

American Savings Life Insurance Company

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Years Ended December 31, 2019 and 2018



AMERICAN SAVINGS LIFE INSURANCE COMPANY

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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, 2019 and 2018, 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 statutory financial statements in accordance with the accounting practices 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 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, 2019 and 2018, 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, 2019 and 2018, and the results of its operations and its cash flow for the years then ended, on the basis of accounting described in Note 2.

A handwritten signature in cursive script that reads "Larson & Company P.C.".

Salt Lake City, Utah
May 19, 2020

AMERICAN SAVINGS LIFE INSURANCE COMPANY
STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND CAPITAL AND SURPLUS
AS OF DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>ADMITTED ASSETS</u>		
CASH AND INVESTMENTS		
Bonds, mutual funds, long term certificates of deposit	\$ 4,763,976	\$ 4,637,981
Common stocks	1,295,498	1,059,919
Mortgage loans, net	43,803,381	43,625,561
Properties occupied by the company	438,894	419,721
Properties held for sale	3,794,340	6,101,967
Cash and short-term investments	11,928,008	4,336,832
Policy contract loans	110,617	63,010
Other invested assets	165,354	484,538
Total cash and investments	<u>66,300,068</u>	<u>60,729,529</u>
INVESTMENT INCOME DUE AND ACCRUED	380,903	358,425
PREMIUMS DEFERRED AND UNCOLLECTED	11,017	10,614
CURRENT FEDERAL INCOME TAX RECOVERABLE	-	72,337
NET DEFERRED TAX ASSET	108,603	251,112
OTHER ASSETS	28,572	1,621
Total admitted assets	<u><u>\$ 66,829,163</u></u>	<u><u>\$ 61,423,638</u></u>
<u>LIABILITIES AND CAPITAL AND SURPLUS</u>		
LIABILITIES		
Reserves for life policies and annuity contracts	\$ 35,488,038	\$ 31,034,251
Liability for deposit-type contracts	12,307,072	11,231,886
Reserves for policy and contract claims	10,000	10,000
Other policyholder funds	58,145	55,880
Interest maintenance reserve	2,438	4,924
Accounts payable, accrued expenses and other	1,509,652	1,682,279
Income tax payable	31,329	-
Asset valuation reserve	1,594,571	1,537,624
Total liabilities	<u>51,001,245</u>	<u>45,556,844</u>
CAPITAL AND SURPLUS		
Common stock - \$.10 par value 10,000,000,000 shares authorized; 9,304,945 issued and 4,513,595 outstanding in 2019; 9,298,414 issued and 4,574,859 outstanding in 2018	930,494	929,841
Paid-in capital and contributed surplus	2,700,769	2,674,503
Unassigned surplus	19,389,943	19,201,910
Treasury stock	(7,193,288)	(6,939,460)
Total capital and surplus	<u>15,827,918</u>	<u>15,866,794</u>
Total liabilities and capital and surplus	<u><u>\$ 66,829,163</u></u>	<u><u>\$ 61,423,638</u></u>

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, 2019 AND 2018

	2019	2018
REVENUES AND DEPOSITS		
Premiums and annuity considerations	\$ 6,522,310	\$ 2,477,028
Considerations for supplementary contracts with life contingencies	2,767	-
Net investment income	3,879,667	3,861,296
Amortization of interest maintenance reserve	1,845	2,679
Miscellaneous income	6,414	7,600
Total revenues and deposits	<u>10,413,003</u>	<u>6,348,603</u>
EXPENSES AND WITHDRAWALS		
Death benefits	53,000	52,810
Annuity benefits	2,952,061	4,277,040
Surrender benefits	21,398	20,927
Interest on policy for contract funds	343,983	314,220
Increase in life insurance and annuity reserves	4,453,787	(867,751)
Commissions on premiums	150,561	67,217
General insurance expenses	941,643	824,929
Insurance taxes licenses and fees (excluding federal income tax)	77,830	81,355
Change in loading	179	(141)
Total expenses and withdrawals	<u>8,994,442</u>	<u>4,770,606</u>
Net gain from operations before dividends and federal income taxes	1,418,561	1,577,997
Dividends to policy holders	(52,602)	(50,048)
Federal income tax (excluding tax on capital gains of \$24,255 and \$34,661 for 2019 and 2018, respectively)	(133,423)	35,033
Net realized capital gains less capital gains tax and transfers to interest maintenance reserve	<u>91,772</u>	<u>130,390</u>
NET INCOME	<u><u>\$ 1,324,308</u></u>	<u><u>\$ 1,693,372</u></u>

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, 2019 AND 2018

	Capital Stock	Capital in Excess of Par	Unassigned Surplus	Treasury Stock	Total
Balances, December 31, 2017	\$ 928,961	\$ 2,640,296	\$ 18,833,617	\$ (6,748,810)	\$ 15,654,064
Net income			1,693,372		1,693,372
Dividends declared and paid			(1,103,594)		(1,103,594)
Issue employee compensation in stock	880	34,207			35,087
Repurchase capital stock				(190,650)	(190,650)
Change in unrealized capital gains (losses)			(146,204)		(146,204)
Change in net deferred income tax			(268,451)		(268,451)
Change in nonadmitted assets			186,043		186,043
Change in asset valuation reserve			7,127		7,127
Balances, December 31, 2018	\$ 929,841	\$ 2,674,503	\$ 19,201,910	\$ (6,939,460)	\$ 15,866,794
Net income			1,324,308		1,324,308
Dividends declared and paid			(999,476)		(999,476)
Issue employee compensation in stock	653	26,266			26,919
Repurchase capital stock				(253,828)	(253,828)
Change in unrealized capital gains (losses)			83,304		83,304
Change in net deferred income tax			(201,468)		(201,468)
Change in nonadmitted assets			38,312		38,312
Change in asset valuation reserve			(56,947)		(56,947)
Balances, December 31, 2019	\$ 930,494	\$ 2,700,769	\$ 19,389,943	\$ (7,193,288)	\$ 15,827,918

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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES:		
Premiums received	\$ 6,524,362	\$ 2,475,960
Investment and other income received (excluding net realized gains and net of investment expenses)	<u>3,820,650</u>	<u>4,251,077</u>
Total funds provided by operations	10,345,012	6,727,037
Benefit and loss related payments	(3,370,442)	(4,674,996)
Commissions, other expenses and taxes paid	(1,224,087)	(892,512)
Dividends paid to policyholders	(50,204)	(46,253)
Federal income tax (excluding tax on capital gains of \$24,225 and \$34,661 for 2019 and 2018, respectively)	<u>(53,981)</u>	<u>462</u>
Total cash used for operations	<u>(4,698,714)</u>	<u>(5,613,299)</u>
Net cash from operating activities	<u>5,646,298</u>	<u>1,113,738</u>
INVESTING ACTIVITIES:		
Proceeds from investments sold, matured or repaid:		
Bonds	436,449	2,047,548
Stocks	389,822	2,755,837
Mortgage loans	12,374,058	11,874,169
Real Estate	3,852,756	1,913,326
Other invested assets	<u>143,554</u>	<u>73,128</u>
Total investment proceeds	<u>17,196,639</u>	<u>18,664,008</u>
Cost of long-term investments acquired:		
Bonds	(633,106)	(1,535,188)
Stocks	(376,609)	(90,207)
Mortgage loans	(13,878,700)	(18,601,485)
Real Estate	<u>(152,196)</u>	<u>0</u>
Total investments acquired	(15,040,611)	(20,226,880)
(Increase) decrease in policy loans	<u>(47,607)</u>	<u>16,501</u>
Net cash from investing activities	2,108,421	(1,546,371)
FINANCING ACTIVITIES (OTHER CASH PROVIDED OR APPLIED):		
Capital and paid in surplus, less treasury stock	(226,909)	(155,563)
Net deposits on deposit type contract funds	1,075,185	(147,533)
Cash dividends paid	(999,476)	(1,103,594)
Other cash (applied)	<u>(12,343)</u>	<u>174,566</u>
Net cash from financing activities	<u>(163,543)</u>	<u>(1,232,124)</u>
CHANGE IN CASH AND SHORT-TERM INVESTMENTS	7,591,176	(1,664,757)
CASH AND SHORT-TERM INVESTMENTS, beginning of year	<u>4,336,832</u>	<u>6,001,589</u>
CASH AND SHORT-TERM INVESTMENTS, end of year	<u><u>\$ 11,928,008</u></u>	<u><u>\$ 4,336,832</u></u>

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, 2019 AND 2018

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, 2019 AND 2018

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, 2019 AND 2018

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.

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 \$516,428 and \$535,226 in 2019 and 2018, 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 held for sale is carried at lower of cost or market less accumulated depreciation. Investments in LLCs and partnership interests are carried at the underlying audited income tax basis equity of the investee and are included with other invested assets in the financial statements.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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, real estate contracts for sale and policy loans, are stated at the aggregate unpaid principal balances. 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, 2019 and 2018, the Company recognized OTTIs on properties held for sale, realizing a loss of \$250,100 and \$18,822, 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 furniture and fixtures for the years ended December 31, 2019 and 2018 totaled \$6,824 and \$4,527, respectively.

Line of Credit

The Company has an unsecured line-of-credit agreement with a bank, which enables the Company to borrow up to \$3,000,000. Borrowings under the line-of-credit agreement as of December 31, 2019 and 2018 amounted to \$0. The interest rate is a variable interest rate which is 0.050 percentage points under the Wall Street Journal Prime Rate with an interest rate floor of 4.950%

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 2 – Summary of Significant Accounting Policies (continued)

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 2.75% - 5.5%.

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 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	2019	
	Gross	Net of Loading
Ordinary new business	\$ -	\$ -
Ordinary renewal	13,760	11,017
Totals	<u>\$ 13,760</u>	<u>\$ 11,017</u>

Type	2018	
	Gross	Net of Loading
Ordinary new business	\$ -	\$ -
Ordinary renewal	13,178	10,614
Totals	<u>\$ 13,178</u>	<u>\$ 10,614</u>

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, 2019.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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.

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 on demand deposits at times may exceed the federally insured limits of \$250,000 set by the Federal Deposit Insurance Corporation ("FDIC"). The Company has not experienced any losses relating to these accounts and does not believe it is exposed to any significant credit risks relating to these accounts.

Cash and short-term investments consist of the following:

	December 31	
	2019	2018
Money market mutual funds	\$ 7,898,687	\$ 1,354,812
Certificates of deposit	496,000	496,000
Demand Deposits	3,533,321	2,486,020
Total cash and short-term investments	<u>\$ 11,928,008</u>	<u>\$ 4,336,832</u>

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 3 – Cash and Investments (continued)

Bonds

Bonds at year end are summarized as follows:

		2019		
		Fair Value	Book/ Adjusted Carrying Value	Excess of Book Value over Fair Value
Bonds:				
U.S. Government	\$	2,272,685	\$ 2,305,063	\$ (32,378)
Industrial and miscellaneous		2,581,861	2,458,913	122,948
Total bonds	\$	4,854,546	\$ 4,763,976	\$ 90,570

		2018		
		Fair Value	Book/ Adjusted Carrying Value	Excess of Book Value over Fair Value
Bonds:				
U.S. Government	\$	2,100,558	\$ 2,191,903	\$ (91,345)
Industrial and miscellaneous		2,351,781	2,446,078	(94,297)
Total bonds	\$	4,452,339	\$ 4,637,981	\$ (185,642)

Maturities of bonds by amortized cost (admitted asset value) and fair value of bonds as of December 31, 2019, 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.

	Book Value	Fair Value
2020	\$ 300,787	\$ 301,386
2021 through 2024	507,891	532,561
2025 through 2029	868,926	905,840
2030 through 2039	1,679,781	1,738,140
Over 20 Years	1,406,591	1,376,619
Totals	\$ 4,763,976	\$ 4,854,546

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:

	2019	2018
Proceeds from sales	\$ 438,346	\$ 2,047,548
Gross realized gains	-	3,742
Gross realized losses	(969)	(9,333)

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 3 – Cash and Investments (continued)

Common Stock

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

	December 31	
	2019	2018
Unaffiliated common stock - fair value	\$ 1,295,498	\$ 1,059,918
Unaffiliated common stock - cost basis	\$ 987,548	\$ 991,768

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 6.99% or more and terms ranging from 1 to 15 years. The Company has a concentration of mortgage loans in central Arizona.

The Company will establish 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. An allowance was not considered necessary for the years ended December 31, 2019 and 2018.

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. The current default rate on subprime mortgage loans was 2.5% as of December 31, 2019.

All amounts held in subprime mortgage loans as of December 31, 2019 are as follows:

	Book Value	Fair Value	Value of Land & Buildings
Subprime mortgages in process of foreclosure	\$ 499,103	\$ 499,103	\$ 950,000
Subprime mortgages in good standing	17,834,919	17,834,919	33,132,700
Total subprime mortgages	<u>\$ 18,334,022</u>	<u>\$ 18,334,022</u>	<u>\$ 34,082,700</u>

All amounts held in subprime mortgage loans as of December 31, 2018 are as follows:

	Book Value	Fair Value	Value of Land & Buildings
Subprime mortgages in process of foreclosure	\$ -	\$ -	\$ -
Subprime mortgages in good standing	17,262,406	17,262,406	32,796,700
Total subprime mortgages	<u>\$ 17,262,406</u>	<u>\$ 17,262,406</u>	<u>\$ 32,796,700</u>

There were no subprime loans in the process of foreclosure at December 31, 2018.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
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Note 3 – Cash and Investments (continued)

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

	December 31	
	2019	2018
In good standing with interest accruing	\$ 42,800,050	\$ 43,410,450
Over 90 days with interest accruing	-	43,338
In foreclosure, interest accruing	1,253,902	322,594
Mortgage receivable	44,053,952	43,776,382
Deferred gain on installment sales	(186,143)	(98,663)
Deferred income on installment sales	(64,428)	(52,158)
Allowance for delinquent mortgage loans	-	-
Total mortgage loans	<u>\$ 43,803,381</u>	<u>\$ 43,625,561</u>

Real Estate

In November 2007, the Company acquired 40 acres near Salome, Arizona as an investment property with a current book value of \$105,284. 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 with a current book value of \$986,035. In 1974, the Company acquired property in Sunvalley, AZ as an investment property with a current book value of \$91,071. These investments are non-admitted assets with a total current book value of \$1,182,391 and therefore, are not included with the Company's admitted assets in the accompanying statutory financial statements.

During 2019, the Company sold twelve properties acquired through foreclosure, reporting a loss of \$0 and gain of \$350,880, 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, 2019 AND 2018

Note 3 – Cash and Investments (continued)

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

	December 31	
	2019	2018
Building	\$ 434,605	\$ 434,605
Improvements	162,253	130,884
	596,858	565,489
Accumulated depreciation	(233,597)	(221,401)
	363,261	344,088
Land	75,633	75,633
	<u>\$ 438,894</u>	<u>\$ 419,721</u>

Net Investment Income

Net investment income is primarily made up of mortgage loan interest received and accrued and 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:

	December 31	
	2019	2018
Bonds and long term certificates of deposits	\$ 148,151	\$ 138,146
Common stock	15,068	34,921
Cash and short term investments	101,085	61,365
Mortgage loans	4,349,070	4,163,219
Receivables secured by real estate	527,431	696,522
Other invested assets	-	3,158
Policy loans	3,574	3,236
Gross investment income	5,144,379	5,100,567
Investment expenses	(969,482)	(852,954)
Investment taxes (excluding federal income tax)	(183,431)	(236,138)
Depreciation on real estate and other invested assets	(111,799)	(150,179)
Net investment income	<u>\$ 3,879,667</u>	<u>\$ 3,861,296</u>

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.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
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Note 3 – Cash and Investments (continued)

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 investments measured at fair value on a recurring basis as of December 31:

2019				
Assets at fair value	Level 1	Level 2	Level 3	Total
Common Stocks (affiliated; non-admitted)	\$ -	\$ -	\$ 284,696	\$ 284,696
Common Stocks (unaffiliated)	1,295,498	-	-	1,295,498
Common Stocks (mutual funds)	-	-	-	-
Other Invested Assets	-	-	165,354	165,354
	<u>\$ 1,295,498</u>	<u>\$ -</u>	<u>\$ 450,050</u>	<u>\$ 1,745,548</u>

2018				
Assets at fair value	Level 1	Level 2	Level 3	Total
Common Stocks (affiliated; non-admitted)	\$ -	\$ -	\$ 265,560	\$ 265,560
Common Stocks (unaffiliated)	1,059,919	-	-	1,059,919
Common Stocks (mutual funds)	-	-	-	-
Other Invested Assets	-	-	484,538	484,538
	<u>\$ 1,059,919</u>	<u>\$ -</u>	<u>\$ 750,098</u>	<u>\$ 1,810,017</u>

The fair value measurements of investments in level 3 of the fair value hierarchy are presented in the following tables:

2019							
Assets:	Beginning Balance at 1/1/2019	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Settlements	Ending Balance at 12/31/2019
Common Stocks (affiliated; non-admitted)	\$ 265,560	\$ -	\$ -	\$ -	\$ 19,136	\$ -	\$ 284,696
Other Invested Assets	484,538	-	-	-	(175,631)	(143,553)	165,354
	<u>\$ 750,098</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (156,495)</u>	<u>\$ (143,553)</u>	<u>\$ 450,050</u>

AMERICAN SAVINGS LIFE INSURANCE COMPANY
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Note 3 – Cash and Investments (continued)

	2018					
	Beginning Balance at 1/1/2018	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Ending Balance at 12/31/2018
Assets:						
Common Stocks (affiliated; non-admitted)	\$ 325,734	\$ -	\$ -	\$ -	\$ (60,174)	\$ 265,560
Other Invested Assets	615,172	-	-	-	(86,354)	484,538
	<u>\$ 940,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (146,528)</u>	<u>\$ 750,098</u>

There were no purchases, issuances, or sales of level 3 investments during the years ended December 31, 2019 and 2018, respectively.

The fair value and admitted asset value of assets are as follows as of December 31:

Type of Financial Instrument	2019				
	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)
Bonds	\$ 4,854,546	\$ 4,763,976	\$ -	\$ 4,854,546	\$ -
Common Stocks (level 3 includes non-admit)	1,580,194	1,295,498	1,295,498	-	284,696
Mortgage Loans	43,803,381	43,803,381	-	-	43,803,381
Real Estate	5,415,625	4,233,234	-	-	5,415,625
Contract Loans	110,617	110,617	-	-	110,617
Other Invested Assets	165,354	165,354	-	-	165,354

Type of Financial Instrument	2018				
	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)
Bonds	\$ 4,452,339	\$ 4,637,981	\$ -	\$ 4,452,339	\$ -
Common Stocks (level 3 includes non-admit)	1,325,478	1,059,919	1,059,919	-	265,560
Mortgage Loans	43,625,561	43,625,561	-	-	43,625,561
Real Estate	7,754,031	6,521,688	-	-	7,754,031
Contract Loans	63,010	63,010	-	-	63,010
Other Invested Assets	484,538	484,538	-	-	484,538

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, 2019 and 2018, respectively, represent a temporary decline in market value.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 3 – Cash and Investments (continued)

The investments summarized below are in an unrealized loss position for which other-than-temporary declines in value have not been recognized as of December 31:

2019			
Less than 12 Months			
	Cost/Amortized		
	Cost	Unrealized Loss	Fair Value
Bonds	\$ 473,258	\$ (12,643)	\$ 460,615
Unaffiliated common stocks	45,938	(4,513)	41,426
12 Months or More			
	Cost/Amortized		
	Cost	Unrealized Loss	Fair Value
Bonds	\$ 1,382,901	\$ (42,448)	\$ 1,340,454
Unaffiliated common stocks	47,032	(10,969)	36,063
Totals	<u>\$ 1,949,130</u>	<u>\$ (70,572)</u>	<u>\$ 1,878,558</u>
2018			
Less than 12 Months			
	Cost/Amortized		
	Cost	Unrealized Loss	Fair Value
Bonds	\$ 1,283,798	\$ (45,533)	\$ 1,238,265
Unaffiliated common stocks	357,587	(42,219)	315,368
12 Months or More			
	Cost/Amortized		
	Cost	Unrealized Loss	Fair Value
Bonds	\$ 2,274,586	\$ (152,322)	\$ 2,122,264
Unaffiliated common stocks	92,425	(18,501)	73,924
Totals	<u>\$ 4,008,396</u>	<u>\$ (258,575)</u>	<u>\$ 3,749,821</u>

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 2.75% and 5.5% are calculated to be sufficient to meet policy obligations as they mature.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

The following is the reserves activity during 2019 and 2018, respectively:

	<u>Life Policies and Contracts</u>	<u>Policy and Contract Claims</u>
Reserves December 31, 2017	\$ 31,902,001	\$ 20,000
Prior year claims paid in current year	-	(10,000)
Incurred claims	-	52,810
Change in life and annuity reserve	(867,750)	-
Current year claims paid	-	(52,810)
Reserves December 31, 2018	\$ 31,034,251	\$ 10,000
Prior year claims paid in current year	-	0
Incurred claims	-	53,000
Change in life and annuity reserve	4,453,787	-
Current year claims paid	-	(53,000)
Reserves December 31, 2019	<u>\$ 35,488,038</u>	<u>\$ 10,000</u>

Withdrawal characteristics of deposit liabilities as of December 31, 2019:

<u>Subject to Discretionary Withdrawal - Without Adjustment</u>	<u>Amount</u>	<u>Percent of Total</u>
At book value less current surrender charge of 5% or more	\$ 8,356,083	25.70%
At book value (minimal or no charge or adjustment)	\$ 24,111,126	74.30%
Reconciliation of Total Deposit Fund Liabilities		
Exhibit 5, Annuities, Total (net)	\$ 32,467,209	
Exhibit of Deposit Contracts, line 14	\$ 12,307,072	

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 treasury constant maturity yield and is updated each month with a guaranteed minimum rate of 2.00%. 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.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 6 – Capital and Surplus

State of Arizona insurance regulations require the Company to keep a minimum capital of \$300,000 and a minimum free surplus of \$150,000. At December 31, 2019 and December 31, 2018, the Company had capital amounts of \$930,495 and \$929,841 respectively and free surplus of \$14,897,424 and \$14,936,953, respectively. Free surplus was reduced by the \$7,193,288 and \$6,939,460 cost of treasury stock in 2019 and 2018, 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 2019, treasury stock increased by the purchase of 67,795 shares of capital stock at prices ranging from \$4.10 to \$4.14 per share. During 2018, treasury stock increased by the purchase of 51,595 shares of capital stock at prices ranging from \$3.61 to \$3.76 per share.

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

Net unrealized capital gains or (losses)	\$ 72,033
Nonadmitted asset values	\$ (1,796,084)
Asset valuation reserve	\$ (1,594,571)
Net deferred income taxes	\$ 321,845

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 20% of total life insurance in force at December 31, 2019, and 21% at December 31, 2018.

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.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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, 2019 and 2018, have consisted only of ordinary compensation, expense reimbursement and similar items incurred in the ordinary course of business, except as follows:

- a) Life Insurance premiums paid by Company officers and directors totaled 13.3% and 12.8% of total premiums paid in 2019 and 2018, respectively. Company officers and directors also owned 5.1% and 5.1% of total policy face value in 2019 and 2018, respectively.
- b) Robert E. Allen is the Vice President of the Company and also the Trustee of the Company's Profit Sharing Plan detailed in Note 10.
- c) Wayne Gardner is a Company director and also a partner of Buntrock, Harrison & Gardner Law, PLLC, which the company paid legal fees of \$510 and \$2,979 in 2019 and 2018, respectively.

The Company also entered into various transactions with its wholly owned subsidiary, American Life Financial Corporation (ALF) relating to shared administration costs. During 2019 and 2018, ALF personnel provided labor to the Company in the amount of \$362,250 and \$34,279 respectively, all of which was reimbursed as of December 31, 2019. The Company personnel provided labor to ALF under the agreement in the amount of \$3,168 and \$7,268 for the years ended December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, there was a net payable due to ALF of \$4,245 and \$927, respectively. As of December 31, 2019 and 2018 there were no receivables due from ALF. The Company paid ALF for mortgage loan origination and underwriting services provided to the Company in the amount of \$273,495 and \$374,157 during the years ended December 31, 2019 and 2018, respectively.

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 \$19,710 and \$17,160 for both 2019 and 2018, 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 \$58,203 for 2019 and \$70,663 for 2018.

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 the greater of \$5,000 or 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, adjusted for dividends declared but unpaid. Employee may adjust the amount of their payroll allocated to stock compensation every six months. Stock is issued in full shares only. After the stock is issued, the stockholder is prohibited from selling the stock for two years. There are no vesting requirements or minimum requisite service periods before stocks are issued. As such, compensation is expensed as service is performed.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
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Note 10 – Employee Benefit Plans (Continued)

During 2019 and 2018, 6,531 and 8,805 shares, respectively, of Company common stock were issued as stock compensation expense under the plan for a total of \$26,919 and \$35,087, respectively. The average price utilized for the determination of the value of such stock issued for compensation for the year ended December 31, 2019 and 2018 was \$4.12 and \$3.98, respectively. As of December 31, 2019 and 2018, \$4,507 and \$5,329 of employee and directors compensation had been set aside for stock issuance as accrued liabilities based on the enrollment stock price of \$4.14 and \$4.01, 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, 2019 and 2018. The largest 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.

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

	2019	2018
Statutory pre-tax net income	\$ 1,457,730	\$ 1,658,339
Dividends received deduction	(5,175)	(11,509)
Net due and deferred premiums	(223)	33
Tax exempt interest income	(1,699)	(8,420)
Difference between tax and book depreciation	(74)	(596)
Deferred acquisition costs	75,458	(15,228)
Interest maintenance reserve	(1,845)	(2,679)
Statutory reserve adjustment	22,657	214,154
OTTI impairment	163,513	(7,672)
Other items	(111,562)	(106,365)
Taxable income before small life insurance company deduction	1,598,780	1,720,057
Small life insurance company deduction	-	-
Net taxable income	\$ 1,598,780	\$ 1,720,057

Deferred Tax

During the year ended December 31, 2017, the Company adopted SSAP 101, *Income Taxes*, and began accounting for deferred income taxes.

	2019			2018			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Change
Gross deferred tax assets	\$ 494,310	\$ 52,521	\$ 546,831	\$ 1,004,577	\$ 18,183	\$ 1,022,760	\$ (510,267)	\$ 34,338	\$ (475,929)
Statutory valuation allowance adjustments	(65,839)	(8,306)	(74,145)	-	-	-	(65,839)	(8,306)	(74,145)
Adjusted gross deferred tax assets (1a-1b)	428,471	44,215	472,686	1,004,577	18,183	1,022,760	(576,106)	26,032	(550,074)
Deferred tax assets nonadmitted	(213,242)	-	(213,242)	(272,202)	-	(272,202)	58,960	-	58,960
Net admitted deferred tax asset (1c-1d)	215,229	44,215	259,444	732,375	18,183	750,558	(517,146)	26,032	(491,114)
Deferred tax liabilities	(54,296)	(96,545)	(150,841)	(460,288)	(39,158)	(499,446)	405,992	(57,387)	348,605
Net admitted deferred tax assets / (liabilities) (1e-1f)	\$ 160,933	\$ (52,330)	\$ 108,603	\$ 272,087	\$ (20,975)	\$ 251,112	\$ (111,154)	\$ (31,355)	\$ (142,509)

AMERICAN SAVINGS LIFE INSURANCE COMPANY
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Note 11 – Income Taxes (continued)

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

	Ordinary	2019 Capital	Total	Ordinary	2018 Capital	Total	Ordinary	Change Capital	Total
Federal taxes paid in prior years that can be recovered through loss carrybacks, by tax character	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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)	108,603	-	108,603	251,112	-	251,112	(142,509)	-	(142,509)
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)	108,603	-	108,603	251,112	-	251,112	(142,509)	-	(142,509)
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	2,357,897	xxx	xxx	2,342,352	xxx	xxx	15,545
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	106,626	44,215	150,841	481,263	18,183	499,446	(374,637)	26,032	(348,605)
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))	\$ 215,229	\$ 44,215	\$ 259,444	\$ 732,375	\$ 18,183	\$ 750,558	\$ (517,146)	\$ 26,032	\$ (491,114)

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 1,144.3% and \$15,719,315 for the year ended in December 31, 2019.

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

Current income taxes incurred consist of the following major components:

	2019	2018	Change
Current income tax:			
Federal income taxes	\$ 133,423	\$ (35,033)	\$ 168,456
Foreign income taxes	-	-	-
Subtotal	133,423	(35,033)	168,456
Federal income tax on net capital gains	24,395	34,661	(10,266)
Federal and foreign income taxes incurred	\$ 157,818	\$ (372)	\$ 158,190

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 11 – Income Taxes (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:

	2019	2018	Change
Deferred tax assets:			
Ordinary:			
Life Reserve Discounting	\$ 36,898	\$ 477,066	\$ (440,168)
Deferred Acquisition Costs	47,037	29,247	17,790
Fixed Assets	134	-	134
AMT Credit	-	103,640	(103,640)
Non-Admitted Assets	332,397	328,061	4,336
Operating Loss Carryforward	-	-	-
Other	77,844	66,563	11,281
Subtotal	494,310	1,004,577	(510,267)
Statutory valuation allowance adjustments	(65,839)	-	(65,839)
Nonadmitted	(213,242)	(272,202)	58,960
Admitted Ordinary Deferred Tax Assets	215,229	732,375	(517,146)
Capital:			
OTTI	52,521	18,183	34,338
Investments	-	-	-
Capital loss carryforward	-	-	-
Other	-	-	-
Subtotal	52,521	18,183	34,338
Statutory valuation allowance adjustments	(8,306)	-	(8,306)
Nonadmitted	-	-	-
Admitted Capital Deferred Tax Assets	44,215	18,183	26,032
Admitted Deferred Tax Assets:	\$ 259,444	\$ 750,558	\$ (491,114)
Deferred tax liabilities:			
Ordinary:			
Fixed Assets	\$ -	\$ (33)	\$ 33
Deferred and Uncollected Premiums	(1,737)	(1,690)	(47)
Policyholder Reserves	-	(404,645)	404,645
Other	(52,559)	(53,920)	1,361
Subtotal:	(54,296)	(460,288)	405,992
Capital:			
Investments	(96,545)	(39,158)	(57,387)
Other	-	-	-
Subtotal:	(96,545)	(39,158)	(57,387)
Deferred Tax Liability	(150,841)	(499,446)	348,605
Net admitted deferred tax asset (liability)	\$ 108,603	\$ 251,112	\$ (142,509)

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 11 – Income Taxes (continued)

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, 2019 and December 31, 2018 was \$74,145 and \$0, respectively. The net change in the total valuation allowance adjustments for December 31, 2019 was an increase of \$74,145.

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 21% to income before taxes for the following reasons:

	Amount	Effective tax rate (%)
Provision computed at statutory rate	\$ 311,076	21.0%
Small company deduction	-	0.0%
Tax exempt interest deduction	(510)	0.0%
Dividends received deduction	(1,087)	-0.1%
Proration of tax exempt investment income	153	0.0%
Disallowed travel and entertainment	-	0.0%
IMR in operating income	(387)	0.0%
Change in statutory valuation reserve	65,839	4.4%
Change in nonadmitted assets	(4,336)	-0.3%
AMT credit	-	0.0%
Other	(70,125)	-4.7%
Totals	\$ 300,623	20.3%
Federal and foreign income taxes incurred	\$ 133,423	9.0%
Realized capital gains tax	24,395	1.6%
Change in net deferred income taxes	142,805	9.6%
Total statutory income taxes	\$ 300,623	20.3%

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 11 – Income Taxes (continued)

As of December 31, 2019, the Company did not have any unused operating loss carryforwards and \$0 in AMT tax credit carryforwards to offset against future taxable income.

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

2019	\$	335,639
2018	\$	321,218
2017	\$	317,058

The Company's federal income tax return is not consolidated with any other entity. The Company's tax returns are subject to IRS audits if requested by the IRS, generally for three years after the return is filed. 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.

As of December 31, 2019 and 2018 the Company has not adopted the provisions of Accounting Standard Codification (ASC) 740, *Income Taxes* 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.

Note 12 – Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the statutory financial statements were available to be issued. In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The subsequent COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of various industry business operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

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 year ended December 31, 2019, and our report thereon dated May 19, 2020, 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 Risk 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.



Salt Lake City, Utah
May 19, 2020

AMERICAN SAVINGS LIFE INSURANCE COMPANY
SCHEDULE 1 – SELECTED FINANCIAL DATA
FOR THE YEAR ENDED DECEMBER 31, 2019

INVESTMENT INCOME EARNED		2019
2	Other bonds (unaffiliated)	\$ 148,151
6	Common stocks (unaffiliated)	15,068
7	Common stocks of affiliates	-
8	Mortgages loans	4,349,070
9	Real estate	527,431
10	Premium notes, policy loans and liens	3,574
11	Cash on hand and short term investments	101,085
13	Other invested assets	-
16	Gross Investment Income	<u>\$ 5,144,379</u>
17	REAL ESTATE OWNED - BOOK VALUE	<u>\$ 5,415,625</u>
MORTGAGE LOANS - BOOK VALUE		
19	Residential mortgages	\$ 6,065,551
20	Commercial mortgages	37,737,830
21	Total mortgage loans	<u>\$ 43,803,381</u>
MORTGAGE LOANS BY STANDING - BOOK VALUE		
22	Good standing	\$ 42,540,721
24	Interest overdue more than 90 days, not in foreclosure	-
25	Foreclosure in process	1,262,660
		<u>\$ 43,803,381</u>
26	OTHER LONG TERM ASSETS - STATEMENT VALUE	<u>\$ 165,354</u>
BONDS AND SHORT-TERM INVESTMENTS BY NAIC DESIGNATION AND MATURITY		
<i>Bonds by Maturity – Statement Value:</i>		
31	Due within one year less	\$ 696,240
32	Over 1 year through 5 years	1,358,622
33	Over 5 years through 10 years	1,410,648
34	Over 10 years through 20 years	1,298,465
35	Over 20 years	1
36	Total by Maturity	<u>\$ 4,763,976</u>
<i>Bonds by NAIC Designation – Statement Value:</i>		
37	NAIC 1	\$ 3,946,524
38	NAIC 2	720,613
39	NAIC 3	96,839
40	NAIC 4	-
43	Total by NAIC Designation	<u>\$ 4,763,976</u>
44	<i>Total Bonds Publicly Traded</i>	<u>\$ 4,763,976</u>
45	Total Bonds Privately Placed	<u>\$ 4,763,976</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 YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>
47 Common Stocks – Market Value	<u>\$ 1,580,194</u>
48 Short Term Investments – Book Value	<u>\$ -</u>
53 Cash on Deposit	<u>\$ 4,029,350</u>
Life Insurance In Force:	
55 Ordinary	<u>\$ 19,157,180</u>
Amount of Accidental Death Insurance In Force Under	
58 Ordinary Policies	<u>\$ -</u>
Annuities in Force	
69 Immediate – Amount of Income Payable	<u>\$ 403,952</u>
70 Deferred – Fully Paid Account Balance	<u>\$ 27,746,685</u>
Deposit Funds and Dividend Accumulations:	
78 Deposit Funds – Account Balance	<u>\$ 12,297,076</u>
79 Dividend Accumulations – Account Balance	<u>\$ 9,995</u>

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, 2019

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1 Amount	2 Percentage of Column 1 Line 13	3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. Governments.....	1,686,647	2.5	1,686,647		1,686,647	2.5
1.02 All Other Governments.....		0.0			0	0.0
1.03 U.S. States, Territories and Possessions, etc., Guaranteed.....		0.0			0	0.0
### U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed.....	300,787	0.4	300,787		300,787	0.5
### U.S. Special Revenue and Special Assessment Obligations, etc., Non-Guaranteed.....	317,629	0.5	317,629		317,629	0.5
### Industrial and Miscellaneous.....	2,458,913	3.6	2,458,913		2,458,913	3.7
### Hybrid Securities.....		0.0			0	0.0
### Parent, Subsidiaries and Affiliates.....		0.0			0	0.0
### SVO Identified Funds.....		0.0			0	0.0
### Unaffiliated Bank Loans.....		0.0			0	0.0
### Total Long-Term Bonds.....	4,763,976	7.0	4,763,976	0	4,763,976	7.2
2. Preferred Stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and Misc. (Unaffiliated).....		0.0			0	0.0
2.02 Parent, Subsidiaries and Affiliates.....		0.0			0	0.0
2.03 Total Preferred Stock.....	0	0.0	0	0	0	0.0
3. Common Stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and Miscellaneous Publicly Traded (Unaffiliated).....	1,295,498	1.9	1,295,498		1,295,498	2.0
3.02 Industrial and Miscellaneous Other (Unaffiliated).....		0.0			0	0.0
3.03 Parent, Subsidiaries and Affiliates Publicly Traded.....	284,696	0.4			0	0.0
3.04 Parent, Subsidiaries and Affiliates Other.....		0.0			0	0.0
3.05 Mutual Funds.....		0.0			0	0.0
3.06 Unit Investment Trusts.....		0.0			0	0.0
3.07 Closed-End Funds.....		0.0			0	0.0
3.08 Total Common Stocks.....	1,580,194	2.3	1,295,498	0	1,295,498	2.0
4. Mortgage Loans Schedule B):						
4.01 Farm Mortgages.....		0.0			0	0.0
4.02 Residential Mortgages.....	6,065,551	9.0	6,065,551		6,065,551	9.1
4.03 Commercial Mortgages.....	37,737,829	55.7	37,737,830		37,737,830	56.9
4.04 Mezzanine Real Estate Loans.....		0.0			0	0.0
4.05 Total Mortgage Loans.....	43,803,380	64.6	43,803,381	0	43,803,381	66.1
5. Real Estate (Schedule A):						
5.01 Properties Occupied by Company.....	438,894	0.6	438,894		438,894	0.7
5.02 Properties Held for Production of Income.....		0.0			0	0.0
5.03 Properties Held for Sale.....	4,976,731	7.3	3,794,340		3,794,340	5.7
5.04 Total Real Estate.....	5,415,625	8.0	4,233,235	0	4,233,235	6.4
6. Cash, Cash Equivalents, and Short-Term Investments::						
6.01 Cash (Schedule E, Part 1).....	4,029,350	5.9	4,029,350		4,029,350	6.1
6.02 Cash Equivalents (Schedule E, Part 2).....	7,898,659	11.7	7,898,659		7,898,659	11.9
6.03 Short-Term Investments (Schedule DA).....		0.0			0	0.0
6.04 Total Cash, Cash Equivalents, and Short-Term Investments.....	11,928,008	17.6	11,928,008	0	11,928,008	18.0
7. Contract Loans.....	110,617	0.2	110,617		110,617	0.2
8. Derivatives (Schedule DB).....		0.0			0	0.0
9. Other Invested Assets (Schedule BA).....	165,354	0.2	165,354		165,354	0.2
10. Receivables for Securities.....		0.0			0	0.0
11. Securities Lending (Schedule DL, Part 1).....		0.0		XXX	XXX	XXX
12. Other Invested Assets (Page 2, Line 11).....		0.0			0	0.0
13. Total Invested Assets.....	67,767,154	100.0	66,300,069	0	66,300,069	100.0

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

AMERICAN SAVINGS LIFE INSURANCE COMPANY

SCHEDULE 3 – INVESTMENT RISK INTERROGATORIES

FOR THE YEAR ENDED DECEMBER 31, 2019

Reporting entity's total admitted assets as reported on Page 2 of this annual statement.

\$.....66,829,163

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

1	2	3	4
			Percentage of Total
Issuer	Description of Exposure	Amount	Admitted Assets
2.01 AMERICAN SAVINGS LIFE INSURANCE COMPANY.....	MORTGAGE LOAN.....	\$.....1,651,126	.....2.5 %
2.02 AMERICAN SAVINGS LIFE INSURANCE COMPANY.....	MORTGAGE LOAN.....	\$.....1,616,977	.....2.4 %
2.03 AMERICAN SAVINGS LIFE INSURANCE COMPANY.....	MORTGAGE LOAN.....	\$.....1,530,149	.....2.3 %
2.04 AMERICAN SAVINGS LIFE INSURANCE COMPANY.....	MORTGAGE LOAN.....	\$.....1,515,000	.....2.3 %
2.05 AMERICAN SAVINGS LIFE INSURANCE COMPANY.....	MORTGAGE LOAN.....	\$.....1,495,949	.....2.2 %
2.06 AMERICAN SAVINGS LIFE INSURANCE COMPANY.....	MORTGAGE LOAN.....	\$.....1,488,993	.....2.2 %
2.07 AMERICAN SAVINGS LIFE INSURANCE COMPANY.....	MORTGAGE LOAN.....	\$.....1,424,999	.....2.1 %
2.08 AMERICAN SAVINGS LIFE INSURANCE COMPANY.....	MORTGAGE LOAN.....	\$.....1,336,068	.....2.0 %
2.09 AMERICAN SAVINGS LIFE INSURANCE COMPANY.....	MORTGAGE LOAN.....	\$.....1,273,484	.....1.9 %
2.10 140001 800 TULLY ROAD.....	REAL ESTATE.....	\$.....1,125,949	.....1.7 %

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

	1	2
Bonds		
3.01 NAIC 1.....	\$.....3,946,524	.....5.9 %
3.02 NAIC 2.....	\$.....720,613	.....1.1 %
3.03 NAIC 3.....	\$.....96,839	.....0.1 %
3.04 NAIC 4.....	\$.....	.....0.0 %
3.05 NAIC 5.....	\$.....	.....0.0 %
3.06 NAIC 6.....	\$.....	.....0.0 %
Preferred Stocks		
3.07 P/RP-1.....	\$.....	.....0.0 %
3.08 P/RP-2.....	\$.....	.....0.0 %
3.09 P/RP-3.....	\$.....	.....0.0 %
3.10 P/RP-4.....	\$.....	.....0.0 %
3.11 P/RP-5.....	\$.....	.....0.0 %
3.12 P/RP-6.....	\$.....	.....0.0 %

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?

Yes [X] No []

If response to 4.01 above is yes, responses are not required for interrogatories 5-10.

4.02 Total admitted assets held in foreign investments	\$.....	.....0.0 %
4.03 Foreign-currency-denominated investments	\$.....	.....0.0 %
4.04 Insurance liabilities denominated in that same foreign currency	\$.....	.....0.0 %

Aggregate foreign investment exposure categorized by NAIC sovereign designation:

	1	2
5.01 Countries designated NAIC 1.....	\$.....	.....0.0 %
5.02 Countries designated NAIC 2.....	\$.....	.....0.0 %
5.03 Countries designated NAIC 3 or below.....	\$.....	.....0.0 %

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

Countries designated NAIC 1:	1	2
6.01 Country 1: .....	\$.....	.....0.0 %
6.02 Country 2: .....	\$.....	.....0.0 %
Countries designated NAIC 2:		
6.03 Country 1: .....	\$.....	.....0.0 %
6.04 Country 2: .....	\$.....	.....0.0 %
Countries designated NAIC 3 or below:		
6.05 Country 1: .....	\$.....	.....0.0 %
6.06 Country 2: .....	\$.....	.....0.0 %

	1	2
Aggregate unhedged foreign currency exposure.....	\$.....	.....0.0 %

Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

	1	2
8.01 Countries designated NAIC 1.....	\$.....	.....0.0 %
8.02 Countries designated NAIC 2.....	\$.....	.....0.0 %
8.03 Countries designated NAIC 3 or below.....	\$.....	.....0.0 %

Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

Countries designated NAIC 1:	1	2
9.01 Country 1: .....	\$.....	.....0.0 %
9.02 Country 2: .....	\$.....	.....0.0 %
Countries designated NAIC 2:		
9.03 Country 1: .....	\$.....	.....0.0 %
9.04 Country 2: .....	\$.....	.....0.0 %
Countries designated NAIC 3 or below:		
9.05 Country 1: .....	\$.....	.....0.0 %
9.06 Country 2: .....	\$.....	.....0.0 %

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

AMERICAN SAVINGS LIFE INSURANCE COMPANY
SCHEDULE 3 – INVESTMENT RISK INTERROGATORIES (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

Ten largest non-sovereign (i.e. non-governmental) foreign issues:			
1 <u>Issuer</u>	2 <u>NAIC Designation</u>	3	4
10.01		\$	0.0 %
10.02		\$	0.0 %
10.03		\$	0.0 %
10.04		\$	0.0 %
10.05		\$	0.0 %
10.06		\$	0.0 %
10.07		\$	0.0 %
10.08		\$	0.0 %
10.09		\$	0.0 %
10.10		\$	0.0 %
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 [X] No []
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	\$	0.0 %
11.03	Canadian currency-denominated investments	\$	0.0 %
11.04	Canadian-denominated insurance liabilities	\$	0.0 %
11.05	Unhedged Canadian currency exposure	\$	0.0 %
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 [X] No []
If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.			
12.02	1	2	3
Aggregate statement value of investments with contractual sales restrictions		\$	0.0 %
Largest three investments with contractual sales restrictions:			
12.03		\$	0.0 %
12.04		\$	0.0 %
12.05		\$	0.0 %
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 [X] No []
If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.			
13.02	1 <u>Name of Issuer</u>	2	3
13.03		\$	0.0 %
13.04		\$	0.0 %
13.05		\$	0.0 %
13.06		\$	0.0 %
13.07		\$	0.0 %
13.08		\$	0.0 %
13.09		\$	0.0 %
13.10		\$	0.0 %
13.11		\$	0.0 %
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 [X] No []
If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.			
14.02	1	2	3
Aggregate statement value of investments held in nonaffiliated, privately placed equities		\$	0.0 %
Largest three investments held in nonaffiliated, privately placed equities:			
14.03		\$	0.0 %
14.04		\$	0.0 %
14.05		\$	0.0 %
<u>Ten Largest Fund Managers</u>			
	1 <u>Fund Manager</u>	2 <u>Total Invested</u>	3 <u>Diversified</u>
		4 <u>Non-Diversified</u>	
14.06		\$	\$
14.07		\$	\$
14.08		\$	\$
14.09		\$	\$
14.10		\$	\$
14.11		\$	\$
14.12		\$	\$
14.13		\$	\$
14.14		\$	\$
14.15		\$	\$
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.			
15.02	1	2	3
Aggregate statement value of investments held in general partnership interests		\$	0.0 %
Largest three investments in general partnership interests:			
15.03		\$	0.0 %
15.04		\$	0.0 %
15.05		\$	0.0 %

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

AMERICAN SAVINGS LIFE INSURANCE COMPANY
SCHEDULE 3 – INVESTMENT RISK INTERROGATORIES (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

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 ☒

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1	2	3
Type (Residential, Commercial, Agricultural)			
16.02 COMMERCIAL	\$ 1,651,126	2.5 %	
16.03 COMMERCIAL	\$ 1,616,977	2.4 %	
16.04 COMMERCIAL	\$ 1,530,149	2.3 %	
16.05 COMMERCIAL	\$ 1,515,000	2.3 %	
16.06 COMMERCIAL	\$ 1,495,949	2.2 %	
16.07 COMMERCIAL	\$ 1,488,993	2.2 %	
16.08 RESIDENTIAL	\$ 1,424,999	2.1 %	
16.09 COMMERCIAL	\$ 1,336,068	2.0 %	
16.10 COMMERCIAL	\$ 1,273,484	1.9 %	
16.11 COMMERCIAL	\$ 1,044,273	1.6 %	

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

	Loans	
16.12 Construction loans	\$	0.0 %
16.13 Mortgage loans over 90 days past due	\$	0.0 %
16.14 Mortgage loans in the process of foreclosure	\$ 1,262,660	1.9 %
16.15 Mortgage loans foreclosed	\$	0.0 %
16.16 Restructured mortgage loans	\$	0.0 %

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

Loan-to-Value	Residential		Commercial		Agricultural	
	1	2	3	4	5	6
17.01 above 95%.....	\$.....	0.0 % \$.....	0.0 % \$.....	0.0 % \$.....	0.0 % \$.....	0.0 % \$.....
17.02 91% to 95%.....	\$.....	0.0 % \$.....	0.0 % \$.....	0.0 % \$.....	0.0 % \$.....	0.0 % \$.....
17.03 81% to 90%.....	\$.....	0.0 % \$.....	0.0 % \$.....	0.0 % \$.....	0.0 % \$.....	0.0 % \$.....
17.04 71% to 80%.....	\$.....	0.0 % \$.....	0.0 % \$.....	0.0 % \$.....	0.0 % \$.....	0.0 % \$.....
17.05 below 70%.....	\$ 6,065,551	9.1 % \$.....	37,737,830	56.5 % \$.....	\$.....	0.0 % \$.....

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 ☒

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:

Description	2	3
18.02 140001 800 TULLY ROAD	\$ 1,125,949	1.7 %
18.03 202020 1861 PETRIFIED FOREST DRIVE	\$ 986,035	1.5 %
18.04 140007 2802 MORISON STREET	\$ 906,995	1.4 %
18.05 146352 I-8 & VEKOL VALLEY INTERCHANGE	\$ 439,801	0.7 %
18.06 140009 3121 & 3155 S AVENUE B	\$ 425,480	0.6 %

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 ☒ 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		\$	0.0 %
Largest three investments held in mezzanine real estate loans:			
19.03		\$	0.0 %
19.04		\$	0.0 %
19.05		\$	0.0 %

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>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>	
	1	2	3	4	5	
20.01 Securities lending agreements (do not include assets held as collateral for such transactions).....	\$	0.0 %	\$	\$	\$	
20.02 Repurchase agreements.....	\$	0.0 %	\$	\$	\$	
20.03 Reverse repurchase agreements.....	\$	0.0 %	\$	\$	\$	
20.04 Dollar repurchase agreements.....	\$	0.0 %	\$	\$	\$	
20.05 Dollar reverse repurchase agreements.....	\$	0.0 %	\$	\$	\$	

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>	
	1	2	3	4
21.01 Hedging.....	\$.....	0.0 %	\$.....	0.0 %
21.02 Income generation.....	\$.....	0.0 %	\$.....	0.0 %
21.03 Other.....	\$.....	0.0 %	\$.....	0.0 %

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

AMERICAN SAVINGS LIFE INSURANCE COMPANY
SCHEDULE 3 – INVESTMENT RISK INTERROGATORIES (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

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>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>
	1	2	3	4	5
22.01 Hedging.....	\$.....	0.0 %	\$.....	\$.....	\$.....
22.02 Income generation.....	\$.....	0.0 %	\$.....	\$.....	\$.....
22.03 Replications.....	\$.....	0.0 %	\$.....	\$.....	\$.....
22.04 Other.....	\$.....	0.0 %	\$.....	\$.....	\$.....

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>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>
	1	2	3	4	5
23.01 Hedging.....	\$.....	0.0 %	\$.....	\$.....	\$.....
23.02 Income generation.....	\$.....	0.0 %	\$.....	\$.....	\$.....
23.03 Replications.....	\$.....	0.0 %	\$.....	\$.....	\$.....
23.04 Other.....	\$.....	0.0 %	\$.....	\$.....	\$.....