



# QUARTERLY STATEMENT

As of March 31, 2009  
of the Condition and Affairs of the

## First Reliance Standard Life Insurance Company

|   |   |  |
|---|---|--|
| NAIC Group Code.....0074, 0074<br>(Current Period) (Prior Period) | NAIC Company Code..... 71005  | Employer's ID Number..... 13-3176850   |
| Organized under the Laws of New York                              | State of Domicile or Port of Entry New York   | Country of Domicile US   |
| Incorporated/Organized..... June 16, 1983                         | Commenced Business..... October 1, 1984   |  |
| Statutory Home Office   | 590 Madison Avenue, 29th Floor..... New York ..... NY ..... 10022<br><i>(Street and Number) (City or Town, State and Zip Code)</i>              |  |
| Main Administrative Office  | 590 Madison Avenue, 29th Floor..... New York ..... NY ..... 10022<br><i>(Street and Number) (City or Town, State and Zip Code)</i>              | 212-303-8400<br><i>(Area Code) (Telephone Number)</i>  |
| Mail Address  | 590 Madison Avenue, 29th Floor..... New York ..... NY ..... 10022<br><i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i> |  |
| Primary Location of Books and Records                             | 590 Madison Avenue, 29th Floor..... New York ..... NY ..... 10022<br><i>(Street and Number) (City or Town, State and Zip Code)</i>              | 212-303-8400<br><i>(Area Code) (Telephone Number)</i>  |
| Internet Web Site Address   | N/A   |  |
| Statutory Statement Contact                                       | Paul Van Haren<br><i>(Name)</i><br>paul.van.haren@rsli.com<br><i>(E-Mail Address)</i>   | 267-256-3664<br><i>(Area Code) (Telephone Number) (Extension)</i><br>267-256-3522<br><i>(Fax Number)</i> |

### OFFICERS

| Name                        | Title     | Name                                  | Title     |
|-----------------------------|-----------|---------------------------------------|-----------|
| 1. Lawrence Edmund Daurelle | President | 2. Charles Thomas Denaro              | Secretary |
| 3. Thomas William Burghart  | Treasurer | 4. Rosemary Theresa Barton, FSA, MAAA | Actuary   |

### OTHER

|                           |                       |                             |                          |
|---------------------------|-----------------------|-----------------------------|--------------------------|
| Thomas William Burghart   | Senior Vice President | Warren Mark Cohen           | Senior Vice President    |
| Chad William Coulter      | Senior Vice President | Charles Thomas Denaro       | Vice President           |
| Daniel Joseph Falkenstein | Senior Vice President | Christopher Anthony Fazzini | Executive Vice President |
| Danny Ronald Green        | Senior Vice President | Debra Glazer Staples        | Senior Vice President    |

### DIRECTORS OR TRUSTEES

|                         |                          |                          |                     |
|-------------------------|--------------------------|--------------------------|---------------------|
| Thomas William Burghart | Lawrence Edmund Daurelle | Steven Andrew Hirsh      | Harold Franz Ilg    |
| Bernard Joseph Kilkelly | James Michael Litvack    | James Norbert Meehan     | Robert Rosenkranz   |
| Nita Lone Savage        | Donald Alan Sherman      | Robert Michael Smith Jr. | Robert Floyd Wright |

State of..... Pennsylvania  
County of..... Philadelphia ss

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

(Signature)

Lawrence Edmund Daurelle

1. (Printed Name)

President

(Title)

(Signature)

Charles Thomas Denaro

2. (Printed Name)

Secretary

(Title)

(Signature)

Thomas William Burghart

3. (Printed Name)

Treasurer

(Title)

Subscribed and sworn to before me  
This 14th day of May, 2009

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

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

COMMONWEALTH OF PENNSYLVANIA

NOTARIAL SEAL

NICOLE FULMORE, Notary Public

City of Philadelphia, Phila. County

My Commission Expires November 9, 2011

## ASSETS

|  | Current Statement Date |                            |  | 4<br>December 31<br>Prior Year Net<br>Admitted Assets |
|--|------------------------|----------------------------|--|---|
|  | 1<br>Assets            | 2<br>Nonadmitted<br>Assets | 3<br>Net Admitted<br>Assets<br>(Cols. 1 - 2) |   |
| 1. Bonds.....  | 123,375,477            |                            | 123,375,477                                  | 124,779,628   |
| 2. Stocks:   |                        |                            |  |   |
| 2.1 Preferred stocks.....  |                        |                            | .0   |   |
| 2.2 Common stocks.....   |                        |                            | .0   |   |
| 3. Mortgage loans on real estate:  |                        |                            |  |   |
| 3.1 First liens.....   |                        |                            | .0   |   |
| 3.2 Other than first liens.....  |                        |                            | .0   |   |
| 4. Real estate:  |                        |                            |  |   |
| 4.1 Properties occupied by the company (less \$.....0 encumbrances).....   |                        |                            | .0   |   |
| 4.2 Properties held for the production of income (less \$.....0 encumbrances).....   |                        |                            | .0   |   |
| 4.3 Properties held for sale (less \$.....0 encumbrances).....   |                        |                            | .0   |   |
| 5. Cash (\$.....286,149), cash equivalents (\$.....0) and short-term investments (\$.....3,984,444).....   | 4,270,593              |                            | 4,270,593                                    | 2,355,787   |
| 6. Contract loans (including \$.....0 premium notes).....  | 18,744                 |                            | 18,744                                       | 18,744  |
| 7. Other invested assets.....  |                        |                            | .0   |   |
| 8. Receivables for securities.....   |                        |                            | .0   |   |
| 9. Aggregate write-ins for invested assets.....  | .0                     | .0                         | .0   | .0  |
| 10. Subtotals, cash and invested assets (Lines 1 to 9).....  | 127,664,814            | .0                         | 127,664,814                                  | 127,154,159   |
| 11. Title plants less \$.....0 charged off (for Title insurers only).....  |                        |                            | .0   |   |
| 12. Investment income due and accrued.....   | 1,453,961              |                            | 1,453,961                                    | 1,366,296   |
| 13. Premiums and considerations:   |                        |                            |  |   |
| 13.1 Uncollected premiums and agents' balances in the course of collection.....  | 4,814,745              | 359                        | 4,814,386                                    | 2,790,330   |
| 13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)..... | 21,555                 |                            | 21,555                                       | 21,555  |
| 13.3 Accrued retrospective premiums.....   |                        |                            | .0   |   |
| 14. Reinsurance:   |                        |                            |  |   |
| 14.1 Amounts recoverable from reinsurers.....  | 654,484                |                            | 654,484                                      | 689,346   |
| 14.2 Funds held by or deposited with reinsured companies.....  |                        |                            | .0   |   |
| 14.3 Other amounts receivable under reinsurance contracts.....   |                        |                            | .0   |   |
| 15. Amounts receivable relating to uninsured plans.....  |                        |                            | .0   |   |
| 16.1 Current federal and foreign income tax recoverable and interest thereon.....  |                        |                            | .0   |   |
| 16.2 Net deferred tax asset.....   | 3,923,356              | 3,381,528                  | 541,828                                      | 528,124   |
| 17. Guaranty funds receivable or on deposit.....   |                        |                            | .0   |   |
| 18. Electronic data processing equipment and software.....   |                        |                            | .0   |   |
| 19. Furniture and equipment, including health care delivery assets (\$.....0).....   | 27,442                 | 27,442                     | .0   |   |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates.....  |                        |                            | .0   |   |
| 21. Receivables from parent, subsidiaries and affiliates.....  | 1,203,714              |                            | 1,203,714                                    | 843,332   |
| 22. Health care (\$.....0) and other amounts receivable.....   |                        |                            | .0   |   |
| 23. Aggregate write-ins for other than invested assets.....  | 265,594                | 265,594                    | .0   | .0  |
| 24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....                             | 140,029,665            | 3,674,923                  | 136,354,742                                  | 133,393,142   |
| 25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....   |                        |                            | .0   |   |
| 26. Total (Lines 24 and 25).....   | 140,029,665            | 3,674,923                  | 136,354,742                                  | 133,393,142   |

### DETAILS OF WRITE-INS

|  |         |         |    |    |
|--|---------|---------|----|----|
| 0901.....  |         |         | .0 |    |
| 0902.....  |         |         | .0 |    |
| 0903.....  |         |         | .0 |    |
| 0998. Summary of remaining write-ins for Line 9 from overflow page.....  | .0      | .0      | .0 | .0 |
| 0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....        | .0      | .0      | .0 | .0 |
| 2301. Prepaid pension costs and other expenses and suspense debits.....  | 265,594 | 265,594 | .0 |    |
| 2302.....  |         |         | .0 |    |
| 2303.....  |         |         | .0 |    |
| 2398. Summary of remaining write-ins for Line 23 from overflow page..... | .0      | .0      | .0 | .0 |
| 2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....       | 265,594 | 265,594 | .0 | .0 |

Statement as of March 31, 2009 of the **First Reliance Standard Life Insurance Company**  
**LIABILITIES, SURPLUS AND OTHER FUNDS**

|  | 1<br>Current<br>Statement Date | 2<br>December 31<br>Prior Year |
|--|--------------------------------|--------------------------------|
| 1. Aggregate reserve for life contracts \$.....9,035,222 less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve).....  | 9,035,222                      | 8,578,439                      |
| 2. Aggregate reserve for accident and health contracts (including \$.....0 Modco Reserve).....   | 48,908,990                     | 47,778,479                     |
| 3. Liability for deposit-type contracts (including \$.....0 Modco Reserve).....  | 847,914                        | 885,625                        |
| 4. Contract claims:  |                                |                                |
| 4.1 Life.....  | 4,186,098                      | 3,655,000                      |
| 4.2 Accident and health.....   | 16,674,012                     | 16,189,983                     |
| 5. Policyholders' dividends \$.....0 and coupons \$.....0 due and unpaid.....  |                                |                                |
| 6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:  |                                |                                |
| 6.1 Dividends apportioned for payment (including \$.....0 Modco).....  |                                |                                |
| 6.2 Dividends not yet apportioned (including \$.....0 Modco).....  |                                |                                |
| 6.3 Coupons and similar benefits (including \$.....0 Modco).....   |                                |                                |
| 7. Amount provisionally held for deferred dividend policies not included in Line 6.....  |                                |                                |
| 8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$.....0 discount; including \$.....1,238 accident and health premiums..... | 1,838                          | 980                            |
| 9. Contract liabilities not included elsewhere:  |                                |                                |
| 9.1 Surrender values on canceled contracts.....  |                                |                                |
| 9.2 Provision for experience rating refunds, including \$.....0 accident and health experience rating refunds.....   |                                |                                |
| 9.3 Other amounts payable on reinsurance, including \$.....0 assumed and \$.....652 ceded.....   | 652                            | 8,935                          |
| 9.4 Interest Maintenance Reserve.....  | 916,310                        | 930,177                        |
| 10. Commissions to agents due or accrued - life and annuity contracts \$.....0, accident and health \$.....0 and deposit-type contract funds \$.....0.....                             |                                |                                |
| 11. Commissions and expense allowances payable on reinsurance assumed.....   |                                |                                |
| 12. General expenses due or accrued.....   | 927,905                        | 822,173                        |
| 13. Transfers to Separate Accounts due or accrued (net) (including \$.....0 accrued for expense allowances recognized in reserves, net of reinsured allowances).....                   |                                |                                |
| 14. Taxes, licenses and fees due or accrued, excluding federal income taxes.....   | (143,441)                      | 55,660                         |
| 15.1 Current federal and foreign income taxes, including \$.....(88) on realized capital gains (losses).....   | 1,146,576                      | 813,214                        |
| 15.2 Net deferred tax liability.....   |                                |                                |
| 16. Unearned investment income.....  |                                |                                |
| 17. Amounts withheld or retained by company as agent or trustee.....   | 274,005                        | 377,978                        |
| 18. Amounts held for agents' account, including \$.....155,660 agents' credit balances.....  | 155,660                        | 147,932                        |
| 19. Remittances and items not allocated.....   | 1,050,579                      | 1,116,993                      |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates.....  |                                |                                |
| 21. Liability for benefits for employees and agents if not included above.....   |                                |                                |
| 22. Borrowed money \$.....0 and interest thereon \$.....0.....   |                                |                                |
| 23. Dividends to stockholders declared and unpaid.....   |                                |                                |
| 24. Miscellaneous liabilities:   |                                |                                |
| 24.1 Asset valuation reserve.....  |                                |                                |
| 24.2 Reinsurance in unauthorized companies.....  |                                |                                |
| 24.3 Funds held under reinsurance treaties with unauthorized reinsurers.....   |                                |                                |
| 24.4 Payable to parent, subsidiaries and affiliates.....   | 1,613                          | 1,716                          |
| 24.5 Drafts outstanding.....   |                                |                                |
| 24.6 Liability for amounts held under uninsured plans.....   |                                |                                |
| 24.7 Funds held under coinsurance.....   |                                |                                |
| 24.8 Payable for securities.....   |                                |                                |
| 24.9 Capital notes \$.....0 and interest thereon \$.....0.....   |                                |                                |
| 25. Aggregate write-ins for liabilities.....   | 3,455,318                      | 3,529,192                      |
| 26. Total liabilities excluding Separate Accounts business (Lines 1 to 25).....  | 87,439,251                     | 84,892,476                     |
| 27. From Separate Accounts statement.....  |                                |                                |
| 28. Total liabilities (Lines 26 and 27).....   | 87,439,251                     | 84,892,476                     |
| 29. Common capital stock.....  | 2,000,000                      | 2,000,000                      |
| 30. Preferred capital stock.....   |                                |                                |
| 31. Aggregate write-ins for other than special surplus funds.....  | 0                              | 0                              |
| 32. Surplus notes.....   |                                |                                |
| 33. Gross paid in and contributed surplus.....   | 5,749,758                      | 5,749,758                      |
| 34. Aggregate write-ins for special surplus funds.....   | 0                              | 0                              |
| 35. Unassigned funds (surplus).....  | 41,165,733                     | 40,750,908                     |
| 36. Less treasury stock, at cost:  |                                |                                |
| 36.1 .....0.000 shares common (value included in Line 29 \$.....0).....  |                                |                                |
| 36.2 .....0.000 shares preferred (value included in Line 30 \$.....0).....   |                                |                                |
| 37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$.....0 in Separate Accounts Statement).....   | 46,915,491                     | 46,500,666                     |
| 38. Totals of Lines 29, 30 and 37.....   | 48,915,491                     | 48,500,666                     |
| 39. Totals of Lines 28 and 38.....   | 136,354,742                    | 133,393,142                    |

**DETAILS OF WRITE-INS**

|   |           |           |
|---|-----------|-----------|
| 2501. Retained asset program liability to claimants and miscellaneous accounts payable..... | 3,024,734 | 3,098,608 |
| 2502. Minimum pension liability adjustment.....   | 430,584   | 430,584   |
| 2503. ....  |           |           |
| 2598. Summary of remaining write-ins for Line 25 from overflow page.....                    | 0         | 0         |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....                          | 3,455,318 | 3,529,192 |
| 3101. ....  |           |           |
| 3102. ....  |           |           |
| 3103. ....  |           |           |
| 3198. Summary of remaining write-ins for Line 31 from overflow page.....                    | 0         | 0         |
| 3199. Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above).....                          | 0         | 0         |
| 3401. ....  |           |           |
| 3402. ....  |           |           |
| 3403. ....  |           |           |
| 3498. Summary of remaining write-ins for Line 34 from overflow page.....                    | 0         | 0         |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....                          | 0         | 0         |

**SUMMARY OF OPERATIONS**

(Excluding Unrealized Capital Gains and Losses)

|   | 1<br>Current<br>Year to Date | 2<br>Prior<br>Year to Date | 3<br>Prior Year Ended<br>December 31 |
|---|------------------------------|----------------------------|--------------------------------------|
| 1. Premiums and annuity considerations for life and accident and health contracts.....  | 16,616,227                   | 15,921,385                 | 61,516,624                           |
| 2. Considerations for supplementary contracts with life contingencies.....  |                              |                            |                                      |
| 3. Net investment income.....   | 1,517,554                    | 1,208,565                  | 5,471,716                            |
| 4. Amortization of Interest Maintenance Reserve (IMR).....  | 13,867                       | 16,076                     | 64,302                               |
| 5. Separate Accounts net gain from operations excluding unrealized gains or losses.....   |                              |                            |                                      |
| 6. Commissions and expense allowances on reinsurance ceded.....   | 15,859                       | 10,781                     | 45,992                               |
| 7. Reserve adjustments on reinsurance ceded.....  |                              |                            |                                      |
| 8. Miscellaneous Income:  |                              |                            |                                      |
| 8.1 Income from fees associated with investment management, administration and contract guarantees<br>from Separate Accounts.....   |                              |                            |                                      |
| 8.2 Charges and fees for deposit-type contracts.....  |                              |                            |                                      |
| 8.3 Aggregate write-ins for miscellaneous income.....   | 0                            | 0                          | 0                                    |
| 9. Totals (Lines 1 to 8.3).....   | 18,163,507                   | 17,156,807                 | 67,098,634                           |
| 10. Death benefits.....   | 4,037,118                    | 5,321,648                  | 16,986,594                           |
| 11. Matured endowments (excluding guaranteed annual pure endowments).....   |                              |                            |                                      |
| 12. Annuity benefits.....   | 6,939                        | 8,164                      | 28,974                               |
| 13. Disability benefits and benefits under accident and health contracts.....   | 5,477,360                    | 4,217,655                  | 19,608,781                           |
| 14. Coupons, guaranteed annual pure endowments and similar benefits.....  |                              |                            |                                      |
| 15. Surrender benefits and withdrawals for life contracts.....  |                              |                            | 7,271                                |
| 16. Group conversions.....  |                              |                            |                                      |
| 17. Interest and adjustments on contract or deposit-type contract funds.....  | (23,348)                     | 72,375                     | 278,636                              |
| 18. Payments on supplementary contracts with life contingencies.....  |                              |                            |                                      |
| 19. Increase in aggregate reserves for life and accident and health contracts.....  | 1,587,294                    | 3,276,191                  | 1,795,801                            |
| 20. Totals (Lines 10 to 19).....  | 11,085,363                   | 12,896,033                 | 38,706,057                           |
| 21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....   | 1,275,727                    | 1,790,945                  | 5,963,320                            |
| 22. Commissions and expense allowances on reinsurance assumed.....  | 3,495                        | 6,204                      | 20,168                               |
| 23. General insurance expenses.....   | 1,747,170                    | 1,761,683                  | 6,691,182                            |
| 24. Insurance taxes, licenses and fees, excluding federal income taxes.....   | 677,181                      | 521,398                    | 1,945,702                            |
| 25. Increase in loading on deferred and uncollected premiums.....   | 240,929                      | (306,348)                  | (111,746)                            |
| 26. Net transfers to or (from) Separate Accounts net of reinsurance.....  |                              |                            |                                      |
| 27. Aggregate write-ins for deductions.....   | 0                            | 0                          | 0                                    |
| 28. Totals (Lines 20 to 27).....  | 15,029,865                   | 16,669,915                 | 53,214,683                           |
| 29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....   | 3,133,642                    | 486,892                    | 13,883,951                           |
| 30. Dividends to policyholders.....   |                              |                            |                                      |
| 31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....  | 3,133,642                    | 486,892                    | 13,883,951                           |
| 32. Federal and foreign income taxes incurred (excluding tax on capital gains).....   | 959,446                      | 77,269                     | 4,204,146                            |
| 33. Net gain from operations after dividends to policyholders and federal income taxes and before realized<br>capital gains or (losses) (Line 31 minus Line 32).....                      | 2,174,196                    | 409,623                    | 9,679,805                            |
| 34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains<br>tax of \$.....0 (excluding taxes of \$.....0 transferred to the IMR)..... | (1,434,296)                  |                            | (376,493)                            |
| 35. Net income (Line 33 plus Line 34).....  | 739,900                      | 409,623                    | 9,303,312                            |
| <b>CAPITAL AND SURPLUS ACCOUNT</b>  |                              |                            |                                      |
| 36. Capital and surplus, December 31, prior year.....   | 48,500,665                   | 44,397,989                 | 44,397,989                           |
| 37. Net income (Line 35).....   | 739,900                      | 409,623                    | 9,303,312                            |
| 38. Change in net unrealized capital gains (losses) less capital gains tax of \$.....106,442.....   | (197,677)                    |                            | (1,307,186)                          |
| 39. Change in net unrealized foreign exchange capital gain (loss).....  |                              |                            |                                      |
| 40. Change in net deferred income tax.....  | 1,244,920                    | 50,994                     | 14,583                               |
| 41. Change in nonadmitted assets.....   | (1,372,317)                  | 12,950                     | (671,767)                            |
| 42. Change in liability for reinsurance in unauthorized companies.....  |                              |                            |                                      |
| 43. Change in reserve on account of change in valuation basis, (increase) or decrease.....  |                              |                            |                                      |
| 44. Change in asset valuation reserve.....  |                              | (50,945)                   | 517,142                              |
| 45. Change in treasury stock.....   |                              |                            |                                      |
| 46. Surplus (contributed to) withdrawn from Separate Accounts during period.....  |                              |                            |                                      |
| 47. Other changes in surplus in Separate Accounts Statement.....  |                              |                            |                                      |
| 48. Change in surplus notes.....  |                              |                            |                                      |
| 49. Cumulative effect of changes in accounting principles.....  |                              |                            |                                      |
| 50. Capital changes:  |                              |                            |                                      |
| 50.1 Paid in.....   |                              |                            |                                      |
| 50.2 Transferred from surplus (Stock Dividend).....   |                              |                            |                                      |
| 50.3 Transferred to surplus.....  |                              |                            |                                      |
| 51. Surplus adjustment:   |                              |                            |                                      |
| 51.1 Paid in.....   |                              |                            |                                      |
| 51.2 Transferred to capital (Stock Dividend).....   |                              |                            |                                      |
| 51.3 Transferred from capital.....  |                              |                            |                                      |
| 51.4 Change in surplus as a result of reinsurance.....  |                              |                            |                                      |
| 52. Dividends to stockholders.....  |                              |                            | (3,500,000)                          |
| 53. Aggregate write-ins for gains and losses in surplus.....  | 0                            | 0                          | (253,408)                            |
| 54. Net change in capital and surplus (Lines 37 through 53).....  | 414,826                      | 422,622                    | 4,102,676                            |
| 55. Capital and surplus as of statement date (Lines 36 + 54).....   | 48,915,491                   | 44,820,611                 | 48,500,665                           |

**DETAILS OF WRITE-INS**

|   |   |   |           |
|---|---|---|-----------|
| 08.301. ....  |   |   |           |
| 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 thru 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 thru 2703 plus 2798) (Line 27 above).....          | 0 | 0 | 0         |
| 5301. Minimum pension liability adjustment.....                             |   |   | (253,408) |
| 5302. ....  |   |   |           |
| 5303. ....  |   |   |           |
| 5398. Summary of remaining write-ins for Line 53 from overflow page.....    | 0 | 0 | 0         |
| 5399. Totals (Lines 5301 thru 5303 plus 5398) (Line 53 above).....          | 0 | 0 | (253,408) |

**CASH FLOW**

|   | 1<br>Current Year<br>to Date | 2<br>Prior Year Ended<br>December 31 |
|---|------------------------------|--------------------------------------|
| <b>CASH FROM OPERATIONS</b>   |                              |                                      |
| 1. Premiums collected net of reinsurance.....   | 14,352,100                   | 62,353,899                           |
| 2. Net investment income.....   | 1,495,446                    | 4,912,360                            |
| 3. Miscellaneous income.....  | 15,859                       | 45,992                               |
| 4. Total (Lines 1 through 3).....   | 15,863,405                   | 67,312,251                           |
| 5. Benefit and loss related payments.....   | 8,512,712                    | 36,709,279                           |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                         |                              |                                      |
| 7. Commissions, expenses paid and aggregate write-ins for deductions.....   | 3,971,980                    | 14,727,806                           |
| 8. Dividends paid to policyholders.....   |                              |                                      |
| 9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....             | 626,438                      | 3,843,568                            |
| 10. Total (Lines 5 through 9).....  | 13,111,130                   | 55,280,653                           |
| 11. Net cash from operations (Line 4 minus Line 10).....  | 2,752,275                    | 12,031,598                           |
| <b>CASH FROM INVESTMENTS</b>  |                              |                                      |
| 12. Proceeds from investments sold, matured or repaid:  |                              |                                      |
| 12.1 Bonds.....   | 1,216,066                    | 10,478,060                           |
| 12.2 Stocks.....  |                              |                                      |
| 12.3 Mortgage loans.....  |                              |                                      |
| 12.4 Real estate.....   |                              |                                      |
| 12.5 Other invested assets.....   |                              |                                      |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....                                |                              |                                      |
| 12.7 Miscellaneous proceeds.....  |                              |                                      |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7).....  | 1,216,066                    | 10,478,060                           |
| 13. Cost of investments acquired (long-term only):  |                              |                                      |
| 13.1 Bonds.....   | 1,507,587                    | 35,112,032                           |
| 13.2 Stocks.....  |                              |                                      |
| 13.3 Mortgage loans.....  |                              |                                      |
| 13.4 Real estate.....   |                              |                                      |
| 13.5 Other invested assets.....   |                              |                                      |
| 13.6 Miscellaneous applications.....  |                              |                                      |
| 13.7 Total investments acquired (Lines 13.1 to 13.6).....   | 1,507,587                    | 35,112,032                           |
| 14. Net increase (decrease) in contract loans and premium notes.....  |                              | (8,025)                              |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....  | (291,521)                    | (24,625,947)                         |
| <b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>  |                              |                                      |
| 16. Cash provided (applied):  |                              |                                      |
| 16.1 Surplus notes, capital notes.....  |                              |                                      |
| 16.2 Capital and paid in surplus, less treasury stock.....  |                              |                                      |
| 16.3 Borrowed funds.....  |                              |                                      |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities.....                                    | 26,921                       | 44,310                               |
| 16.5 Dividends to stockholders.....   |                              | 3,500,000                            |
| 16.6 Other cash provided (applied).....   | (572,869)                    | (566,212)                            |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)..... | (545,948)                    | (4,021,902)                          |
| <b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>  |                              |                                      |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....        | 1,914,806                    | (16,616,251)                         |
| 19. Cash, cash equivalents and short-term investments:  |                              |                                      |
| 19.1 Beginning of year.....   | 2,355,787                    | 18,972,038                           |
| 19.2 End of period (Line 18 plus Line 19.1).....  | 4,270,593                    | 2,355,787                            |

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

|               |  |  |
|---------------|--|--|
| 20.0001 ..... |  |  |
|---------------|--|--|

**EXHIBIT 1**

**DIRECT PREMIUMS AND DEPOSIT-TYPE CONTRACTS**

|   | 1<br>Current Year<br>To Date | 2<br>Prior Year<br>To Date | 3<br>Prior Year<br>Ended December 31 |
|---|------------------------------|----------------------------|--------------------------------------|
| 1. Industrial life.....                           |                              |                            |                                      |
| 2. Ordinary life insurance.....                   |                              | (1,521)                    | 74,851                               |
| 3. Ordinary individual annuities.....             |                              |                            |                                      |
| 4. Credit life (group and individual).....        |                              |                            |                                      |
| 5. Group life insurance.....                      | 6,273,936                    | 6,285,914                  | 24,301,270                           |
| 6. Group annuities.....                           |                              |                            |                                      |
| 7. A&H - group.....                               | 11,076,739                   | 10,399,116                 | 40,043,017                           |
| 8. A&H - credit (group and individual).....       |                              |                            |                                      |
| 9. A&H - other.....                               | 2,582                        | 2,625                      | 5,138                                |
| 10. Aggregate of all other lines of business..... | .0                           | .0                         | .0                                   |
| 11. Subtotal.....                                 | 17,353,257                   | 16,686,134                 | 64,424,276                           |
| 12. Deposit-type contracts.....                   |                              |                            |                                      |
| 13. Total.....                                    | 17,353,257                   | 16,686,134                 | 64,424,276                           |

**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 thru 1003 plus 1098) (Line 10 above).....        | .0 | .0 | .0 |

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## **NOTES TO FINANCIAL STATEMENTS**

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### **Note 1 - Summary of Significant Accounting Policies**

A. Accounting Practices

The accompanying financial statements of First Reliance Standard Life Insurance Company (the "Company") have been prepared in conformity with statutory accounting practices prescribed or permitted by the State of New York. The State of New York has adopted statutory accounting principles ("SAP") as set forth in the National Association of Insurance Commissioners ("NAIC") *Accounting Practices and Procedures* manuals and the NAIC *Annual Statement Instructions* manuals with certain modifications.

### **Note 2 - Accounting Changes and Corrections of Errors**

No significant change.

### **Note 3 - Business Combinations and Goodwill**

No significant change.

### **Note 4 - Discontinued Operations**

No significant change.

### **Note 5 - Investments**

No significant change.

### **Note 6 - Joint Ventures, Partnerships and Limited Liability Companies**

No significant change.

### **Note 7 - Investment Income**

No significant change.

### **Note 8 - Derivative Instruments**

No significant change.

### **Note 9 - Income Taxes**

No significant change.

### **Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

No significant change.

### **Note 11 - Debt**

No significant change.

### **Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

No significant change.

### **Note 13 - Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations**

No significant change.

### **Note 14 - Contingencies**

No significant change.

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## **NOTES TO FINANCIAL STATEMENTS**

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### **Note 15 - Leases**

No significant change.

### **Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk**

No significant change.

### **Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

No significant change.

### **Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

No significant change.

### **Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

No significant change.

### **Note 20 - Other Items**

- H. The Company generally characterizes its subprime mortgage investments as those having underlying mortgage loans to borrowers with weighted average Fair Issac & Co., Inc. credit scores below 650. Additionally, the weighted-average-loan-to-value ratios of these loans are generally above 80.0%. As of March 31, 2009, the Company owned subprime residential mortgage-backed securities with a cost, book/adjusted carrying value and fair value of \$1,301,194, \$846,879 and \$563,770, respectively. During 2009, the Company recognized \$578,947 of other-than-temporary impairment losses on its subprime investments.

### **Note 21 - Events Subsequent**

No significant change.

### **Note 22 - Reinsurance**

No significant change.

### **Note 23 - Retrospectively Rated Contracts & Contracts Subject to Redetermination**

No significant change.

### **Note 24 - Change in Incurred Losses and Loss Adjustment Expenses**

No significant change.

### **Note 25 - Intercompany Pooling Arrangements**

No significant change.

### **Note 26 - Structured Settlements**

No significant change.

### **Note 27 - Health Care Receivables**

No significant change.

### **Note 28 - Participating Policies**

No significant change.

### **Note 29 - Premium Deficiency Reserves**

No significant change.

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## **NOTES TO FINANCIAL STATEMENTS**

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### **Note 30 - Reserves for Life Contracts and Annuity Contracts**

No significant change.

### **Note 31 - Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics**

No significant change.

### **Note 32 - Premiums and Annuity Considerations Deferred and Uncollected**

No significant change.

### **Note 33 - Separate Accounts**

No significant change.

### **Note 34 - Loss/Claim Adjustment Expenses**

No significant change.

Statement as of March 31, 2009 of the **First Reliance Standard Life Insurance Company**  
**SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS**

Current Year to Date - Allocated by States and Territories

| States, Etc.  | 1<br>Active Status | Direct Business Only         |                             |  |                           |                                | 7<br>Deposit-Type Contracts |
|---|--------------------|------------------------------|-----------------------------|--|---------------------------|--------------------------------|-----------------------------|
|   |                    | Life Contracts               |                             | 4<br>Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees | 5<br>Other Considerations | 6<br>Total Columns 2 through 5 |                             |
|   |                    | 2<br>Life Insurance Premiums | 3<br>Annuity Considerations |  |                           |                                |                             |
| 1. Alabama.....AL.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 2. Alaska.....AK.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 3. Arizona.....AZ.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 4. Arkansas.....AR.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 5. California.....CA.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 6. Colorado.....CO.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 7. Connecticut.....CT.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 8. Delaware.....DE.....L.....   |                    |                              |                             |  |                           |                                | 0                           |
| 9. District of Columbia.....DC.....L.....   |                    |                              |                             |  |                           |                                | 0                           |
| 10. Florida.....FL.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 11. Georgia.....GA.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 12. Hawaii.....HI.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 13. Idaho.....ID.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 14. Illinois.....IL.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 15. Indiana.....IN.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 16. Iowa.....IA.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 17. Kansas.....KS.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 18. Kentucky.....KY.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 19. Louisiana.....LA.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 20. Maine.....ME.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 21. Maryland.....MD.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 22. Massachusetts.....MA.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 23. Michigan.....MI.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 24. Minnesota.....MN.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 25. Mississippi.....MS.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 26. Missouri.....MO.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 27. Montana.....MT.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 28. Nebraska.....NE.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 29. Nevada.....NV.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 30. New Hampshire.....NH.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 31. New Jersey.....NJ.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 32. New Mexico.....NM.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 33. New York.....NY.....L.....  |                    | 6,022,020                    |                             | 9,072,162  |                           | 15,094,182                     |                             |
| 34. North Carolina.....NC.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 35. North Dakota.....ND.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 36. Ohio.....OH.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 37. Oklahoma.....OK.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 38. Oregon.....OR.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 39. Pennsylvania.....PA.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 40. Rhode Island.....RI.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 41. South Carolina.....SC.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 42. South Dakota.....SD.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 43. Tennessee.....TN.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 44. Texas.....TX.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 45. Utah.....UT.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 46. Vermont.....VT.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 47. Virginia.....VA.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 48. Washington.....WA.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 49. West Virginia.....WV.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 50. Wisconsin.....WI.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 51. Wyoming.....WY.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 52. American Samoa.....AS.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 53. Guam.....GU.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 54. Puerto Rico.....PR.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 55. US Virgin Islands.....VI.....N.....   |                    |                              |                             |  |                           |                                | 0                           |
| 56. Northern Mariana Islands.....MP.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 57. Canada.....CN.....N.....  |                    |                              |                             |  |                           |                                | 0                           |
| 58. Aggregate Other Alien.....OT.....XXX.....   |                    | 0                            | 0                           | 0  | 0                         | 0                              | 0                           |
| 59. Subtotal.....(a).....3.....   |                    | 6,022,020                    | 0                           | 9,072,162  | 0                         | 15,094,182                     | 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                              |                             |
| 94. Aggregate other amounts not allocable by State.....XXX.....   |                    | 0                            | 0                           | 0  | 0                         | 0                              | 0                           |
| 95. Totals (Direct Business).....XXX.....   |                    | 6,022,020                    | 0                           | 9,072,162  | 0                         | 15,094,182                     | 0                           |
| 96. Plus Reinsurance Assumed.....XXX.....   |                    |                              |                             | 18,398   |                           | 18,398                         |                             |
| 97. Totals (All Business).....XXX.....  |                    | 6,022,020                    | 0                           | 9,090,560  | 0                         | 15,112,580                     | 0                           |
| 98. Less Reinsurance Ceded.....XXX.....   |                    | 288,589                      |                             | 471,890  |                           | 760,479                        |                             |
| 99. Totals (All Business) less Reinsurance Ceded.....XXX.....   |                    | 5,733,431                    | 0                           | 8,618,670  | 0                         | 14,352,101                     | 0                           |

**DETAILS OF WRITE-INS**

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
| 5801.....XXX.....  |  |   |   |   |   | 0 |   |
| 5802.....XXX.....  |  |   |   |   |   | 0 |   |
| 5803.....XXX.....  |  |   |   |   |   | 0 |   |
| 5898. Summary of remaining write-ins for line 58 from overflow page.....XXX..... |  | 0 | 0 | 0 | 0 | 0 | 0 |
| 5899. Total (Lines 5801 thru 5803 plus 5898) (Line 58 above).....XXX.....        |  | 0 | 0 | 0 | 0 | 0 | 0 |
| 9401.....XXX.....  |  |   |   |   |   | 0 |   |
| 9402.....XXX.....  |  |   |   |   |   | 0 |   |
| 9403.....XXX.....  |  |   |   |   |   | 0 |   |
| 9498. Summary of remaining write-ins for line 94 from overflow page.....XXX..... |  | 0 | 0 | 0 | 0 | 0 | 0 |
| 9499. Total (Lines 9401 thru 9403 plus 9498) (Line 94 above).....XXX.....        |  | 0 | 0 | 0 | 0 | 0 | 0 |

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