



QUARTERLY STATEMENT

AS OF MARCH 31, 2014
OF THE CONDITION AND AFFAIRS OF THE

NATIONAL FOUNDATION LIFE INSURANCE COMPANY

NAIC Group Code 0839, 0839 NAIC Company Code 98205 Employer's ID Number 73-1187572
(Current Period) (Prior Period)

Organized under the Laws of Texas, State of Domicile or Port of Entry Texas
Country of Domicile United States

Incorporated/Organized 08/02/1983 Commenced Business 11/02/1983

Statutory Home Office Burnett Plaza, 801 Cherry St., Unit 33, Fort Worth, TX, US 76102-6888
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office Burnett Plaza, 801 Cherry St., Unit 33 Fort Worth, TX, US 76102-6888 817-878-3300
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address Burnett Plaza, 801 Cherry St., Unit 33, Fort Worth, TX, US 76102-6888
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records Burnett Plaza, 801 Cherry St., Unit 33 Fort Worth, TX, US 76102-6888 817-878-3300
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.nfl-ins.com

Statutory Statement Contact Billy Jacobs 817-878-3628
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OFFICERS

Name	Title	Name	Title
<u>Benjamin Maurice Cutler</u>	<u>President</u>	<u>Patrick Henry O'Neill</u>	<u>Secretary</u>
<u>Cynthia Belz Koenig</u>	<u>Treasurer</u>		

OTHER OFFICERS

<u>Konrad Henry Kober</u>	<u>Executive Vice President</u>	<u>Billy Lee Jacobs</u>	<u>Vice President</u>
<u>James Richard White Jr.</u>	<u>Vice President</u>	<u>Ranita Ann Grauwiler</u>	<u>Vice President</u>
<u>Ricky Alton Watson</u>	<u>Vice President</u>	<u>Troy Alan McQuagge</u>	<u>Executive Vice President</u>
<u>Phillip Jerome Myhra</u>	<u>Senior Vice President</u>		

DIRECTORS OR TRUSTEES

<u>Patrick Henry O'Neill</u>	<u>Konrad Henry Kober</u>	<u>Billy Lee Jacobs</u>	<u>Ranita Ann Grauwiler</u>
<u>Cynthia Belz Koenig</u>	<u>Benjamin Maurice Cutler</u>		

State of Texas
County of Tarrant

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

Benjamin Maurice Cutler Patrick Henry O'Neill Cynthia Belz Koenig
President Secretary Treasurer

a. Is this an original filing? Yes [X] No []

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

b. If no,
1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

STATEMENT AS OF MARCH 31, 2014 OF THE NATIONAL FOUNDATION LIFE INSURANCE COMPANY

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	20,603,702		20,603,702	21,862,487
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$ (1,413,562)), cash equivalents (\$ 0) and short-term investments (\$ 3,091,992)	1,678,430		1,678,430	2,238,220
6. Contract loans (including \$ premium notes)	0		0	0
7. Derivatives			0	0
8. Other invested assets	0		0	0
9. Receivables for securities	0		0	0
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	22,282,132	0	22,282,132	24,100,707
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	223,998		223,998	200,211
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	371,656		371,656	499,965
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	52,216	0	52,216	71,346
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts	82,034		82,034	84,309
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0		0	0
18.2 Net deferred tax asset	6,751,980	5,293,791	1,458,189	1,370,268
19. Guaranty funds receivable or on deposit	238,924		238,924	239,983
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	343,172		343,172	56,431
24. Health care (\$ 23,002) and other amounts receivable	23,002		23,002	55,041
25. Aggregate write-ins for other than invested assets	90,095	90,095	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	30,459,209	5,383,886	25,075,323	26,678,261
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	30,459,209	5,383,886	25,075,323	26,678,261
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Prepaid Expenses	90,095	90,095	0	0
2502.	0		0	0
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	90,095	90,095	0	0

STATEMENT AS OF MARCH 31, 2014 OF THE NATIONAL FOUNDATION LIFE INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$ 144,033 less \$ included in Line 6.3 (including \$ Modco Reserve)	144,033	139,586
2. Aggregate reserve for accident and health contracts (including \$ Modco Reserve)	3,917,616	4,080,976
3. Liability for deposit-type contracts (including \$ Modco Reserve)	0	0
4. Contract claims:		
4.1 Life	104,000	123,000
4.2 Accident and health	6,546,088	8,286,398
5. Policyholders' dividends \$ and coupons \$ due and unpaid	0	0
6. Provision for policyholders' dividends and coupons payable in following calendar year—estimated amounts:		
6.1 Dividends apportioned for payment (including \$ Modco)	0	0
6.2 Dividends not yet apportioned (including \$ Modco)	0	0
6.3 Coupons and similar benefits (including \$ Modco)	0	0
7. Amount provisionally held for deferred dividend policies not included in Line 6	0	0
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ discount; including \$45,551 accident and health premiums	46,288	47,520
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts	0	0
9.2 Provision for experience rating refunds, including the liability of \$502,000 accident and health experience rating refunds of which \$502,000 is for medical loss ratio rebate per the Public Health Service Act	502,000	463,000
9.3 Other amounts payable on reinsurance, including \$245,000 assumed and \$ ceded	245,000	245,000
9.4 Interest Maintenance Reserve	582,972	606,118
10. Commissions to agents due or accrued—life and annuity contracts \$695 accident and health \$8,177 and deposit-type contract funds \$	8,872	10,694
11. Commissions and expense allowances payable on reinsurance assumed	452,203	204,326
12. General expenses due or accrued	300,345	653,310
13. Transfers to Separate Accounts due or accrued (net) (including \$ accrued for expense allowances recognized in reserves, net of reinsured allowances)	0	0
14. Taxes, licenses and fees due or accrued, excluding federal income taxes	361,950	378,084
15.1 Current federal and foreign income taxes, including \$ on realized capital gains (losses)	0	0
15.2 Net deferred tax liability	0	0
16. Unearned investment income	0	0
17. Amounts withheld or retained by company as agent or trustee	61,377	50
18. Amounts held for agents' account, including \$6,724 agents' credit balances	6,724	6,929
19. Remittances and items not allocated	55,914	46,288
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0
21. Liability for benefits for employees and agents if not included above	0	0
22. Borrowed money \$ and interest thereon \$	0	0
23. Dividends to stockholders declared and unpaid	0	0
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve	137,810	165,852
24.02 Reinsurance in unauthorized and certified companies (\$) companies	0	0
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$) reinsurers	0	0
24.04 Payable to parent, subsidiaries and affiliates	33,832	321,078
24.05 Drafts outstanding	0	0
24.06 Liability for amounts held under uninsured plans	0	0
24.07 Funds held under coinsurance	0	0
24.08 Derivatives	0	0
24.09 Payable for securities	0	0
24.10 Payable for securities lending	0	0
24.11 Capital notes \$ and interest thereon \$	0	0
25. Aggregate write-ins for liabilities	388,850	394,663
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	13,895,874	16,172,872
27. From Separate Accounts statement	0	0
28. Total liabilities (Lines 26 and 27)	13,895,874	16,172,872
29. Common capital stock	2,600,000	2,600,000
30. Preferred capital stock	0	0
31. Aggregate write-ins for other than special surplus funds	0	0
32. Surplus notes	0	0
33. Gross paid in and contributed surplus	30,121,573	30,121,573
34. Aggregate write-ins for special surplus funds	2,906,984	3,282,382
35. Unassigned funds (surplus)	(24,449,108)	(25,498,566)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 29 \$)	0	0
36.2 shares preferred (value included in Line 30 \$)	0	0
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$ in Separate Accounts Statement)	8,579,449	7,905,389
38. Totals of Lines 29, 30 and 37	11,179,449	10,505,389
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	25,075,323	26,678,261
DETAILS OF WRITE-INS		
2501. Escheat, abandoned property	388,850	394,663
2502.	0	0
2503.	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	388,850	394,663
3101.	0	0
3102.	0	0
3103.	0	0
3198. Summary of remaining write-ins for Line 31 from overflow page	0	0
3199. Totals (Lines 3101 through 3103 plus 3198)(Line 31 above)	0	0
3401. Deferred commission and expense allowance on sale of business	2,906,984	3,282,382
3402.	0	0
3403.	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0
3499. Totals (Lines 3401 through 3403 plus 3498)(Line 34 above)	2,906,984	3,282,382

SUMMARY OF OPERATIONS

	1 Current Year To Date	2 Prior Year Year to Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts	9,618,976	11,316,937	45,342,726
2. Considerations for supplementary contracts with life contingencies		0	0
3. Net investment income	219,387	240,228	969,976
4. Amortization of Interest Maintenance Reserve (IMR)	23,146	20,554	98,362
5. Separate Accounts net gain from operations excluding unrealized gains or losses		0	0
6. Commissions and expense allowances on reinsurance ceded	567,271	571,429	2,485,667
7. Reserve adjustments on reinsurance ceded		0	0
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts		0	0
8.2 Charges and fees for deposit-type contracts		0	0
8.3 Aggregate write-ins for miscellaneous income	0	0	0
9. Totals (Lines 1 to 8.3)	10,428,780	12,149,148	48,896,731
10. Death benefits	64,625	15,000	23,604
11. Matured endowments (excluding guaranteed annual pure endowments)		0	0
12. Annuity benefits		0	0
13. Disability benefits and benefits under accident and health contracts	5,991,592	7,875,545	33,257,975
14. Coupons, guaranteed annual pure endowments and similar benefits		0	0
15. Surrender benefits and withdrawals for life contracts	0	0	0
16. Group conversions		0	0
17. Interest and adjustments on contract or deposit-type contract funds	0	0	0
18. Payments on supplementary contracts with life contingencies		0	0
19. Increase in aggregate reserves for life and accident and health contracts	(158,913)	(188,162)	(695,658)
20. Totals (Lines 10 to 19)	5,897,304	7,702,383	32,585,921
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	780,562	767,173	3,021,016
22. Commissions and expense allowances on reinsurance assumed	1,290,456	1,331,987	4,459,680
23. General insurance expenses	1,209,966	1,324,140	5,411,038
24. Insurance taxes, licenses and fees, excluding federal income taxes	308,756	307,085	1,102,426
25. Increase in loading on deferred and uncollected premiums		0	0
26. Net transfers to or (from) Separate Accounts net of reinsurance		0	0
27. Aggregate write-ins for deductions	0	0	0
28. Totals (Lines 20 to 27)	9,487,044	11,432,768	46,580,081
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	941,736	716,380	2,316,650
30. Dividends to policyholders	0	0	0
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	941,736	716,380	2,316,650
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	0	0	0
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	941,736	716,380	2,316,650
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (excluding taxes of \$ transferred to the IMR)	0	0	0
35. Net income (Line 33 plus Line 34)	941,736	716,380	2,316,650
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year	10,505,389	9,721,750	9,721,750
37. Net income (Line 35)	941,736	716,380	2,316,650
38. Change in net unrealized capital gains (losses) less capital gains tax of \$	0	0	0
39. Change in net unrealized foreign exchange capital gain (loss)		0	0
40. Change in net deferred income tax	0	0	(702,848)
41. Change in nonadmitted assets	79,680	38,903	800,589
42. Change in liability for reinsurance in unauthorized and certified companies		0	0
43. Change in reserve on account of change in valuation basis, (increase) or decrease	0	0	0
44. Change in asset valuation reserve	28,042	(3,548)	62,574
45. Change in treasury stock		0	0
46. Surplus (contributed to) withdrawn from Separate Accounts during period		0	0
47. Other changes in surplus in Separate Accounts Statement		0	0
48. Change in surplus notes		0	0
49. Cumulative effect of changes in accounting principles		0	0
50. Capital changes:			
50.1 Paid in		0	0
50.2 Transferred from surplus (Stock Dividend)		0	0
50.3 Transferred to surplus		0	0
51. Surplus adjustment:			
51.1 Paid in	0	0	0
51.2 Transferred to capital (Stock Dividend)		0	0
51.3 Transferred from capital		0	0
51.4 Change in surplus as a result of reinsurance		0	0
52. Dividends to stockholders	0	0	0
53. Aggregate write-ins for gains and losses in surplus	(375,398)	(367,783)	(1,693,326)
54. Net change in capital and surplus (Lines 37 through 53)	674,060	383,952	783,639
55. Capital and surplus as of statement date (Lines 36 + 54)	11,179,449	10,105,702	10,505,389
DETAILS OF WRITE-INS			
08.301.	0	0	0
08.302.			
08.303.			
08.398. Summary of remaining write-ins for Line 8.3 from overflow page	0	0	0
08.399. Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	0	0	0
2701.			
2702.			
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0	0
2799. Totals (Lines 2701 through 2703 plus 2798)(Line 27 above)	0	0	0
5301. Deferred gain on sale of business	(375,398)	(367,783)	(1,693,326)
5302.			
5303.			
5398. Summary of remaining write-ins for Line 53 from overflow page	0	0	0
5399. Totals (Lines 5301 through 5303 plus 5398)(Line 53 above)	(375,398)	(367,783)	(1,693,326)

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance.....	9,785,054	11,484,192	43,576,283
2. Net investment income.....	225,671	187,010	1,091,895
3. Miscellaneous income.....	196,031	192,299	790,947
4. Total (Lines 1 to 3).....	10,206,756	11,863,501	45,459,125
5. Benefit and loss related payments.....	7,796,398	8,149,239	34,659,513
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	3,711,651	4,095,587	13,870,060
8. Dividends paid to policyholders.....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	0	0	0
10. Total (Lines 5 through 9).....	11,508,049	12,244,826	48,529,573
11. Net cash from operations (Line 4 minus Line 10).....	(1,301,293)	(381,325)	(3,070,448)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	1,228,641	603,876	5,816,529
12.2 Stocks.....	0	0	0
12.3 Mortgage loans.....	0	0	0
12.4 Real estate.....	0	0	0
12.5 Other invested assets.....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	0	0
12.7 Miscellaneous proceeds.....	0	579,617	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	1,228,641	1,183,493	5,816,529
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	0	868,764	5,842,922
13.2 Stocks.....	0	0	0
13.3 Mortgage loans.....	0	0	0
13.4 Real estate.....	0	0	0
13.5 Other invested assets.....	0	0	0
13.6 Miscellaneous applications.....	0	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	0	868,764	5,842,922
14. Net increase (or decrease) in contract loans and premium notes.....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	1,228,641	314,729	(26,393)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0	0
16.3 Borrowed funds.....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0	0
16.5 Dividends to stockholders.....	0	0	0
16.6 Other cash provided (applied).....	(487,138)	18,565	483,179
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	(487,138)	18,565	483,179
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	(559,790)	(48,031)	(2,613,662)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	2,238,220	4,851,882	4,851,882
19.2 End of period (Line 18 plus Line 19.1).....	1,678,430	4,803,851	2,238,220

EXHIBIT 1

DIRECT PREMIUMS AND DEPOSIT-TYPE CONTRACTS

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
1. Industrial life .....		.0	.0
2. Ordinary life insurance	142,952	110,367	490,964
3. Ordinary individual annuities .....		.0	.0
4. Credit life (group and individual) .....		.0	.0
5. Group life insurance .....		.0	.0
6. Group annuities .....		.0	.0
7. A & H - group	4,855,639	5,417,101	23,060,361
8. A & H - credit (group and individual) .....		.0	.0
9. A & H - other	2,859,938	2,803,736	11,180,208
10. Aggregate of all other lines of business .....	.0	.0	.0
11. Subtotal	7,858,529	8,331,204	34,731,533
12. Deposit-type contracts .....		.0	.0
13. Total	7,858,529	8,331,204	34,731,533
DETAILS OF WRITE-INS			
1001.			
1002.			
1003.			
1098. Summary of remaining write-ins for Line 10 from overflow page .....	.0	.0	.0
1099. Total (Lines 1001 through 1003 plus 1098)(Line 10 above)	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices

The financial statements of National Foundation Life Insurance Company ("NFL") are presented on the basis of accounting practices prescribed or permitted by the Texas Department of Insurance.

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

A reconciliation of the NFL's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Texas is shown below:

	<u>State of Texas</u>	<u>03/31/2014</u>	<u>12/31/2013</u>
<u>NET INCOME</u>			
(1) NFL state basis (Page 4, Line 35, Columns 1 & 2)	\$	941,736	\$ 2,316,650
(2) State Prescribed Practices that increase/(decrease) NAIC SAP		0	0
(3) State Prescribed Practices that increase/(decrease) NAIC SAP		0	0
(4) NAIC SAP (1-2-3=4)	<u>\$</u>	<u>941,736</u>	<u>\$ 2,316,650</u>
<u>SURPLUS</u>			
(5) NFL state basis (Page 3, Line 38, Columns 1 & 2)	\$	11,179,449	\$ 10,505,389
(6) State Prescribed Practices that increase/(decrease) NAIC SAP		0	0
(7) State Prescribed Practices that increase/(decrease) NAIC SAP		0	0
(8) NAIC SAP (5-6-7=8)	<u>\$</u>	<u>11,179,449</u>	<u>\$ 10,505,389</u>

B. Use of Estimates in the Preparation of the Financial Statements: No change

C. Accounting Policy: No change

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

No change

3. BUSINESS COMBINATIONS AND GOODWILL

No change

4. DISCONTINUED OPERATIONS

No change

5. INVESTMENTS

A. Mortgage Loans, including Mezzanine Real Estate Loans: None

B. Debt Restructuring: None

C. Reverse Mortgages: None

D. Loan-backed Securities

(1) Prepayment assumptions are provided by Bloomberg L.P.

(2) The Company has no impaired loan-backed securities with the intent to sell, or inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis.

(3) The Company has no loan-backed securities for which the present value of cash flows expected to be collected is less than the amortized cost basis of the securities.

(4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a) The aggregate amount of unrealized losses:

1. Less than 12 Months	\$ 36,338
2. 12 Months or Longer	\$ 75,072

b) The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months	\$ 1,147,061
2. 12 Months or Longer	\$ 996,309

(5) The Company determined that the impairments on its loan-backed securities are not other-than-temporary based upon a separate analysis of cash flows and based upon the advice and guidance of its outside investment advisor, Frost Bank.

E. Repurchase Agreements and/or Securities Lending Transactions: None

F. Real Estate: None

G. Investments in low-income housing tax credits (LIHTS): None

H. Restricted Assets: No material change

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

None

7. INVESTMENT INCOME

No change

8. DERIVATIVE INSTRUMENTS

None

9. INCOME TAXES

No material change

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES

No material change

11. DEBT

The Company has no capital notes, no liabilities for borrowed money, and no reverse repurchase agreements at March 31, 2014.

NOTES TO FINANCIAL STATEMENTS

12. DEFERRED COMPENSATION AND RETIREMENT PLANS
- A. Defined Benefit Plan: Not Applicable
 - B. Narrative: Not Applicable
 - C. Plan Assets: Not Applicable
 - D. Narrative: Not Applicable
 - E. Defined Contribution Plans: Not Applicable
 - F. Multiemployer Plans: Not Applicable
 - G. Consolidated/Holding Company Plans: No material changes
 - H. Postemployment Benefits and Compensated Absences: Not Applicable
 - I. Impact of Medicare Modernization Act on Postretirement Benefits: Not Applicable
13. CAPITAL AND SURPLUS SHAREHOLDER DIVIDEND RESTRICTIONS
No change
14. CONTINGENCIES
- A. Contingent Commitments: None
 - B. Assessments: No material change
 - C. Gain Contingencies: None
 - D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits: None
 - E. All Other Contingencies: None
15. LEASES
- A. Lessee Operating lease: None
 - B. Lessor Leases: None
16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK
None
17. SALE, TRANSFER, AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES
- A. Transfers of Receivables Reported as Sales: None
 - B. Transfer and Servicing of Financial Assets: None
 - C. Wash Sales: None
18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS
- A. ASO Plans: None
 - B. ASC Plans: None
 - C. Medicare or Similarly Structured Cost Based Reimbursement Contract: None
19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS / THIRD PARTY ADMINISTRATORS
None
20. FAIR VALUE MEASUREMENTS
The Company had no assets or liabilities that are measured at fair value.
21. OTHER ITEMS
- A. Extraordinary Items: None
 - B. Troubled Debt Restructuring: Debtors: None
 - C. Other Disclosures and Unusual Items: None
 - D. Business Interruption Insurance Recoveries: None
 - E. State Transferable and Non-transferable Tax Credits: None
 - F. Subprime Mortgage Related Risk Exposure: No material change
 - G. Retained Assets: None
 - H. Offsetting and Netting of Assets and Liabilities: None
 - I. Joint and Several Liabilities: None
22. EVENTS SUBSEQUENT
- Type I – Recognized Subsequent Events:
No change
- Type II – Nonrecognized Subsequent Events:
No change
- A. No material change
 - B. No material change
23. REINSURANCE
- A. Section 1-General Interrogatories
 - (1) No change
 - (2) No change
 - Section 2-Ceded Reinsurance Report -Part A
 - (1) a) No change
 - b) None
 - (2) No change
 - Section 3-Ceded Reinsurance Report –Part B
 - (1) No material change
 - (2) No material change
 - B. Uncollectible Reinsurance: None
 - C. Commutation of Ceded Reinsurance: None
 - D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation: None
24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION
- A. Retrospective premium adjustments: None
 - B. Accrued retrospective premiums: None
 - C. Net premiums subject to retrospective rating features: None
 - D. No material change

NOTES TO FINANCIAL STATEMENTS

25. CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSE

Reserves as of December 31, 2013 were approximately \$8.5 million. As of March 31, 2014, approximately \$5.3 million has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now approximately \$3.0 million as a result of re-estimation of unpaid claims and claim adjustment expenses principally on the major medical lines of insurance. Therefore, there has been approximately a \$200,000 favorable prior-year development since December 31, 2013 to March 31, 2014. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. No additional premiums or return premiums have been accrued as a result of the prior-year effects.

26. INTERCOMPANY POOLING AGREEMENTS

None

27. STRUCTURED SETTLEMENTS

None

28. HEALTH CARE RECEIVABLES

- A. Pharmaceutical rebate receivables: No material change
- B. Risk Sharing Receivables: None

29. PARTICIPATING CONTRACTS

None

30. PREMIUM DEFICIENCY RESERVES

No change

31. RESERVES FOR LIFE CONTRACTS AND ANNUITY CONTRACTS

No change

32. ANALYSIS OF ANNUITY ACTUARIAL RESERVES AND DEPOSIT TYPE LIABILITIES BY WITHDRAWAL CHARACTERISTICS

None

33. PREMIUM AND ANNUITY CONSIDERATIONS DEFERRED AND UNCOLLECTED

No material change

34. SEPARATE ACCOUNTS

None

35. LOSS/CLAIM ADJUSTMENT EXPENSES

No material change

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes No
- 1.2 If yes, has the report been filed with the domiciliary state? Yes No
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No
- 2.2 If yes, date of change:
- 3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?..... Yes No
If Yes, complete Schedule Y, Parts 1 and 1A.
- 3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes No
- 3.3 If the response to 3.2 is yes, provide a brief description of those changes.
.....
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes No NA
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2010
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2010
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 08/22/2011
- 6.4 By what department or departments?
Texas Department of Insurance.....
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes No NA
- 6.6 Have all of the recommendations within the latest financial examination report been complied with?..... Yes No NA
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?..... Yes No
- 7.2 If yes, give full information:
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?..... Yes No
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?..... Yes No
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

GENERAL INTERROGATORIES

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?..... Yes No
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 9.11 If the response to 9.1 is No, please explain:
.....
- 9.2 Has the code of ethics for senior managers been amended?..... Yes No
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
.....
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers?..... Yes No
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).
.....

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?..... Yes No
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$3,264

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes No
- 11.2 If yes, give full and complete information relating thereto:
.....
12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$
13. Amount of real estate and mortgages held in short-term investments: \$
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes No
- 14.2 If yes, please complete the following:
- | | 1 | | 2 | |
|---|---|--|--|--|
| | Prior Year-End
Book/Adjusted
Carrying Value | | Current Quarter
Book/Adjusted
Carrying Value | |
| 14.21 Bonds | \$ | | \$ | |
| 14.22 Preferred Stock | \$ | | \$ | |
| 14.23 Common Stock | \$ | | \$ | |
| 14.24 Short-Term Investments | \$ | | \$ | |
| 14.25 Mortgage Loans on Real Estate | \$ | | \$ | |
| 14.26 All Other | \$ | | \$ | |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal
Lines 14.21 to 14.26)..... | \$0 | | \$0 | |
| 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above | \$ | | \$ | |
- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes No
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No
If no, attach a description with this statement.

GENERAL INTERROGATORIES

16. For the reporting entity's security lending program, state the amount of the following as of the current statement date:
- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2..... \$
- 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2..... \$
- 16.3 Total payable for securities lending reported on the liability page..... \$

17. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?..... Yes [X] No []

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

1 Name of Custodian(s)	2 Custodian Address
Frost Bank.....	4200 South Hulen, Fort Worth, Texas 76109.....

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

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

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes [] No [X]

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address
	Frost Bank.....	4200 South Hulen, Fort Worth, Texas 76109.....

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

18.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES
PART 2 - LIFE & HEALTH

1

Amount

1. Report the statement value of mortgage loans at the end of this reporting period for the following categories:

1.1 Long-Term Mortgages in Good Standing	
1.11 Farm Mortgages	\$
1.12 Residential Mortgages	\$
1.13 Commercial Mortgages	\$
1.14 Total Mortgages in Good Standing	<u>\$ 0</u>

1.2 Long-Term Mortgages in Good Standing with Restructured Terms

1.21 Total Mortgages in Good Standing with Restructured Terms.....	\$
--	----------

1.3 Long-Term Mortgage Loans upon which Interest is Overdue more than Three Months

1.31 Farm Mortgages	\$
1.32 Residential Mortgages	\$
1.33 Commercial Mortgages	\$
1.34 Total Mortgages with Interest Overdue more than Three Months.....	<u>\$ 0</u>

1.4 Long-Term Mortgage Loans in Process of Foreclosure

1.41 Farm Mortgages	\$
1.42 Residential Mortgages	\$
1.43 Commercial Mortgages	\$
1.44 Total Mortgages in Process of Foreclosure.....	<u>\$ 0</u>

1.5 Total Mortgage Loans (Lines 1.14 + 1.21 + 1.34 + 1.44) (Page 2, Column 3, Lines 3.1 + 3.2).....	\$ 0
---	------

1.6 Long-Term Mortgages Foreclosed, Properties Transferred to Real Estate in Current Quarter

1.61 Farm Mortgages	\$
1.62 Residential Mortgages	\$
1.63 Commercial Mortgages	\$
1.64 Total Mortgages Foreclosed and Transferred to Real Estate	<u>\$ 0</u>

2. Operating Percentages:

2.1 A&H loss percent	64.3%
2.2 A&H cost containment percent	3.5%
2.3 A&H expense percent excluding cost containment expenses	33.0%

3.1 Do you act as a custodian for health savings accounts? Yes [] No [X]

3.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$

3.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

3.4 If yes, please provide the balance of the funds administered as of the reporting date. \$

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties – Current Year to Date

1 NAIC Company Code	2 ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Type of Reinsurer	8 Certified Reinsurer Rating (1 through 6)	9 Effective Date of Certified Reinsurer Rating
			LIFE AND ANNUITY AFFILIATES					
			LIFE AND ANNUITY NON-AFFILIATES					
			ACCIDENT AND HEALTH AFFILIATES					
			ACCIDENT AND HEALTH NON-AFFILIATES					
NONE								

STATEMENT AS OF MARCH 31, 2014 OF THE NATIONAL FOUNDATION LIFE INSURANCE COMPANY

SCHEDULE T—PREMIUMS AND ANNUITY CONSIDERATIONS

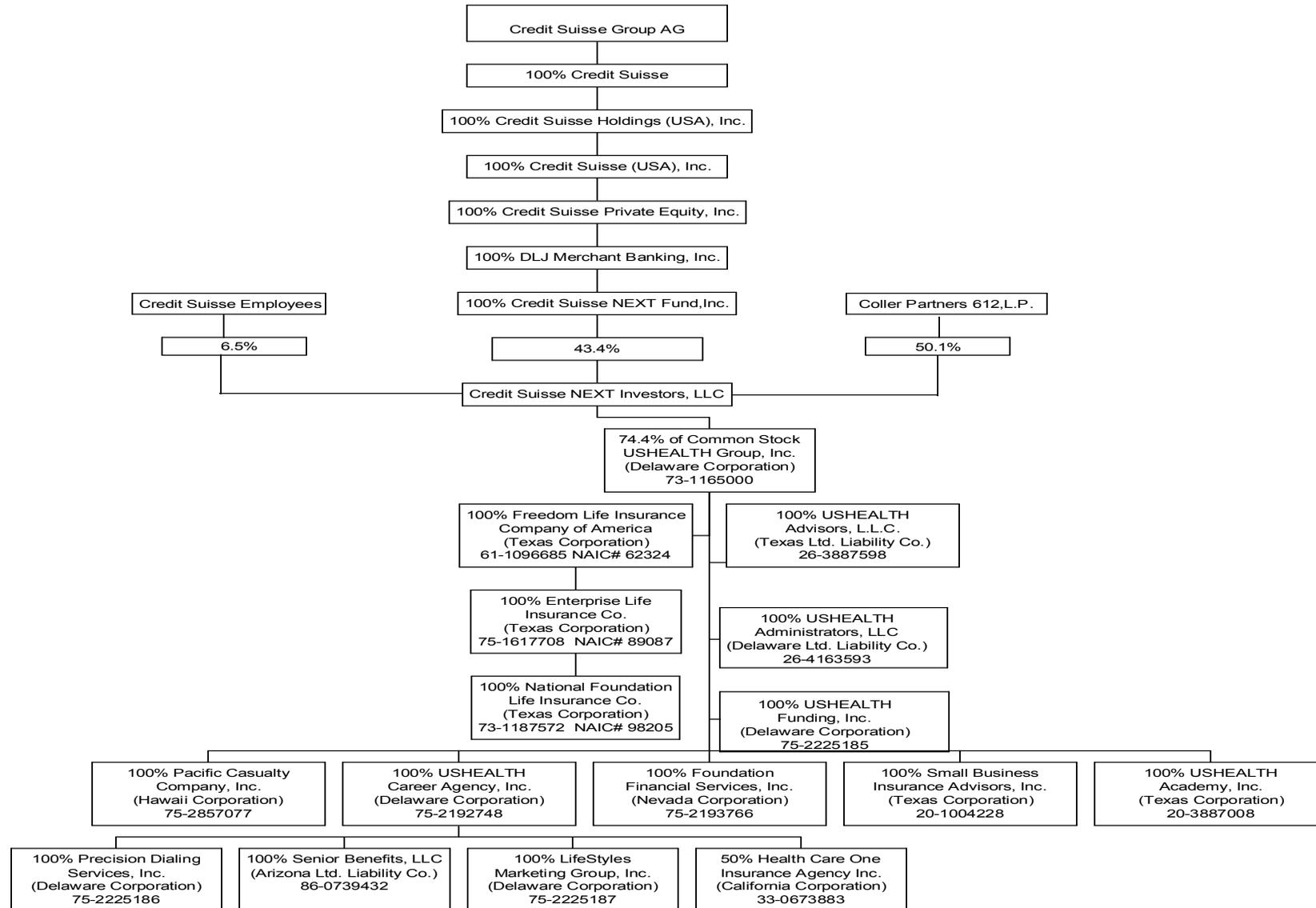
Current Year To Date - Allocated by States and Territories

States, Etc.	1	Direct Business Only							
		Life Contracts		4 Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	5 Other Considerations	6 Total Columns 2 Through 5	7 Deposit-Type Contracts		
		2 Life Insurance Premiums	3 Annuity Considerations						
1. Alabama	AL	L	240		35,159		35,399		
2. Alaska	AK	L	0		3,490		3,490		
3. Arizona	AZ	L	333		136,679		137,013		
4. Arkansas	AR	L	0		462,790		462,790		
5. California	CA	L	0		1,459,007		1,459,007		
6. Colorado	CO	L	1,253		903,233		904,485		
7. Connecticut	CT	N	0		463		463		
8. Delaware	DE	L	0		2,723		2,723		
9. District of Columbia	DC	L	0		823		823		
10. Florida	FL	N	193		51,418		51,611		
11. Georgia	GA	L	240		151,246		151,486		
12. Hawaii	HI	N	0		735		735		
13. Idaho	ID	L	0		4,389		4,389		
14. Illinois	IL	N	0		81,868		81,868		
15. Indiana	IN	L	0		3,086		3,086		
16. Iowa	IA	L	0		18,738		18,738		
17. Kansas	KS	L	0		31,974		31,974		
18. Kentucky	KY	L	0		108,908		108,908		
19. Louisiana	LA	L	0		90,995		90,995		
20. Maine	ME	L	0		316		316		
21. Maryland	MD	N	0		403		403		
22. Massachusetts	MA	N	0		1,702		1,702		
23. Michigan	MI	N	0		266		266		
24. Minnesota	MN	N	0		702		702		
25. Mississippi	MS	L	63		227,166		227,230		
26. Missouri	MO	L	62		51,161		51,223		
27. Montana	MT	L	15,352		437,183		452,534		
28. Nebraska	NE	L	0		49,403		49,403		
29. Nevada	NV	L	0		5,315		5,315		
30. New Hampshire	NH	N	0		828		828		
31. New Jersey	NJ	N	0		2,076		2,076		
32. New Mexico	NM	L	0		38,096		38,096		
33. New York	NY	N	0		1,740		1,740		
34. North Carolina	NC	L	123,865		1,390,942		1,514,808		
35. North Dakota	ND	L	0		489		489		
36. Ohio	OH	L	0		46,845		46,845		
37. Oklahoma	OK	L	0		113,845		113,845		
38. Oregon	OR	L	0		20,162		20,162		
39. Pennsylvania	PA	L	0		326,806		326,806		
40. Rhode Island	RI	N	0		0		0		
41. South Carolina	SC	L	433		450,272		450,705		
42. South Dakota	SD	L	0		1,679		1,679		
43. Tennessee	TN	L	847		59,165		60,011		
44. Texas	TX	L	1,381		934,782		936,163		
45. Utah	UT	L	152		89,312		89,464		
46. Vermont	VT	N	0		0		0		
47. Virginia	VA	Q	0		2,481		2,481		
48. Washington	WA	L	0		12,361		12,361		
49. West Virginia	WV	N	0		60		60		
50. Wisconsin	WI	N	0		242		242		
51. Wyoming	WY	L	0		76,267		76,267		
52. American Samoa	AS	N	0		0		0		
53. Guam	GU	N	0		0		0		
54. Puerto Rico	PR	N	0		0		0		
55. US Virgin Islands	VI	N	0		0		0		
56. Northern Mariana Islands	MP	N	0		0		0		
57. Canada	CAN	N	0		0		0		
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0	
59. Subtotal	(a)	35	144,413	0	7,889,792	0	8,034,204	0	
90. Reporting entity contributions for employee benefit plans	XXX						0		
91. Dividends or refunds applied to purchase paid-up additions and annuities	XXX						0		
92. Dividends or refunds applied to shorten endowment or premium paying period	XXX						0		
93. Premium or annuity considerations waived under disability or other contract provisions	XXX		0		7,406		7,406		
94. Aggregate other amounts not allocable by State	XXX		0	0	0	0	0	0	
95. Totals (Direct Business)	XXX		144,413	0	7,897,198	0	8,041,611	0	
96. Plus Reinsurance Assumed	XXX				2,587,248		2,587,248		
97. Totals (All Business)	XXX		144,413	0	10,484,446	0	10,628,859	0	
98. Less Reinsurance Ceded	XXX		1,170		842,634		843,804		
99. Totals (All Business) less Reinsurance Ceded	XXX		143,243	0	9,641,812	0	9,785,054	0	
DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX		0	0	0	0	0	0	0
58999. Total (Lines 58001 through 58003 + 58998)(Line 58 above)	XXX		0	0	0	0	0	0	0
9401.	XXX								
9402.	XXX								
9403.	XXX								
9498. Summary of remaining write-ins for Line 94 from overflow page	XXX		0	0	0	0	0	0	0
9499. Total (Lines 9401 through 9403 + 9498)(Line 94 above)	XXX		0	0	0	0	0	0	0

(L) Licensed or Chartered – Licensed Insurance Carrier or Domiciled RRG; (R) Registered – Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above – Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART**



12

STATEMENT AS OF MARCH 31, 2014 OF THE NATIONAL FOUNDATION LIFE INSURANCE COMPANY

SCHEDULE Y PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*
0839	USHEALTH Group, Inc	98205	73-1187572	2843386			National Life Insurance Company	.TX	.RE	Enterprise Life Insurance Company	Ownership	100.0	Credit Suisse Group AG	
0839	USHEALTH Group, Inc	89087	75-1617708	4497493			Enterprise Life Insurance Company	.TX	UDP	Freedom Life Insurance Company of America	Ownership	100.0	Credit Suisse Group AG	
0839	USHEALTH Group, Inc	62324	00-0000000	3794207			Pacific Casualty Company, Inc	.HI	.IA	USHEALTH Group, Inc	Ownership	100.0	Credit Suisse Group AG	
0839	USHEALTH Group, Inc	00000	00-0000000	2843519			USHEALTH Administrators, LLC	.DE	.NIA	USHEALTH Group, Inc	Ownership	100.0	Credit Suisse Group AG	
0839	USHEALTH Group, Inc	00000	00-0000000	2843443			USHEALTH Career Agency, Inc	.DE	.NIA	USHEALTH Group, Inc	Ownership	100.0	Credit Suisse Group AG	
0839	USHEALTH Group, Inc	00000	00-0000000	2843434			Foundation Financial Services, Inc	.NV	.NIA	USHEALTH Group, Inc	Ownership	100.0	Credit Suisse Group AG	
0839	USHEALTH Group, Inc	00000	00-0000000	3372838			Small Business Insurance Advisors, Inc. (formerly USCARE Marketing, Inc.)	.TX	.NIA	USHEALTH Group, Inc	Ownership	100.0	Credit Suisse Group AG	
0839	USHEALTH Group, Inc	00000	00-0000000	3582769			USHEALTH Academy, Inc	.TX	.NIA	USHEALTH Group, Inc	Ownership	100.0	Credit Suisse Group AG	
0839	USHEALTH Group, Inc	00000	00-0000000	4279840			USHEALTH Advisors, LLC	.TX	.NIA	USHEALTH Group, Inc	Ownership	100.0	Credit Suisse Group AG	
0839	USHEALTH Group, Inc	00000	00-0000000	2843470			Precision Dialing Services, Inc	.TX	.NIA	USHEALTH Career Agency, Inc	Ownership	100.0	Credit Suisse Group AG	
0839	USHEALTH Group, Inc	00000	00-0000000	2843498			Senior Benefits LLC	.AZ	.NIA	USHEALTH Career Agency, Inc	Ownership	100.0	Credit Suisse Group AG	
0839	USHEALTH Group, Inc	00000	00-0000000	2843528			USHEALTH Funding, Inc	.DE	.NIA	USHEALTH Group, Inc	Ownership	100.0	Credit Suisse Group AG	
0839	USHEALTH Group, Inc	00000	00-0000000	2843489			Lifestyles Marketing Group, Inc	.DE	.NIA	USHEALTH Career Agency, Inc	Ownership	100.0	Credit Suisse Group AG	
0839	USHEALTH Group, Inc	00000	00-0000000	2843461			Health Care One Insurance Agency, Inc	.CA	.NIA	USHEALTH Career Agency, Inc	Ownership	50.0	Credit Suisse Group AG	
0839	USHEALTH Group, Inc	00000	00-0000000	2843359			USHEALTH Group, Inc	.DE	.UIP	Credit Suisse NEXT Investors, LLC	Ownership	75.7	Credit Suisse Group AG	
0839	USHEALTH Group, Inc	62324	61-1096685	2843416			Freedom Life Insurance Company of America	.TX	.UIP	USHEALTH Group, Inc	Ownership	100.0	Credit Suisse Group AG	

Asterisk	Explanation
1	None

13

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

	RESPONSE
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	.....NO.....
2. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	.....NO.....
3. Will the Reasonableness of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC?	.....NO.....
4. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC?	.....NO.....
5. Will the Reasonableness of Assumptions Certification for Implied Guaranteed Rate Method required by Actuarial Guideline XXXVI be filed with the state of domicile and electronically with the NAIC?	.....NO.....
6. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Average Market Value) be filed with the state of domicile and electronically with the NAIC?	.....NO.....
7. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Market Value) be filed with the state of domicile and electronically with the NAIC?	.....NO.....

Explanation:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.

Bar Code:

1.	 9 8 2 0 5 2 0 1 4 4 9 0 0 0 0 0 1
2.	 9 8 2 0 5 2 0 1 4 3 6 5 0 0 0 0 1
3.	 9 8 2 0 5 2 0 1 4 4 4 5 0 0 0 0 1
4.	 9 8 2 0 5 2 0 1 4 4 4 6 0 0 0 0 1
5.	 9 8 2 0 5 2 0 1 4 4 4 7 0 0 0 0 1
6.	 9 8 2 0 5 2 0 1 4 4 4 8 0 0 0 0 1
7.	 9 8 2 0 5 2 0 1 4 4 4 9 0 0 0 0 1

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A - VERIFICATION

Real Estate

	1 Year to Date	2 Prior Year Ended December 31
NONE		
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Current year change in encumbrances	0	0
4. Total gain (loss) on disposals	0	0
5. Deduct amounts received on disposals	0	0
6. Total foreign exchange change in book/adjusted carrying value	0	0
7. Deduct current year's other than temporary impairment recognized	0	0
8. Deduct current year's depreciation	0	0
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	0	0
10. Deduct total nonadmitted amounts	0	0
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

SCHEDULE B – VERIFICATION

Mortgage Loans

	1 Year to Date	2 Prior Year Ended December 31
NONE		
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Capitalized deferred interest and other	0	0
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	0	0
6. Total gain (loss) on disposals	0	0
7. Deduct amounts received on disposals	0	0
8. Deduct amortization of premium and mortgage interest points and commitment fees	0	0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest	0	0
10. Deduct current year's other than temporary impairment recognized	0	0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance	0	0
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts	0	0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
NONE		
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Capitalized deferred interest and other	0	0
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	0	0
6. Total gain (loss) on disposals	0	0
7. Deduct amounts received on disposals	0	0
8. Deduct amortization of premium and depreciation	0	0
9. Total foreign exchange change in book/adjusted carrying value	0	0
10. Deduct current year's other than temporary impairment recognized	0	0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	21,862,487	21,823,500
2. Cost of bonds and stocks acquired	0	5,842,922
3. Accrual of discount	1,265	6,348
4. Unrealized valuation increase (decrease)	0	0
5. Total gain (loss) on disposals	0	143,200
6. Deduct consideration for bonds and stocks disposed of	1,228,641	5,816,529
7. Deduct amortization of premium	31,408	136,954
8. Total foreign exchange change in book/adjusted carrying value	0	0
9. Deduct current year's other than temporary impairment recognized	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	20,603,702	21,862,487
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	20,603,702	21,862,487

STATEMENT AS OF MARCH 31, 2014 OF THE NATIONAL FOUNDATION LIFE INSURANCE COMPANY

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. NAIC 1 (a).....	20,224,982	790,137	1,958,154	(543,678)	18,513,288	0	0	20,224,982
2. NAIC 2 (a).....	3,481,717	0	7,256	263,048	3,737,510	0	0	3,481,717
3. NAIC 3 (a).....	830,924	0	2,270	250,685	1,079,338	0	0	830,924
4. NAIC 4 (a).....	0	0	0	365,558	365,558	0	0	0
5. NAIC 5 (a).....	365,757	0	0	(365,757)	0	0	0	365,757
6. NAIC 6 (a).....	0	0	0	0	0	0	0	0
7. Total Bonds	24,903,380	790,137	1,967,679	(30,144)	23,695,694	0	0	24,903,380
PREFERRED STOCK								
8. NAIC 1.....	0	0	0	0	0	0	0	0
9. NAIC 2.....	0	0	0	0	0	0	0	0
10. NAIC 3.....	0	0	0	0	0	0	0	0
11. NAIC 4.....	0	0	0	0	0	0	0	0
12. NAIC 5.....	0	0	0	0	0	0	0	0
13. NAIC 6.....	0	0	0	0	0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	24,903,380	790,137	1,967,679	(30,144)	23,695,694	0	0	24,903,380

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....0 ; NAIC 2 \$.....0 ; NAIC 3 \$.....0 ; NAIC 4 \$.....0 ; NAIC 5 \$.....0 ; NAIC 6 \$.....0

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SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	3,091,992	XXX	3,091,992	167	0

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	3,040,893	6,042,159
2. Cost of short-term investments acquired	790,137	3,788,755
3. Accrual of discount.....	0	0
4. Unrealized valuation increase (decrease).....	0	0
5. Total gain (loss) on disposals.....	0	0
6. Deduct consideration received on disposals.....	739,039	6,790,021
7. Deduct amortization of premium.....	0	0
8. Total foreign exchange change in book/adjusted carrying value.....	0	0
9. Deduct current year's other than temporary impairment recognized.....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	3,091,992	3,040,893
11. Deduct total nonadmitted amounts.....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	3,091,992	3,040,893

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B- Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

Schedule E Verification

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

Schedule D - Part 3

NONE

STATEMENT AS OF MARCH 31, 2014 OF THE NATIONAL FOUNDATION LIFE INSURANCE COMPANY

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22		
										11	12	13	14	15									
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)		
36200N-RJ-2	GNMA #605389		03/15/2014	PRINCIPAL RECEIPT		2,654	2,654	2,647	2,647	.0	.7	.0	.7	.0	2,654	.0	.0	.0	.23	04/15/2034	1FE		
36200N-S6-9	GNMA #605441		03/15/2014	PRINCIPAL RECEIPT		136	136	139	138	.0	(2)	.0	(2)	.0	136	.0	.0	.0	.0	06/15/2034	1FE		
36200N-TS-0	GNMA #605461		03/15/2014	PRINCIPAL RECEIPT		12,072	12,072	12,144	12,127	.0	(55)	.0	(55)	.0	12,072	.0	.0	.0	105	06/15/2034	1FE		
36291R-Y7-1	GNMA #636234		03/15/2014	PRINCIPAL RECEIPT		3,811	3,811	3,770	3,777	.0	34	.0	34	.0	3,811	.0	.0	.0	20	03/15/2035	1FE		
36294S-EC-7	GNMA #658131		03/15/2014	PRINCIPAL RECEIPT		4,990	4,990	4,987	4,986	.0	4	.0	4	.0	4,990	.0	.0	.0	66	10/15/2036	1FE		
3620AR-FV-8	GNMA #737380		03/15/2014	PRINCIPAL RECEIPT		46,107	46,107	46,352	46,344	.0	(237)	.0	(237)	.0	46,107	.0	.0	.0	359	03/15/2040	1FE		
912828-CA-6	U.S. Treasury Note		02/15/2014	MATURITY		350,000	350,000	337,832	349,800	.0	200	.0	200	.0	350,000	.0	.0	.0	7,000	02/15/2014	1FE		
0599999 - Bonds - U.S. Governments						419,771	419,771	407,872	419,820	0	(49)	0	(49)	0	419,771	0	0	0	7,574	XXX	XXX		
31292H-NC-4	FHLMC #C01287		03/01/2014	PRINCIPAL RECEIPT		.431	.431	.435	.434	.0	(.3)	.0	(.3)	.0	.431	.0	.0	.0	.5	01/01/2032	1FE		
31292H-NH-3	FHLMC 6 0 30 Year																						
31292H-NH-3	#C01292		03/01/2014	PRINCIPAL RECEIPT		1,174	1,174	1,163	1,163	.0	10	.0	10	.0	1,174	.0	.0	.0	12	02/01/2032	1FE		
31296J-MY-9	FHLMC Gold Pool #A10375		03/01/2014	PRINCIPAL RECEIPT		7,413	7,413	7,570	7,498	.0	(85)	.0	(85)	.0	7,413	.0	.0	.0	75	06/01/2033	1FE		
31414J-H5-5	FNMA #967452		03/25/2014	PRINCIPAL RECEIPT		917	917	921	916	.0	1	.0	1	.0	917	.0	.0	.0	9	12/01/2022	1FE		
31384V-ZC-9	FNMA 8 0 30 YR #535439		03/01/2014	PRINCIPAL RECEIPT		.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	08/01/2030	1FE	
3136AB-YG-2	FNR 2013-1 BA Mtge		03/15/2014	PRINCIPAL RECEIPT		14,288	14,288	14,327	14,327	.0	(39)	.0	(39)	.0	14,288	.0	.0	.0	76	02/25/2040	1FE		
3136AD-FR-5	FNR 2013-31 LV Mtge		03/25/2014	PRINCIPAL RECEIPT		13,513	13,513	14,839	14,786	.0	(1,273)	.0	(1,273)	.0	13,513	.0	.0	.0	79	12/25/2027	1FE		
3199999 - Total - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of...						37,735	37,735	39,256	39,124	0	(1,389)	0	(1,389)	0	37,735	0	0	0	256	XXX	XXX		
02005H-AE-3	Ally Auto Recv Trust 2010-1 B		02/15/2014	PRINCIPAL RECEIPT		88,010	88,010	90,729	88,343	.0	(334)	.0	(334)	.0	88,010	.0	.0	.0	349	03/15/2015	1FE		
03063P-AE-2	Americredit Auto Receivables Trust Banc of America CMO		03/08/2014	PRINCIPAL RECEIPT		340	340	345	341	.0	.0	.0	.0	.0	340	.0	.0	.0	3	04/08/2016	1FE		
05948X-BS-9	2003-D		03/25/2014	PRINCIPAL RECEIPT		781	781	788	785	.0	(3)	.0	(3)	.0	781	.0	.0	.0	2	05/25/2033	3Z		
12189P-AM-4	Burlington Northern Santa Fe		01/31/2014	CALLED @ 100.000000		23,360	23,360	23,360	23,360	.0	.0	.0	.0	.0	23,360	.0	.0	.0	600	01/15/2021	1FE		
34528Q-BC-7	2011-1 C		02/15/2014	PRINCIPAL RECEIPT		500,000	500,000	499,905	500,009	.0	(9)	.0	(9)	.0	500,000	.0	.0	.0	2,175	02/15/2016	1FE		
55265K-XH-7	MASTR CMO 2003-5 1A1		03/01/2014	PRINCIPAL RECEIPT		1,489	1,489	1,523	1,512	.0	(23)	.0	(23)	.0	1,489	.0	.0	.0	14	06/25/2033	3Z*		
576434-FK-5	MASTR CMO 2003-5 8A1		03/01/2014	PRINCIPAL RECEIPT		7,256	7,256	7,165	7,190	.0	66	.0	66	.0	7,256	.0	.0	.0	98	06/25/2033	2Z*		
80282L-AB-0	Santander Auto Recv Trust 11-S1A C		01/15/2014	PRINCIPAL RECEIPT		19,899	19,899	19,899	19,899	.0	.0	.0	.0	.0	19,899	.0	.0	.0	31	05/15/2017	1FE		
931142-CN-1	Wal-Mart Stores Inc		02/03/2014	MATURITY		130,000	130,000	136,999	130,306	.0	(306)	.0	(306)	.0	130,000	.0	.0	.0	1,972	02/03/2014	1FE		
3899999 - Bonds - Industrial and Miscellaneous						771,135	771,135	780,713	771,745	0	(610)	0	(610)	0	771,135	0	0	0	5,244	XXX	XXX		
8399997 - Bonds - Part 4						1,228,641	1,228,641	1,227,841	1,230,689	0	(2,048)	0	(2,048)	0	1,228,641	0	0	0	13,074	XXX	XXX		
8399999 - Total - Bonds						1,228,641	1,228,641	1,227,841	1,230,689	0	(2,048)	0	(2,048)	0	1,228,641	0	0	0	13,074	XXX	XXX		
8999999 - Total - Preferred Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9799999 - Total - Common Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9899999 - Total - Preferred and Common Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9999999 Totals						1,228,641	XXX	1,227,841	1,230,689	0	(2,048)	0	(2,048)	0	1,228,641	0	0	0	0	13,074	XXX	XXX	

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues 0

E05

Schedule DB - Part A - Section 1

NONE

Sch. DB - Pt. A - Sn. 1 - Footnotes

NONE

Schedule DB - Part B - Section 1

NONE

Sch. DB - Pt. B - Sn. 1 - Footnotes

NONE

Schedule DB - Part D Section 1

NONE

Schedule DB - Part D Section 2

NONE

Schedule DB - Part D Section 2 [Cont.]

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
NONE							
8699999 Total Cash Equivalents					0	0	0

E13