Report of Examination of

Great American Life Assurance Company
Austin, Texas

As of December 31, 2011

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Columbus, Ohio
October 26, 2012

Honorable Mary Taylor
Lt. Governor/Director
State of Ohio
Department of Insurance
50 West Town Street
3rd Floor – Suite 300
Columbus, Ohio 43215

Dear Lt. Governor/Director:

In accordance with Section 3901.07 of the Ohio Revised Code ("ORC"), the Ohio Department of Insurance ("Department") conducted an examination of

Great American Life Assurance Company

an Ohio domiciled, stock, life insurance company, hereinafter referred to as the "Company."

Scope of Examination

The Department last examined the Company as of December 31, 2006. The Department's current examination covers the period of January 1, 2007 through December 31, 2011.

The Department, as the coordinating state regulator of the insurance company subsidiaries of American Financial Group, Inc. ("AFG"), an affiliate, led the multi-state coordinated examination that included representatives from the states of California, Delaware, Illinois, New York, Ohio and Texas.

The examination was conducted in accordance with the National Association of Insurance Commissioners ("NAIC") Financial Condition Examiners Handbook ("Handbook"). The Handbook requires that the Department plan and perform the examination to evaluate the Company's financial condition and identify prospective risks including corporate governance, identify and assess inherent risks and evaluate system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

For all years under examination, the Certified Public Accounting firm of Ernst & Young LLP provided an unqualified opinion on the Company's financial statements based on Statutory Accounting Principles. The audited financial reports were reviewed during the examination.

Management and Control

Board of Directors

Management of the Company is vested in its Board of Directors, which was comprised of the following members as of the examination date:

Name	Principal Occupation
S. Craig Lindner	Co-Chief Executive Officer, American Financial Group, Inc.
Christopher P. Miliano	Executive Vice President and Chief Financial Officer, Great American Financial Resources, Inc.
Mark F. Muething	Executive Vice President, General Counsel and Secretary, Great American Financial Resources, Inc.
Michael J. Prager	Executive Vice President, Chief Actuary and Chief Risk Officer, Great American Financial Resources, Inc.
Paul A. Severt	Executive Vice President and Chief Financial Officer, Great American Supplemental Benefits Group
Bradley A. Wolfram	President, Great American Supplemental Benefits Group

Officers

As of the examination date, the following principal executive officers were elected and serving in accordance with the Company's Bylaws:

Name	Title
Bradley A. Wolfram	President and Chief Operating Officer
Mark F. Muething	Executive Vice President
Paul A. Severt	Executive Vice President and Chief Financial Officer
James W Garvin, III	Vice President
Christopher P. Miliano	Vice President and Assistant Treasurer
Byron K. Buescher	Chief Accounting Officer and Treasurer
Brenda W. Hardison	Secretary

Insurance Holding Company System

The Company is a member of a holding company system as defined in Section 3901.32 of the ORC. The Company is a wholly owned subsidiary of Loyal American Life Insurance Company, domiciled in Ohio, and an indirect wholly owned subsidiary of AFG, the ultimate controlling person in the holding company system. Through its insurance company subsidiaries, AFG is engaged primarily in property and casualty insurance, focusing on specialized commercial products for businesses, and the sale of traditional fixed and indexed annuities and a variety of supplemental insurance products. The common stock of AFG is traded on the New York Stock Exchange.

Territory and Plan of Operations

The Company is licensed to transact business in thirty-eight states and the District of Columbia. The Company's business is comprised of a closed block of life and annuity policies and contracts. The Company is not currently engaged in any marketing activity.

The Company is a member of Great American Supplemental Benefits Group, a family of companies located in Austin, Texas that offer coverage for Medicare supplement, hospital indemnity, specified disease, health and long-term care.

Reinsurance

All of the Company's business is reinsured with Great American Life Insurance Company, an affiliated company.

Financial Statements

The financial condition and the results of its operations for the five-year period under examination as reported and filed by the Company with the Department and audited by the Company's external auditors are reflected in the following:

Statement of Assets, Liabilities, Surplus and Other Funds
Summary of Operations
Statement of Changes in the Capital and Surplus Account

Statement of Assets, Liabilities, Surplus and Other Funds
December 31, 2011

Admitted assets	
Cash and invested assets:	
Bonds	$ 15,431,450
Cash and short-term investments	1,402,059
Total cash and invested assets	16,833,509
Accrued investment income	178,427
Amounts recoverable from reinsurers	37,925
Current federal and foreign income tax recoverable	176,098
Net deferred tax asset	50,717
Total admitted assets	$ 17,276,676
Liabilities, capital and surplus	
Liabilities:	
Other amounts payable on reinsurance	$ 9,009,982
Asset valuation reserve	18,312
Total liabilities	9,028,294
Capital and surplus:	
Common capital stock	2,500,000
Gross paid in and contributed surplus	19,531,660
Unassigned funds	(13,783,278)
Total capital and surplus	8,248,382
Total liabilities, capital and surplus	$ 17,276,676

Summary of Operations
For the Year Ended December 31, 2011

Premiums and annuity considerations	$ 4,000
Net investment income	532,560
Amortization of interest maintenance reserve	(5,195)
Commissions and expense allowances on reinsurance ceded	53,192
Total	584,557
Death benefits	15,035
Annuity benefits	23,918
Surrender benefits and other fund withdrawals for life contracts	209,564
Interest and adjustments on contract or deposit-type contracts	22,116
Payments on supplementary contracts with life contingencies	43,929
Increase in aggregate reserves	(52,128)
Total	262,434
General insurance expenses	69,805
Insurance taxes, licenses and fees	62,236
Total	394,475
Net gain from operations before federal income taxes	190,082
Federal income taxes	(231,476)
Net gain from operations after federal income taxes and before realized capital losses	421,558
Net realized capital losses	(34,501)
Net income	$ 387,057

Statement of Changes in the Capital and Surplus Account

(In thousands)

	2007	2008	2009	2010	2011
Capital and surplus December 31, previous year	$8,325	$8,646	$8,288	$7,798	$7,954
Net income (loss)	332	268	(588)	51	387
Change in net unrealized capital gain	-	-	16	18	6
Change in net deferred income tax	16	15	235	(35)	(222)
Change in nonadmitted assets	(21)	(15)	(249)	116	142
Change in asset valuation reserve	(6)	(26)	70	3	(19)
Dividends to stockholder	-	(600)	-	-	-
Aggregate write-ins	-	-	26	3	-
Net change in capital and surplus	321	(358)	(490)	156	294
Capital and surplus December 31, current year	$8,646	$8,288	$7,798	$7,954	$8,248

Notes to Financial Statements

Investments

The Company's investments were in compliance with ORC Section 3907.14 and valued in accordance with the relevant Statements of Statutory Accounting Principles and the NAIC Securities Valuation Office.

Aggregate Reserve for Life Contracts

The Company's Board of Directors appointed Mark E. Alberts, FSA, MAAA, Consulting Actuary, to render the Company's Statement of Actuarial Opinion ("Opinion"). Mr. Alberts prepared an Actuarial Report supporting the Opinion in connection with the preparation of the Company's December 31, 2011, Annual Statement.

Peter A. Weber, ASA, MAAA, the Department's Life and Annuity Actuary, reviewed the Actuarial Memorandum and performed other procedures as considered necessary to evaluate the Company's reserves. On the basis of his analysis, Mr. Weber determined that the reserves presented in the December 2011 Annual Statement are consistent with requirements in Ohio law, and furthermore, that the reserves and related items held by the Company are adequate and appropriate.

Subsequent Events

On March 7, 2012, Presidential Life Corporation, a Delaware domiciled corporation, filed an application with the Department for the acquisition of the Company pursuant to the terms of a Stock Purchase Agreement. The Department approved the transaction on May 22, 2012. On July 3, 2012, the sale of the Company was completed and on August 22, 2012, the name of the Company was changed to Presidential Life Insurance Company-USA.

Conclusion

The balance sheet contained in this Report of Examination reflects the financial condition of the Company as of December 31, 2011, and is summarized as follows:

Total Admitted Assets	$17,276,676
Liabilities	$9,028,294
Surplus as Regards Policyholders	8,248,382
Total Liabilities and Surplus as Regards Policyholders	$17,276,676

Acknowledgement

Appreciation is expressed for the assistance extended by the officers and employees of the Company during the course of this examination.

In addition to the aforementioned and undersigned, the following representatives of the Department participated in this examination: Mohammad A. Arif, AES, CFE, CISA, CIDM, CISSP; Ryan S. Gibson, CFE, FLMI; Aaron R. Hibbs, CFE, ChFC, CPA, FLMI; James H. Luke, CFE, CPA; Larry G. Rice, AES, CFE, CISA, CPA; and Zachary L. Wheatley, CPA.

Respectfully,

Kevin J. Rupp, CFE
Examiner-In-Charge
Ohio Department of Insurance

Jeffrey K. Ebert, CFE
Assistant Chief Examiner
Ohio Department of Insurance

Verification

As required by Section 3901.07 of the Ohio Revised Code, the undersigned hereby attest to the best of their knowledge and belief that the attached is a true Report of Examination as of December 31, 2011.

Examiner-In-Charge	12/21/12 Date	Assistant Chief Examiner	12/21/12 Date

State of Ohio
County of Franklin

Personally appeared before me the above named, Kevin J. Rupp, personally known to me, who executed the above instrument and that the statements and answers contained therein are true and correct to the best of his knowledge and belief.

Subscribed and sworn to before me this 21 day of December, 2012.

Elizabeth Chase
(Notary Public)

ELIZABETH CHASE
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES MAY 22, 2017

My Commission Expires

State of Ohio
County of Franklin

Personally appeared before me the above named, Jeffrey K. Ebert, personally known to me, who executed the above instrument and that the statements and answers contained therein are true and correct to the best of his knowledge and belief.

Subscribed and sworn to before me this 21 day of December, 2012.

Elizabeth Chase
(Notary Public)

ELIZABETH CHASE
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES MAY 22, 2017

My Commission Expires