Form **1120-L**
Department of the Treasury
Internal Revenue Service

U.S. Life Insurance Company Income Tax Return

For calendar year 2006 or tax year beginning _____, 2006, ending _____, 20 _____

▶ **See separate instructions.**

OMB No. 1545-0128

2006

A Check if:
1 Consolidated return (attach Form 851) ☐
2 Nonlife insurance companies are included ☐
3 Schedule M-3 required (attach Sch. M-3) ☐

Please print or type

Name

Number, street, and room or suite no. If a P.O. box, see instructions.

City or town, state, and ZIP code

B Employer identification number

C Date incorporated

D Check applicable box if an election has been made under section(s):
☐ 953(c)(3)(C) ☐ 953(d)

E Check if: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return

Income

1	Gross premiums, etc., less return premiums, etc. Enter balance	1	
2	Net decrease, if any, in reserves (see instructions)	2	
3	10% of any decrease in reserves under section 807(f)(1)(B)(ii)	3	
4	Investment income (Schedule B, line 8) (see instructions)	4	
5	Net capital gain (Schedule D (Form 1120), line 13)	5	
6	Income from a special loss discount account (attach Form 8816)	6	
7	Other income (attach schedule)	7	
8	Life insurance company gross income. Add lines 1 through 7	8	

Deductions (See instructions for limitations on deductions.)

9	Death benefits, etc.			9	
10	Net increase, if any, in reserves (Schedule F, line 35)			10	
11	10% of any increase in reserves under section 807(f)(1)(B)(i)			11	
12	Deductible policyholder dividends (Schedule F, line 18e)			12	
13	Assumption by another person of liabilities under insurance, etc., contracts			13	
14	Dividends reimbursable by taxpayer			14	
15a	Interest ▶ _____ **b** Less tax-exempt interest expense _____ **c** Bal ▶			15c	
16	Deductible policy acquisition expenses (Schedule G, line 20)			16	
17	Additional deduction (attach Form 8816)			17	
18	Other deductions (see instructions) (attach schedule)			18	
19	Add lines 9 through 18			19	
20	**Subtotal.** Subtract line 19 from line 8			20	
21a	Dividends-received deduction (Schedule A, line 16, column (c))	21a			
	Plus: b Operations loss deduction (see instructions) (attach schedule)	21b		21c	
22	Gain or (loss) from operations. Subtract line 21c from line 20			22	
23	Small life insurance company deduction (Schedule H, line 17)			23	
24	Life insurance company taxable income (LICTI). Subtract line 23 from line 22			24	
25	Limitation on noninsurance losses (Schedule I, line 9)			25	
26	Amount subtracted from policyholders surplus account (Schedule J, Part I, line 3)			26	

Tax and Payments

27	**Taxable income.** Add lines 24, 25, and 26 (see instructions)			27	
28	**Total tax** (Schedule K, line 10)			28	
29a	2005 overpayment credited to 2006	29a			
b	Prior year(s) special estimated tax payments to be applied	29b			
c	2006 estimated tax payments	29c			
d	2006 special estimated tax payments *(Do not include on line 29f)*		29d		
e	Less 2006 refund applied for on Form 4466	29e ( )	29f		
g	Tax deposited with Form 7004		29g		
h	Credits: **(1)** Form 2439 _____ **(2)** Form 4136 _____		29h		
i	Credit for federal telephone excise tax paid (attach Form 8913)		29i		
j	U.S. income tax paid or withheld at source (attach Form 1042-S)		29j	29k	
30	Estimated tax penalty. Check if Form 2220 is attached ▶ ☐			30	
31	**Amount owed.** If line 29k is smaller than the total of lines 28 and 30, enter amount owed			31	
32	**Overpayment.** If line 29k is larger than the total of lines 28 and 30, enter amount overpaid			32	
33	Enter amount from line 32: **Credited to 2007 estimated tax** ▶	**Refunded** ▶		33	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer _____ Date _____ ▶ Title _____

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ **Yes** ☐ **No**

Paid Preparer's Use Only

Preparer's signature ▶ | Date | Check if self-employed ☐ | Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code ▶ | EIN | Phone no. ( )

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11480E Form **1120-L** (2006)

Schedule A Dividend Income and Dividends-Received Deduction (see instructions)

	Dividends subject to proration		(a) Dividends received	(b) %	(c) Deduction ((a) times (b))
1	Domestic corporations, less-than-20%-owned (other than debt-financed stock)	1		70	
2	Domestic corporations, 20%-or-more-owned (other than debt-financed stock)	2		80	
3	Debt-financed stock of domestic and foreign corporations	3		see instructions	
4	Public utility corporations, less-than-20%-owned	4		42	
5	Public utility corporations, 20%-or-more-owned	5		48	
6	Foreign corporations, less-than-20%-owned, and certain FSCs	6		70	
7	Foreign corporations, 20%-or-more-owned, and certain FSCs	7		80	
8	Wholly owned foreign subsidiaries (section 245(b)) and certain FSCs	8		100	
9	Certain affiliated company dividends	9		100	
10	Gross dividends-received deduction. Add lines 1 through 9	10			
11	Company share percentage (Schedule F, line 32)	11			
12	Prorated amount. Line 10 times line 11	12			
	Dividends not subject to proration				
13	Affiliated company dividends	13		see instructions	
14	Other corporate dividends	14			
15	**Total dividends.** Add lines 1 through 14, column (a). Enter here and on Schedule B, line 2	15			
16	**Total deductions.** Add lines 12 and 13, column (c). Reduce the deduction as provided in section 805(a)(4)(D)(ii). Enter here and on page 1, line 21a and on Schedule J, Part II, line 8c	16			

Schedule B Gross Investment Income (section 812(d)) (see instructions)

1	Interest (excluding tax-exempt interest)	1		
2	Gross taxable dividends (Schedule A, line 15, column (a))	2		
3	Gross rents	3		
4	Gross royalties	4		
5	Leases, terminations, etc.	5		
6	Excess of net short-term capital gain over net long-term capital loss (Schedule D (Form 1120), line 12)	6		
7	Gross income from trade or business other than an insurance business (attach schedule)	7		
8	Investment income. Add lines 1 through 7. Enter here and on page 1, line 4	8		
9	Tax-exempt interest. Enter here and on Schedule F, line 13 and Schedule J, Part II, line 8d	9		
10	Increase in policy cash value of section 264(f) policies as defined in section 805(a)(4)(F). Enter here and include on Schedule F, line 13	10		
11	Add lines 8, 9, and 10	11		
12	100% qualifying dividends	12		
13	**Gross investment income.** Subtract line 12 from line 11. Enter here and on Schedule F, line 9	13		

Schedule F Increase (Decrease) in Reserves (section 807) and Company/Policyholder Share Percentage (section 812) (see instructions)

			(a) Beginning of tax year		(b) End of tax year	
1	Life insurance reserves	1				
2	Unearned premiums and unpaid losses	2				
3	Supplementary contracts	3				
4	Dividend accumulations and other amounts	4				
5	Advance premiums	5				
6	Special contingency reserves	6				
7	Add lines 1 through 6	7				
8	Increase (decrease) in reserves under section 807. Subtract line 7, column (a) from line 7, column (b)			8		
9	Gross investment income (Schedule B, line 13)			9		
10a	Required interest on reserves under sections 807(c)(1), (3), (4), (5), and (6) (attach schedule)	10a				
b	Deductible excess interest. Enter here and on lines 18b and 19 below	10b				
c	Deductible amounts credited to employee pension funds	10c				
d	Deductible amounts credited to deferred annuities	10d				
e	Deductible interest on amounts left on deposit	10e				
f	Total policy interest. Add lines 10a through 10e. Enter here and on line 26 below			10f		
11	Subtract line 10f from line 9			11		
12	Life insurance company gross income (see instructions)	12				
13	Tax-exempt interest and the increase in policy cash value of section 264(f) policies as defined in section 805(a)(4)(F). (Enter the sum of Schedule B, line 9 and line 10.)	13				
14	Add lines 12 and 13			14		
15	Increase in reserves from line 8. (If a decrease in reserves, enter -0-.)			15		
16	Subtract line 15 from line 14			16		
17	Investment income ratio. Divide line 11 by line 16			17		
18a	Policyholder dividends paid or accrued	18a				
b	Excess interest from line 10b	18b				
c	Premium adjustments	18c				
d	Experience-rated refunds	18d				
e	Deductible policyholder dividends. Add lines 18a through 18d. Enter here and on page 1, line 12			18e		
19	Deductible excess interest from line 10b	19				
20	Deductible dividends on employee pension funds	20				
21	Deductible dividends on deferred annuities	21				
22	Deductible premium and mortality charges for contracts paying excess interest	22				
23	Add lines 19 through 22			23		
24	Subtract line 23 from line 18e			24		
25	Investment portion of dividends. Line 17 times line 24.			25		
26	Policy interest from line 10f			26		
27	Policyholder share amount. Add lines 25 and 26			27		
28	Net investment income (see instructions)			28		
29	Policyholder share amount from line 27			29		
30	Company share of net investment income. Subtract line 29 from line 28			30		
31	Total share percentage			31	100%	
32	**Company share percentage.** Divide line 30 by line 28. Enter here and on Schedule A, line 11			32	%	
33	**Policyholders' share percentage.** Subtract line 32 from line 31			33	%	
34	Policyholders' share of tax-exempt interest and the increase in policy cash value of section 264(f) policies as defined in section 805(a)(4)(F). Multiply line 13 by line 33			34		
35	**Net increase (decrease) in reserves.** Subtract line 34 from line 8. If an increase, enter here and on page 1, line 10. If a (decrease), enter here and on page 1, line 2			35		

Schedule G Policy Acquisition Expenses (section 848) (see instructions)

			(a) Annuity	(b) Group life insurance	(c) Other
1	Gross premiums and other consideration	1			
2	Return premiums and premiums and other consideration incurred for reinsurance	2			
3	Net premiums. Subtract line 2 from line 1	3			
4	Net premium percentage	4	1.75%	2.05%	7.7%
5	Multiply line 3 by line 4	5			

6	Combine line 5, columns (a), (b), and (c), and enter here. If zero or less, enter -0- on lines 7 and 8	6	
7	Unused balance of negative capitalization amount from prior years	7	( )
8	Combine lines 6 and 7. If zero or less, enter -0-	8	
9	General deductions (attach schedule)	9	
10	Enter the lesser of line 8 or line 9	10	
11	Deductible general deductions. Subtract line 10 from line 9. Enter here and include on page 1, line 18	11	
12	If the amount on line 6 is negative, enter it as a positive amount. If the amount on line 6 is positive, enter -0-	12	
13	Unamortized specified policy acquisition expenses from prior years	13	
14	Deductible negative capitalization amount. Enter the lesser of line 12 or line 13	14	
15a	Tentative 60-month specified policy acquisition expenses. Enter amount from line 10, but not more than $5 million	15a	
b	Limitation	15b	$10,000,000
16	Phase-out amount. Subtract line 15b from line 10. If zero or less, enter -0-	16	
17a	Current year 60-month specified policy acquisition expenses. Subtract line 16 from line 15a. If zero or less, enter -0-	17a	
b	Enter 10% of line 17a	17b	
18a	Current year 120-month specified policy acquisition expenses. Subtract line 17a from line 10.	18a	
b	Enter 5% of line 18a	18b	
19	Enter the applicable amount of amortization from specified policy acquisition expenses capitalized in prior years and deductible this year. Attach schedule	19	
20	**Deductible policy acquisition expenses.** Add lines 14, 17b, 18b, and 19. Enter here and on page 1, line 16	20	

Schedule H Small Life Insurance Company Deduction (section 806(a)) (see instructions)

Part I—Controlled Group Information

	Name of company	Tentative LICTI (a) Income	Tentative LICTI (b) (Loss)
1			
2			
3			
4			
5			
6	Add lines 1 through 5 in both columns		
7	Net controlled group tentative LICTI. Subtract line 6, column (b) from line 6, column (a). Enter here and on line 11 below		

Part II—Small Life Insurance Company Deduction

If total assets (Schedule L, Part I, line 6, column (b)), are $500 million or more, complete lines 8 through 12, line 16, and enter -0- on line 17 (see instructions).

8	Gain or (loss) from operations from page 1, line 22	8			
9a	Noninsurance income	9a			
b	Noninsurance deductions	9b			
10a	Gain or (loss) on insurance operations. Subtract line 9a from line 8 and add line 9b	10a			
b	Adjustments (attach schedule)	10b			
c	Tentative LICTI. Combine lines 10a and 10b	10c			
11	Net controlled group tentative LICTI from line 7	11			
12	Combined tentative LICTI. Add line 10c and line 11. If $15 million or more, skip lines 13 through 15 and enter -0- on line 17 below and on page 1, line 23	12			
13	Enter 60% of line 12, but not more than $1,800,000			13	
14a	Maximum statutory amount	14a	$3,000,000		
b	Subtract line 14a from line 12. If zero or less, enter -0-	14b			
c	Enter 15% of line 14b, but not more than $1,800,000			14c	
15	Tentative small life insurance company deduction. Subtract line 14c from line 13			15	
16	Taxpayer's share. Divide line 10c by the total of line 6, column (a) and line 10c. If line 10c is zero or less, enter -0- on this line			16	
17	**Small life insurance company deduction.** Multiply line 15 by line 16. Enter here and on page 1, line 23, and on Schedule J, Part II, line 8b			17	

Schedule I Limitation on Noninsurance Losses (section 806(b)(3)(C)) (see instructions)

1	Noninsurance income (attach schedule)	1	
2	Noninsurance deductions (attach schedule)	2	
3	Noninsurance operations loss deductions	3	
4	Add lines 2 and 3	4	
5	Noninsurance loss. Subtract line 1 from line 4. If line 1 is greater than line 4, skip lines 5 through 8 and enter -0- on line 9	5	
6	Enter 35% of line 5	6	
7	Enter 35% of the excess of LICTI (page 1, line 24) over any noninsurance loss included on page 1	7	
8	Enter the lesser of line 6 or line 7	8	
9	**Limitation on noninsurance losses.** Subtract line 8 from line 5. Enter here and on page 1, line 25	9	

Schedule J Part I—Policyholders Surplus Account (Stock Companies Only) (section 815(d)) (see instructions)

1	Balance at the beginning of the tax year			1	
2a	Subtractions from account under pre-1984 sections 815(d)(1) and (4)	2a			
b	Tax increase on line 2a	2b			
c	Subtraction from account under pre-1984 section 815(d)(2)	2c			
3	Add lines 2a through 2c, but not more than line 1. Enter here and on page 1, line 26			3	
4	Subtract line 3 from line 1			4	
5	Direct or indirect distributions, but not more than line 4			5	
6	Balance at the end of the tax year. Subtract line 5 from line 4			6	

Part II—Shareholders Surplus Account (Stock Companies Only) (section 815(c)) (see instructions)

7a	Balance at the beginning of the tax year	7a	
b	Transfers under pre-1984 sections 815(d)(1) and (4) for the preceding year	7b	
c	Balance at the beginning of the tax year. Add lines 7a and 7b	7c	
8a	LICTI. Add lines 24 and 25, page 1. If zero or less, enter -0-	8a	
b	Small life insurance company deduction (Schedule H, line 17)	8b	
c	Dividends-received deduction (Schedule A, line 16, column (c))	8c	
d	Tax-exempt interest (Schedule B, line 9) (see instructions)	8d	
9	Add lines 7c through 8d	9	
10	Tax liability without regard to section 815. Figure the tax on line 8a as if it were total taxable income	10	
11	Subtract line 10 from line 9. If zero or less, enter -0-	11	
12	Direct or indirect distributions in excess of the amount on line 5 in Part I above, but not more than line 11	12	
13	Balance at the end of the tax year. Subtract line 12 from line 11	13	

Schedule K Tax Computation (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)) ▶ ☐				
2	Income tax			2	
3	Alternative minimum tax (attach Form 4626)			3	
4	Add lines 2 and 3			4	
5a	Foreign tax credit (attach Form 1118)	5a			
b	Qualified electric vehicle credit (attach Form 8834)	5b			
c	General business credit. Check applicable box(es): ☐ Form 3800 ☐ Form 6478 ☐ Form 8835, Section B ☐ Form 8844	5c			
d	Credit for prior year minimum tax (attach Form 8827)	5d			
e	Bond credits from: ☐ Form 8860 ☐ Form 8912	5e			
6	**Total credits.** Add lines 5a through 5e			6	
7	Subtract line 6 from line 4			7	
8	Foreign corporations—tax on income not effectively connected with U.S. business			8	
9	Other taxes. Check if from: ☐ Form 4255 ☐ Form 8611 ☐ Other (attach schedule)			9	
10	**Total tax.** Add lines 7 through 9. Enter here and on page 1, line 28			10	

Schedule L Part I—Total Assets (section 806(a)(3)(C)) (see instructions)

			(a) Beginning of tax year		(b) End of tax year	
1	Real property	1				
2	Stocks	2				
3	Proportionate share of partnership and trust assets	3				
4	Other assets (attach schedule)	4				
5	Total assets of controlled groups	5				
6	**Total assets.** Add lines 1 through 5	6				

Part II—Total Assets and Total Insurance Liabilities (section 842(b)(2)(B)(i)) (see instructions)

Line references below are to the "Assets" (lines 1 and 2) and "Liabilities, Surplus, and Other Funds" (lines 3 through 13) sections of the NAIC Annual Statement.

			(a) Beginning of tax year		(b) End of tax year	
1	Subtotals for assets (line 24)	1				
2	**Total assets** (line 26)	2				
3	Reserve for life policies and contracts (line 1)	3				
4	Reserve for accident and health policies (line 2)	4				
5	Liability for deposit-type contracts (line 3)	5				
6	Life policy and contract claims (line 4.1)	6				
7	Accident and health policy and contract claims (line 4.2)	7				
8	Policyholder's dividend and coupon accumulations (line 5)	8				
9	Premiums and annuity considerations received in advance less discount (line 8)	9				
10	Surrender values on canceled policies (line 9.1)	10				
11	Part of other amounts payable on reinsurance assumed (line 9.3)	11				
12	Part of aggregate write-ins for liabilities (line 25). (Only include items or amounts includable in "total insurance liabilities on U.S. business" as defined in section 842(b)(2)(B)(i))	12				
13	Separate accounts statement (line 27)	13				
14	**Total insurance liabilities.** Add lines 3 through 13	14				

Schedule M Other Information (see instructions)

	Yes	No
1 Check method of accounting: **a** ☐ Accrual **b** ☐ Other (specify)		
2 Check if the corporation is a: **a** ☐ Legal reserve company—if checked: Kind of company: **(1)** ☐ Stock **(2)** ☐ Mutual Principal business: **(1)** ☐ Life insurance **(2)** ☐ Health and accident insurance **b** ☐ Fraternal or assessment association **c** ☐ Burial or other insurance company		
3 Enter the percentage that the total of the corporation's life insurance reserves (section 816(b)) plus unearned premiums and unpaid losses (whether or not ascertained) on noncancelable life, health or accident policies not included in life insurance reserves bears to the corporation's total reserves (section 816(c)) _____ %. Attach a schedule of the computation.		
4 Does the corporation have any variable annuity contracts outstanding?		
5 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing **(a)** name and employer identification number (EIN), **(b)** percentage owned, and **(c)** taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.		
6 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "Yes," enter name and EIN of the parent corporation. ▶		
7 At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) If "Yes," complete **a** and **b** below. **a** Attach a schedule showing name and identifying number. (Do not include any information already entered in **6** above.) **b** Enter percentage owned ▶		
8 At any time during the year, did one foreign person own, directly or indirectly, at least 25% of **(a)** the total voting power of all classes of stock of the corporation entitled to vote or **(b)** the total value of all classes of stock of the corporation? If "Yes," Enter: **a** Percentage owned ▶ and **b** Owner's country ▶ **c** The corporation may have to file **Form 5472,** Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached ▶		
9 Has the corporation elected to use its own payout pattern for discounting unpaid losses and unpaid loss adjustment expenses?		
10 Does the corporation discount any of the loss reserves shown on its annual statement?		
11a Enter the total unpaid losses shown on the corporation's annual statement: **(1)** For the current year: $ _____ **(2)** For the previous year: $ _____ **b** Enter the total unpaid loss adjustment expenses shown on the corporation's annual statement: **(1)** For the current year: $ _____ **(2)** For the previous year: $ _____		
12 If the corporation has an operations loss deduction (OLD) for the tax year and is electing under section 810(b)(3) to forego the carryback period, check here ▶ ☐ If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.		
13 Enter the available OLD carryover from prior tax years. (Do not reduce it by any deduction on page 1, line 21b.) ▶ $_____		

Note. *If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach* ***Schedule N (Form 1120),*** *Foreign Operations of U.S. Corporations, to this return. See Schedule N for more details.*

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