insurance Company as well as American Life Financial Corporation

**Note 2 – Summary of Significant Accounting Policies**

The significant accounting policies applicable to the Company's statutory financial statements are summarized below:

***Basis of Presentation***

The accompanying statutory financial statements have been prepared in conformity with the accounting and valuation practices prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and/or the Arizona Department of Insurance. The principal differences between statutory basis financial statements and those prepared on a U.S. generally accepted accounting principles (U.S. GAAP) basis as they affect the Company, are that for statutory purposes:

- Investments in real estate are reported net of related obligations, if any, rather than on a gross basis. Changes between cost and admitted asset investment amounts are credited or charged directly to unassigned surplus rather than to a separate surplus account;
- Valuation allowances, if necessary, are established for mortgage loans based on the difference between the unpaid loan balance and the estimated fair value of the underlying real estate when such loans are determined to be in default as to the scheduled payments. Under U.S. GAAP, valuation allowances would be established when the Company determined it is probable that it will be unable to collect all amounts (both principal and interest) due according to the contractual terms of the loan agreement. Such allowances are based on the present value of expected future cash flows discounted at the loan's effective interest rate or, if foreclosure is probable, on the estimated fair value of the underlying real estate, less estimated cost to sell;

AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**NOTES TO THE STATUTORY FINANCIAL STATEMENTS**  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

---

**Note 2 – Summary of Significant Accounting Policies (continued)**

- Investments in bonds are reported at amortized cost or fair value based on their National Association of Insurance Commissioners (NAIC) rating as described below in valuation of investments, unrealized gains or losses are credited or charged directly to surplus; for U.S. GAAP, such fixed maturity investments would be designated at purchase as held-to-maturity, trading, or available-for-sale. Held-to-maturity fixed investments would be reported at amortized cost, and the remaining fixed maturity investments would be reported at fair value with unrealized holding gains and losses reported in operations for those designated as trading and as a separate component of surplus for those designated as available-for-sale;
- Investments in 100% owned subsidiary companies are not filed with the Securities Valuation Office so they are considered non-admitted and therefore not reported on the statutory basis;
- Certain assets designated as “nonadmitted,” principally furniture and equipment, agents’ debit balances, and other assets not specifically identified as an admitted asset within the National Association of Insurance Commissioners’ (NAIC) Accounting Practices and Procedures manual (NAIC SAP) are excluded from the accompanying statement of admitted assets, liabilities and stockholders’ surplus and are charged directly to unassigned surplus. Under U.S. GAAP, such assets are included in the balance sheet;
- Policy acquisition costs incurred in connection with acquiring new business are charged to current operations rather than being deferred and amortized over the premium paying period of the policy;
- Deferred tax assets are limited to 1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse by the end of the subsequent calendar year, subject to a valuation allowance for deferred tax assets not realizable, plus 2) the lesser of the remaining gross deferred tax assets expected to be realized within one to three years of the balance sheet date or 15% of stockholders’ surplus excluding any net deferred tax assets, EDP equipment and operating software, plus 3) the amount of remaining gross deferred tax assets that can be offset against existing gross deferred tax liabilities. The remaining deferred tax assets are nonadmitted. Deferred taxes do not include amounts for state income taxes. Under U.S. GAAP, state income taxes are included in the computation of deferred taxes, a deferred tax asset is recorded for the amount of gross deferred tax assets expected to be realized in future years, and a valuation allowance is established for deferred tax assets not realizable;
- A liability for guaranty fund and other assessments (net of certain offsets depending on state rules) is accrued after insolvency has occurred regardless of whether the assessment is based on premiums written before or after the insolvency. Under U.S. GAAP, the assessment recognized is typically accrued when premiums are written because the assessment generally is based on prospective premium writings;
- Cash and short-term investments in the statements of cash flow represent cash balances and investments with initial maturities of one year or less. Under U.S. GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less;

AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**NOTES TO THE STATUTORY FINANCIAL STATEMENTS**  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

---

**Note 2 – Summary of Significant Accounting Policies (continued)**

- Interest rate related realized capital gains (net of losses) are reported as a liability (Interest Maintenance Reserve) and amortized to the maturity date of the instrument sold or called. Under U.S. GAAP, the realized capital gains (net of losses) are recorded in the income statement in the year incurred instead of being amortized over the remaining life of the instrument sold or called;
- An Asset Valuation Reserve is set up to establish a reserve to offset potential credit-related investment losses on all invested asset categories. Under U.S. GAAP such losses are recognized in the income statement when incurred;
- Policy reserves are based on statutory mortality and interest requirements and without consideration of withdrawals, whereas U.S. GAAP reserves are based on Company experience for mortality, interest and withdrawals;
- On a statutory basis, the Company does not report comprehensive income, as required by FASB codification *ASC 220, Comprehensive Income*;

The effects of the foregoing variances from U.S. GAAP on the accompanying statutory basis financial statements have not been determined, but are presumed to be material.

The Insurance Department of the State of Arizona recognizes only statutory accounting practices prescribed or permitted by the State of Arizona for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Arizona 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 Arizona.

Certain amounts in the prior year have been reclassified to conform to the current year presentation.

***Cash and Cash Equivalents***

The Company considers all highly liquid investments with a maturity of one year or less at the time of purchase to be cash equivalents.

***Restricted Securities***

In accordance with the State of Arizona Insurance Regulations, long-term bonds with an aggregate value of \$540,318 and \$548,940 in 2015 and 2014, respectively, were assigned, as a security deposit, for the benefit of the Arizona State Treasurer.

***Investments***

Bonds, which management generally intends to hold until maturity (unless market conditions warrant the realization of capital appreciation to maximize overall yields), are carried at amortized cost. Common stock and mutual funds are generally required to be reported at the market value. Mortgage loans are carried at the aggregate unpaid balance, real estate, which consists of land, is carried at lower of cost or market less accumulated depreciation. Investments in partnership interest are carried at cost less distributions received.

AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**NOTES TO THE STATUTORY FINANCIAL STATEMENTS**  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

---

**Note 2 – Summary of Significant Accounting Policies (continued)**

***Valuations of Investments***

Investments are stated at valuation rates prescribed by, or deemed acceptable to, the NAIC. Bonds not backed by other loans are stated at amortized cost using the interest method, and equity security values approximate fair values, unless otherwise prescribed by the NAIC. Under NAIC guidelines, when market value rates are not available for bonds, fair value rates are determined by the Company. Realized gains or losses on the sale of bonds are determined based on the specific amortized cost of the investments sold and are included in net income. Realized gains or losses on the sale of equity securities are based on the specific-identification method and are included in net income. Unrealized gains and losses from revaluation of equity securities are reflected in stockholders' surplus. Mortgage loans on real estate, all of which are first liens, real estate contracts for sale and policy loans, are stated at the aggregate unpaid principal balances thereon for the years December 31, 2015 and 2014, respectively. The Company reviews its investment portfolio for reductions in fair value below cost that, in the opinion of the Company, represent a permanent or other-than temporary impairment (OTTI). Declines in fair value of investments deemed to be OTTI or permanent are accounted for as a realized loss. During the years ended December 31, 2015 and 2014, the Company recognized an OTTI on a property acquired through foreclosure, realizing a loss of \$52,157 and \$0, respectively.

***Furniture and Equipment***

The Company has a policy of expensing all data processing and furniture and equipment related costs that are within the annual limits as established by IRC Section 179 income tax deduction. Maintenance and repairs that do not materially extend the useful lives are charged to earnings as incurred.

Depreciation of data processing equipment and furniture and fixtures is provided over the estimated useful lives of the assets on the straight-line method. The useful lives for data processing equipment are three years. The useful lives for furniture and fixtures are seven to ten years. Depreciation expense for electronic data processing equipment and furniture and fixtures for the years ended December 31, 2015 and 2014 totaled \$0 and \$0, respectively.

***Aggregate Policy Reserves***

Unless specifically required by contract, the Company waives deferred fractional premiums subsequent to the death of an insured. Fractional premiums paid beyond the date of death are refunded only when paid in advance beyond a policy anniversary. No surrender value is promised in excess of the reserve as legally computed. Substandard policies are valued at the equal reserve for the rated age (an age greater than the actual age) or where substandard extra premium is required, at the legal reserve plus one-half the annual substandard premium. No policies have a gross premium less than required net premiums. Tabular interest, tabular less actual reserves released, tabular cost and tabular interest on fund not involving life contingencies are determined by formulas outlined in the annual statement instructions. For the determination of tabular interest on funds not involving life for each valuation rate of interest, the tabular interest is calculated as one hundredth of the product of such valuation rate of interest times the mean of the amount of funds subject to such valuation rate of interest held at the beginning and end of the year of valuation. The interest rates range from 3% - 5.5%.

AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**NOTES TO THE STATUTORY FINANCIAL STATEMENTS**  
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

**Note 2 – Summary of Significant Accounting Policies (continued)**

***Income Taxes***

During the year ended December 31, 2014, the Company adopted SSAP 101, *Income Taxes*, and began accounting for deferred income taxes. Please see Note 11 for additional information.

***Basis of Premium Revenue Recognition***

Premiums on life contracts are recognized as revenue when due on an annualized premium basis. Premiums on deferred annuities are recognized as revenue when collected in accordance with *Statements of Statutory Accounting Principles No. 50 – Classifications and Definitions of Contracts in Force*.

Deferred and uncollected life insurance premiums as of December 31 were as follows:

Type	2015	
	Gross	Net of Loading
Ordinary new business	\$ -	\$ -
Ordinary renewal	15,307	12,118
Totals	\$ 15,307	\$ 12,118

  

Type	2014	
	Gross	Net of Loading
Ordinary new business	\$ 977	\$ 819
Ordinary renewal	13,554	10,865
Totals	\$ 14,531	\$ 11,684

***Policy Claims Pending***

The liability for policy claims is based on estimates of the costs on individual claims reported plus estimated claims incurred but unreported prior to December 31, 2015.

***Reinsurance***

The Company had no agreements with nonaffiliated reinsurers or reinsured policies during the period covered by this report.

***Estimates***

The preparation of these statutory financial statements in conformity with the accounting and valuation practices prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and/or the Arizona Department of Insurance requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the statutory financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**NOTES TO THE STATUTORY FINANCIAL STATEMENTS**  
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

**Note 2 – Summary of Significant Accounting Policies (continued)**

***Concentration of Credit Risk***

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of temporary cash investments, fixed maturity securities and mortgage loans.

***Reclassifications***

Certain amounts as of December 31, 2014 have been reclassified to conform to the December 31, 2015 presentation.

**Note 3 – Cash and Investments**

The Company maintains certificates of deposit at several banks with amounts not exceeding \$250,000. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000.

The money market funds utilized by the Company invest in short-term U.S. government and commercial paper securities. Cash in demand deposits exceeding FDIC insurance amounted to \$1,652,250 and \$1,118,682 at December 31, 2015 and 2014 respectively.

Cash and short-term investments consist of the following:

	December 31	
	2015	2014
Money market mutual funds	\$ 474,997	\$ 231,370
Certificates of deposit	1,493,723	1,491,708
Demand Deposits	6,501,284	4,892,097
Total cash and short-term investments	\$ 8,470,004	\$ 6,615,175

***Bonds***

Bonds at year end are summarized as follows:

	2015		
	Fair Value	Book/ Adjusted Carrying Value	Excess of Fair Value over Book Value
<b>Bonds:</b>			
U.S. Government	\$ 539,880	\$ 540,318	\$ (438)
Industrial and miscellaneous	2,202,200	2,415,781	(213,581)
Total bonds	\$ 2,742,080	\$ 2,956,099	\$ (214,019)
	2014		
	Fair Value	Book/ Adjusted Carrying Value	Excess of Fair Value over Book Value
<b>Bonds:</b>			
U.S. Government	\$ 538,364	\$ 548,941	\$ (10,577)
Industrial and miscellaneous	2,193,933	2,244,990	(51,057)
Total bonds	\$ 2,732,297	\$ 2,793,931	\$ (61,634)

AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**NOTES TO THE STATUTORY FINANCIAL STATEMENTS**  
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

**Note 3 – Cash and Investments (continued)**

Maturities of bonds by amortized cost (admitted asset value) and fair value of bonds as of December 31, 2015, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	<u>Book Value</u>	<u>Fair Value</u>
2016	\$ 249,000	\$ 249,000
2017 through 2020	1,237,060	1,146,634
2021 through 2025	1,363,725	1,241,196
Over 20 Years	<u>106,314</u>	<u>105,250</u>
Totals	<u>\$ 2,956,099</u>	<u>\$ 2,742,080</u>

The proceeds from sales of bonds and gross realized gains and gross realized losses on sales of bonds as of December 31 are as follows:

	<u>2015</u>	<u>2014</u>
Proceeds from sales	\$ 113,295	\$ 197,500
Gross realized gains	14,061	-
Gross realized losses	-	(1,521)

**Common Stock**

The Company's investments in common stock consist of the following:

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
Unaffiliated common stock - fair value	\$ 620,122	\$ 557,846
Unaffiliated common stock - cost basis	\$ 559,596	\$ 491,678

**Mortgage Loans**

Mortgage loans consist of commercial and consumer loans collateralized by real estate. The Company's lending policies are to loan up to 65% of appraised values at interest rates ranging from 8.99% to 12.50% and terms ranging from 1 to 15 years. The Company has a concentration of mortgage loans in central Arizona.

The Company has a valuation allowance for loans where it is probable that all amounts due will be uncollectable. This allowance is comprised of the recorded value of the loan less the fair value of the collateral and consideration of high risk loans.

The Company defines subprime loans as loans with an interest rate above prime and an initial loan to property value above 50%. The Company does not lend above 65% loan to value using this buffer to reduce exposure to loss due to changes in asset value.

AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**NOTES TO THE STATUTORY FINANCIAL STATEMENTS**  
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

**Note 3 – Cash and Investments (continued)**

All amounts held in subprime mortgage loans as of December 31, 2015 are as follows:

	Book Adj Value	Fair Value	Value of Land & Buildings
Subprime mortgages in process of foreclosure	\$ 1,555,269	\$ 1,555,269	\$ 2,373,000
Subprime mortgages in good standing	11,390,352	11,390,352	21,839,000
Total subprime mortgages	<u>\$ 12,945,621</u>	<u>\$ 12,945,621</u>	<u>\$ 24,212,000</u>

Two subprime loans with a balances of \$1,137,500 and \$357,916 and were in the process of foreclosure at December 31, 2015 with no impairment losses. The current default rate for subprime loans is 12.01%

The following is the composition of the mortgage receivable aging at year-end:

	December 31	
	2015	2014
In good standing with interest accruing	\$ 36,600,852	\$ 29,928,916
Over 90 days with interest accruing	735,516	3,546,838
In foreclosure, interest accruing	<u>1,773,909</u>	<u>715,443</u>
Mortgage receivable	39,110,277	34,191,197
Costs advanced on mortgages	13,399	8,647
Deferred gain on installment sales	(252,954)	(140,635)
Deferred income on installment sales	(71,927)	-
Allowance for delinquent mortgage loans	<u>-</u>	<u>-</u>
Total mortgage loans	<u>\$ 38,798,795</u>	<u>\$ 34,059,209</u>

**Real Estate**

In May 2006, the Company entered into a real estate investment joint venture with Boa Sorte, LLC (The Cardon Group) for the purchase of approximately 4,700 acres near Holbrook, AZ. The current cost of this investment is \$986,035. In November 2007, the Company acquired 40 acres near Salome, Arizona as an investment property for a total cost of \$105,285. In 2015, the Company acquired property in Sunvalley, AZ as an investment property for a total cost of \$94,526.50. These investments are non-admitted assets and therefore, not included with the Company's admitted assets in the accompanying statutory financial statements.

During 2015, the Company sold five properties acquired through foreclosure and two investment properties, reporting a loss of \$46,099 and gain of \$140,198 respectively.

**Properties**

Properties occupied by the Company consist of a portion of the building located at 935 E. Main Street, Mesa AZ. The cost of the building and improvements is depreciated over the estimated useful life of the building (39 years). Depreciation is computed on the straight-line method for statutory purposes. In accordance with Statements of *Statutory Accounting Principles No. 40*, properties 50% occupied by the reporting entity, including common areas, will be reported as property occupied by the company.



AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**NOTES TO THE STATUTORY FINANCIAL STATEMENTS**  
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

**Note 3 – Cash and Investments (continued)**

The following is a summary of properties occupied by the Company:

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
Building	\$ 434,605	\$ 434,605
Improvements	130,966	130,966
	<u>565,571</u>	<u>565,571</u>
Accumulated depreciation	(186,759)	(174,957)
	<u>378,812</u>	<u>390,614</u>
Land	75,633	75,633
	<u>\$ 454,445</u>	<u>\$ 466,247</u>

**Net Investment Income**

Net investment income primarily represents interest and dividends received or accrued on bonds. It also includes amortization of any purchase premium or discount using the interest method, adjusted prospectively for any change in estimated yield-to-maturity. Net investment income is reduced by direct and allocated investment expenses.

The following summarizes the components of net investment income at year end:

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
Bonds and long term certificates of deposits	\$ 94,788	\$ 83,109
Common stock	55,075	15,709
Common stock of affiliates	57,114	29,712
Cash and short term investments	40,661	37,475
Mortgage loans	3,871,714	3,830,886
Receivables secured by real estate	250,003	194,971
Other invested assets	8,676	(258)
Policy loans	3,542	3,722
Gross investment income	<u>4,381,574</u>	<u>4,195,326</u>
Investment expenses	(559,168)	(569,787)
Investment taxes (excluding federal income tax)	<u>(86,464)</u>	<u>(80,399)</u>
Net investment income	<u>\$ 3,735,942</u>	<u>\$ 3,545,140</u>

AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**NOTES TO THE STATUTORY FINANCIAL STATEMENTS**  
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

**Note 3 – Cash and Investments (continued)**

**Fair Value Measurement**

Investments are being disclosed utilizing an established framework for measuring fair value, and an established fair value hierarchy which prioritizes valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income, or cost approach, are used to measure fair value.

The fair value hierarchy prioritizes valuation techniques used to measure fair value into three broad levels:

- **Level 1 investments** use quoted prices in active markets for identical assets the entity has the ability to access.
- **Level 2 investments** use inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly.
- **Level 3 investments** have no observable values for the assets and rely on management's own assumptions that market participants would use in pricing the asset. The entity has no such investments.

The following table presents the entity's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2015:

<b>Investments</b>	<b>Balance 12/31/2014</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Balance 12/31/2015</b>
<b>Level 1 Investments:</b>					
Long-term certificate of deposits	\$ 249,000		(\$249,000)		\$ -
Mutual Funds	-	5,371,231	(5,335,759)		35,472
Unaffiliated common stock	557,846	157,826	(131,028)		584,644
Certificates of deposits	1,491,708	1,495,210	(1,493,195)		1,493,723
<i>Total level 1</i>	<u>2,298,554</u>	<u>7,024,267</u>	<u>(6,959,982)</u>	-	<u>2,113,839</u>
<b>Level 3 Investments:</b>					
Mortgage loans	34,059,209	16,000,382	(11,260,796)		38,798,795
Properties held for sale	3,942,257	39,238	(1,215,931)		2,765,564
Properties occupied by the Company	466,247		(11,884)		454,363
Policy contract loans	68,011	6,611	(3,428)		71,194
<i>Total level 3</i>	<u>38,535,724</u>	<u>16,046,231</u>	<u>(12,492,039)</u>	-	<u>42,089,916</u>
Total investments	<u>\$ 40,834,278</u>	<u>\$ 23,070,498</u>	<u>\$ (19,452,021)</u>	<u>\$ -</u>	<u>44,203,755</u>
<b>Investments at cost:</b>					
Corporate bonds, at amortized cost					2,956,099
Partnership interests					880,000
<b>Cash:</b>					
Demand deposits					6,501,284
Money Markets					474,997
Total cash and investments					<u>\$ 55,016,135</u>

AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**NOTES TO THE STATUTORY FINANCIAL STATEMENTS**  
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

**Note 3 – Cash and Investments (continued)**

Management uses a market approach to determine the fair value of mortgage loans and properties held for sale. Loans are adjusted for changes in the market value of the property collateralized based on local market indices. Property held for sale is adjusted to the most recent appraisal performed. The cost approach is used to determine the fair value of properties occupied by the Company and the property contract loans.

On a quarterly basis, the Company reviews its investment portfolio for securities in an unrealized loss position for other-than-temporary impairment. This review for potential impairment is performed on a specific identification basis and requires significant management judgment related to a number of qualitative and quantitative factors including the severity of the impairment, the duration of the impairment, recent trends and expected market performance. Management believes that the Company's unrealized losses on individual securities at December 31, 2015 and 2014, respectively, represent a temporary decline in market value. The investments summarized below are in an unrealized loss position as of December 31, 2015, for which other-than-temporary declines in value have not been recognized:

	<b>Less than 12 Months</b>		
	<b>Cost/Amortized Cost</b>	<b>Unrealized Loss</b>	<b>Fair Value</b>
Bonds	\$ 689,500	\$ (16,726)	\$ 672,774
Unaffiliated common stocks	108,908	(9,644)	99,265
	<b>12 Months or More</b>		
	<b>Cost/Amortized Cost</b>	<b>Unrealized Loss</b>	<b>Fair Value</b>
Bonds	\$ 1,496,493	\$ (250,709)	\$ 1,245,784
Unaffiliated common stocks	118,690	(29,529)	89,161
Totals	\$ 2,413,591	\$ (306,607)	\$ 2,106,984

**Note 4 – Reserve for Life Policies and Contracts**

The Company accrues liabilities for unpaid claims on its life insurance policies, estimated incurred but unrecorded claims and estimated cost of future claims. The reserve reflects the liability for aggregate reserve amounts which, with additions from premiums to be received and with interest compounded annually at an interest assumption between 3% and 5.5% are calculated to be sufficient to meet policy obligations as they mature. The following is the reserves activity during 2015 and 2014 respectively:

	<b>Life Policies and Contracts</b>	<b>Policy and Contract Claims</b>
<b>Reserves, January 1, 2014</b>	\$ 23,677,003	\$ 24,106
Prior year claims paid in current year	-	(15,056)
Incurred claims	-	52,390
Increase in life and annuity reserve	2,061,643	-
Current year claims paid	-	(52,390)
<b>Reserves, December 31, 2014</b>	\$ 25,738,646	\$ 9,050
Incurred claims	-	181,000
Increase in life and annuity reserve	5,162,888	-
Current year claims paid	-	(171,000)
<b>Reserves December 31, 2015</b>	\$ 30,901,534	\$ 19,050

AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**NOTES TO THE STATUTORY FINANCIAL STATEMENTS**  
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

---

**Note 4 – Reserve for Life Policies and Contracts (continued)**

Withdrawal characteristics of deposit liabilities as of December 31, 2015:

<b>Subject to Discretionary Withdrawal -</b>	<b>Amount</b>	<b>Percent of Total</b>
<b>Without Adjustment</b>		
At book value less current surrender charge of 5% or more	\$ 8,931,769	24.89%
At book value (minimal or no charge or adjustment)	\$ 26,956,955	75.11%
Reconciliation of Total Deposit Fund Liabilities		
Exhibit 5, Annuities, Total (net)	\$ 28,311,208	
Exhibit of Deposit Contracts, line 14	\$ 7,577,516	

**Note 5 – Guaranteed Investment Contracts**

Guaranteed Interest Contracts are amounts held on behalf of outside parties. Interest is paid yearly at a rate equal to Federal Reserve 6-month CD and is updated each month with a guaranteed minimum rate of 2.00%. Guaranteed interest contracts are held primarily by stockholders of the Company. Contracts owned by stockholders represent 82% and 82% of all contracts at December 31, 2015 and 2014 respectively. Guaranteed investment contracts are considered a level 3 financial instrument under the fair value hierarchy referred to in Note 3.

Management uses a cost approach to report the fair value of these contracts and the amounts are not adjusted based on any additional criteria.

**Note 6 – Capital and Surplus**

State of Arizona insurance regulations require the Company to keep a minimum capital of \$400,000 and a minimum free surplus of \$100,000. At December 31, 2015 and December 31, 2014, the Company had capital amounts of \$927,173 and \$926,230 respectively and free surplus of \$13,655,730 and \$13,608,728, respectively. Free surplus was reduced by the \$6,375,756 and \$6,183,502 cost of treasury stock in 2015 and 2014 respectively. On February 8, 2011 the Board of Directors authorized the purchase of up to 300,000 shares of Company stock at 90% of the most recent equity value. The equity value is prepared monthly using U.S. GAAP standards and adjusted for any accrued dividends payable.

During 2015, treasury stock increased by the purchase of 57,429 shares of capital stock at prices ranging from \$3.26 to \$3.42 per share. During 2014, treasury stock increased by the purchase of 55,595 shares of capital stock at prices ranging from \$3.24 to \$3.27 per share.

The portion of surplus represented or reduced by each item below is as follows:

The portion of surplus represented or reduced by each item below is as follows:	
Net unrealized capital gains (losses)	\$ 60,527
Nonadmitted asset values	\$ (2,354,299)
Asset valuation reserve	\$ (1,342,330)
Net deferred income taxes	\$ 112,927

AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**NOTES TO THE STATUTORY FINANCIAL STATEMENTS**  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

---

**Note 7 – Participating Insurance Policies**

The allocation of dividends to participating policy owners is based on actuarial mortality rates with consideration for investment yields (which are subject to periodic review), issue ages, policy durations and premium charges. The mortality rates correspond with rates assumed in the calculation of the premium charges. Participating business comprised approximately 29% of total life insurance in force at December 31, 2015, and 24% at December 31, 2014.

**Note 8 – Claims and Contingencies**

The Company has various other legal proceedings and claims pending that are common to its operations. While it is not possible to determine the ultimate outcome of these matters, it is the opinion of management that they will not result in monetary damages that in the aggregate would be material to the business or operations of the Company.

**Note 9 – Related Parties**

There is a significant inter-relationship between policyholders who are also stockholders and members of Company management. Related party transactions involving this group during the years ended December 31, 2015 and 2014, have consisted only of ordinary compensation, expense reimbursement and similar items incurred in the ordinary course of business, except as follows:

- a) A management education loan described in the second paragraph of note 10 below.
- b) Life Insurance premiums paid by Company officers and directors totaled 13.1% and 12.6% of total premiums paid in 2015 and 2014, respectively. Company officers and directors also owned 5.8% and 7.5% of total policy face value in 2015 and 2014, respectively.
- c) A director for American Savings Life Insurance Company and also a principal in an investment company in which the Company has entered into investment joint ventures. During 2015 and 2014, the Company received distributions of \$23,515 and \$75,909 from Sugarloaf VII, LLC. The distributions received represent return of capital of \$9,403 and \$42,941 and interest income of \$14,111 and \$32,967 respectively. In 2013, the Company invested \$880,000 in Window Rock Residential Recovery Fund, L.P., the Company has not received distributions from this fund. In addition, the Company had investment activity in Boa Sorte, LLC as described in more detail in note 3 under Real Estate.
- d) On December 23, 2014 the Company made mortgage loans on two properties with a director of American Savings Life Insurance Company. The two mortgages had a combined balance of \$388,017, interest rate of 9.99% and a balloon payment term of 30 years.

The Company also entered into various transactions with its wholly owned subsidiary, American Life Financial Corporation (ALF) relating to shared administration costs. During 2015 and 2014, ALF personnel provided operational support to the Company in the amount of \$30,117 and \$17,905 respectively, all of which was reimbursed as of December 31, 2015. The Company provided labor to ALF under the agreement of \$1,033 and \$3,284 for the years ended December 31, 2015 and 2014, respectively. As of December 31, 2015 and 2014, there was a net payable due to ALF with the balance of \$15,432 and \$0, respectively.

AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**NOTES TO THE STATUTORY FINANCIAL STATEMENTS**  
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

**Note 9 – Related Parties (Continued)**

The Company pays the full amount of expenses for office space and other office support expenses. ALF reimburses the Company for a portion of those expenses. The total expenses reimbursed by ALF for office space and other support expenses were \$14,360 and \$14,460 for both 2015 and 2014, respectively.

**Note 10 – Employee Benefit Plans**

In 1993 the Company began to sponsor a qualified profit sharing plan available to full-time employees who meet the plan's eligibility requirements. The terms of the plan call for annual discretionary contributions by the Company as determined by the board. The plan contribution was \$57,204 for 2015 and \$64,099 for 2014.

The Company has an employee stock benefit compensation plan, available to employees and directors. The terms of the plan allow employees or directors to specify up to 50% of their total compensation for shares of company stock. The allocation price of the stock is 100% of the non-audited generally accepted accounting principles book value for the month preceding enrollment. During 2015, 9,436 shares of Company common stock were purchased under the plan for a total of \$34,574. The October 2015 enrollment stock price was \$3.684 and as of December 31, 2015, \$8,998 of employee and directors compensation had been set aside for stock purchase.

A loan for employee educational expenses of \$30,000 was authorized by the board in September 2008. The full amount of the educational loan has been disbursed at December 31, 2015. Under statutory accounting guidelines, loans secured by personal security are non-admitted assets and thus not included with company's admitted assets. The loan is forgiven over 5 years as long as the employee remains with the Company. As of December 31, 2015 and 2014, the balance net of fringe benefit payments was \$0 and 5,265, respectively.

**Note 11 – Income Taxes**

The Company has an effective income tax rate substantially different from the statutory rate applied to net income for the years ended December 31, 2015 and 2014. This difference is due to the qualification of the Company under Internal Revenue Code Section 806(a) for the small life insurance company deduction on its federal income tax return; a deduction that is not recognized on the statutory basis financial statements.

Current income taxes incurred consist of the following major components:

(1)		<u>2015</u>	<u>2014</u>	<u>Change</u>
	Current income tax:			
	Federal income taxes	\$ 274,656	\$ 297,912	\$ (23,256)
	Foreign income taxes	-	-	-
	Subtotal	<u>274,656</u>	<u>297,912</u>	<u>(23,256)</u>
	Federal income tax on net capital gains	8,626	8,651	(25)
	Change in prior year accrual	(18,148)	(148,449)	130,301
	Federal and foreign income taxes incurred	<u>\$ 265,134</u>	<u>\$ 158,114</u>	<u>\$ 107,020</u>

AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**NOTES TO THE STATUTORY FINANCIAL STATEMENTS**  
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

**Note 11 – Income Taxes (continued)**

The following is a summary of the differences between statutory pre-tax net income and taxable income:

	<u>2015</u>	<u>2014</u>
Statutory pre-tax net income	\$ 1,529,196	\$ 1,779,786
Dividends received deduction	(24,641)	(7,724)
Net due, deferred and advance premiums	(2,197)	987
Tax exempt interest income	70,837	-
Difference between tax and book depreciation	(17,037)	(82,634)
Deferred acquisition costs	27,149	(37,105)
Interest maintenance reserve	14,090	34,869
Statutory reserve adjustment	(263)	29,976
OTTI Impairment	52,157	-
Other items	<u>(33,665)</u>	<u>(16,275)</u>
<b>Taxable income before small life insurance company deduction</b>	1,615,626	1,701,880
Small life insurance company deduction	<u>(969,374)</u>	<u>(1,047,363)</u>
<b>Net taxable income</b>	<u>\$ 646,252</u>	<u>\$ 654,517</u>

***Deferred Tax***

During the year ended December 31, 2014, the Company adopted SSAP 101, *Income Taxes*, and began accounting for deferred income taxes.

Disclose for the current year, the prior year and the change between years by tax character (ordinary and capital) the following:

	<u>2015</u>		
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
Gross deferred tax assets	\$ 990,817	\$ 21,924	\$ 1,012,741
Statutory valuation allowance adjustments	(638,175)	-	(638,175)
Adjusted gross deferred tax assets (1a-1b)	352,642	21,924	374,566
Deferred tax assets nonadmitted	<u>(224,009)</u>	<u>-</u>	<u>(224,009)</u>
Net admitted deferred tax asset (1c-1d)	128,633	21,924	150,557
Deferred tax liabilities	(13,848)	(23,782)	(37,630)
Net admitted deferred tax assets / (liabilities) (1e-1f)	<u>\$ 114,785</u>	<u>\$ (1,858)</u>	<u>\$ 112,927</u>

AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**NOTES TO THE STATUTORY FINANCIAL STATEMENTS**  
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

**Note 11 – Income Taxes (continued)**

***Deferred Tax (continued)***

Admissible calculation components per SSAP No. 101, Income Taxes – A Replacement of SSAP No. 10R and SSAP No. 10 are as follows:

	Ordinary	2015 Capital	Total
(a) Federal taxes paid in prior years that can be recovered through loss carrybacks, by tax character	\$ 118,975	\$ -	\$ 118,975
(b) Amount of adjusted gross DTAs expected to be realized (excluding amount of DTAS report in 9A(2)(a) above) after application of threshold limitation, by tax character (lesser of 2(b)1 and 2(b)2 below)	-	-	-
1 Amount of adjusted gross DTAs, expected to be realized within the applicable period following the balance sheet date, by tax character (see Realization Threshold Limitation Table)	-	-	-
2 Amount of applicable percentage of statutory capital and surplus as required to be shown on the statutory balance sheet adjusted to exclude any net DTAs, EDP equipment and operating system software and any net positive goodwill. (see Realization Threshold Limitation Table)	xxx	xxx	2,178,026
(c) Amount of adjusted gross DTAs (excluding amount of DTAs reported in 9A(2)a and 9A(2)b that can be offset against existing gross DTLs, by tax character	13,848	17,733	31,581
(d) Amount of DTAs admitted as result of application of SSAP No. 101 by tax character (the sum of 9A(2)a, 9A(2)b and 9A(2)c)	\$ 132,823	\$ 17,733	\$ 150,556

The ratio percentage and the amount of adjusted capital and surplus used to determine the recovery period and threshold limitation amounts for the admissibility test was 1243% and \$14,520,173 for the year ended in December 31, 2015.

There is no impact of management’s tax planning strategies on the Adjusted Gross DTAs and Net Admitted DTAs.



AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**NOTES TO THE STATUTORY FINANCIAL STATEMENTS**  
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

**Note 11 – Income Taxes (continued)**

**Deferred Tax (continued)**

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

	2015	2014	Change
<b>Deferred tax assets:</b>			
<b>Ordinary:</b>			
Life Reserve Discounting	\$ 26,720	\$ 36,524	\$ (9,804)
Deferred Acquisition Costs	75,836	66,594	9,242
AMT Credit	289,241	230,812	58,429
Non-Admitted Assets	561,521	687,672	(126,151)
Other	37,499	-	37,499
<b>Subtotal</b>	<b>990,817</b>	<b>1,021,602</b>	<b>(30,785)</b>
Statutory valuation allowance adjustments	(638,175)	(648,910)	10,735
Nonadmitted	(224,009)	(284,774)	60,765
<b>Admitted Ordinary Deferred Tax Assets</b>	<b>128,633</b>	<b>87,918</b>	<b>40,715</b>
<b>Capital:</b>			
OTTI	17,733	-	17,733
Investments	-	-	-
Fixed assets	4,191	418,010	(413,819)
Other	-	-	-
<b>Subtotal</b>	<b>21,924</b>	<b>418,010</b>	<b>(396,086)</b>
Statutory valuation allowance adjustments	-	(249,264)	249,264
Nonadmitted	-	(143,434)	143,434
<b>Admitted Capital Deferred Tax Assets</b>	<b>21,924</b>	<b>25,312</b>	<b>(3,388)</b>
<b>Admitted Deferred Tax Assets:</b>	<b>\$ 150,557</b>	<b>\$ 113,230</b>	<b>\$ 37,327</b>
<b>Deferred tax liabilities:</b>			
<b>Ordinary:</b>			
Deferred and Uncollected Premiums	\$ (2,657)	\$ (8,128)	\$ 5,471
Other	(11,191)	-	(11,191)
<b>Subtotal:</b>	<b>(13,848)</b>	<b>(8,128)</b>	<b>(5,720)</b>
<b>Capital:</b>			
Investments	(23,782)	-	(23,782)
Other	-	-	-
<b>Subtotal:</b>	<b>(23,782)</b>	<b>-</b>	<b>(23,782)</b>
<b>Deferred Tax Liability</b>	<b>(37,630)</b>	<b>(8,128)</b>	<b>(29,502)</b>
<b>Net admitted deferred tax asset (liability)</b>	<b>\$ 112,927</b>	<b>\$ 105,102</b>	<b>\$ 31,607</b>

There are no differences for which deferred tax liabilities are not recognized. The change in deferred tax assets is reflected as a change in capital and surplus in the accompanying statutory statements.

The valuation allowance adjustment to gross deferred tax assets as of December 31, 2015 and December 31, 2014 was \$638,175 and \$898,174 respectively. The net change in the total valuation allowance adjustments for December 31, 2015 was a decrease of \$259,999. The valuation allowance adjustment at December 31, 2015 decreased due to a decrease in the fixed asset book to tax basis difference.

AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**NOTES TO THE STATUTORY FINANCIAL STATEMENTS**  
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

**Note 11 – Income Taxes (continued)**

The Company's income tax expense and change in deferred tax assets/deferred tax liabilities differs from the amount obtained by applying the federal statutory rate of 34% to income before taxes for the following reasons:

	Statutory pre- tax net income	Amount	Effective tax rate (%)
Provisions computed at statutory rate	\$ 1,529,194	\$ 519,926	34.0%
Small company deduction		(329,587)	-21.6%
Dividends received deduction		(8,378)	-0.5%
Disallowed travel and entertainment		4,791	0.3%
Change in statutory valuation reserve		(259,999)	-17.0%
Change in nonadmitted assets		393,739	25.7%
Other		(1)	0.0%
<b>Totals</b>		\$ 320,491	21.0%
Federal and foreign income taxes incurred		\$ 274,656	18.0%
Realized capital gains tax		-	0.0%
Change in net deferred income taxes		45,835	3.0%
<b>Total statutory income taxes</b>		\$ 320,491	21.0%

As of December 31, 2015, the Company did have unused operating loss or tax credit carryforwards to offset against future taxable income in the amount of \$170,303.

The following amounts of federal income taxes are available for recoupment in the event of future losses:

2015	\$	156,324
2014	\$	234,134
2013	\$	406,000

The Company's federal income tax return is not consolidated with any other entity. The Company's tax returns for the years ended in 2012 through 2014 are subject to IRS audits if requested by the IRS. The Company is subject to state premium taxes and, accordingly, is exempt from state income taxes in a majority of the states in which the Company does business.

The Financial Accounting Standards Board's (FASB) Accounting Standard Codification (ASC) 740, *Income Taxes* clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. This standard prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on derecognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure, and transition. As of December 31, 2015 and 2014 the Company has not adopted the provisions of ASC 740 because it is not required by the accounting practices prescribed or permitted by the State of Arizona Department of Insurance. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to ASC 740.

AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**NOTES TO THE STATUTORY FINANCIAL STATEMENTS**  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

---

**Note 12 – Correction of Error**

The Company recorded a correction of error in the statutory financial statements for the year ended December 31, 2013 and December 31, 2014 in the amount of \$94,385 and \$35,669, respectively, to record accumulated depreciation expense on real estate investments in accordance with the requirements of *Statements of Statutory Accounting Principles (SSAP) No. 40 Real Estate Investments*. This correction of error was reported in the December 31, 2015 annual statement on page 4 line 53 as an aggregate write-in for gains and losses in surplus.

The Company recorded a correction of error in the statutory financial statements for the year ended December 31, 2015 in the amount of \$21,679 to record mortgage loan interest points that had been inadvertently transferred into the IMR in accordance with the requirements of *Statements of Statutory Accounting Principles (SSAP) No. 37 Mortgage Loans*. This correction of error was reported in the December 31, 2015 annual statement on page 4 line 53 as an aggregate write-in for gains and losses in surplus.

**Note 13 – Subsequent Events**

Management has evaluated subsequent events through May 17, 2016, the date the statutory financial statements were available to be issued. No events or transactions occurred after year-end that require additional disclosure or adjustments to the statutory financial statements.

## **OTHER LEGAL AND REGULATORY INFORMATION**



**Independent Auditor's Report on Other Legal  
and Regulatory Information**

To the Board of Directors  
**American Savings Life Insurance Company:**

We have audited the statutory financial statements of **American Savings Life Insurance Company** as of and for the years ended December 31, 2015 and 2014, and our report thereon dated May 17, 2016, which expressed an unmodified opinion on those statutory financial statements, appears on pages 2-3. The Schedule 1 - Selected Financial Data, Schedule 2 – Summary Investment Schedule and Schedule 3 – Investment Risks Interrogatories are presented for purposes of additional analysis and is not a required part of the statutory financial statements, but are required as other legal and regulatory information required by the National Association of Insurance Commissioners' Accounting Practices and Procedures Manual. This information is presented in a format consistent with the Annual Statement filed by **American Savings Life Insurance Company** with the State of Arizona Insurance Department. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the statutory financial statements. The information has been subjected to the auditing procedures applied in the audit of the statutory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory financial statements or to the statutory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the statutory financial statements as a whole.

*Larson & Company PC*

Salt Lake City, Utah  
May 17, 2016

AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**SCHEDULE 1 – SELECTED FINANCIAL DATA**  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

<b>INVESTMENT INCOME EARNED</b>	<b>2015</b>	<b>2014</b>
Other bonds (unaffiliated)	\$ 94,788	\$ 83,109
Common stocks (unaffiliated)	55,075	15,709
Common stocks of affiliates	57,114	29,712
Mortgages loans	3,871,714	3,830,886
Real estate	250,003	194,971
Premium notes, policy loans and liens	3,542	3,722
Cash on hand and short term investments	40,661	37,475
Other invested assets	8,676	(258)
	<u>\$ 4,381,574</u>	<u>\$ 4,195,326</u>
<b>REAL ESTATE OWNED - BOOK VALUE</b>	<u>\$ 4,405,772</u>	<u>\$ 4,408,504</u>
<b>MORTGAGE LOANS - BOOK VALUE</b>		
Residential mortgages	\$ 8,222,742	\$ 8,908,506
Commercial mortgages	30,576,053	25,150,703
Total mortgage loans	<u>\$ 38,798,795</u>	<u>\$ 34,059,209</u>
<b>MORTGAGE LOANS BY STANDING - BOOK VALUE</b>		
Good standing	\$ 36,279,442	\$ 29,788,280
Interest overdue more than 90 days, not in foreclosure	732,048	3,546,839
Foreclosure in process	1,787,305	724,090
	<u>\$ 38,798,795</u>	<u>\$ 34,059,209</u>
<b>OTHER LONG TERM ASSETS - STATEMENT VALUE</b>	<u>\$ 880,000</u>	<u>\$ 880,000</u>
<b>BONDS AND SHORT-TERM INVESTMENTS BY NAIC DESIGNATION AND MATURITY</b>		
<b><i>Bonds by Maturity – Statement Value:</i></b>		
Due within one year less	\$ 249,000	\$ -
Over 1 year through 5 years	1,237,060	985,145
Over 5 years through 10 years	1,363,725	1,808,665
Over 20 years	106,314	-
Total by Maturity	<u>\$ 2,956,099</u>	<u>\$ 2,793,810</u>
<b><i>Bonds by NAIC Designation – Statement Value:</i></b>		
NAIC 1	\$ 789,318	\$ 797,940
NAIC 2	1,862,794	1,995,870
NAIC 3	100,943	-
NAIC 4	203,045	-
Total by NAIC Designation	<u>\$ 2,956,099</u>	<u>\$ 2,793,810</u>
<i>Total Bonds Publicly Traded</i>	<u>\$ 2,956,099</u>	<u>\$ 2,793,810</u>

See independent auditor's report on other legal and regulatory information

AMERICAN SAVINGS LIFE INSURANCE COMPANY  
**SCHEDULE 1 – SELECTED FINANCIAL DATA (continued)**  
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<b>2015</b>	<b>2014</b>
Common Stocks – Market Value	\$ 620,116	\$ 557,846
Short Term Investments – Book Value	\$ 474,997	\$ 231,370
Cash on Deposit	\$ 7,995,007	\$ 6,383,805
Life Insurance In Force:		
Ordinary	\$ 16,180,586	\$ 15,627,417
Amount of Accidental Death Insurance In Force Under Ordinary Policies	\$ 34,974	\$ 34,974
Annuities in Force		
Immediate – Amount of Income Payable	\$ 423,452	\$ 2,127,889
Deferred – Fully Paid Account Balance	\$ 24,474,901	\$ 20,957,133
Deposit Funds and Dividend Accumulations:		
Deposit Funds – Account Balance	\$ 7,557,830	\$ 7,158,003
Dividend Accumulations – Account Balance	\$ 19,686	\$ 24,215

See independent auditor's report on other  
 legal and regulatory information

**AMERICAN SAVINGS LIFE INSURANCE COMPANY**  
**SCHEDULE 2 – SUMMARY INVESTMENT SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	6 Percentage
1. Bonds:				
1.1 U.S. treasury securities.....		0.0		0.0
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....		0.0		0.0
1.22 Issued by U.S. government sponsored agencies.....		0.0		0.0
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities).....		0.0		0.0
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		0.0
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations.....		0.0		0.0
1.43 Revenue and assessment obligations.....	540,318	0.9	540,318	1.0
1.44 Industrial development and similar obligations.....		0.0		0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA.....		0.0		0.0
1.512 Issued or guaranteed by FNMA and FHLMC.....		0.0		0.0
1.513 All other.....		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA.....		0.0		0.0
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-based securities issued or guaranteed by agencies shown in Line 1.521.....		0.0		0.0
1.523 All other.....		0.0		0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities).....	2,212,984	3.9	2,212,984	4.0
2.2 Unaffiliated non-U.S. securities (including Canada).....	202,797	0.4	202,797	0.4
2.3 Affiliated securities.....		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds.....		0.0		0.0
3.2 Preferred stocks:				
3.21 Affiliated.....		0.0		0.0
3.22 Unaffiliated.....		0.0		0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....		0.0		0.0
3.32 Unaffiliated.....	620,116	1.1	620,116	1.1
3.4 Other equity securities:				
3.41 Affiliated.....	453,926	0.8		0.0
3.42 Unaffiliated.....		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....		0.0		0.0
3.52 Unaffiliated.....		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development.....		0.0		0.0
4.2 Agricultural.....		0.0		0.0
4.3 Single family residential properties.....	4,970,910	8.7	4,970,910	9.0
4.4 Multifamily residential properties.....	3,251,832	5.7	3,251,932	5.9
4.5 Commercial loans.....	30,576,053	53.6	30,576,053	55.6
4.6 Mezzanine real estate loans.....		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company.....	454,363	0.8	454,363	0.8
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt).....		0.0		0.0
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt).....	3,951,410	6.9	2,765,564	5.0
6. Contract loans.....	71,194	0.1	71,194	0.1
7. Derivatives.....		0.0		0.0
8. Receivables for securities.....		0.0		0.0
9. Securities lending (Line 10, Asset Page reinvested collateral).....		0.0		XXX
10. Cash, cash equivalents and short-term investments.....	8,470,004	14.9	8,470,004	15.4
11. Other invested assets.....	1,235,276	2.2	880,000	1.6
12. Total invested assets.....	57,011,183	100.0	55,016,135	100.0

See independent auditor's report on other legal and regulatory information



**AMERICAN SAVINGS LIFE INSURANCE COMPANY**  
**SCHEDULE 3 – INVESTMENT RISKS INTERROGATORIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. \$.....55,536,840

2. Ten largest exposures to a single issuer/borrower/investment.

1	2	3	4
<u>Issuer</u>	<u>Description of Exposure</u>	<u>Amount</u>	<u>Percentage of Total Admitted Assets</u>
2.01 WYCO EQUITIES INC.....	MORTGAGE LOANS.....	\$..... 1,990,750	3.585 %
2.02 AZ ANTIQUE PROPERTIES LLC.....	MORTGAGE LOANS.....	\$..... 1,871,254	3.369 %
2.03 PHOENIX CHRISTIAN HIGH.....	MORTGAGE LOANS.....	\$..... 1,769,271	3.186 %
2.04 SIERRA AB PROPERTIES LLC.....	MORTGAGE LOANS.....	\$..... 1,483,888	2.672 %
2.05 DESERT GARDEN HOLDINGS.....	MORTGAGE LOANS.....	\$..... 1,315,406	2.369 %
2.06 TEXAS BTTR HOLDINGS LLC.....	MORTGAGE LOANS.....	\$..... 1,137,500	2.048 %
2.07 SMHG MANAGEMENT LLC.....	MORTGAGE LOANS.....	\$..... 1,094,494	1.971 %
2.08 1861 PETRIFIED FOREST DR.....	REAL ESTATE.....	\$..... 986,035	1.775 %
2.09 LOVE INTERNATIONAL OUTREACH FELLOWSHIP OF PHOENIX	MORTGAGE LOANS.....	\$..... 945,217	1.702 %
2.10 ALIEF YOUTH ASSOCIATION.....	MORTGAGE LOANS.....	\$..... 846,733	1.525 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

<u>Bonds</u>	1	2
3.01 NAIC-1.....	\$..... 1,264,316	2.277 %
3.02 NAIC-2.....	\$..... 1,862,794	3.354 %
3.03 NAIC-3.....	\$..... 100,943	0.182 %
3.04 NAIC-4.....	\$..... 203,045	0.366 %
3.05 NAIC-5.....	\$.....	0.000 %
3.06 NAIC-6.....	\$.....	0.000 %
<u>Preferred Stocks</u>	3	4
3.07 P/RP-1.....	\$.....	0.000 %
3.08 P/RP-2.....	\$.....	0.000 %
3.09 P/RP-3.....	\$.....	0.000 %
3.10 P/RP-4.....	\$.....	0.000 %
3.11 P/RP-5.....	\$.....	0.000 %
3.12 P/RP-6.....	\$.....	0.000 %

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? If response to 4.01 above is yes, responses are not required for interrogatories 5-10.	Yes [ X ] No [ ]
4.02 Total admitted assets held in foreign investments	\$..... 0.000 %
4.03 Foreign-currency-denominated investments	\$..... 0.000 %
4.04 Insurance liabilities denominated in that same foreign currency	\$..... 0.000 %

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

1	2
5.01 Countries designated NAIC-1.....	\$..... 0.000 %
5.02 Countries designated NAIC-2.....	\$..... 0.000 %
5.03 Countries designated NAIC-3 or below.....	\$..... 0.000 %

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

1	2
Countries designated NAIC-1:	
6.01 Country 1: .....	\$..... 0.000 %
6.02 Country 2: .....	\$..... 0.000 %
Countries designated NAIC-2:	
6.03 Country 1: .....	\$..... 0.000 %
6.04 Country 2: .....	\$..... 0.000 %
Countries designated NAIC-3 or below:	
6.05 Country 1: .....	\$..... 0.000 %
6.06 Country 2: .....	\$..... 0.000 %

7. Aggregate unhedged foreign currency exposure..... \$..... 0.000 %

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

1	2
8.01 Countries designated NAIC-1.....	\$..... 0.000 %
8.02 Countries designated NAIC-2.....	\$..... 0.000 %
8.03 Countries designated NAIC-3 or below.....	\$..... 0.000 %

See independent auditor's report on other legal and regulatory information

**AMERICAN SAVINGS LIFE INSURANCE COMPANY**  
**SCHEDULE 3 – INVESTMENT RISKS INTERROGATORIES (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:				
Countries designated NAIC-1:				
9.01	Country 1:	1	2	
				0.000 %
9.02	Country 2:			0.000 %
Countries designated NAIC-2:				
9.03	Country 1:			0.000 %
9.04	Country 2:			0.000 %
Countries designated NAIC-3 or below:				
9.05	Country 1:			0.000 %
9.06	Country 2:			0.000 %
10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:				
	1	2		
	<u>Issuer</u>	<u>NAIC Designation</u>	3	4
10.01			\$	0.000 %
10.02			\$	0.000 %
10.03			\$	0.000 %
10.04			\$	0.000 %
10.05			\$	0.000 %
10.06			\$	0.000 %
10.07			\$	0.000 %
10.08			\$	0.000 %
10.09			\$	0.000 %
10.10			\$	0.000 %
11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:				
11.01	Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets?			Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
	If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.			
11.02	Total admitted assets held in Canadian Investments		\$	0.000 %
11.03	Canadian currency-denominated investments		\$	0.000 %
11.04	Canadian-denominated insurance liabilities		\$	0.000 %
11.05	Unhedged Canadian currency exposure		\$	0.000 %
12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.				
12.01	Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets?			Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
	If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.			
12.02	1	2	3	
				0.000 %
Largest three investments with contractual sales restrictions:				
12.03			\$	0.000 %
12.04			\$	0.000 %
12.05			\$	0.000 %
13. Amounts and percentages of admitted assets held in the ten largest equity interests:				
13.01	Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets?			Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
	If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.			
	1	2	3	
	<u>Name of Issuer</u>			
13.02			\$	0.000 %
13.03			\$	0.000 %
13.04			\$	0.000 %
13.05			\$	0.000 %
13.06			\$	0.000 %
13.07			\$	0.000 %
13.08			\$	0.000 %
13.09			\$	0.000 %
13.10			\$	0.000 %
13.11			\$	0.000 %
14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:				
14.01	Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets?			Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
	If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.			
	1	2	3	
14.02			\$	0.000 %
Largest three investments held in nonaffiliated, privately placed equities:				
14.03			\$	0.000 %
14.04			\$	0.000 %
14.05			\$	0.000 %

See independent auditor's report on other legal and regulatory information

**AMERICAN SAVINGS LIFE INSURANCE COMPANY**  
**SCHEDULE 3 – INVESTMENT RISKS INTERROGATORIES (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:  
 15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [ X ] No [ ]  
 If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	1	2	3
15.02 Aggregate statement value of investments held in general partnership interests.....	\$.....		0.000 %
Largest three investments in general partnership interests:			
15.03 .....	\$.....		0.000 %
15.04 .....	\$.....		0.000 %
15.05 .....	\$.....		0.000 %

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:  
 16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [ X ]  
 If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1	2	3
<u>Type (Residential, Commercial, Agricultural)</u>			
16.02 COMMERCIAL.....	\$..... 1,990,750		3.585 %
16.03 COMMERCIAL.....	\$..... 1,871,254		3.369 %
16.04 COMMERCIAL.....	\$..... 1,769,271		3.186 %
16.05 COMMERCIAL.....	\$..... 1,483,888		2.672 %
16.06 COMMERCIAL.....	\$..... 1,315,406		2.369 %
16.07 RESIDENTIAL.....	\$..... 1,256,224		2.262 %
16.08 COMMERCIAL.....	\$..... 1,137,500		2.048 %
16.09 COMMERCIAL.....	\$..... 1,094,494		1.971 %
16.10 RESIDENTIAL.....	\$..... 1,082,656		1.949 %
16.11 COMMERCIAL.....	\$..... 945,217		1.702 %

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

	Loans	2	3
16.12 Construction loans.....	\$.....		0.000 %
16.13 Mortgage loans over 90 days past due.....	\$..... 732,048		1.318 %
16.14 Mortgage loans in the process of foreclosure.....	\$..... 1,787,305		3.218 %
16.15 Mortgage loans foreclosed.....	\$.....		0.000 %
16.16 Restructured mortgage loans.....	\$..... 435,550		0.784 %

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

	<u>Loan-to-Value</u>	<u>Residential</u>	<u>Commercial</u>	<u>Agricultural</u>		
	1	2	3	4	5	6
17.01 above 95%.....	\$.....	0.000 %	\$.....	0.000 %	\$.....	0.000 %
17.02 91% to 95%.....	\$.....	0.000 %	\$.....	0.000 %	\$.....	0.000 %
17.03 81% to 90%.....	\$.....	0.000 %	\$.....	0.000 %	\$.....	0.000 %
17.04 71% to 80%.....	\$..... 179,635	0.323 %	\$..... 366,581	0.660 %	\$.....	0.000 %
17.05 below 70%.....	\$..... 8,043,107	14.482 %	\$..... 30,209,473	54.395 %	\$.....	0.000 %

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:  
 18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [ X ]  
 If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate:

	<u>Description</u>	2	3
18.02 202020 1861 PETRIFIED FOREST DRIVE.....		\$..... 986,035	1.775 %
18.03 140740 BILLINGS & SOSSAMAN.....		\$..... 529,479	0.953 %
18.04 141250 14400 CAVE CREEK ROAD.....		\$..... 484,667	0.873 %
18.05 201000 935 E MAIN STREET - COMPANY OFFICE.....		\$..... 454,363	0.818 %
18.06 146352 VEKOL VALLEY LAND & I-8 INTERCHANGE PROPERTY.....		\$..... 439,801	0.792 %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans.  
 19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's admitted assets? Yes [ X ] No [ ]  
 If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02 Aggregate statement value of investments held in mezzanine real estate loans.....	\$.....		0.000 %
Largest three investments held in mezzanine real estate loans:			
19.03 .....	\$.....		0.000 %
19.04 .....	\$.....		0.000 %
19.05 .....	\$.....		0.000 %

**AMERICAN SAVINGS LIFE INSURANCE COMPANY**  
**SCHEDULE 3 – INVESTMENT RISKS INTERROGATORIES (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	<u>At Year-End</u>		<u>At End of Each Quarter</u>		
	<u>1</u>	<u>2</u>	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>
20.01 Securities lending agreements (do not include assets held as collateral for such transactions).....	\$.....	0.000 %	\$.....	\$.....	\$.....
20.02 Repurchase agreements.....	\$.....	0.000 %	\$.....	\$.....	\$.....
20.03 Reverse repurchase agreements.....	\$.....	0.000 %	\$.....	\$.....	\$.....
20.04 Dollar repurchase agreements.....	\$.....	0.000 %	\$.....	\$.....	\$.....
20.05 Dollar reverse repurchase agreements.....	\$.....	0.000 %	\$.....	\$.....	\$.....

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps and floors:

	<u>Owned</u>		<u>Written</u>	
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
21.01 Hedging.....	\$.....	0.000 %	\$.....	0.000 %
21.02 Income generation.....	\$.....	0.000 %	\$.....	0.000 %
21.03 Other.....	\$.....	0.000 %	\$.....	0.000 %

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	<u>At Year-End</u>		<u>At End of Each Quarter</u>		
	<u>1</u>	<u>2</u>	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>
22.01 Hedging.....	\$.....	0.000 %	\$.....	\$.....	\$.....
22.02 Income generation.....	\$.....	0.000 %	\$.....	\$.....	\$.....
22.03 Replications.....	\$.....	0.000 %	\$.....	\$.....	\$.....
22.04 Other.....	\$.....	0.000 %	\$.....	\$.....	\$.....

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	<u>At Year-End</u>		<u>At End of Each Quarter</u>		
	<u>1</u>	<u>2</u>	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>
23.01 Hedging.....	\$.....	0.000 %	\$.....	\$.....	\$.....
23.02 Income generation.....	\$.....	0.000 %	\$.....	\$.....	\$.....
23.03 Replications.....	\$.....	0.000 %	\$.....	\$.....	\$.....
23.04 Other.....	\$.....	0.000 %	\$.....	\$.....	\$.....

See independent auditor's report on other legal and regulatory information