



LIFE ACCIDENT AND HEALTH COMPANIES - ASSOCIATION EDITION

ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2004
OF THE CONDITION AND AFFAIRS OF THE

Brooke Life Insurance Company

NAIC Group Code 0918 (Current) 0918 (Prior) NAIC Company Code 78620 Employer's ID Number 38-2764383

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile United States of America

Incorporated 07/02/1987 Commenced Business 08/26/1987

Statutory Home Office 1 Corporate Way (Street and Number) Lansing, MI 48951 (City or Town, State and Zip Code)

Main Administrative Office 1 Corporate Way (Street and Number) Lansing, MI 48951 (City or Town, State and Zip Code) 517-381-5500 (Area Code) (Telephone Number)

Mail Address 1 Corporate Way (Street and Number or P.O. Box) Lansing, MI 48951 (City or Town, State and Zip Code)

Primary Location of Books and Records 1 Corporate Way (Street and Number) Lansing, MI 48951 (City or Town, State and Zip Code) 517-381-5500 (Area Code) (Telephone Number)

Internet Website Address N/A

Statutory Statement Contact Robert Arthur Fritts (Name) 517-381-5500 (Area Code) (Telephone Number) statblc@jnli.com (E-mail Address) 517-706-5505 (FAX Number)

Policyowner Relations Contact 1 Corporate Way (Street and Number) Lansing, MI 48951 (City or Town, State and Zip Code) 517-367-3679 (Area Code) (Telephone Number)

OFFICERS

President Clark Preston Manning Jr Treasurer Andrew Boutwell Hopping
Secretary Thomas John Meyer Actuary Richard David Ash

OTHER

Michael Andrew Wells Chief Operating Officer Clifford James Jack Executive Vice President Julius George Napoles Executive Vice President
James Ronald Sopha Executive Vice President Lisa Carol Drake Senior Vice President Robert Arthur Fritts Senior Vice President
Stephen Anthony Hrapkiewicz Jr Senior Vice President Paul Chadwick Myers Senior Vice President John Bruce Banez Vice President
James Patrick Binder Vice President John Howard Brown Vice President Joseph Mark Clark Vice President
Marianne Clone Vice President James Bradley Croom Vice President Gerald William Decius Vice President
James Douglas Garrison Vice President James Glenn Golembiewski Vice President Cheryl Lynn Johns Vice President
Timo Pentti Kokko Vice President Everett William Kunzelman Vice President Lynn Withers Lopes Vice President
Keith Richard Moore Vice President Jacky Morin Vice President Mark Daniel Nerud Vice President
Russell Erwin Peck Vice President Bradley Jay Powell Vice President Laura Louene Prieskorn Vice President
James Brian Quinn Vice President Robert Marquis Tucker Jr Vice President Karen Sue Weidman # Vice President

DIRECTORS OR TRUSTEES

Andrew Boutwell Hopping Clark Preston Manning Jr Michael Andrew Wells

State of Michigan County of Ingham 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.

Signatures of Clark Preston Manning Jr (President), Thomas John Meyer (Secretary), and Andrew Boutwell Hopping (Treasurer)

Subscribed and sworn to before me this 15th day of February 2005

Jessica Henry Notary Public December 16, 2006

- 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.....

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE BROOKE LIFE INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	191,792,373	0	191,792,373	162,883,061
2. Stocks (Schedule D):				
2.1 Preferred stocks	0	0	0	0
2.2 Common stocks	3,140,683,432	0	3,140,683,432	2,999,031,739
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	0	0	0	0
3.2 Other than first liens	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$0 encumbrances)	0	0	0	0
4.2 Properties held for the production of income (less \$0 encumbrances)	0	0	0	0
4.3 Properties held for sale (less \$0 encumbrances)	0	0	0	0
5. Cash (\$(440,174), Schedule E - Part 1), cash equivalents (\$585,744, Schedule E - Part 2) and short-term investments (\$6,125,948, Schedule DA)	6,271,518	0	6,271,518	4,026,889
6. Contract loans (including \$0 premium notes)	3,486,270	0	3,486,270	3,792,319
7. Other invested assets (Schedule BA)	0	0	0	0
8. Receivable for securities	0	0	0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	3,342,233,593	0	3,342,233,593	3,169,734,008
11. Investment income due and accrued	3,036,993	0	3,036,993	2,690,035
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	41,865	21,040	20,825	18,114
12.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including \$0 earned but unbilled premiums)	119,613	0	119,613	128,656
12.3 Accrued retrospective premiums	0	0	0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers	236,618	0	236,618	44,178
13.2 Funds held by or deposited with reinsured companies	0	0	0	0
13.3 Other amounts receivable under reinsurance contracts	8,123	0	8,123	0
14. Amounts receivable relating to uninsured plans	0	0	0	0
15.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0	0
15.2 Net deferred tax asset	0	0	0	0
16. Guaranty funds receivable or on deposit	20,183	0	20,183	0
17. Electronic data processing equipment and software	0	0	0	0
18. Furniture and equipment, including health care delivery assets (\$0)	0	0	0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
20. Receivables from parent, subsidiaries and affiliates	0	0	0	0
21. Health care (\$0) and other amounts receivable	0	0	0	0
22. Other assets nonadmitted	0	0	0	0
23. Aggregate write-ins for other than invested assets	606,462	325,324	281,138	453,192
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	3,346,303,450	346,364	3,345,957,086	3,173,068,182
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
26. Total (Lines 24 and 25)	3,346,303,450	346,364	3,345,957,086	3,173,068,182
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
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. Cash held by third party administrator	281,138	0	281,138	453,192
2302. Disallowed interest maintenance reserve	325,324	325,324	0	0
2303.				
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)	606,462	325,324	281,138	453,192

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE BROOKE LIFE INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$197,050,810 (Exh. 5, Line 9999999) less \$0 included in Line 6.3 (including \$39,704,085 Modco Reserve)	197,050,810	166,587,413
2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Col. 1) (including \$0 Modco Reserve)	0	0
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$2,082,883 Modco Reserve)	3,278,976	3,216,727
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11)	1,166,641	969,999
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11)	0	0
5. Policyholders' dividends \$0 and coupons \$0 due and unpaid (Exhibit 4, Line 10)	0	0
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment to (including \$0 Modco)	0	0
6.2 Dividends not yet apportioned (including \$31,867 Modco)	82,848	96,725
6.3 Coupons and similar benefits (including \$0 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 \$0 discount; including \$0 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of lines 4 and 14)	10,015	7,842
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts	0	0
9.2 Provision for experience rating refunds, including \$0 accident and health experience rating refunds	0	0
9.3 Other amounts payable on reinsurance including \$0 assumed and \$0 ceded	0	0
9.4 Interest maintenance reserve (IMR, Line 6)	0	0
10. Commissions to agents due or accrued-life and annuity contracts \$6,445 accident and health \$0 and deposit-type contract funds \$0	6,445	6,443
11. Commissions and expense allowances payable on reinsurance assumed	600	600
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6)	0	0
13. Transfers to Separate Accounts due or accrued (net) (including \$0 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 (Exhibit 3, Line 9, Col. 5)	0	0
15.1 Current federal and foreign income taxes including \$0 on realized capital gains (losses)	0	0
15.2 Net deferred tax liability	0	0
16. Unearned investment income	93,182	101,730
17. Amounts withheld or retained by company as agent or trustee	13,021	7,492
18. Amounts held for agents' account, including \$0 agents' credit balances	0	0
19. Remittances and items not allocated	364	330,053
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 \$1,233,000,000 and interest thereon \$0	1,233,000,000	1,240,092,361
23. Dividends to stockholders declared and unpaid	0	0
24. Miscellaneous liabilities:		
24.1 Asset valuation reserve (AVR, Line 16, Col. 7)	544,792	0
24.2 Reinsurance in unauthorized companies	0	0
24.3 Funds held under reinsurance treaties with unauthorized reinsurers	0	0
24.4 Payable to parent, subsidiaries and affiliates	111,075	114,541
24.5 Drafts outstanding	0	0
24.6 Liability for amounts held under uninsured accident and health plans	0	0
24.7 Funds held under coinsurance	0	0
24.8 Payable for securities	0	0
24.9 Capital notes \$0 and interest thereon \$0	0	0
25. Aggregate write-ins for liabilities	0	89,519
26. Total Liabilities excluding Separate Accounts business (Lines 1 to 25)	1,435,358,769	1,411,621,444
27. From Separate Accounts Statement	0	0
28. Total Liabilities (Lines 26 and 27)	1,435,358,769	1,411,621,444
29. Common capital stock	51,500,000	51,500,000
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 (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1)	1,197,030,270	1,191,030,270
34. Aggregate write-ins for special surplus funds	0	0
35. Unassigned funds (surplus)	662,068,047	518,916,469
36. Less treasury stock, at cost:		
36.1 .....0 shares common (value included in Line 29 \$0)	0	0
36.2 .....0 shares preferred (value included in Line 30 \$0)	0	0
37. Surplus (Total Lines 31+32+33+34+35-36) (including \$0 in Separate Accounts Statement)	1,859,098,317	1,709,946,739
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55)	1,910,598,317	1,761,446,739
39. Totals of Lines 28 and 38 (Page 2, Line 26, Col. 3)	3,345,957,086	3,173,068,182
DETAILS OF WRITE-INS		
2501. Due to reinsurers	0	89,519
2502.		
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)	0	89,519
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

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE BROOKE LIFE INSURANCE COMPANY

SUMMARY OF OPERATIONS

(Excluding Unrealized Capital Gains and Losses)

	1 Current Year	2 Prior Year
1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11)	37,659,905	41,943,017
2. Considerations for supplementary contracts with life contingencies	0	0
3. Net investment income (Exhibit of Net Investment Income, Line 17)	44,169,000	6,733,954
4. Amortization of interest maintenance reserve (IMR) (Line 5)	(48,485)	(71,204)
5. Separate Accounts net gain from operations excluding unrealized gains or losses	0	0
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1)	316,678	341,461
7. Reserve adjustments on reinsurance ceded	(1,344,821)	(1,098,008)
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	66
9. Total (Lines 1 to 8.3)	80,752,277	47,849,287
10. Death benefits	872,077	431,254
11. Matured endowments (excluding guaranteed annual pure endowments)	0	0
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8)	5,234,821	3,919,724
13. Disability benefits and benefits under accident and health contracts	1,397	480
14. Coupons, guaranteed annual pure endowments and similar benefits	0	0
15. Surrender benefits and withdrawals for life contracts	3,744,497	2,307,051
16. Group conversions	0	0
17. Interest and adjustments on contract or deposit-type contract funds	33,409	44,998
18. Payments on supplementary contracts with life contingencies	0	0
19. Increase in aggregate reserves for life and accident and health contracts	30,500,466	37,060,475
20. Totals (Lines 10 to 19)	40,386,667	43,763,983
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1)	1,836,569	2,102,986
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1)	10,223	13,705
23. General insurance expenses (Exhibit 2, Line 10, Cols. 1, 2, 3 and 4)	857,650	831,483
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3)	39,835	18,760
25. Increase in loading on deferred and uncollected premiums	(6,600)	(9,369)
26. Net transfers to or (from) Separate Accounts net of reinsurance	0	0
27. Aggregate write-ins for deductions	0	0
28. Totals (Lines 20 to 27)	43,124,344	46,721,548
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	37,627,933	1,127,739
30. Dividends to policyholders	39,788	37,296
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	37,588,145	1,090,443
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	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)	37,588,145	1,090,443
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ 0 (excluding taxes of \$ 0 transferred to the IMR)	0	(2,987,202)
35. Net income (Line 33 plus Line 34)	37,588,145	(1,896,759)
CAPITAL AND SURPLUS ACCOUNT		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2)	1,761,446,739	1,654,088,626
37. Net income (Line 35)	37,588,145	(1,896,759)
38. Change in net unrealized capital gains (losses)	141,651,693	90,149,636
39. Change in net unrealized foreign exchange capital gain (loss)	0	0
40. Change in net deferred income tax	0	0
41. Change in nonadmitted assets and related items	247,032	105,237
42. Change in liability for reinsurance in unauthorized companies	0	0
43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exh. 5A, Line 9999999, Col. 4)	0	0
44. Change in asset valuation reserve	(544,792)	0
45. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Col. 2 minus Col. 1)	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	6,000,000	20,000,000
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	(35,790,500)	(1,000,000)
53. Aggregate write-ins for gains and losses in surplus	0	0
54. Net change in capital and surplus for the year (Lines 37 through 53)	149,151,578	107,358,114
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	1,910,598,317	1,761,446,739
DETAILS OF WRITE-INS		
08.301. Miscellaneous income	0	66
08.302.		
08.303.		
08.398. Summary of remaining write-ins for Line 8.3 from overflow page	0	0
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398)(Line 8.3 above)	0	66
2701.	0	0
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798)(Line 27 above)	0	0
5301.		
5302.		
5303.		
5398. Summary of remaining write-ins for Line 53 from overflow page	0	0
5399. Totals (Lines 5301 thru 5303 plus 5398)(Line 53 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE BROOKE LIFE INSURANCE COMPANY

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	37,675,010	41,972,054
2. Net investment income	44,489,552	91,367,834
3. Miscellaneous income	316,678	341,527
4. Total (Lines 1 through 3)	82,481,240	133,681,416
5. Benefit and loss related payments	11,201,640	7,578,110
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	2,771,660	2,947,022
8. Dividends paid to policyholders	53,665	58,568
9. Federal and foreign income taxes paid (recovered) \$0 net of tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	14,026,965	10,583,700
11. Net cash from operations (Line 4 minus Line 10)	68,454,275	123,097,715
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	6,673,119	33,076,058
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	6,673,119	33,076,058
13. Cost of investments acquired (long-term only):		
13.1 Bonds	36,118,041	84,940,911
13.2 Stocks	0	20,000,000
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	36,118,041	104,940,911
14. Net increase (decrease) in policy loans and premium notes	(306,049)	(511,216)
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(29,138,873)	(71,353,637)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	6,000,000	20,000,000
16.3 Borrowed funds	(7,000,000)	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	35,790,500	1,000,000
16.6 Other cash provided (applied)	(280,274)	(84,820,951)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(37,070,774)	(65,820,951)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11, plus Lines 15 and 17)	2,244,629	(14,076,873)
19. Cash and short-term investments:		
19.1 Beginning of year	4,026,889	18,103,762
19.2 End of year (Line 18 plus Line 19.1)	6,271,518	4,026,889

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

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ANNUAL STATEMENT FOR THE YEAR 2004 OF THE BROOKE LIFE INSURANCE COMPANY
ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit) (Excluding Capital Gains and Losses)

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health			12 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (a)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other	
1. Premiums and annuity considerations for life and accident and health contracts	37,659,905	0	445,483	36,713,930	0	0	500,492	0	0	0	0	0
2. Considerations for supplementary contracts with life contingencies	0	0	0	0	0	0	0	0	0	0	0	0
3. Net investment income	44,169,000	0	7,457,770	36,275,495	0	0	435,735	0	0	0	0	0
4. Amortization of Interest Maintenance Reserve (IMR)	(48,645)	0	(9,646)	(38,753)	0	0	(86)	0	0	0	0	0
5. Separate Accounts net gain from operations excluding unrealized gains or losses	0	0	0	0	0	0	0	0	0	0	0	0
6. Commissions and expense allowances on reinsurance ceded	316,678	0	300,844	15,834	0	0	0	0	0	0	0	0
7. Reserve adjustments on reinsurance ceded	(1,344,821)	0	(1,435,922)	91,101	0	0	0	0	0	0	0	0
8. Miscellaneous Income:												
8.1 Fees associated with income from investment management, administration and contract guarantees from Separate Accounts	0	0	0	0	0	0	0	0	0	0	0	0
8.2 Charges and fees for deposit-type contracts	0	0	0	0	0	0	0	0	0	0	0	0
8.3 Aggregate write-ins for miscellaneous income	0	0	0	0	0	0	0	0	0	0	0	0
9. Totals (Lines 1 to 8.3)	80,752,277	0	6,758,529	73,057,607	0	0	936,141	0	0	0	0	0
10. Death benefits	872,077	0	498,077	0	0	0	374,000	0	0	0	0	0
11. Matured endowments (excluding guaranteed annual pure endowments)	0	0	0	0	0	0	0	0	0	0	0	0
12. Annuity benefits	5,234,821	0	0	5,234,821	0	0	0	0	0	0	0	0
13. Disability benefits and benefits under accident and health contracts	1,397	0	1,397	0	0	0	0	0	0	0	0	0
14. Coupons, guaranteed annual pure endowments and similar benefits	0	0	0	0	0	0	0	0	0	0	0	0
15. Surrender benefits and withdrawals for life contracts	3,744,497	0	445,906	3,298,591	0	0	0	0	0	0	0	0
16. Group conversions	0	0	0	0	0	0	0	0	0	0	0	0
17. Interest and adjustments on contract or deposit-type contract funds	33,409	0	0	33,409	0	0	0	0	0	0	0	0
18. Payments on supplementary contracts with life contingencies	0	0	0	0	0	0	0	0	0	0	0	0
19. Increase in aggregate reserves for life and accident and health contracts	30,500,466	0	(1,733,052)	31,886,658	0	0	346,860	0	0	0	0	0
20. Totals (Lines 10 to 19)	40,386,667	0	(787,672)	40,453,479	0	0	720,860	0	0	0	0	0
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)	1,836,569	0	0	1,836,569	0	0	0	0	0	0	0	0
22. Commissions and expense allowances on reinsurance assumed	10,223	0	10,223	0	0	0	0	0	0	0	0	0
23. General insurance expenses	857,650	0	369,624	486,826	0	0	1,200	0	0	0	0	0
24. Insurance taxes, licenses and fees, excluding federal income taxes	39,835	0	16,341	23,442	0	0	52	0	0	0	0	0
25. Increase in loading on deferred and uncollected premiums	(6,600)	0	(6,600)	0	0	0	0	0	0	0	0	0
26. Net transfers to or (from) Separate Accounts net of reinsurance	0	0	0	0	0	0	0	0	0	0	0	0
27. Aggregate write-ins for deductions	0	0	0	0	0	0	0	0	0	0	0	0
28. Totals (Lines 20 to 27)	43,124,344	0	(398,084)	42,800,316	0	0	722,112	0	0	0	0	0
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	37,627,933	0	7,156,613	30,257,291	0	0	214,029	0	0	0	0	0
30. Dividends to policyholders	39,788	0	39,788	0	0	0	0	0	0	0	0	0
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	37,588,145	0	7,116,825	30,257,291	0	0	214,029	0	0	0	0	0
32. Federal income taxes incurred (excluding tax on capital gains)	0	0	0	0	0	0	0	0	0	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)	37,588,145	0	7,116,825	30,257,291	0	0	214,029	0	0	0	0	0
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	0	0	0	0	0	0	0	0	0
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above)	0	0	0	0	0	0	0	0	0	0	0	0
2701.												
2702.												
2703.												
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0	0	0	0	0	0	0	0	0	0	0

(a) Includes the following amounts for FEGLI/SGLI: Line 1 0, Line 10 0, Line 16 0, Line 23 0, Line 24 0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE BROOKE LIFE INSURANCE COMPANY
ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group	
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities
Involving Life or Disability Contingencies (Reserves) (Net of Reinsurance Ceded)								
1. Reserve December 31, prior year	166,550,344	0	40,937,431	125,612,913	0	0	0	0
2. Tabular net premiums or considerations	36,791,628	0	1,048,292	35,242,844	0	0	500,492	0
3. Present value of disability claims incurred	0	0	0	0	XXX	0	0	0
4. Tabular interest	9,069,761	0	1,677,257	7,371,741	0	0	20,763	0
5. Tabular less actual reserve released	(2,194,515)	0	0	(2,194,515)	0	0	0	0
6. Increase in reserve on account of change in valuation basis	0	0	0	0	0	0	0	0
7. Other increases (net)	0	0	0	0	0	0	0	0
8. Totals (Lines 1 to 7)	210,217,218	0	43,662,980	166,032,983	0	0	521,255	0
9. Tabular cost	195,643	0	60,574	0	XXX	0	135,069	0
10. Reserves released by death	3,292,533	0	3,292,292	XXX	XXX	0	241	XXX
11. Reserves released by other terminations (net)	4,442,014	0	1,104,338	3,298,591	0	0	39,085	0
12. Annuity, supplementary contract and disability payments involving life contingencies	5,236,218	0	1,397	5,234,821	0	0	0	0
13. Net transfers to or (from) Separate Accounts	0	0	0	0	0	0	0	0
14. Total Deductions (Lines 9 to 13)	13,166,408	0	4,458,601	8,533,412	0	0	174,395	0
15. Reserve December 31, current year	197,050,810	0	39,204,379	157,499,571	0	0	346,860	0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE BROOKE LIFE INSURANCE COMPANY

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds	(a) 22,583	25,532
1.1 Bonds exempt from U.S. tax	(a) 0	0
1.2 Other bonds (unaffiliated)	(a) 10,759,573	11,094,799
1.3 Bonds of affiliates	(a) 0	0
2.1 Preferred stocks (unaffiliated)	(b) 0	0
2.11 Preferred stocks of affiliates	(b) 0	0
2.2 Common stocks (unaffiliated)	0	0
2.21 Common stocks of affiliates	120,000,000	120,000,000
3. Mortgage loans	(c) 0	0
4. Real estate	(d) 0	0
5. Contract Loans	338,243	346,790
6. Cash, cash equivalents and short-term investments	(e) 46,096	54,880
7. Derivative instruments	(f) 0	0
8. Other invested assets	0	0
9. Aggregate write-ins for investment income	14,002	14,002
10. Total gross investment income	131,180,497	131,536,003
11. Investment expenses		(g) 162,622
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h) 84,394,912
14. Depreciation on real estate and other invested assets		(i) 0
15. Aggregate write-ins for deductions from investment income		2,809,469
16. Total deductions (Lines 11 through 15)		87,367,003
17. Net investment income (Line 10 minus Line 16)		44,169,000
DETAILS OF WRITE-INS		
0901. Miscellaneous Investment Income	14,002	14,002
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	14,002	14,002
1501. Reinsurance ceded investment income		2,809,469
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		2,809,469

- (a) Includes \$ 60,570 accrual of discount less \$ 815,767 amortization of premium and less \$ 270,784 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1. U.S. Government bonds	0	0	0	0
1.1 Bonds exempt from U.S. tax	0	0	0	0
1.2 Other bonds (unaffiliated)	219,588	0	0	219,588
1.3 Bonds of affiliates	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0
2.2 Common stocks (unaffiliated)	0	0	0	0
2.21 Common stocks of affiliates	0	0	141,651,693	141,651,693
3. Mortgage loans	0	0	0	0
4. Real estate	0	0	0	0
5. Contract Loans	0	0	0	0
6. Cash, cash equivalents and short-term investments	0	0	0	0
7. Derivative instruments	0	0	0	0
8. Other invested assets	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0
10. Total capital gains (losses)	219,588	0	141,651,693	141,871,281
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
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

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE BROOKE LIFE INSURANCE COMPANY
EXHIBIT - 1 PART 1 - PREMIUMS AND ANNUITY CONSIDERATIONS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)	10 Other	
FIRST YEAR (other than single)											
1. Uncollected	0	0	0	0	0	0	0	0	0	0	0
2. Deferred and accrued	0	0	0	0	0	0	0	0	0	0	0
3. Deferred, accrued and uncollected:											
3.1 Direct	0	0	0	0	0	0	0	0	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0
3.4 Net (Line 1 + Line 2)	0	0	0	0	0	0	0	0	0	0	0
4. Advance	0	0	0	0	0	0	0	0	0	0	0
5. Line 3.4 - Line 4	0	0	0	0	0	0	0	0	0	0	0
6. Collected during year:											
6.1 Direct	35,424,703	0	0	35,424,703	0	0	0	0	0	0	0
6.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
6.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0
6.4 Net	35,424,703	0	0	35,424,703	0	0	0	0	0	0	0
7. Line 5 + Line 6.4	35,424,703	0	0	35,424,703	0	0	0	0	0	0	0
8. Prior year (uncollected + deferred and accrued - advance)	0	0	0	0	0	0	0	0	0	0	0
9. First year premiums and considerations:											
9.1 Direct	35,424,703	0	0	35,424,703	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0
9.4 Net (Line 7 - Line 8)	35,424,703	0	0	35,424,703	0	0	0	0	0	0	0
SINGLE											
10. Single premiums and considerations:											
10.1 Direct	(5,398)	0	0	(5,398)	0	0	0	0	0	0	0
10.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
10.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0
10.4 Net	(5,398)	0	0	(5,398)	0	0	0	0	0	0	0
RENEWAL											
11. Uncollected	23,575	0	17,175	0	0	6,400	0	0	0	0	0
12. Deferred and accrued	153,313	0	153,313	0	0	0	0	0	0	0	0
13. Deferred, accrued and uncollected:											
13.1 Direct	10,463	0	4,063	0	0	6,400	0	0	0	0	0
13.2 Reinsurance assumed	401,146	0	401,146	0	0	0	0	0	0	0	0
13.3 Reinsurance ceded	234,720	0	234,720	0	0	0	0	0	0	0	0
13.4 Net (Line 11 + Line 12)	176,889	0	170,489	0	0	6,400	0	0	0	0	0
14. Advance	10,015	0	10,015	0	0	0	0	0	0	0	0
15. Line 13.4 - Line 14	166,874	0	160,474	0	0	6,400	0	0	0	0	0
16. Collected during year:											
16.1 Direct	1,798,857	0	12,893	1,285,772	0	500,192	0	0	0	0	0
16.2 Reinsurance assumed	2,094,149	0	2,036,345	57,804	0	0	0	0	0	0	0
16.3 Reinsurance ceded	1,637,301	0	1,588,350	48,951	0	0	0	0	0	0	0
16.4 Net	2,255,705	0	460,888	1,294,625	0	500,192	0	0	0	0	0
17. Line 15 + Line 16.4	2,422,579	0	621,362	1,294,625	0	506,592	0	0	0	0	0
18. Prior year (uncollected + deferred and accrued - advance)	181,978	0	175,878	0	0	6,100	0	0	0	0	0
19. Renewal premiums and considerations:											
19.1 Direct	1,798,856	0	12,592	1,285,772	0	500,492	0	0	0	0	0
19.2 Reinsurance assumed	2,062,722	0	2,004,918	57,804	0	0	0	0	0	0	0
19.3 Reinsurance ceded	1,620,978	0	1,572,027	48,951	0	0	0	0	0	0	0
19.4 Net (Line 17 - Line 18)	2,240,600	0	445,483	1,294,625	0	500,492	0	0	0	0	0
TOTAL											
20. Total premiums and annuity considerations:											
20.1 Direct	37,218,161	0	12,592	36,705,077	0	500,492	0	0	0	0	0
20.2 Reinsurance assumed	2,062,722	0	2,004,918	57,804	0	0	0	0	0	0	0
20.3 Reinsurance ceded	1,620,978	0	1,572,027	48,951	0	0	0	0	0	0	0
20.4 Net (Line 9.4 + 10.4 + 19.4)	37,659,905	0	445,483	36,713,930	0	500,492	0	0	0	0	0

EXHIBIT - 1 PART 2 - DIVIDENDS AND COUPONS APPLIED, REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES AND COMMISSIONS INCURRED (direct business only)

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)	10 Other	
DIVIDENDS AND COUPONS APPLIED (included in Part 1)											
21. To pay renewal premiums (Exhibit 4, Line 1)	0	0	0	0	0	0	0	0	0	0	0
22. All other (Exhibit 4, Lines 2, 3 & 4)	20,502	0	20,502	0	0	0	0	0	0	0	0
REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED											
23. First year (other than single):											
23.1 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0
23.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
23.3 Net ceded less assumed	0	0	0	0	0	0	0	0	0	0	0
24. Single:											
24.1 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0
24.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
24.3 Net ceded less assumed	0	0	0	0	0	0	0	0	0	0	0
25. Renewal:											
25.1 Reinsurance ceded	316,678	0	300,844	15,834	0	0	0	0	0	0	0
25.2 Reinsurance assumed	10,223	0	10,223	0	0	0	0	0	0	0	0
25.3 Net ceded less assumed	306,455	0	290,621	15,834	0	0	0	0	0	0	0
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6)	316,678	0	300,844	15,834	0	0	0	0	0	0	0
26.2 Reinsurance assumed (Page 6, Line 22)	10,223	0	10,223	0	0	0	0	0	0	0	0
26.3 Net ceded less assumed	306,455	0	290,621	15,834	0	0	0	0	0	0	0
COMMISSIONS INCURRED (direct business only)											
27. First year (other than single)	1,794,441	0	0	1,794,441	0	0	0	0	0	0	0
28. Single	(1,442)	0	0	(1,442)	0	0	0	0	0	0	0
29. Renewal	43,570	0	0	43,570	0	0	0	0	0	0	0
30. Deposit-type contract funds	0	0	0	0	0	0	0	0	0	0	0
31. Totals (to agree with Page 6, Line 21)	1,836,569	0	0	1,836,569	0	0	0	0	0	0	0

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE BROOKE LIFE INSURANCE COMPANY
EXHIBIT 2 - GENERAL EXPENSES**

	Insurance				5 Investment	6 Total
	1 Life	2 Accident and Health		4 All Other Lines of Business		
		Cost Containment	3 All Other			
1. Rent	0	0	0	0	0	0
2. Salaries and wages	0	0	0	0	0	0
3.11 Contributions for benefit plans for employees	0	0	0	0	0	0
3.12 Contributions for benefit plans for agents	0	0	0	0	0	0
3.21 Payments to employees under non-funded benefit plans	0	0	0	0	0	0
3.22 Payments to agents under non-funded benefit plans	0	0	0	0	0	0
3.31 Other employee welfare	0	0	0	0	0	0
3.32 Other agent welfare	0	0	0	0	0	0
4.1 Legal fees and expenses	0	0	0	0	0	0
4.2 Medical examination fees	0	0	0	0	0	0
4.3 Inspection report fees	0	0	0	0	0	0
4.4 Fees of public accountants and consulting actuaries	14,000	0	0	0	0	14,000
4.5 Expense of investigation and settlement of policy claims	0	0	0	0	0	0
5.1 Traveling expenses	0	0	0	0	0	0
5.2 Advertising	0	0	0	0	0	0
5.3 Postage, express, telegraph and telephone	0	0	0	0	0	0
5.4 Printing and stationery	2,361	0	0	0	0	2,361
5.5 Cost or depreciation of furniture and equipment	0	0	0	0	0	0
5.6 Rental of equipment	0	0	0	0	0	0
5.7 Cost or depreciation of EDP equipment and software	0	0	0	0	0	0
6.1 Books and periodicals	0	0	0	0	0	0
6.2 Bureau and association fees	0	0	0	0	0	0
6.3 Insurance, except on real estate	0	0	0	0	0	0
6.4 Miscellaneous losses	0	0	0	0	0	0
6.5 Collection and bank service charges	1,025	0	0	0	0	1,025
6.6 Sundry general expenses	0	0	0	0	0	0
6.7 Group service and administration fees	0	0	0	0	0	0
6.8 Reimbursements by uninsured accident and health plans	0	0	0	0	0	0
7.1 Agency expense allowance	0	0	0	0	0	0
7.2 Agents' balances charged off (less \$ recovered)	0	0	0	0	0	0
7.3 Agency conferences other than local meetings	0	0	0	0	0	0
9.1 Real estate expenses	0	0	0	0	0	0
9.2 Investment expenses not included elsewhere	0	0	0	162,622	162,622	162,622
9.3 Aggregate write-ins for expenses	840,264	0	0	0	840,264	840,264
10. General expenses incurred	857,650	0	0	162,622	(a) 1,020,272	1,020,272
11. General expenses unpaid December 31, prior year	204,060	0	0	0	204,060	204,060
12. General expenses unpaid December 31, current year	102,952	0	0	0	102,952	102,952
13. Amounts receivable relating to uninsured accident and health plans, prior year	0	0	0	0	0	0
14. Amounts receivable relating to uninsured accident and health plans, current year	0	0	0	0	0	0
15. General expenses paid during year (Lines 10+11-12-13+14)	958,758	0	0	162,622	1,121,380	1,121,380
DETAILS OF WRITE-INS						
09.301. Management fees	428,049	0	0	0	428,049	428,049
09.302. Administrator fees	399,215	0	0	0	399,215	399,215
09.303. Rating agency fees	13,000	0	0	0	13,000	13,000
09.398. Summary of remaining write-ins for Line 9.3 from overflow pag	0	0	0	0	0	0
09.399. Totals (Lines 09.301 thru 09.303 plus 09.398) (Line 9.3 above)	840,264	0	0	0	840,264	840,264

(a) Includes management fees of \$ 590,671 to affiliates and \$ 0 to non-affiliates.

EXHIBIT 3 - TAXES, LICENSES AND FEES (EXCLUDING FEDERAL INCOME TAXES)

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Real estate taxes	0	0	0	0	0
2. State insurance department licenses and fees	250	0	0	0	250
3. State taxes on premiums	19,402	0	0	0	19,402
4. Other state taxes, including \$ for employee benefits	0	0	0	0	0
5. U.S. Social Security taxes	0	0	0	0	0
6. All other taxes	20,183	0	0	0	20,183
7. Taxes, licenses and fees incurred	39,835	0	0	0	39,835
8. Taxes, licenses and fees unpaid December 31, prior year	0	0	0	0	0
9. Taxes, licenses and fees unpaid December 31, current year	0	0	0	0	0
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9)	39,835	0	0	0	39,835

EXHIBIT 4 - DIVIDENDS OR REFUNDS

	1	2
	Life	Accident and Health
1. Applied to pay renewal premiums	0	0
2. Applied to shorten the endowment or premium-paying period	15,157	0
3. Applied to provide paid-up additions	5,345	0
4. Applied to provide paid-up annuities	0	0
5. Total Lines 1 through 4	20,502	0
6. Paid in cash	3,794	0
7. Left on deposit	29,369	0
8. Aggregate write-ins for dividend or refund options	0	0
9. Total Lines 5 through 8	53,665	0
10. Amount due and unpaid	0	0
11. Provision for dividends or refunds payable in the following calendar year	82,848	0
12. Terminal dividends	0	0
13. Provision for deferred dividend contracts	0	0
14. Amount provisionally held for deferred dividend contracts not included in Line 13	0	0
15. Total Lines 10 through 14	82,848	0
16. Total from prior year	96,725	0
17. Total Dividends or refunds (Lines 9 + 15 - 16)	39,788	0
DETAILS OF WRITE-INS		
0801.		
0802.		
0803.		
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE BROOKE LIFE INSURANCE COMPANY
EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

1	2	3	4	5	6
Valuation Standard	Total	Industrial	Ordinary	Credit (Group and Individual)	Group
LIFE INSURANCE:					
1941 2.5% CRVM	311,781	0	311,781	0	0
1941 2.5% NLP	162,766	0	162,766	0	0
1941 3.0% CRVM	162,411	0	162,411	0	0
1941 3.0% NLP	321,772	0	321,772	0	0
1958 0.0% CRVM	423,424	0	423,424	0	0
1958 2.25% CRVM	425,283	0	425,283	0	0
1958 2.5% CRVM	2,097,436	0	2,097,436	0	0
1958 2.5% NLP	629,236	0	629,236	0	0
1958 2.625% NLP	213,582	0	213,582	0	0
1958 3.0% CRVM	6,789,939	0	6,789,939	0	0
1958 3.0% NLP	2,079,845	0	2,079,845	0	0
1958 3.25% NLP	3,649	0	3,649	0	0
1958 3.5% CRVM	3,215,337	0	3,215,337	0	0
1958 3.5% NLP	1,249,018	0	1,249,018	0	0
1958 4.0% CRVM	5,380,178	0	5,380,178	0	0
1958 4.0% NLP	4,272,123	0	4,272,123	0	0
1958 4.5% CRVM	11,206,407	0	11,206,407	0	0
1958 4.5% NLP	83,688	0	83,688	0	0
1980 4.0% CRVM	567,986	0	567,986	0	0
1980 4.5% CRVM	3,270,210	0	2,923,350	0	346,860
1980 5.0% NLP	841,053	0	841,053	0	0
1980 5.5% CRVM	5,943,243	0	5,943,243	0	0
1980 5.5% NLP	1,035,948	0	1,035,948	0	0
1980 6.0% NLP	3,848,111	0	3,848,111	0	0
1958 CET 2.5% Paid Up ETI	8,683	0	8,683	0	0
1958 CET 3.0% Paid Up ETI	34,189	0	34,189	0	0
1980 CET 4.5% Paid Up ETI	13,250	0	13,250	0	0
Unearned Premium	223	0	223	0	0
Substandard	20,647	0	20,647	0	0
0199997. Totals (Gross)	54,611,418	0	54,264,558	0	346,860
0199998. Reinsurance ceded	15,345,554	0	15,345,554	0	0
0199999. Life Insurance: Totals (Net)	39,265,864	0	38,919,004	0	346,860
ANNUITIES (excluding supplementary contracts with life contingencies):					
Deferred Annuities 4.00%	3,603,709	XXX	3,603,709	XXX	0
Deferred Annuities 4.75%	34,104,531	XXX	34,104,531	XXX	0
Deferred Annuities 5.00%	39,372,365	XXX	39,372,365	XXX	0
Deferred Annuities 5.25%	551,412	XXX	551,412	XXX	0
Deferred Annuities 5.50%	68,482,524	XXX	68,482,524	XXX	0
Deferred Annuities 5.75%	6,935,338	XXX	6,935,338	XXX	0
Deferred Annuities 6.00%	5,140,674	XXX	5,140,674	XXX	0
1971 IAM 6.00%	545,192	XXX	545,192	XXX	0
1971 IAM 6.50%	267,980	XXX	267,980	XXX	0
1983A 6.25%	1,361,036	XXX	1,361,036	XXX	0
Annuity 2000 5.50%	18,955	XXX	18,955	XXX	0
Annuity 2000 6.00%	113,106	XXX	113,106	XXX	0
0299997. Totals (Gross)	160,496,822	XXX	160,496,822	XXX	0
0299998. Reinsurance ceded	2,997,251	XXX	2,997,251	XXX	0
0299999. Annuities: Totals (Net)	157,499,571	XXX	157,499,571	XXX	0
SUPPLEMENTARY CONTRACTS WITH LIFE CONTINGENCIES:					
	0	0	0	0	0
0399997. Totals (Gross)	0	0	0	0	0
0399998. Reinsurance ceded	0	0	0	0	0
0399999. SCWLC: Totals (Net)	0	0	0	0	0
ACCIDENTAL DEATH BENEFITS:					
1959 ADB Table 1958 CSO 3%	6,217	0	6,217	0	0
0499997. Totals (Gross)	6,217	0	6,217	0	0
0499998. Reinsurance ceded	1,919	0	1,919	0	0
0499999. Accidental Death Benefits: Totals (Net)	4,298	0	4,298	0	0
DISABILITY-ACTIVE LIVES:					
1952 Dis Study 1958 CSO 3% Benefit 5	13,839	0	13,839	0	0
0599997. Totals (Gross)	13,839	0	13,839	0	0
0599998. Reinsurance ceded	5,349	0	5,349	0	0
0599999. Disability-Active Lives: Totals (Net)	8,490	0	8,490	0	0
DISABILITY-DISABLED LIVES:					
1952 Dis Study 1958 CSO 3% Benefit 5	361,393	0	361,393	0	0
0699997. Totals (Gross)	361,393	0	361,393	0	0
0699998. Reinsurance ceded	109,950	0	109,950	0	0
0699999. Disability-Disabled Lives: Totals (Net)	251,443	0	251,443	0	0
MISCELLANEOUS RESERVES:					
For excess of valuation net premiums over corresponding gross premiums on respective policies	2,260	0	2,260	0	0
For non-deduction of deferred fractional premium or return of premiums at the death of the insured	52,931	0	52,931	0	0
For surrender values in excess of reserves otherwise required and carried in this schedule	0	0	0	0	0
Additional actuarial reserves - Asset/liability analysis	0	0	0	0	0
0799997. Totals (Gross)	55,191	0	55,191	0	0
0799998. Reinsurance ceded	34,047	0	34,047	0	0
0799999. Miscellaneous Reserves: Totals (Net)	21,144	0	21,144	0	0
9999999. Totals (Net) - Page 3, Line 1	197,050,810	0	196,703,950	0	346,860

EXHIBIT 5 - INTERROGATORIES

- 1.1 Has the reporting entity ever issued both participating and non-participating contracts?..... Yes [] No [X]
- 1.2 If not, state which kind is issued.
NON-PARTICIPATING
- 2.1 Does the reporting entity at present issue both participating and non-participating contracts?..... Yes [] No [X]
- 2.2 If not, state which kind is issued.
NON-PARTICIPATING
3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements?..... Yes [X] No []
If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions.
4. Has the reporting entity any assessment or stipulated premium contracts in force? Yes [] No [X]
If so, state:
4.1 Amount of insurance? \$ 0
4.2 Amount of reserve? \$ 0
4.3 Basis of reserve:
N/A
- 4.4 Basis of regular assessments:
N/A
- 4.5 Basis of special assessments:
N/A
- 4.6 Assessments collected during the year \$ 0
5. If the contract loan interest rate guaranteed in any one or more of its currently issued contracts is less than 5%, not in advance, state the contract loan rate guarantees on any such contracts.
N/A
6. Does the reporting entity hold reserves for any annuity contracts which are less than the reserves that would be held on a standard basis? Yes [] No [X]
- 6.1 If so, state the amount of reserve on such contracts on the basis actually held: \$ 0
- 6.2 Which would have been held (on an exact or approximate basis) using the actual ages of the annuitants; the interest rate(s) used in 6.1; and the same mortality basis used by the reporting entity for the valuation of comparable annuity benefits issued to standard lives. If the reporting entity has no comparable annuity benefits for standard lives to be valued, the mortality basis shall be the table most recently approved by the state of domicile for valuing individual annuity benefits: \$ 0
- Attach statement of methods employed in their valuation.
7. Does the reporting entity have any Synthetic GIC contracts or agreements in effect as of December 31 of the current year? Yes [] No [X]
- 7.1 If yes, state the total dollar amount of assets covered by these contracts or agreements \$ 0
- 7.2 Specify the basis (fair value, amortized cost, etc.) for determining the amount:
N/A
- 7.3 State the amount of reserves established for this business: \$ 0
- 7.4 Identify where the reserves are reported in the blank:
N/A

EXHIBIT 5A - CHANGES IN BASES OF VALUATION DURING THE YEAR

1 Description of Valuation Class	Valuation Basis		4 Increase in Actuarial Reserve Due to Change
	2 Changed From	3 Changed To	
NONE			
9999999 - Total (Column 4, only)			

Exhibit 6 - Aggregate Reserves for Accident and Health Contracts

NONE

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE BROOKE LIFE INSURANCE COMPANY

EXHIBIT 7 - DEPOSIT TYPE CONTRACTS

	1	2	3	4	5	6
	Total	Guaranteed Interest Contracts	Annuities Certain	Supplemental Contracts	Dividend Accumulations or Refunds	Premium and Other Deposit Funds
1. Balance at the beginning of the year before reinsurance	37,069	0	37,069	0	0	0
2. Deposits received during the year	0	0	0	0	0	0
3. Investment earnings credited to the account	1,857	0	1,857	0	0	0
4. Other net change in reserves	56,698	0	56,698	0	0	0
5. Fees and other charges assessed	0	0	0	0	0	0
6. Surrender charges	3,539	0	3,539	0	0	0
7. Net surrender or withdrawal payments	9,280	0	9,280	0	0	0
8. Other net transfers to or (from) Separate Accounts	0	0	0	0	0	0
9. Balance at the end of current year before reinsurance (Lines 1+2+3+4-5-6-7-8)	82,805	0	82,805	0	0	0
10. Reinsurance balance at the beginning of the year	3,216,727	0	0	0	3,203,894	12,833
11. Net change in reinsurance assumed	(73,636)	0	0	0	(74,027)	391
12. Net change in reinsurance ceded	(53,080)	0	0	0	(53,080)	0
13. Reinsurance balance at the end of the year (Lines 10+11-12)	3,196,171	0	0	0	3,182,947	13,224
14. Net balance at the end of current year after reinsurance (Lines 9 + 13)	3,278,976	0	82,805	0	3,182,947	13,224

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE BROOKE LIFE INSURANCE COMPANY
EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 1 - Liability End of Current Year

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Due and unpaid:											
1.1 Direct	850,884	.0	.0	850,884	.0	.0	.0	.0	.0	.0	.0
1.2 Reinsurance assumed	340,757	.0	340,757	.0	.0	.0	.0	.0	.0	.0	.0
1.3 Reinsurance ceded	125,000	.0	125,000	.0	.0	.0	.0	.0	.0	.0	.0
1.4 Net	1,066,641	.0	215,757	850,884	.0	.0	.0	.0	.0	.0	.0
2. In course of settlement:											
2.1 Resisted											
2.11 Direct .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2.12 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2.13 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2.14 Net .....	.0	.0	(b) .0	(b) .0	.0	(b) .0	(b) .0	.0	.0	.0	.0
2.2 Other											
2.21 Direct .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2.22 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2.23 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2.24 Net .....	.0	.0	(b) .0	(b) .0	.0	(b) .0	(b) .0	.0	(b) .0	(b) .0	(b) .0
3. Incurred but unreported:											
3.1 Direct .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.2 Reinsurance assumed	100,000	.0	100,000	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.4 Net	100,000	.0	(b) 100,000	(b) .0	.0	(b) .0	(b) .0	.0	(b) .0	(b) .0	(b) .0
4. TOTALS											
4.1 Direct	850,884	.0	.0	850,884	.0	.0	.0	.0	.0	.0	.0
4.2 Reinsurance assumed	440,757	.0	440,757	.0	.0	.0	.0	.0	.0	.0	.0
4.3 Reinsurance ceded	125,000	.0	125,000	.0	.0	.0	.0	.0	.0	.0	.0
4.4 Net	1,166,641	(a) 0	(a) 315,757	850,884	.0	.0	(a) 0	.0	.0	.0	.0

(a) Including matured endowments (but not guaranteed annual pure endowments) unpaid amounting to \$0 in Column 2, \$0 in Column 3 and \$0 in Column 7.

(b) Include only portion of disability and accident and health claim liabilities applicable to assumed "accrued" benefits. Reserves (including reinsurance assumed and net of reinsurance ceded) for unaccrued benefits for Ordinary Life Insurance \$0
 Individual Annuities \$0 , Credit Life (Group and Individual) \$0 , and Group Life \$0 , are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$0
 Credit (Group and Individual) Accident and Health \$0 , and Other Accident and Health \$0 are included in Page 3, Line 2 (See Exhibit 6, Claim Reserve).

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE BROOKE LIFE INSURANCE COMPANY
EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 2 - Incurred During the Year

	1 Total	2 Industrial Life (a)	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance (b)	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (c)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Settlements During the Year:											
1.1 Direct	5,440,422	0	21,000	5,045,422	0	0	374,000	0	0	0	0
1.2 Reinsurance assumed	4,001,552	0	3,726,779	274,773	0	0	0	0	0	0	0
1.3 Reinsurance ceded	3,337,881	0	3,125,911	211,970	0	0	0	0	0	0	0
1.4 Net (d)	6,104,093	0	621,868	5,108,225	0	0	374,000	0	0	0	0
2. Liability December 31, current year from Part 1:											
2.1 Direct	850,884	0	0	850,884	0	0	0	0	0	0	0
2.2 Reinsurance assumed	440,757	0	440,757	0	0	0	0	0	0	0	0
2.3 Reinsurance ceded	125,000	0	125,000	0	0	0	0	0	0	0	0
2.4 Net	1,166,641	0	315,757	850,884	0	0	0	0	0	0	0
3. Amounts recoverable from reinsurers December 31, current year	236,618	0	236,618	0	0	0	0	0	0	0	0
4. Liability December 31, prior year:											
4.1 Direct	724,288	0	0	724,288	0	0	0	0	0	0	0
4.2 Reinsurance assumed	313,311	0	313,311	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	67,600	0	67,600	0	0	0	0	0	0	0	0
4.4 Net	969,999	0	245,711	724,288	0	0	0	0	0	0	0
5. Amounts recoverable from reinsurers December 31, prior year	44,178	0	44,178	0	0	0	0	0	0	0	0
6. Incurred Benefits											
6.1 Direct	5,567,018	0	21,000	5,172,018	0	0	374,000	0	0	0	0
6.2 Reinsurance assumed	4,128,998	0	3,854,225	274,773	0	0	0	0	0	0	0
6.3 Reinsurance ceded	3,587,721	0	3,375,751	211,970	0	0	0	0	0	0	0
6.4 Net	6,108,295	0	499,474	5,234,821	0	0	374,000	0	0	0	0

(a) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$0 in Line 1.1, \$0 in Line 1.4.
 \$0 in Line 6.1, and \$0 in Line 6.4.

(b) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$0 in Line 1.1, \$0 in Line 1.4.
 \$0 in Line 6.1, and \$0 in Line 6.4.

(c) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$0 in Line 1.1, \$0 in Line 1.4.
 \$0 in Line 6.1, and \$0 in Line 6.4.

(d) Includes \$1,397 premiums waived under total and permanent disability benefits.

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE BROOKE LIFE INSURANCE COMPANY

EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivable for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Investment income due and accrued	0	0	0
12. Premiums and considerations:			
12.1 Uncollected premiums and agents' balances in the course of collection	21,040	0	(21,040)
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	0	0
12.3 Accrued retrospective premiums	0	0	0
13. Reinsurance:			
13.1 Amounts recoverable from reinsurers	0	0	0
13.2 Funds held by or deposited with reinsured companies	0	0	0
13.3 Other amounts receivable under reinsurance contracts	0	0	0
14. Amounts receivable relating to uninsured plans	0	0	0
15.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
15.2 Net deferred tax asset	0	0	0
16. Guaranty funds receivable or on deposit	0	0	0
17. Electronic data processing equipment and software	0	0	0
18. Furniture and equipment, including health care delivery assets	0	0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
20. Receivable from parent, subsidiaries and affiliates	0	0	0
21. Health care and other amounts receivable	0	0	0
22. Other assets nonadmitted	0	0	0
23. Aggregate write-ins for other than invested assets	325,324	593,396	268,072
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	346,364	593,396	247,032
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
26. Total (Lines 24 and 25)	346,364	593,396	247,032
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0
2301. Disallowed interest maintenance reserve	325,324	593,396	268,072
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	325,324	593,396	268,072

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the Michigan Office of Financial and Insurance Services.

The Office of Financial and Insurance Services recognizes statutory accounting practices prescribed or permitted by the State of Michigan for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under Michigan Insurance Law. The Office of Financial and Insurance Services has adopted the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual (NAIC SAP), including appendices A - F and excluding Actuarial Guideline XXXV in appendix C, as a component of prescribed or permitted practices by the State of Michigan to the extent that the accounting practices, procedures, and reporting standards are not modified by the Michigan Insurance Code. The commissioner of insurance has the right to permit other specific practices that deviate from prescribed practices.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Life premiums are recognized as income over the premium paying period of the related policies. Annuity considerations are recognized as revenue when received. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost except those with an NAIC rating of "6", which are carried at the lower of amortized cost or fair value. Acquisition discounts and premiums are amortized into investment income through call or maturity dates using the interest method.
- (3) Common stocks are stated at fair value, except as described in item (7) below.
- (4) The Company does not have investments in preferred stocks.
- (5) The Company does not have investments in mortgage loans.
- (6) Loan-backed securities and structured securities are stated at cost except those with an NAIC rating of "6", which are carried at the lower of amortized cost or fair value. The retrospective method is used to value all securities.
- (7) The Company carries its wholly owned insurance subsidiary at statutory capital and surplus.
- (8) The Company does not have investments in joint ventures, partnerships or limited liability companies.
- (9) The Company does not have investments in derivative instruments.
- (10) The Company anticipates investment income as a factor in the premium deficiency calculation.
- (11) The Company does not write accident and health business.
- (12) The Company did not modify its capitalization policy from the prior period.

2. Accounting Changes and Corrections of Errors

A. Material Changes in Accounting Principles and/or Correction of Errors

The Company had no material changes in accounting principles, correction of errors, or changes in estimates for the years ended December 31, 2004 and 2003.

B. Cumulative Effect of Changes in Accounting Principles as a result of the initial implementation of Codification

- (1) The initial implementation of Codification did not occur during those years presented in the accompanying statutory financial statements. Codification was effective January 1, 2001, when the Michigan commissioner of insurance required that insurance companies domiciled in the state prepare their statutory basis financial statements in accordance with NAIC SAP, version effective January 1, 2001, to the extent

NOTES TO FINANCIAL STATEMENTS

that the accounting practices, procedures, and reporting standards were not modified by Michigan law, rules, orders, or instructions of the Michigan commissioner of insurance.

3. Business Combinations and Goodwill

A. Statutory Purchase Method

The Company did not have business combinations during the year accounted for as a statutory purchase.

B. Statutory Merger

The Company did not have business combinations during the year accounted for as a statutory merger.

C. Assumption Reinsurance

The Company did not have goodwill resulting from assumption reinsurance during the year.

D. Impairment Loss

The Company did not recognize an impairment loss during the year with respect to business combinations and goodwill.

4. Discontinued Operations

The Company did not have transactions during the year with respect to discontinued operations.

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company does not have investments in mortgage loans.

B. Debt Restructuring

The Company did not have any material debt restructurings during the year.

C. Reverse Mortgages

The Company does not have investments in reverse mortgages.

D. Loan-Backed Securities

(1) Actual historical and projected future cash flows are used in determining book values for all of the Company's loan-backed securities.

(2) Principal prepayment assumptions for loan-backed securities, including structured securities, are obtained from broker dealers, independent providers of broker dealer estimates, or internal estimates.

(3) In 2004, no loan-backed securities were changed from the retrospective to prospective adjustment methodology due to negative yields.

E. Repurchase Agreements

Company investment policies for repurchase agreements require collateral securities to have a fair value at least equal to 102% of the purchase price paid. At December 31, 2004, the Company has no investment in repurchase agreements.

F. Real Estate

The Company does not have investments in real estate.

6. Joint Ventures, Partnerships and Limited Liability Companies

A. The Company does not have investments in joint ventures, partnerships or limited liability companies.

B. The Company did not recognize any impairment write-down with respect to investments in joint ventures, partnerships or limited liability companies during the years ended December 31, 2004 and 2003.

NOTES TO FINANCIAL STATEMENTS

7. Investment Income

A. Due and accrued income was excluded from surplus on the following basis:

Bonds - securities in default and otherwise where collection of interest is uncertain.

B. Income due and accrued on investments where collection is not likely is excluded from net investment income. At December 31, 2004, the amount excluded was \$0.

8. Derivative Instruments

The Company does not have investments in financial derivative instruments.

9. Income Taxes

A. A deferred income tax asset or deferred tax liability was not recognized in the Company's Assets, Liabilities, or Surplus and Other Funds pursuant to the tax sharing agreement with Jackson National Life Insurance Company.

B. Pursuant to the tax sharing agreement with Jackson National Life Insurance Company, deferred tax liabilities are not recognized.

C. Current income taxes incurred (excluding tax on capital gains) consist of the following major components:

	<u>12/31/2004</u>	<u>12/31/2003</u>
Current income tax expense	\$ (28,699,534)	\$ (29,445,786)
Adjustment pursuant to Tax Sharing Agreement	28,699,534	29,445,786
Current income taxes incurred (excluding tax on capital gains)	<u>\$ 0</u>	<u>\$ 0</u>

There is no change in deferred tax amounts reported.

There are no investment tax credits reported.

There are no tax operating loss carry forwards reported.

There are no adjustments of a deferred tax amount for enacted changes in tax laws or rates or a change in the tax status of the Company.

D. Among the more significant book to tax adjustments were the following:

	<u>Amount</u>	<u>Tax Effect at a 35% Statutory Rate</u>
Income before taxes	\$ 37,588,145	\$ 13,155,851
Tax over book reserves	(4,295)	(1,503)
Net DAC adjustment	95,660	33,481
Dividends received deduction	(119,650,000)	(41,877,500)
Other	(28,179)	(9,863)
Total adjustments	<u>(119,586,814)</u>	<u>(41,855,385)</u>
Taxable income/(loss)	<u>\$ (81,998,669)</u>	<u>\$ (28,699,534)</u>

E. At December 31, 2004, the Company had no tax operating loss carry forwards, tax credits or taxes incurred available for recoupment.

F. Federal income tax allocations

(1) The Company files a consolidated federal income tax return with Jackson National Life Insurance Company and Jackson National Life Insurance Company of New York.

(2) The Company has entered into separate written agreements with Jackson National Life Insurance Company and Jackson National Life Insurance Company of New York. Both agreements are generally based on separate return calculations. Intercompany balances are settled on a quarterly basis.

10. Information Concerning Parent, Subsidiaries and Affiliates

A., B.

& C. During the years 2004 and 2003, the Company received dividends from its subsidiary, Jackson National Life Insurance Company, totaling \$120,000,000 and \$85,200,000, respectively.

The Company paid dividends to its parent company, Brooke Holdings, Inc., during the years 2004 and 2003 totaling \$35,790,500 and \$1,000,000, respectively.

NOTES TO FINANCIAL STATEMENTS

The Company received capital contributions from its parent company, Brooke Holdings, Inc., during the years 2004 and 2003 totaling \$6,000,000 and \$20,000,000, respectively.

The Company made a capital contribution to its subsidiary, Jackson National Life Insurance Company, in 2003 totaling \$20,000,000.

- D. Other than as discussed in Note 11.B. below, the Company did not have material amounts due from or to related parties as of the date of each balance sheet included in these financial statements that require further disclosure.
- E. The Company has not made any guarantees or undertakings, written or otherwise, for the benefit of an affiliate or related party that result in a material contingent exposure of the Company's or any related party's assets or liabilities.
- F. The Company has various agreements with its subsidiary, Jackson National Life Insurance Company, including reinsurance agreements and agreements to obtain administrative and management services. The Company has contracted to receive investment management services from an affiliate, PPM America, Inc.
- G. Brooke Holdings, Inc. owns all outstanding shares of the Company. The Company is a member of the Prudential plc group incorporated in England. The group structure is shown in Schedule Y.
- H. The Company does not own shares of an upstream intermediate entity or ultimate parent, either directly or indirectly, via a downstream subsidiary, controlled or affiliated company.
- I. The Company owns 100% of the outstanding common stock of Jackson National Life Insurance Company, whose carrying value exceeds 10% of the admitted assets of the Company. The Company carries Jackson National Life Insurance Company at its statutory capital and surplus value.

A quoted market price for Jackson National Life Insurance Company is not available.

The statement value of Jackson National Life Insurance Company assets and liabilities as of December 31, 2004, was \$53,721,692,773 and \$50,581,009,341, respectively.

The net income of Jackson National Life Insurance Company was \$616,298,608 for the year ended December 31, 2004.

- J. The Company does not have investments in impaired subsidiary, controlled or affiliated companies.

11. Debt**A. Capital Notes**

The Company does not have capital notes outstanding at December 31, 2004.

B. All Other Debt

On November 8, 1996, the Company issued \$388,000,000 of 8.5% notes due December 31, 2006 to Brooke Finance Corporation (Brooke Finance), a wholly owned subsidiary of Brooke Holdings, Inc.

On December 31, 1996, the Company issued \$45,000,000 of 8.51% notes due December 31, 2006 to Brooke Finance.

Effective September 25, 2001, the Company incurred a liability for borrowed money in the amount of \$7,000,000 due to National Planning Holdings, Inc., a wholly owned subsidiary of Brooke Holdings, Inc. The loan was paid in full with interest in 2004.

On October 31, 2001, the Company issued \$200,000,000 of 6.00% notes due December 31, 2006 to Brooke Finance.

On December 20, 2001, the Company incurred a liability for borrowed money in the amount of \$100,000,000 due to Brooke Finance. The loan is due in 2021 and bears an interest rate of 6.4%.

On September 27, 2002, the Company incurred a liability for borrowed money in the amount of \$500,000,000 due to Brooke Finance. The loan is due in 2012, requires annual interest payments of 5.8%, and may be paid early at the option of the Company.

The Company does not have reverse repurchase agreements outstanding at December 31, 2004.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

The Company does not have any employees and accordingly does not have, nor participate in, defined benefit plans, defined contribution plans, multiemployer plans or consolidated/holding company plans.

NOTES TO FINANCIAL STATEMENTS

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- (1) The Company has 850,000 shares of common capital stock authorized and 515,000 shares issued and outstanding with each share having a par value of \$100.
- (2) The Company has no preferred stock authorized, issued or outstanding.
- (3) The maximum amount of dividends which can be paid by State of Michigan domiciled insurance companies to shareholders without prior approval of the commissioner of insurance is subject to restrictions relating to statutory surplus and/or statutory earnings. The maximum dividend which can be paid in 2005 without prior approval of the Michigan commissioner of insurance is approximately \$191 million.
- (4) Within the limitations of (3) above, there are no prohibitions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- (5) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- (6) The Company had no advances to surplus.
- (7) The Company held no stock, including stock of affiliated companies, for special purposes.
- (8) The Company had no special surplus funds.
- (9) The portion of unassigned funds represented or (reduced) by each item below is as follows:

(a) unrealized gains and losses:	\$ 1,036,883,432
(b) nonadmitted asset values:	\$ (346,364)
(c) separate account business:	\$ 0
(d) asset valuation reserves:	\$ (544,792)
(e) reinsurance in unauthorized companies:	\$ 0
- (10) The Company has not issued surplus debentures or similar obligations.
- (11) The Company was not subject to a quasi-reorganization during the year.
- (12) The Company was not subject to a quasi-reorganization in the prior 10 years.

14. Contingencies

A. Contingent Commitments

At December 31, 2004, the Company has no commitments or contingent commitments to an SCA entity, joint venture, partnership, or limited liability company.

B. Assessments

The Company is unaware of assessments that would have a material impact on its financial position or results of operations.

C. Gain Contingencies

The Company does not recognize gain contingencies except as provided under SSAP No. 5, Liabilities, Contingencies and Impairments of Assets. The Company did not realize a gain subsequent to the balance sheet but prior to the issuance of the financial statements that requires disclosure.

D. All Other Contingencies

The Company is not aware of any material loss contingency as of December 31, 2004.

15. Leases

The Company does not have any material lease obligations.

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk

The Company has no investment in financial instruments with off-balance sheet risk or financial instruments with concentrations of credit risk.

NOTES TO FINANCIAL STATEMENTS

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables reported as Sales

No transfers as described by SSAP No. 42, Sale of Premium Receivables, have occurred during the year.

B. Transfer and Servicing of Financial Assets

No transfers as described by SSAP No. 18, Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, occurred during the year.

C. Wash Sales

No reportable wash sales occurred during the year.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

The Company does not write accident and health insurance.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

There was no direct premium written or produced by managing general agents or third party administrators.

20. September 11 Events

The Company does not have September 11 events that require disclosure.

21. Other Items

A. Extraordinary Items

The Company did not have an extraordinary event or transaction during the year.

B. Troubled Debt Restructuring

The Company did not restructure debt during the year.

C. Other Disclosures

In November 2004, the Company announced that it had entered into a definitive agreement to acquire the operations of Life Insurance Company of Georgia (LOG), a wholly owned life insurance subsidiary of ING Groep, N.V. based in Atlanta, Georgia. The transaction will be accounted for as a purchase and is anticipated to close during the second quarter of 2005 (pending regulatory approvals) at an expected purchase price of approximately \$254.0 million with the source of the funding ultimately coming from Jackson National Life Insurance Company (JNL), a wholly owned subsidiary. It is expected that the Company will contribute the stock of LOG to JNL shortly after the purchase, with LOG eventually merged into the operations of JNL.

D. Uncollectible Balances

The Company does not have balances that are reasonably possible to be uncollectible that require disclosure.

E. Business Interruption Insurance Recoveries

The Company does not have business interruption insurance recoveries that require disclosure.

22. Events Subsequent

Except as disclosed in Note 21.C., the Company is not aware of any events occurring subsequent to the balance sheet date which require disclosure to keep the financial statements from being misleading or that may have a material effect on the financial condition of the Company.

NOTES TO FINANCIAL STATEMENTS

23. Reinsurance

A. Ceded Reinsurance Report
Section 1 - General Interrogatories

- (1) None of the reinsurers listed in Schedule S as non-affiliated are owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the Company.
- (2) None of the policies issued by the Company have been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such Companies) which is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business.

Section 2 - Ceded Reinsurance Report - Part A

- (1) The Company does not have reinsurance agreements in effect under which the reinsurer may unilaterally cancel reinsurance for reasons other than for nonpayment of premium or other similar credits.
- (2) The Company does not have reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies.

Section 3 - Ceded Reinsurance Report - Part B

- (1) The estimated amount of the aggregate reduction in surplus (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement, is \$0.
- (2) The Company has not executed new agreements or amended existing agreements, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Company as of the effective date of the agreement.

B. Uncollectible Reinsurance

The Company did not write off reinsurance balances due from reinsurers.

C. Commutation of Ceded Reinsurance

The Company did not commute reinsurance during the period covered by this annual statement.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

The Company is not a party to retrospectively rated contracts or contracts subject to redetermination.

25. Change in Incurred Losses and Loss Adjustment Expenses

The Company does not report incurred losses or loss adjustment expenses that require disclosure.

26. Intercompany Pooling Arrangements

The Company is not part of a group of affiliated insurers that utilizes a pooling arrangement.

27. Structured Settlements

The Company does not have structured settlements that require disclosure.

28. Health Care Receivables

The Company does not have health care receivables that require disclosure.

29. Participating Policies

The Company does not have participating policies that require disclosure.

30. Premium Deficiency Reserves

The Company does not have premium deficiency reserves that require disclosure.

NOTES TO FINANCIAL STATEMENTS

31. Reserves for Life Contracts and Deposit-Type Contracts

- (1) The Company waives deduction of deferred fractional premiums upon death of insured and returns any portion of the final premium beyond the date of death. Surrender values are not promised in excess of the legally computed reserves.
- (2) Extra premiums are charged for substandard lives for policies issued, plus the gross premium for a rated age. Mean reserves are based on unearned premium for the substandard premium.
- (3) As of December 31, 2004, the Company had \$680,000 of insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by the State of Michigan. Reserves to cover the above insurance totaled the gross amount of \$2,260 at year-end and are reported in Exhibit 5, Life Insurance and Annuities sections.
- (4) The Tabular Interest has been determined by formula as described in the instructions. The Tabular Less Actual Reserve Released has been determined by formula as described in the instructions. The Tabular Cost has been determined by formula as described in the instructions.
- (5) The Company does not make a determination of tabular interest on funds not involving life contingencies.
- (6) The Company does not have other changes that require disclosure.

32. Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics

	(1) <u>Amount</u>	(2) <u>% of Total</u>
A. Subject to discretionary withdrawal:		
(1) With fair value adjustment	\$ 0	0.0%
(2) At book value less current surrender charge of 5% or more	141,967,237	85.8%
(3) At fair value	<u>0</u>	<u>0.0%</u>
(4) Total with adjustment or at fair value (Total of 1 through 3)	141,967,237	85.8%
(5) At book value (minimal or no charge or adjustment):		
- Surrender charge < 1%	16,342,227	9.9%
- Surrender charge >=1% but < 2.5%	0	0.0%
- Surrender charge >=2.5% but < 5%	6,935,338	4.2%
B. Not subject to discretionary withdrawal	<u>132,061</u>	<u>0.1%</u>
C. Total annuity actuarial reserves and deposit fund liabilities (gross)	165,376,863	<u>100.0%</u>
D. Reinsurance ceded	<u>4,598,317</u>	
E. Total (net)* (C) - (D)	<u>\$ 160,778,547</u>	
* Reconciliation of total annuity actuarial reserves and deposit fund liabilities.		
F. Life & Accident & Health Annual Statement:		
1. Exhibit 5, Annuities Section, Total (net)	\$ 157,499,571	
2. Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net)	0	
3. Exhibit of Deposit-Type Contracts, Line 14, Column 1 (net)	<u>3,278,976</u>	
4. Subtotal	<u>160,778,547</u>	
Separate Accounts Annual Statement:		
5. Exhibit 3, Line 0299999, Column 2	0	
6. Exhibit 3, Line 0399999, Column 2	0	
7. Policyholder dividend and coupon accumulations	0	
8. Policyholder premiums	0	
9. Guaranteed interest contracts	0	
10. Other contract deposit funds	<u>0</u>	
11. Subtotal	<u>0</u>	
12. Combined Total	<u>\$ 160,778,547</u>	

NOTES TO FINANCIAL STATEMENTS

33. Premium and Annuity Considerations Deferred and Uncollected

A. Deferred and uncollected life insurance premiums and annuity considerations as of December 31, 2004 were as follows:

Type	(1) <u>Gross</u>	(2) <u>Net of Loading</u>
(1) Industrial	\$ 0	\$ 0
(2) Ordinary new business	0	0
(3) Ordinary renewal	170,488	134,038
(4) Credit Life	0	0
(5) Group Life	6,400	6,400
(6) Group Annuity	<u>0</u>	<u>0</u>
(7) Totals	<u>\$ 176,888</u>	<u>\$ 140,438</u>

34. Separate Accounts

The Company does not have Separate Accounts business.

35. Loss/Claim Adjustment Expenses

The Company does not have loss/claim adjustment expenses that require disclosure.

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE BROOKE LIFE INSURANCE COMPANY

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities	330,216	0.0	330,216	0.0
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	0	0.0	0	0.0
1.22 Issued by U.S. government sponsored agencies	0	0.0	0	0.0
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)	0	0.0	0	0.0
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S. :				
1.41 States, territories and possessions general obligations	0	0.0	0	0.0
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	0	0.0	0	0.0
1.43 Revenue and assessment obligations	0	0.0	0	0.0
1.44 Industrial development and similar obligations	0	0.0	0	0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	415	0.0	415	0.0
1.512 Issued or guaranteed by FNMA and FHLMC	0	0.0	0	0.0
1.513 All other	0	0.0	0	0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	0	0.0	0	0.0
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	0	0.0	0	0.0
1.523 All other	16,209,900	0.5	16,209,900	0.5
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	159,258,736	4.8	159,258,736	4.8
2.2 Unaffiliated foreign securities	15,993,106	0.5	15,993,106	0.5
2.3 Affiliated securities	0	0.0	0	0.0
3. Equity interests:				
3.1 Investments in mutual funds	0	0.0	0	0.0
3.2 Preferred stocks:				
3.21 Affiliated	0	0.0	0	0.0
3.22 Unaffiliated	0	0.0	0	0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	0	0.0	0	0.0
3.32 Unaffiliated	0	0.0	0	0.0
3.4 Other equity securities:				
3.41 Affiliated	3,140,683,432	94.0	3,140,683,432	94.0
3.42 Unaffiliated	0	0.0	0	0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated	0	0.0	0	0.0
3.52 Unaffiliated	0	0.0	0	0.0
4. Mortgage loans:				
4.1 Construction and land development	0	0.0	0	0.0
4.2 Agricultural	0	0.0	0	0.0
4.3 Single family residential properties	0	0.0	0	0.0
4.4 Multifamily residential properties	0	0.0	0	0.0
4.5 Commercial loans	0	0.0	0	0.0
4.6 Mezzanine real estate loans	0	0.0	0	0.0
5. Real estate investments:				
5.1 Property occupied by the company	0	0.0	0	0.0
5.2 Property held for the production of income (includes \$0 of property acquired in satisfaction of debt)	0	0.0	0	0.0
5.3 Property held for sale (\$0 including property acquired in satisfaction of debt)	0	0.0	0	0.0
6. Policy loans	3,486,270	0.1	3,486,270	0.1
7. Receivables for securities	0	0.0	0	0.0
8. Cash, cash equivalents and short-term investments	6,271,518	0.2	6,271,518	0.2
9. Other invested assets	0	0.0	0	0.0
10. Total invested assets	3,342,233,593	100.0	3,342,233,593	100.0