

American Savings Life Insurance Company

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Years Ended December 31, 2020 and 2019



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 Audit of the Financial Statements

Opinions

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, 2020 and 2019, 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.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the statutory financial statements referred to above present fairly, in all material respects, the financial position of **American Savings Life Insurance Company** as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended on the basis of accounting described in Note 2.

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" section of our report, 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, 2020 and 2019, or the results of operations or cash flow for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statutory Financial Statements section of our report. We are required to be independent of **American Savings Life Insurance Company** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the statutory financial statements, **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 and pervasive.

Responsibilities of Management for the Statutory Financial Statements

Management is responsible for the preparation and fair presentation of the statutory financial statements in accordance with the accounting practices prescribed or permitted by the Insurance Department of the State of Arizona, and 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.

In preparing the statutory financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **American Savings Life Insurance Company's** ability to continue as a going concern within one year after the date that the statutory financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Statutory Financial Statements

Our objectives are to obtain reasonable assurance about whether the statutory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the statutory financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the statutory financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the statutory financial statements.
- obtain an understanding of internal control relevant to the audit 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 **American Savings Life Insurance Company's** internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the statutory financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **American Savings Life Insurance Company's** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Larson & Company

Salt Lake City, Utah
May 12, 2021

AMERICAN SAVINGS LIFE INSURANCE COMPANY
STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND CAPITAL AND SURPLUS
AS OF DECEMBER 31, 2020 AND 2019

	2020	2019
<u>ADMITTED ASSETS</u>		
CASH AND INVESTMENTS		
Bonds, mutual funds, long term certificates of deposit	\$ 4,946,497	\$ 4,763,976
Common stock	1,512,649	1,295,498
Mortgage loans, net	48,388,016	43,803,381
Properties occupied by the company	438,894	438,894
Properties held for sale	2,949,169	3,794,340
Cash and short-term investments	10,638,733	11,928,008
Policy contract loans	93,590	110,617
Other invested assets	-	165,354
Total cash and investments	68,967,548	66,300,068
INVESTMENT INCOME DUE AND ACCRUED	399,083	380,903
PREMIUMS DEFERRED AND UNCOLLECTED	9,968	11,017
NET DEFERRED TAX ASSET	86,804	108,603
OTHER ASSETS	16,115	28,572
Total admitted assets	\$ 69,479,518	\$ 66,829,163
<u>LIABILITIES AND CAPITAL AND SURPLUS</u>		
LIABILITIES		
Reserves for life policies and annuity contracts	\$ 35,850,903	\$ 35,488,038
Liability for deposit-type contracts	13,035,604	12,307,072
Reserves for policy and contract claims	37,272	10,000
Other policyholder funds	62,480	58,145
Interest maintenance reserve	852	2,438
Accounts payable, accrued expenses and other	3,407,038	1,509,652
Income tax payable	598	31,329
Asset valuation reserve	1,744,111	1,594,571
Total liabilities	54,138,858	51,001,245
CAPITAL AND SURPLUS		
Common stock - \$.10 par value 10,000,000,000 shares authorized; 9,310,605 issued and 4,876,621 outstanding in 2020; 9,304,945 issued and 4,513,595 outstanding in 2019	931,060	930,494
Paid-in capital and contributed surplus	2,723,745	2,700,769
Unassigned surplus	19,206,156	19,389,943
Treasury stock	(7,520,301)	(7,193,288)
Total capital and surplus	15,340,660	15,827,918
Total liabilities and capital and surplus	\$ 69,479,518	\$ 66,829,163

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, 2020 AND 2019

	2020	2019
REVENUES AND DEPOSITS		
Premiums and annuity considerations	\$ 2,338,231	\$ 6,522,310
Considerations for supplementary contracts with life contingencies	3,293	2,767
Net investment income	3,664,515	3,879,667
Amortization of interest maintenance reserve	1,586	1,845
Miscellaneous income	2,293	6,414
Total revenues and deposits	6,009,918	10,413,003
 EXPENSES AND WITHDRAWALS		
Death benefits	129,814	53,000
Annuity benefits	3,167,186	2,952,061
Surrender benefits	14,584	21,398
Interest on policy for contract funds	400,291	343,983
Increase in life insurance and annuity reserves	362,866	4,453,787
Commissions on premiums	43,971	150,561
General insurance expenses	920,337	941,643
Insurance taxes licenses and fees (excluding federal income tax)	81,366	77,830
Change in loading	(259)	179
Total expenses and withdrawals	5,120,156	8,994,442
 Net gain from operations before dividends and federal income taxes	889,762	1,418,561
Dividends to policy holders	(56,736)	(52,602)
Federal income tax (excluding tax on capital gains of \$42,341 and \$24,255 for 2020 and 2019, respectively)	(362,829)	(133,423)
Net realized capital gains less capital gains tax and transfers to interest maintenance reserve	159,284	91,772
NET INCOME	\$ 629,481	\$ 1,324,308

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

AMERICAN SAVINGS LIFE INSURANCE COMPANY
STATUTORY STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Capital Stock	Capital in Excess of Par	Unassigned Surplus	Treasury Stock	Total
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
Net income			629,481		629,481
Dividends declared and paid			(887,962)		(887,962)
Issue employee compensation in stock	566	22,976			23,542
Repurchase capital stock				(327,013)	(327,013)
Change in unrealized capital gains (losses)			659,997		659,997
Change in net deferred income tax			212,949		212,949
Change in nonadmitted assets			(648,711)		(648,711)
Change in asset valuation reserve			(149,541)		(149,541)
Balances, December 31, 2020	<u>\$ 931,060</u>	<u>\$ 2,723,745</u>	<u>\$ 19,206,156</u>	<u>\$ (7,520,301)</u>	<u>\$ 15,340,660</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, 2020 AND 2019

	2020	2019
OPERATING ACTIVITIES:		
Premiums received	\$ 2,343,101	\$ 6,524,362
Investment and other income received (excluding net realized gains and net of investment expenses)	3,764,534	3,820,650
Total funds provided by operations	6,107,635	10,345,012
Benefit and loss related payments	(3,684,603)	(3,370,442)
Commissions, other expenses and taxes paid	(1,058,216)	(1,224,087)
Dividends paid to policyholders	(52,670)	(50,204)
Federal income tax (excluding tax on capital gains of \$42,341 and \$24,225 for 2020 and 2019, respectively)	(435,901)	(53,981)
Total cash used for operations	(5,231,390)	(4,698,714)
Net cash from operating activities	876,245	5,646,298
 INVESTING ACTIVITIES:		
Proceeds from investments sold, matured or repaid:		
Bonds	715,535	436,449
Stocks	408,931	389,822
Mortgage loans	12,840,615	12,374,058
Real Estate	2,357,337	3,852,756
Other invested assets	-	143,554
Total investment proceeds	16,322,418	17,196,639
Cost of long-term investments acquired:		
Bonds	(983,864)	(633,106)
Stocks	(432,025)	(376,609)
Mortgage loans	(18,398,600)	(13,878,700)
Real Estate	(140,629)	(152,196)
Total investments acquired	(19,955,118)	(15,040,611)
(Increase) decrease in policy loans	17,026	(47,607)
Net cash from investing activities	(3,615,674)	2,108,421
 FINANCING ACTIVITIES (OTHER CASH PROVIDED OR APPLIED):		
Capital and paid in surplus, less treasury stock	(303,472)	(226,909)
Net deposits on deposit type contract funds	728,531	1,075,185
Cash dividends paid	(887,962)	(999,476)
Other cash (applied)	1,913,057	(12,343)
Net cash from financing activities	1,450,154	(163,543)
CHANGE IN CASH AND SHORT-TERM INVESTMENTS	(1,289,275)	7,591,176
CASH AND SHORT-TERM INVESTMENTS, beginning of year	11,928,008	4,336,832
CASH AND SHORT-TERM INVESTMENTS, end of year	\$ 10,638,733	\$ 11,928,008

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, 2020 AND 2019

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, 2020 AND 2019

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, 2020 AND 2019

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 \$568,251 and \$516,428 in 2020 and 2019, 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, 2020 AND 2019

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, 2020 and 2019, the Company recognized OTTIs on properties held for sale, realizing a loss of \$0 and \$250,100, 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, 2020 and 2019 totaled \$5,614 and \$6,824, 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, 2020 and 2019 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, 2020 AND 2019

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 1.75% - 5.5%.

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	2020	
	Gross	Net of Loading
Ordinary new business	\$ -	\$ -
Ordinary renewal	12,403	9,968
Totals	\$ 12,403	\$ 9,968

Type	2019	
	Gross	Net of Loading
Ordinary new business	\$ -	\$ -
Ordinary renewal	13,760	11,017
Totals	\$ 13,760	\$ 11,017

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, 2020.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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.

COVID-19 Uncertainties

The COVID-19 pandemic could have an impact on the Company's underwriting results going forward. The Company is unable to predict the impact at this time.

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	
	2020	2019
Money market mutual funds	\$ 2,243,909	\$ 7,898,687
Certificates of deposit	253,846	496,000
Demand Deposits	8,140,978	3,533,321
Total cash and short-term investments	<u>\$ 10,638,733</u>	<u>\$ 11,928,008</u>

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 3 – Cash and Investments (continued)

Bonds

Bonds at year end are summarized as follows:

	2020		
	Fair Value	Book/ Adjusted Carrying Value	Excess of Book Value over Fair Value
Bonds:			
U.S. Government	\$ 2,385,741	\$ 2,371,187	\$ 14,554
Industrial and miscellaneous	2,830,409	2,575,310	255,099
Total bonds	<u>\$ 5,216,150</u>	<u>\$ 4,946,497</u>	<u>\$ 269,653</u>
	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	<u>\$ 4,854,546</u>	<u>\$ 4,763,976</u>	<u>\$ 90,570</u>

Maturities of bonds by amortized cost (admitted asset value) and fair value of bonds as of December 31, 2020, 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
2021	\$ -	\$ -
2022 through 2025	625,535	663,612
2026 through 2030	764,160	838,368
2031 through 2040	1,862,442	2,003,514
Over 20 Years	1,694,360	1,710,656
Totals	<u>\$ 4,946,497</u>	<u>\$ 5,216,150</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:

	2020	2019
Proceeds from sales	\$ 715,535	\$ 436,449
Gross realized gains	-	-
Gross realized losses	-	(969)

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 3 – Cash and Investments (continued)

Common Stock

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

	December 31	
	2020	2019
Unaffiliated common stock - fair value	\$ 1,512,649	\$ 1,295,498
Unaffiliated common stock - cost basis	\$ 1,074,329	\$ 987,548

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, 2020 and 2019.

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 2.1% as of December 31, 2020.

All amounts held in subprime mortgage loans as of December 31, 2020 are as follows:

	Book Value	Fair Value	Value of Land & Buildings
	Subprime mortgages in process of foreclosure	\$ 504,446	\$ 504,446	$ 950,000
Subprime mortgages in good standing	22,066,655	22,066,655	40,265,000
Total subprime mortgages	\$ 22,571,102	\$ 22,571,102	\$ 41,215,000

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	\$ 18,334,022	\$ 18,334,022	\$ 34,082,700

There was one subprime loan in the process of foreclosure at December 31, 2020.

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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	
	2020	2019
In good standing with interest accruing	\$ 47,644,786	\$ 42,800,050
Over 90 days with interest accruing	60,809	-
In foreclosure, interest accruing	876,576	1,253,902
Mortgage receivable	48,582,172	44,053,952
Deferred gain on installment sales	(149,627)	(186,143)
Deferred income on installment sales	(44,529)	(64,428)
Allowance for delinquent mortgage loans	-	-
Total mortgage loans	\$ 48,388,016	\$ 43,803,381

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 \$1,077,106 and therefore, are not included with the Company's admitted assets in the accompanying statutory financial statements.

During 2020, the Company sold twelve properties acquired through foreclosure, reporting a loss of \$0 and gain of \$646,342, respectively. 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, 2020 AND 2019

Note 3 – Cash and Investments (continued)

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

	December 31	
	2020	2019
Building	\$ 434,605	\$ 434,605
Improvements	162,253	162,253
	<u>596,858</u>	<u>596,858</u>
Accumulated depreciation	(233,597)	(233,597)
	<u>363,261</u>	<u>363,261</u>
Land	75,633	75,633
	<u>\$ 438,894</u>	<u>\$ 438,894</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	
	2020	2019
Bonds and long term certificates of deposits	\$ 138,673	\$ 148,151
Common stock	10,413	15,068
Cash and short term investments	81,484	101,085
Mortgage loans	4,268,906	4,349,070
Receivables secured by real estate	327,960	527,431
Policy loans	5,590	3,574
Gross investment income	<u>4,833,026</u>	<u>5,144,379</u>
Investment expenses	(960,960)	(969,482)
Investment taxes (excluding federal income tax)	(136,231)	(183,431)
Depreciation on real estate and other invested assets	<u>(71,320)</u>	<u>(111,799)</u>
Net investment income	<u>\$ 3,664,515</u>	<u>\$ 3,879,667</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:

Assets at fair value	2020			
	Level 1	Level 2	Level 3	Total
Common Stocks (affiliated; non-admitted)	\$ -	\$ -	\$ 434,339	\$ 434,339
Common Stocks (unaffiliated)	1,512,649	-	-	1,512,649
	\$ 1,512,649	\$ -	\$ 434,339	\$ 1,946,988

Assets at fair value	2019			
	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
Other Invested Assets	-	-	165,354	165,354
	\$ 1,295,498	\$ -	\$ 450,050	\$ 1,745,548

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

Assets:	2020						
	Beginning Balance at 1/1/2020	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 12/31/2020
Common Stocks (affiliated; non-admitted)	\$ 284,696	\$ -	\$ -	\$ -	\$ 149,643	\$ -	\$ 434,339
Other Invested Assets	165,354	-	-	(545,336)	379,983	-	-
	\$ 450,050	\$ -	\$ -	\$ (545,336)	\$ 529,625	\$ -	\$ 434,339

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 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 3 – Cash and Investments (continued)

	2019						Ending Balance at 12/31/2019
	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	
Assets:							
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>

There were no purchases, issuances, or sales of level 3 investments during the years ended December 31, 2020 and 2019, respectively.

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

Type of Financial Instrument	2020				
	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)
Bonds	\$ 5,216,150	\$ 4,946,497	\$ -	\$ 5,216,150	\$ -
Common Stocks (level 3 includes non-admit)	1,946,988	1,512,649	1,512,649	-	434,339
Mortgage Loans	48,388,016	48,388,016	-	-	48,388,016
Real Estate	4,870,454	3,388,064	-	-	4,870,454
Contract Loans	93,590	93,590	-	-	93,590
Other Invested Assets	-	-	-	-	-

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

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, 2020 and 2019, respectively, represent a temporary decline in market value.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
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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:

2020			
Less than 12 Months			
	Cost/Amortized Cost	Unrealized Loss	Fair Value
Bonds	\$ 806,622	\$ (20,050)	\$ 786,571
Unaffiliated common stocks	5,159	(1,041)	4,119
12 Months or More			
	Cost/Amortized Cost	Unrealized Loss	Fair Value
Bonds	\$ -	\$ -	\$ -
Unaffiliated common stocks	48,616	(2,202)	46,414
Totals	\$ 860,397	\$ (23,293)	\$ 837,104

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	\$ 1,949,130	\$ (70,572)	\$ 1,878,558

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 1.75% 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, 2020 AND 2019

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

The following is the reserves activity during 2020 and 2019, respectively:

	<u>Life Policies and Contracts</u>	<u>Policy and Contract Claims</u>
Reserves December 31, 2018	\$ 31,034,251	\$ 10,000
Prior year claims paid in current year	-	-
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>
Prior year claims paid in current year	-	-
Incurred claims	-	129,814
Change in life and annuity reserve	362,865	-
Current year claims paid	-	(102,542)
Reserves December 31, 2020	<u>\$ 35,850,903</u>	<u>\$ 37,272</u>

The following is an analysis of annuity actuarial reserves and deposit type contract liabilities by withdrawal characteristics as of December 31, 2020:

<u>General Account</u>	<u>Individual Annuities Amount</u>	<u>Percent of Total</u>	<u>Group Annuities Amount</u>	<u>Percent of Total</u>
At book value less current surrender charge of 5% or more	\$ 9,016,419	27.54%	\$ -	0.00%
At book value (minimal or no charge or adjustment)	\$ 18,932,937	57.84%	\$ 10,560,884	81.00%
Not subject to discretionary withdrawal	\$ 4,780,240	14.61%	\$ 2,474,719	19.00%
Reconciliation of Total Deposit Fund Liabilities:				
Exhibit 5, Annuities section, Total (net)	\$ 32,729,596			
Exhibit 7, Deposit-type contracts, Line 14, Column 1			\$ 13,035,603	

The following is an analysis of life actuarial reserves by withdrawal characteristics as of December 31, 2020:

<u>Separate Account Nonguaranteed</u>	<u>Account Value</u>	<u>Cash Value</u>	<u>Reserve</u>
Subject to discretionary withdrawal, surrender values, or policy loans:			
Other permanent cash value life insurance	\$ 2,900,154	\$ 2,900,154	\$ 3,083,604
Not subject to discretionary withdrawal or no cash values:			
Miscellaneous reserves	\$ -	\$ -	\$ 37,704
Reconciliation of Totals:			
Exhibit 5, Life insurance section, Total (net)			\$ 3,803,604
Exhibit 5, Miscellaneous reserves section, Total (net)			\$ 37,704

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
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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, 2020 and December 31, 2019, the Company had capital amounts of \$931,061 and \$930,495 respectively and free surplus of \$14,409,599 and \$14,897,424, respectively. Free surplus was reduced by the \$7,520,301 and \$7,193,288 cost of treasury stock in 2020 and 2019, 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 2020, treasury stock increased by the purchase of 85,271 shares of capital stock at prices ranging from \$3.75 to \$3.85 per share. 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.

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

Net unrealized capital gains or (losses)	\$ (438,321)
Nonadmitted asset values	\$ (2,444,795)
Asset valuation reserve	\$ (1,744,111)
Net deferred income taxes	\$ 534,793

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, 2020, and 20% at December 31, 2019.

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.

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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, 2020 and 2019, 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 3.8% and 13.3% of total premiums paid in 2020 and 2019, respectively. Company officers and directors also owned 2.7% and 5.1% of total policy face value in 2020 and 2019, respectively.
- b) Byron F. Allen is the President of the Company and also the Administrator of the Company's Profit-Sharing Plan detailed in Note 10.
- c) 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 \$0 and \$510 in 2020 and 2019, respectively.

The Company also entered into various transactions with its wholly owned subsidiary, American Life Financial Corporation (ALF) relating to shared administration costs. During 2020 and 2019, ALF personnel provided labor to the Company in the amount of \$406,785 and \$362,250 respectively, all of which was reimbursed as of December 31, 2020. The Company personnel provided labor to ALF under the agreement in the amount of \$3,378 and \$3,168 for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, there was a net payable due to ALF of \$0 and \$4,245, respectively. As of December 31, 2020 and 2019 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 \$368,493 and \$273,495 during the years ended December 31, 2020 and 2019, 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 \$18,960 and \$19,710 for both 2020 and 2019, 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 \$72,162 for 2020 and \$58,203 for 2019.

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.

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

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.

During 2020 and 2019, 5,660 and 6,531 shares, respectively, of Company common stock were issued as stock compensation expense under the plan for a total of \$23,542 and \$26,919, respectively. The average price utilized for the determination of the value of such stock issued for compensation for the year ended December 31, 2020 and 2019 was \$4.16 and \$4.12, respectively. As of December 31, 2020 and 2019, \$5,571 and \$4,507 of employee and director's compensation had been set aside for stock issuance as accrued liabilities based on the enrollment stock price of \$4.27 and \$4.14, 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, 2020 and 2019. 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:

	2020	2019
Statutory pre-tax net income	\$ 1,034,652	\$ 1,457,730
Dividends received deduction	(3,686)	(5,175)
Net due and deferred premiums	790	(223)
Tax exempt interest income	(12,748)	(1,699)
Difference between tax and book depreciation	1,255	(74)
Deferred acquisition costs	(16,609)	75,458
Interest maintenance reserve	(1,586)	(1,845)
Statutory reserve adjustment	41,589	22,657
OTTI impairment	-	163,513
Other items	1,140,781	(111,562)
Taxable income before small life insurance company deduction	2,184,438	1,598,780
Small life insurance company deduction	-	-
Net taxable income	\$ 2,184,438	\$ 1,598,780

Deferred Tax

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

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
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Note 11 – Income Taxes (continued)

	2020			2019			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Change
Gross deferred tax assets	\$ 679,246	\$ 153,036	\$ 832,282	\$ 494,310	\$ 52,521	\$ 546,831	\$ 184,937	\$ 100,515	\$ 285,452
Statutory valuation allowance adjustments	(110,644)	(41,492)	(152,135)	(65,839)	(8,306)	(74,145)	44,804	33,186	77,990
Adjusted gross deferred tax assets (1a-1b)	568,603	111,544	680,147	428,471	44,215	472,686	140,132	67,329	207,461
Deferred tax assets nonadmitted	(428,492)	(19,497)	(447,989)	(213,242)	-	(213,242)	215,251	19,497	234,748
Net admitted deferred tax asset (1c-1d)	140,110	92,047	232,158	215,229	44,215	259,444	(75,118)	47,832	(27,286)
Deferred tax liabilities	(53,306)	(92,047)	(145,354)	(54,296)	(96,545)	(150,841)	(990)	(4,498)	(5,487)
Net admitted deferred tax assets / (liabilities) (1e-1f)	\$ 86,804	\$ -	\$ 86,804	\$ 160,933	\$ (52,330)	\$ 108,603	\$ (74,129)	\$ 52,330	\$ (21,799)

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

	2020			2019			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	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	86,804	-	86,804	108,603	-	108,603	(21,799)	-	(21,799)
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,	86,804	-	86,804	108,603	-	108,603	(21,799)	-	(21,799)
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	2,288,078	xxx	xxx	2,357,897	xxx	xxx	(69,819)
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	53,306	92,047	145,354	106,626	44,215	150,841	(53,319)	47,832	(5,487)
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)	\$ 140,110	\$ 92,047	\$ 232,158	\$ 215,229	\$ 44,215	\$ 259,444	\$ (75,118)	\$ 47,832	\$ (27,286)

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 1,189% and \$15,253,855 for the year ended in December 31, 2020.

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:

	2020	2019	Change
Current income tax:			
Federal income taxes	\$ 362,829	\$ 133,423	\$ 229,406
Foreign income taxes	-	-	-
Subtotal	362,829	133,423	229,406
Federal income tax on net capital gains	42,341	24,395	17,946
Federal and foreign income taxes incurred	\$ 405,170	\$ 157,818	\$ 247,352

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
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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:

	2020	2019	Change
Deferred tax assets:			
Ordinary:			
Life Reserve Discounting	\$ 142,178	\$ 36,898	\$ 105,280
Deferred Acquisition Costs	43,549	47,037	(3,488)
Fixed Assets	397	134	263
AMT Credit	-	-	-
Non-Admitted Assets	419,329	332,397	86,932
Operating Loss Carryforward	-	-	-
Other	73,793	77,844	(4,051)
Subtotal	679,246	494,310	184,936
Statutory valuation allowance adjustments	(110,644)	(65,839)	(44,805)
Nonadmitted	(428,492)	(213,242)	(215,250)
Admitted Ordinary Deferred Tax Assets	140,110	215,229	(75,119)
Capital:			
OTTI	52,521	52,521	-
Investments	-	-	-
Capital loss carryforward	-	-	-
Real Estate	100,515	-	100,515
Other	-	-	-
Subtotal	153,036	52,521	100,515
Statutory valuation allowance adjustments	(41,492)	(8,306)	(33,186)
Nonadmitted	(19,497)	-	(19,497)
Admitted Capital Deferred Tax Assets	92,047	44,215	47,832
Admitted Deferred Tax Assets:	\$ 232,158	\$ 259,444	\$ (27,286)
Deferred tax liabilities:			
Ordinary:			
Fixed Assets	\$ -	\$ -	\$ -
Deferred and Uncollected Premiums	(1,571)	(1,737)	166
Policyholder Reserves	-	-	-
Other	(51,735)	(52,559)	824
Subtotal:	(53,306)	(54,296)	990
Capital:			
Investments	(92,047)	(96,545)	4,498
Other	-	-	-
Subtotal:	(92,047)	(96,545)	4,498
Deferred Tax Liability	(145,354)	(150,841)	5,487
Net admitted deferred tax asset (liability)	\$ 86,804	\$ 108,603	\$ (21,799)

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 and December 31, 2019 was \$152,135 and \$74,145, respectively. The net change in the total valuation allowance adjustments for December 31, 2020 was an increase of \$77,990.

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	\$ 217,277	21.0%
Small company deduction	-	0.0%
Tax exempt interest deduction	(2,677)	-0.3%
Dividends received deduction	(774)	-0.1%
Proration of tax exempt investment income	803	0.1%
Disallowed travel and entertainment	-	0.0%
IMR in operating income	(333)	0.0%
Change in statutory valuation reserve	44,804	4.3%
Change in nonadmitted assets	100,515	9.7%
AMT credit	-	0.0%
Other	(127,443)	-12.3%
Totals	\$ 232,172	22.4%
Federal and foreign income taxes incurred	\$ 362,829	35.1%
Realized capital gains tax	42,341	4.1%
Change in net deferred income taxes	(172,998)	-16.7%
Total statutory income taxes	\$ 232,173	22.4%

As of December 31, 2020, 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:

2020		\$ 458,732
2019		\$ 335,639
2018		\$ 321,218

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.

AMERICAN SAVINGS LIFE INSURANCE COMPANY
NOTES TO THE STATUTORY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 11 – Income Taxes (continued)

As of December 31, 2020 and 2019 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. No events or transactions occurred after year-end that require additional disclosure or adjustment to the 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 year ended December 31, 2020, and our report thereon dated May 12, 2021, 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 are 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

Salt Lake City, Utah
May 12, 2021

AMERICAN SAVINGS LIFE INSURANCE COMPANY
SCHEDULE 1 – SELECTED FINANCIAL DATA
 FOR THE YEAR ENDED DECEMBER 31, 2020

	2020
INVESTMENT INCOME EARNED	
2 Other bonds (unaffiliated)	\$ 138,673
6 Common stocks (unaffiliated)	10,413
7 Common stocks of affiliates	-
8 Mortgages loans	4,268,906
9 Real estate	327,960
10 Premium notes, policy loans and liens	5,590
11 Cash on hand and short term investments	81,484
13 Other invested assets	-
16 Gross Investment Income	<u>\$ 4,833,026</u>
17 REAL ESTATE OWNED - BOOK VALUE	<u>\$ 4,870,454</u>
MORTGAGE LOANS - BOOK VALUE	
19 Residential mortgages	\$ 5,800,726
20 Commercial mortgages	42,587,290
21 Total mortgage loans	<u>\$ 48,388,016</u>
MORTGAGE LOANS BY STANDING - BOOK VALUE	
22 Good standing	\$ 47,450,630
24 Interest overdue more than 90 days, not in foreclosure	60,809
25 Foreclosure in process	876,576
	<u>\$ 48,388,016</u>
26 OTHER LONG TERM ASSETS - STATEMENT VALUE	<u>\$ -</u>
BONDS AND SHORT-TERM INVESTMENTS BY NAIC DESIGNATION AND MATURITY	
<i>Bonds by Maturity – Statement Value:</i>	
31 Due within one year less	\$ -
32 Over 1 year through 5 years	625,535
33 Over 5 years through 10 years	764,160
34 Over 10 years through 20 years	1,862,442
35 Over 20 years	1,694,360
36 Total by Maturity	<u>\$ 4,946,497</u>
<i>Bonds by NAIC Designation – Statement Value:</i>	
37 NAIC 1	\$ 3,536,648
38 NAIC 2	1,312,118
39 NAIC 3	97,731
40 NAIC 4	-
43 Total by NAIC Designation	<u>\$ 4,946,497</u>
44 Total Bonds Publicly Traded	<u>\$ 4,946,497</u>
45 Total Bonds Privately Placed	<u>\$ -</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, 2020

		2020
47	Common Stocks – Market Value	<u>\$ 1,946,988</u>
48	Short Term Investments – Book Value	<u>\$ -</u>
53	Cash on Deposit	<u>\$ 8,394,824</u>
	Life Insurance In Force:	
55	Ordinary	<u>\$ 19,444,509</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>\$ 27,766,343</u>
	Deposit Funds and Dividend Accumulations:	
78	Deposit Funds – Account Balance	<u>\$ 12,967,034</u>
79	Dividend Accumulations – Account Balance	<u>\$ 10,511</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, 2020

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.....	1,535,164	2.2	1,535,164		1,535,164	2.2
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
1.04 U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed.....		0.0			0	0.0
1.05 U.S. Special Revenue and Special Assessment Obligations, etc., Non-Guaranteed.....	836,023	1.2	836,023		836,023	1.2
1.06 Industrial and Miscellaneous.....	2,575,310	3.6	2,575,310		2,575,310	3.7
1.07 Hybrid Securities.....		0.0			0	0.0
1.08 Parent, Subsidiaries and Affiliates.....		0.0			0	0.0
1.09 SVO Identified Funds.....		0.0			0	0.0
1.10 Unaffiliated Bank Loans.....		0.0			0	0.0
1.11 Total Long-Term Bonds.....	4,946,497	7.0	4,946,497	0	4,946,497	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).....	1,512,649	2.1	1,512,649		1,512,649	2.2
3.02 Industrial and Miscellaneous Other (Unaffiliated).....		0.0			0	0.0
3.03 Parent, Subsidiaries and Affiliates Publicly Traded.....	434,339	0.6			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.....	1,946,988	2.7	1,512,649	0	1,512,649	2.2
4. Mortgage Loans Schedule B):						
4.01 Farm Mortgages.....		0.0			0	0.0
4.02 Residential Mortgages.....	5,800,726	8.2	5,800,726		5,800,726	8.4
4.03 Commercial Mortgages.....	42,587,290	60.1	42,587,290		42,587,290	61.7
4.04 Mezzanine Real Estate Loans.....		0.0			0	0.0
4.05 Total Valuation Allowance.....		0.0			0	0.0
4.06 Total Mortgage Loans.....	48,388,016	68.3	48,388,016	0	48,388,016	70.2
5. Real Estate (Schedule A):						
5.01 Properties Occupied by Company.....	438,895	0.6	438,895		438,895	0.6
5.02 Properties Held for Production of Income.....		0.0			0	0.0
5.03 Properties Held for Sale.....	4,431,559	6.3	2,949,169		2,949,169	4.3
5.04 Total Real Estate.....	4,870,454	6.9	3,388,064	0	3,388,064	4.9
6. Cash, Cash Equivalents, and Short-Term Investments::						
6.01 Cash (Schedule E, Part 1).....	8,394,824	11.8	8,394,824		8,394,824	12.2
6.02 Cash Equivalents (Schedule E, Part 2).....	2,243,909	3.2	2,243,909		2,243,909	3.3
6.03 Short-Term Investments (Schedule DA).....		0.0			0	0.0
6.04 Total Cash, Cash Equivalents, and Short-Term Investments.....	10,638,733	15.0	10,638,733	0	10,638,733	15.4
7. Contract Loans.....	93,590	0.1	93,590		93,590	0.1
8. Derivatives (Schedule DB).....		0.0			0	0.0
9. Other Invested Assets (Schedule BA).....		0.0			0	0.0
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.....	70,884,279	100.0	68,967,549	0	68,967,549	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, 2020

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. \$.....69,479,517

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

1	2	3	4
Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
2.01 AMERICAN SAVINGS LIFE INSURANCE COMPANY.....	MORTGAGE LOAN.....	\$ 3,000,000	4.3 %
2.02 AMERICAN SAVINGS LIFE INSURANCE COMPANY.....	MORTGAGE LOAN.....	\$ 2,735,777	3.9 %
2.03 AMERICAN SAVINGS LIFE INSURANCE COMPANY.....	MORTGAGE LOAN.....	\$ 2,200,000	3.2 %
2.04 AMERICAN SAVINGS LIFE INSURANCE COMPANY.....	MORTGAGE LOAN.....	\$ 2,000,000	2.9 %
2.05 AMERICAN SAVINGS LIFE INSURANCE COMPANY.....	MORTGAGE LOAN.....	\$ 1,627,227	2.3 %
2.06 AMERICAN SAVINGS LIFE INSURANCE COMPANY.....	MORTGAGE LOAN.....	\$ 1,597,884	2.3 %
2.07 AMERICAN SAVINGS LIFE INSURANCE COMPANY.....	MORTGAGE LOAN.....	\$ 1,499,395	2.2 %
2.08 AMERICAN SAVINGS LIFE INSURANCE COMPANY.....	MORTGAGE LOAN.....	\$ 1,480,296	2.1 %
2.09 AMERICAN SAVINGS LIFE INSURANCE COMPANY.....	MORTGAGE LOAN.....	\$ 1,478,808	2.1 %
2.10 AMERICAN SAVINGS LIFE INSURANCE COMPANY.....	MORTGAGE LOAN.....	\$ 1,321,805	1.9 %

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

1	2
Bonds	Percentage of Total Admitted Assets
3.01 NAIC 1.....	\$ 3,536,648 5.1 %
3.02 NAIC 2.....	\$ 1,312,118 1.9 %
3.03 NAIC 3.....	\$ 97,731 0.1 %
3.04 NAIC 4.....	\$ 0.0 %
3.05 NAIC 5.....	\$ 0.0 %
3.06 NAIC 6.....	\$ 0.0 %
Preferred Stocks	Percentage of Total Admitted Assets
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 %

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	\$ 0.0 %
4.03 Foreign-currency-denominated investments	\$ 0.0 %
4.04 Insurance liabilities denominated in that same foreign currency	\$ 0.0 %

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

1	2
Countries designated NAIC	Percentage of Total Admitted Assets
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 %

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

1	2
Country	Percentage of Total Admitted Assets
Countries designated NAIC 1:	
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 %

7. Aggregate unhedged foreign currency exposure.....

1 2
\$ 0.0 %

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

1	2
Countries designated NAIC	Percentage of Total Admitted Assets
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 %

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

1	2
Country	Percentage of Total Admitted Assets
Countries designated NAIC 1:	
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, 2020

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:				
	1	2	3	4
	<u>Issuer</u>	<u>NAIC Designation</u>		
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 %
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 [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 %
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 [X] No []				
If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.				
	1	2	3	
12.02	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 %
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 [X] No []				
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	0.6 %
13.03	.....	\$.....	0	0.5 %
13.04	.....	\$.....	0	0.1 %
13.05	.....	\$.....	0	0.1 %
13.06	.....	\$.....	0	0.1 %
13.07	.....	\$.....	0	0.1 %
13.08	.....	\$.....	0	0.1 %
13.09	.....	\$.....	0	0.1 %
13.10	.....	\$.....	0	0.1 %
13.11	.....	\$.....	0	0.1 %
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 [X] No []				
If response to 14.01 above is yes, responses are not required for 14.02 through 14.05.				
	1	2	3	
14.02	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	2	3	4
	<u>Fund Manager</u>	<u>Total Invested</u>	<u>Diversified</u>	<u>Non-Diversified</u>
14.06	.....	\$.....	\$.....	\$.....
14.07	.....	\$.....	\$.....	\$.....
14.08	.....	\$.....	\$.....	\$.....
14.09	.....	\$.....	\$.....	\$.....
14.10	.....	\$.....	\$.....	\$.....
14.11	.....	\$.....	\$.....	\$.....
14.12	.....	\$.....	\$.....	\$.....
14.13	.....	\$.....	\$.....	\$.....
14.14	.....	\$.....	\$.....	\$.....
14.15	.....	\$.....	\$.....	\$.....
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.....		\$.....	0.0 %
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, 2020

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	\$.....3,000,000		4.3 %
16.03 COMMERCIAL	\$.....2,735,777		3.9 %
16.04 COMMERCIAL	\$.....2,200,000		3.2 %
16.05 RESIDENTIAL	\$.....2,000,000		2.9 %
16.06 COMMERCIAL	\$.....1,627,227		2.3 %
16.07 COMMERCIAL	\$.....1,597,884		2.3 %
16.08 COMMERCIAL	\$.....1,499,395		2.2 %
16.09 COMMERCIAL	\$.....1,480,296		2.1 %
16.10 COMMERCIAL	\$.....1,478,808		2.1 %
16.11 COMMERCIAL	\$.....1,321,805		1.9 %

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

	<u>Loans</u>	
16.12 Construction loans	\$.....	0.0 %
16.13 Mortgage loans over 90 days past due	\$.....60,809	0.1 %
16.14 Mortgage loans in the process of foreclosure	\$.....876,576	1.3 %
16.15 Mortgage loans foreclosed	\$.....	0.0 %
16.16 Restructured mortgage loans	\$.....	0.0 %

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%	\$.....	0.0 %	\$.....	0.0 %	\$.....	0.0 %
17.02 91% to 95%	\$.....	0.0 %	\$.....	0.0 %	\$.....	0.0 %
17.03 81% to 90%	\$.....	0.0 %	\$.....	0.0 %	\$.....	0.0 %
17.04 71% to 80%	\$.....	0.0 %	\$.....	0.0 %	\$.....	0.0 %
17.05 below 70%	\$.....5,800,726	8.3 %	\$.....42,587,290	61.3 %	\$.....	0.0 %

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 140001 800 TULLY ROAD		\$.....1,104,657	1.6 %
18.03 202020 1861 PETRIFIED FOREST DRIVE		\$.....986,035	1.4 %
18.04 140013 921 SOUTH SHANKS		\$.....799,101	1.2 %
18.05 146352 18 & VEKOL VALLEY INTERCHANGE		\$.....439,801	0.6 %
18.06 201000 935 E MAIN STREET - COMPANY OFFICE		\$.....438,895	0.6 %

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

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>		
	1	2	<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)	\$.....	0.0 %	\$.....	\$.....	\$.....
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 %	\$.....	\$.....	\$.....

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>	
	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 %

AMERICAN SAVINGS LIFE INSURANCE COMPANY
SCHEDULE 3 – INVESTMENT RISK INTERROGATORIES (continued)
FOR THE YEAR ENDED DECEMBER 31, 2020

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>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 %	\$.....	\$.....	\$.....	
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>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 %	\$.....	\$.....	\$.....	

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