FORM 10-Q/A

Quarterly report pursuant to sections 13 or 15(d) [amend]

Filing Date: **1995-07-12** | Period of Report: **1995-03-31**
SEC Accession No. 0000109747-95-000009

FILER

SOUTHERN SECURITY LIFE INSURANCE CO

CIK:**109747**| IRS No.: **591231733** | State of Incorp.:**FL** | Fiscal Year End: **1231**
Type: **10-Q/A** | Act: **34** | File No.: **002-35669** | Film No.: **95553347**
SIC: **6311** Life insurance

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Form 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)
(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1995

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ________________

For Quarter Ended March 31, 1995 Commission File No. 2-35669

SOUTHERN SECURITY LIFE INSURANCE COMPANY
(Exact name of registrant as specified in its charter)

Florida	59-1231733
(State of incorporation)	(I.R.S. tax number)

755 Rinehart Road, Lake Mary, FL 32746

Registrant's telephone number, including area code: (407) 321-7113

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Indicate by check mark whether the Registrant (1) has filed all annual, quarterly and other reports required to be filed with the Commission during the preceding 12 months and (2) has been subject to the filing requirements for at least the past 90 days.

Yes X No ___

The number of Registrant's shares outstanding as of the close of the period covered by this report is as follows:

Title of class	Number Outstanding at March 31, 1995
Class A Common Shares $1.00 per share	1,907,989

SOUTHERN SECURITY LIFE INSURANCE COMPANY

Part I
FINANCIAL INFORMATION

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ITEM 1

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FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

SOUTHERN SECURITY LIFE INSURANCE COMPANY
BALANCE SHEETS
MARCH 31, 1995 AND DECEMBER 31, 1994

<TABLE>
<CAPTION>

ASSETS	Unaudited March 31, 1995	Audited December 31, 1994
<S>	<C>	<C>
Investments (Note 3):		
Fixed maturities held to maturity (market value $12,474,924 at December 31, 1994 and $13,130,216 at March 31, 1995	13,472,028	$12,816,337
Securities available for sale:		
Fixed maturities at the fair value at March 31, 1995 and December 31, 1994 (cost of $20,984,426 at March 31, 1995		

and $20,015,825 at December 31, 1994 respectively)	20,281,628	18,641,197
Equity securities (cost, $1,267,852 and $1,369,028 March 31,1995 and December 31, 1994, respectively)	1,364,256	1,380,761
Policy and student loans	5,341,981	8,866,968
Short-term investments	1,835,460	1,875,758
Other Invested Assets	30,707	31,054
	$42,326,060	$43,612,075
Cash & Cash Equivalents	$ 2,376,110	$ 638,079
Accrued investment income	666,871	604,851
Deferred policy acquisition costs (Note 4)	19,735,672	20,104,624
Policyholders' account balances on deposit with reinsurer (note 7)	8,250,961	8,098,655
Reinsurance receivable (note 7)	431,087	323,184
Due from affiliated insurance agency (Note 11)	12,418	10,419
Receivables:		
Agent balances	266,143	521,076
Other	515,944	333,721
Refundable income taxes	101,178	114,216
Property and equipment at cost, (Note 5)	2,908,617	2,824,170
Total Assets	$77,591,061	$77,185,070

</TABLE>

SOUTHERN SECURITY LIFE INSURANCE COMPANY
BALANCE SHEETS
MARCH 31, 1995 AND DECEMBER 31, 1994

<TABLE>
<CAPTION>

LIABILITIES AND SHAREHOLDERS' EQUITY

<S>	Unaudited March 31, 1995 <C>	Audited December 31 1994 <C>
Liabilities:		
Policy liabilities and accruals: (Notes 6 and 7)		
Future policy benefits	$ 1,000,076	$ 1,041,645
Policyholder's account balances	48,680,872	47,618,490
Unearned premiums	10,138,417	10,416,064
Other policy claims and benefits payable	506,563	297,376
Other policyholders funds, dividend and endowment accumulations	52,907	55,375
Funds held in reinsurance treaties with unauthorized reinsurers (note 7)	767,030	700,701
Note payable (Note 8)	-	891,823
Note payable to related party (note 9)	1,000,000	1,000,000
Due to affiliated insurance agency (Note 11)	-	225,213
Other liabilities	1,453,107	1,819,858
Deferred income taxes (Note 10)	793,493	474,000
	$64,392,465	$64,540,545
Shareholders' equity (Notes 2, 3 and 12):		
Common stock, $1 par, authorized		

2,000,000 shares; issued and outstanding 1,907,989 shares	$ 1,907,989	$ 1,907,989
Capital in excess of par	4,011,519	4,011,519
Outstanding agents' incentive stock bonus (note 12)		-
Unrealized appreciation (depreciation) of equity securities available for sale	(333,145)	(518,535)
Retained earnings	7,612,233	7,243,552
	13,198,596	12,644,525
Commitments and contingencies (notes 7, and 14)	-	-
	$ 77,591,061	$ 77,185,070

See notes to financial statements.

</TABLE>

SOUTHERN SECURITY LIFE INSURANCE COMPANY
STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31, 1995	1994
<S>	<C>	<C>
Revenues:		
Premium income	$ 2,704,538	$ 2,818,171
Less reinsurance ceded	(526,474)	(678,227)
Net premium income	2,178,064	2,139,944
Net investment income (Notes 3 and 8)	772,643	840,737
Realized gain (loss) on investments (Note 3)	(7,850)	18,429
	$ 2,942,857	$ 2,999,110
Benefits, losses & expenses:		
Annuity, death and other benefits	1,065,585	668,876
Decrease in future policy benefits	(41,569)	(12,079)
Amortization of deferred policy acquisitions costs (Note 4)	660,795	1,112,180
Operating Expenses (Note 11)	645,656	798,563
Interest expense with related party (Note 9)	22,500	22,500
	$ 2,352,967	$ 2,590,040
Income before income taxes	589,890	409,070
Income tax expense (benefit) (Note 10)	221,209	151,356
Net income	$ 368,681	$ 257,714
Retained Earnings, beginning	7,243,552	6,229,573
Retained Earnings, ending	7,612,233	6,487,287
Earnings per share, based on 1,907,989 weighted average shares outstanding in 1994	$ .19	.13

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See notes to financial statements.

</TABLE>

SOUTHERN SECURITY LIFE INSURANCE COMPANY
STATEMENTS OF SHAREHOLDERS' EQUITY
PERIODS ENDED MARCH 31, 1995, DECEMBER 31, 1994, AND 1993

<TABLE>
<CAPTION>

	Common stock Shares	Common stock Amount	Capital in excess of par	Unrealized appreciation (depreciation) of equity security investments	Agents Incentive Stock Bonus	Retained earnings
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balances, December 31, 1992	1,844,694	$1,844,694	3,918,292	64,633	-	5,524,921
Net income for the year	-	-	-	-	-	704,652
Stock bonus	-	-	-	-	125,000	-
Unrealized appreciation of equity security investments	-	-	-	55,909	-	-
Balances, December 31, 1993	1,844,694	1,844,694	3,918,292	120,542	125,000	6,229,573
Capital Stock issued	63,295	63,295	93,227	-	(125,000)	
Net income for the year	-	-	-	-	-	1,013,979
Unrealized depreciation of securities available for sale investments	-	-	-	(639,077)	-	-
Balances, December 31, 1994	1,907,989	$1,907,989	4,011,519	(518,535)	-	7,243,552
Capital Stock issued						
Net income for the year to date	-	-	-	-	-	368,681
Unrealized depreciation of securities available for sale investments	-	-	-	185,390	-	-
Balances, March 31,						

1995	1,907,989	$1,907,989	4,011,519	(333,145)	-	7,612,233
	=========	==========	=========	==========	=========	=========

</TABLE>

SOUTHERN SECURITY LIFE INSURANCE COMPANY
STATEMENTS OF CASH FLOWS
FOR THREE MONTHS ENDED MARCH 31, 1995 AND 1994
INCREASE (DECREASE) IN CASH

<TABLE>
<CAPTION>

	1995	1994
<S>	<C>	<C>
Cash flows provided by (used in) operating activities:		
Net income (including net realized gains and losses on investments)	$ 368,681	$257,714
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	32,130	37,612
Net realized (gains) or losses on investments	11,944	18,429
Deferred income taxes	319,493	
Amortization of deferred policy acquisition costs	969,747	1,187,180
Acquisition costs deferred	(600,795)	(1,093,659)
Change in assets and liabilities affecting cash provided by operations:		
Accrued investment income	(62,020)	(867,938)
Due from affiliated insurance agency	(1,999)	
Accounts receivable	85,748	474,213
Other policy claims and future benefits payable	167,618	(114,680)
Reinsurance Receivable	(107,903)	(54,580)
Policyholders' Account Balances	604,545	607,481
Funds held under reinsurance	66,329	38,928
Unearned premiums	(277,647)	148,916
Dividend and endowment accumulations	(2,468)	1,397
Payable to affiliated insurance agent	(225,213)	
Income tax payable	206,208	(133,970)
Other liabilities	(817,618)	(1,679,148)
Other policyholders' funds		
	-----------	-----------
Net cash provided by (used in) operating activities	736,780	(1,172,105)

</TABLE>

(continued)

SOUTHERN SECURITY LIFE INSURANCE COMPANY
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THREE MONTHS ENDED MARCH 31, 1995 AND 1994
INCREASE (DECREASE) IN CASH

<TABLE>
<CAPTION>

	1995	1994
	-----------	----------

<S>	<C>	<C>
Cash flows from (used in) investing activities:		
Purchase of investments	(2,602,149)	(5,907,944)
Proceeds from maturity of held to maturity securities	336,070	
Proceeds from maturity of available for sale securities	25,128	
Proceeds from sale of available for sale securities		
Proceeds from sales of investments	135,323	1,150,212
Proceeds from maturities of investments		
Net change in policy and student loans	3,524,988	19,516,152
Net change in short term investments	40,298	
Acquisition of property and equipment	(116,774)	-
Net cash provided by (used in) investing activities	1,342,884	14,758,420
Cash flows from financing activities:		
Receipts from universal life and certain annuity policies credited to policyholder account balances	1,416,328	1,546,967
Return of policyholder account balances on universal life and certain annuity policies	(1,110,797)	(798,413)
Proceeds from short-term borrowings	1,000,000	2,561,932
Repayment of short-term borrowings	(1,891,823)	12,000,000
Net cash provided by financing activities	(586,292)	(8,689,514)
Increase (decrease) in cash	1,493,372	4,896,801
Cash and cash equivalents at beginning of year	882,737	89,461
Cash and cash equivalents at end of quarter	$2,376,109	$ 4,986,262

See notes to financial statements.

</TABLE>

SOUTHERN SECURITY LIFE INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

1. Nature of business and summary of significant accounting policies

(a) Nature of Business

The primary business purpose of Southern Security Life Insurance Company (the "Company") is the issuance of long duration universal life insurance contracts. Prior to 1986, the Company's business included traditional whole life and annuity contracts. The majority of the Company's business is conducted in the states of Florida (50%), Georgia (15%) and Texas (11%). None of the remaining eight states in which the Company is licensed to conduct business account for over 10% of the Company's total business.

(b) Basis of Financial Statements

The financial statements have been prepared on the basis of generally accepted accounting principles ("GAAP"), which vary from reporting practices prescribed or permitted by regulatory authorities.

(c) Investments

Effective January 1, 1994, the Company adopted Statement of Financial Accounting Standards No. 115 ("SFAS 115") "Accounting for Certain Investments in Debt and Equity Securities." SFAS 115 requires that investments in all debt securities and those equity securities with readily determinable market values be classified into one of three categories: held-to-maturity, trading or available-for-sale. Classification of investments is based upon management's current intent. Debt securities which management has a positive intent and ability to hold until maturity are classified as securities held-to-maturity and are carried at amortized cost. Unrealized holding gains and losses on securities held-to-maturity are not reflected in the financial statements. Debt and equity securities that are purchased for short-term resale are classified as trading securities. Trading securities are carried at fair value, with unrealized holding gains and losses included in earnings. All other debt and equity securities not included in the above two categories are classified a securities available-for-sale. Securities available-for-sale are carried at fair value, with unrealized holding gains and losses reported as a separate component of stockholders' equity, net of tax and a valuation allowance against deferred acquisition costs. At December 31, 1994, the Company did not have any investments categorized as trading securities. Adoption of this statement had no effect on the income of the Company.

Prior to January 1, 1994, the Company classified investments in fixed maturity securities, in accordance with emerging practice for financial

1. Nature of business and summary of significant accounting policies
(continued)

institutions. Fixed maturity securities that the Company had the ability and intent to hold until maturity were classified as fixed maturities held to maturity and were carried at amortized cost. Fixed maturity securities which may have been sold prior to maturity due to changes in interest rates, prepayment risks, liquidity needs, tax planning purposes or other similar factors, were classified as securities available for sale, and were carried at the lower of aggregate amortized cost or market. If the aggregate market value for fixed maturities available for sale was less than the aggregate amortized cost of such securities, the excess was an unrealized loss which was reported net of income taxes in a separate component of shareholders' equity along with the change in unrealized gains or losses on equity securities also shown net of income taxes.

The Company's carrying value for investments in the held-to-maturity and available-for-sale categories is reduced to its estimated realizable value if a decline in the market value is deemed other than temporary. Such reductions in carrying values are recognized as realized losses and charged to income.

Interest on fixed maturities and short-term investments is credited to income as it accrues on the principal amounts outstanding adjusted for amortization of premiums and discounts computed by the scientific method, which approximates the effective yield method. Realized gains and loses on disposition of investments are included in net income. The cost of investments sold is determined on the specific identification method. Dividends are recorded as income on the ex-dividend dates.

Policy loans and student loans are carried at the unpaid principal balance, less any amounts deemed to be uncollectible. No policy loans are made for amounts in excess of the cash surrender value of the related policy. Accordingly, policy loans are fully collateralized by the related liability for future policy benefits for traditional insurance policies and by the policyholders' account balance for interest sensitive policies.

(d) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of one month or less to be cash equivalents.

1. Nature of business and summary of significant accounting policies

(continued)

(e) Deferred Policy Acquisition Costs

The costs of acquiring new business, net of the effects of reinsurance, principally commissions and those home office expenses that tend to vary with and are primarily related to the production of new business, have been deferred. Deferred policy acquisition costs applicable to non-universal life policies are being amortized over the premium-paying period of the related policies in a manner that will charge each year's operations in direct proportion to the estimated receipt of premium revenue over the life of the policies. Premium revenue estimates are made using the same interest, mortality and withdrawal assumptions as are used for computing liabilities for future policy benefits. Acquisition costs relating to universal life policies are being amortized at a constant rate based on the present value of the estimated gross profit amounts expected to be realized over the life of the policies.

(f) Depreciation

Depreciation is being provided on the straight-line method over the estimated useful lives of the assets.

(g) Future Policy Benefits

The liability for future policy benefits has been provided on a net level premium basis utilizing estimated investment yields, withdrawals, mortality and other assumptions that were appropriate at the time the policies were issued. Such estimates are based upon industry data and the Company's past experience as adjusted to provide for possible adverse deviation from the estimates.

(h) Recognition of Premium Revenue and Related Costs

Premiums are recognized as revenue as follows:

- Universal life policies - premiums received from policyholders are reported as deposits. Cost of insurance and expense charges, which are charged against the policyholder account balance, are recognized as revenue as earned. Amounts assessed against the policyholder account balance that represent compensation to the Company for services to be provided in future periods are reported as unearned revenue and recognized in income using the same assumptions and factors used to

1. Nature of business and summary of significant accounting policies
continued

amortize acquisition costs capitalized.

- Annuity contracts with flexible terms - premiums received from policyholders are reported as deposits.

- All other policies - recognized as revenue over the premium paying period.

(i) Reinsurance

Statement of Financial Accounting Standards ("SFAS") No. 113, "Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts," is effective for fiscal years beginning after December 15, 1992. SFAS No. 113, which eliminated net reporting of reinsurance amounts in the balance sheet, provides disclosure requirements and guidance on assessing transfer of risk in insurance contracts that apply to ceding and assuming entities and guidance with regard to gain recognition. The Company adopted this pronouncement in 1993.

(j) Income Taxes

In February 1992, the Financial Accounting Standards Board issued SFAS No. 109, "Accounting for Income Taxes". Under SFAS No. 109 deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company adopted SFAS No. 109 in 1992 and has applied the provisions of SFAS No. 109 retroactively to January 1, 1991.

(k) Earnings Per Share

Earnings per share are computed based on weighted average outstanding shares for each year.

1. Nature of business and summary of significant accounting policies

continued

(l) Reclassification

Certain amounts presented in the 1992 and 1993 financial statements have been restated to conform to the 1994 presentation.

2. Basis of Financial Statements

The more significant generally accepted accounting principles applied in the preparation of financial statements that differ from life insurance statutory accounting practices prescribed or permitted by regulatory authorities (which are primarily designed to demonstrate solvency) are as follows:

a. Costs of acquiring new business are deferred and amortized, rather than being charged to operations as incurred.

b. The liability for future policy benefits and expenses is based on conservative estimates of expected mortality, morbidity, interest, withdrawals and future maintenance and settlement expenses, rather than on statutory rates for mortality and interest.

c. The liability for policyholder funds associated with universal life and certain annuity contracts are based on the provisions of Statement of Financial Accounting Standards Statement No. 97, rather than on the statutory rates for mortality and interest.

d. Investments in securities are reported as described in Note 1, rather than in accordance with valuations established by the National Association of Insurance Commissioners ("NAIC"). Pursuant to NAIC valuations, bonds eligible for amortization are reported at amortized value; other securities are carried at values prescribed by or deemed acceptable by NAIC including common stocks, other than stocks of affiliates, at market value.

e. Deferred income taxes, if applicable, are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

f. The statutory liabilities for the asset valuation reserve and interest maintenance reserve have not been provided in the financial statements.

2. Basis of financial statements (continued)

g. Certain assets, principally receivables from agents and equipment, are reported as assets rather than being charged directly to surplus.

h. Expenses attributable to the public offering of the common shares have been reclassified from retained earnings to capital in excess of par.

i. Realized gains or losses on the sale or maturity of investments are included in the statement of income and not recorded net of taxes and amounts transferred to the interest maintenance reserve as required by statutory accounting practices.

j. Certain proceeds from a note payable (note 9) that are treated as shareholder's equity for statutory purposes are treated as a liability under generally accepted accounting principles.

A reconciliation of net income (loss) for the years ended December 31, 1994, 1993 and 1992 and shareholders' equity as of December 31, 1994 and 1993 between the amounts reported on a statutory basis and the related amounts presented on the basis of generally accepted accounting principles is as follows:

SOUTHERN SECURITY LIFE INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

	Net Income (Loss) Ended December 31,			Shareholders' Equity December 31,	
	1994	1993	1992	1994	1993
As reported on a statutory basis	$ 55,816	195,794	2,039,144	8,759,282	8,540,689
Adjustments:					
Deferred policy acquisition costs, net	724,549	152,801	(1,991,046)	20,104,624	18,279,497
Future policy benefits, unearned premiums and policyholders'					

funds	586,243	189,956	781,660	(14,632,156)	(14,592,689)
Deferred income taxes	(430,000)	142,000	705,400	(474,000)	(364,000)
Asset valuation reserve	-	-	-	481,454	461,424
Interest maintenance reserve	(4,092)	52,501	154,639	203,048	207,140
Non-admitted assets	-	-	-	431,092	861,468
Unrealized losses - SFAS 115	-	-	-	(1,374,628)	-
Capital and surplus note	-	-	-	(1,000,000)	(1,000,000)
Other adjustments, net	81,463	(28,400)	80,403	145,809	(155,428)
Net increase (decrease)	958,163	508,858	(268,944)	3,885,243	3,697,412
As reported on a GAAP basis	$1,013,979	704,652	1,770,200	12,644,525	12,238,101

</TABLE>

Under applicable laws and regulations, the Company is required to maintain minimum surplus as to policyholders, determined in accordance with regulatory accounting practices, in the aggregate amount of approximately $1,600,000.

The payment of dividends by the Company is subject to the regulation of the State of Florida Department of Insurance. A dividend may be declared and paid without prior Florida Insurance Commissioner's approval if the dividend is equal to or less than the greater of: (a) 10% of the

2. Basis of financial statements (continued)

Company's surplus as to policyholder's derived from realized net operating profits on its business and net realized capital gains; or (b) the Company's entire net operating profits and realized net capital gains derived during the immediately preceding calendar year, if the Company will have surplus as to policyholders equal to or exceeding 115% of the minimum required statutory surplus as to policyholders after the dividend is declared and paid. As a result of such restrictions, the maximum dividend payable by the Company during 1995 without prior approval is approximately $50,000.

The Risk-Based Capital ("RBC") for Life and/or Health Insurers Model Act (the "Model Act") was adopted by the National Association of Insurance Commissioners (NAIC) in 1992. The main purpose of the Model Act is to provide a tool for insurance regulators to evaluate the capital of insurers. Based on calculations using the appropriate NAIC formula, the Company exceeded the RBC requirements at December 31, 1994.

3. Investments

(a) Equity Securities and Fixed Maturities

Equity securities consist of $1,380,761 and $1,127,990 of common stock at December 31, 1994 and 1993, respectively.

Unrealized (depreciation) appreciation in investments in equity securities for the years ended December 31, 1994, 1993 and 1992 is $(108,809), $55,909 and $2,135, respectively.

The amortized cost and estimated fair values of investments in debt securities are as follows:

SOUTHERN SECURITY LIFE INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

3. Investments (continued)

<TABLE>
<CAPTION>

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
<S>	<C>	<C>	<C>	<C>
December 31, 1994:				
Held to maturity:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies (guaranteed)	$ 2,837,876	-	45,876	2,792,000
Corporate securities	7,848,160	14,550	254,757	7,607,953
Special revenue and special assessment obligations and all nonguaranteed obligations of agencies and authorities of governments and their political political subdivisions	2,130,301	-	55,330	2,074,971
	12,816,337	14,550	355,963	12,474,924
Available for sale:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies (guaranteed)	15,340,641	-	1,014,641	14,326,000
Corporate securities	3,927,987	26,811	386,798	3,568,000

Special revenue and special assessment obligations and all nonguaranteed obligations of agencies and authorities of governments and their political subdivisions	747,197	-	-	747,197
	20,015,825	26,811	1,401,439	18,641,197
	$32,832,162	41,361	1,757,402	31,116,121

</TABLE>

SOUTHERN SECURITY LIFE INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

3. Investments (continued)

<TABLE>
<CAPTION>

<S>	Amortized Cost <C>	Gross Unrealized Gains <C>	Gross Unrealized Losses <C>	Estimated Market Value <C>
December 31, 1993:				
Held to maturity:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies (guaranteed)	2,846,630	219,370	-	3,066,000
Corporate securities	3,868,508	240,928	-	4,109,436
Special revenue and special assessment obligations and all nonguaranteed obligations of agencies and authorities of governments and their political subdivisions	1,474,122	2,149	-	1,476,271
	8,189,260	462,447	-	8,651,707
Available for sale:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies (guaranteed)	8,036,968	301,361	24,329	8,314,000
Corporate securities	5,629,107	89,272	10,379	5,708,000
Special revenue and special assessment obligations and all nonguaranteed obligations of agencies and authorities of governments and their				

political subdivisions	1,331,683	-	-	1,331,683
	14,997,758	390,633	34,708	15,353,683
	$23,187,018	853,080	34,708	24,005,390

</TABLE>

Unrealized (depreciation) appreciation of fixed maturities for years ending December 31, 1994, 1993 and 1992 is $(2,534,413), $351,427 and $212,665 respectively.

SOUTHERN SECURITY LIFE INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

3. Investments (continued)

The amortized cost and estimated fair value of fixed maturities, excluding mortgage backed securities, at December 31, 1994, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Year of Maturity	Estimated Amortized Cost	Market Value
1995	$ 250,416	$ 247,500
1996-1999	17,893,220	17,122,789
2000-2004	6,974,366	6,501,530
After 2004	4,561,528	4,147,000
	$29,679,530	$ 28,018,819

The Company also invests in mortgage backed securities with amortized cost totaling $3,152,632 and estimated fair values totaling $3,097,302 that mature at various dates.

Proceeds from sale of equity securities and fixed maturities available for sale and related realized gains and losses are summarized as follows:

<TABLE>
<CAPTION>

<S>	1994 <C>	1993 <C>	1992 <C>
Proceeds from sale of equity securities	$ 650,294	670,758	491,719
Proceeds from sale of fixed maturities available for sale	$ -	1,821,147	7,385,186
Equity securities:			
Gross realized gains	67,146	77,341	42,288
Gross realized (losses)	(16,474)	(53,208)	(30,527)
Fixed maturities:			
Gross realized gains	-	70,483	233,153
Gross realized (losses)	-	-	(54,117)
Other realized (losses)	-	-	(20,842)
	$ 50,672	94,616	169,955

========= ========= =========
</TABLE>

SOUTHERN SECURITY LIFE INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

3. Investments (continued)

Certain of the fixed maturity securities classified as available for sale and held to maturity were called during the year ended December 31, 1994 resulting in the following realized gains and losses:

	1994	1993
Held to maturity:		
Gross realized gains	$ -	41,622
Gross realized loss	-	(2,583)
Available for sale:		
Gross realized gains	10,060	15,050
Gross realized loss	-	(9,720)
	$ 10,060	$ 44,369

(b) Concentrations of credit risk

At December 31, 1994 and 1993, the Company did not hold any unrated or less-than-investment grade corporate debt securities. The Company also invests in subsidized and nonsubsidized student loans totaling $4,837,123 and $21,664,394 at December 31, 1994 and 1993, respectively, which are guaranteed by the U.S. government. Subsequent to December 31, 1994, all of these loans were sold at their unpaid principal balance.

(c) Investment Income

Net investment income for the years ended March 31, 1995 and 1994 consists of the following:

<TABLE>
<CAPTION>

<S>	1995 <C>	1994 <C>
Interest:		
Fixed maturities	$ 579,866	429,851
Policy and student loans	176,367	434,435
Other investments	49,583	35,013
Dividends on equity securities:		
Common stock, including mutual fund	5,961	4,664
	811,777	903,963
Less investment expenses	39,134	63,226
	$ 772,643	840,737

</TABLE>

SOUTHERN SECURITY LIFE INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

3. Investments continued

Net investment income for the years ended December 31, 1994, 1993 and 1992 consists of the following:

	1994	1993	1992
Interest:			
Fixed maturities	$ 2,080,464	1,485,217	1,618,395
Policy and student loans	768,631	1,125,035	898,954
Short-term investments	176,941	174,972	205,529
Dividends on equity securities			
Common stock, including mutual fund	24,418	17,230	14,275
	3,050,454	2,802,454	2,737,153
Less investment expenses	299,683	284,449	291,693
	$ 2,750,771	2,518,005	2,445,460

(d) Investments on Deposit

In order to comply with statutory regulations, investments were on deposit with the Insurance Departments of certain states as follows:

	1994	1993
Florida	$ 1,744,017	1,733,163
Alabama	100,000	100,000
South Carolina	305,356	306,000
Georgia	250,000	250,000
Arizona	-	199,395
	$ 2,399,373	2,588,558

Certain of these assets, totaling approximately $650,000 for each of the years ended December 31, 1994 and 1993, are restricted for the future benefit of policyholders in a particular state.

4. Deferred policy acquisition costs

Deferred policy acquisition costs at December 31, 1994, 1993 and 1992 consist of the following:

4. Deferred policy acquisition costs continued

	1994	1993	1992
Deferred policy acquisition costs at beginning of year	$18,279,497	18,126,696	20,117,742

Policy acquisition costs deferred:			
Commissions	2,200,505	3,423,146	5,230,021
Underwriting and issue costs	1,060,192	1,020,134	1,271,928
Other	706,558	926,392	1,054,929
SFAS 115	1,100,578	-	-
	5,067,833	5,369,672	7,556,878
Ceding commission	-	-	(5,136,136)
Amortization of deferred policy acquisition costs	(3,242,706)	(5,216,871)	(4,411,788)
Deferred policy acquisition costs at end of year	$20,104,624	18,279,497	18,126,696

</TABLE>

5. Property and equipment

Property and equipment consists of the following:

<TABLE>
<CAPTION>

<S>	March 1995 <C>	December 1994 <C>	December 1993 <C>
Land	$ 982,027	982,027	982,027
Building and improvements	2,150,360	2,049,150	2,049,150
Furniture and equipment	1,033,165	1,025,436	1,045,556
	4,165,552	4,056,613	4,076,733
Less accumulated depreciation	1,256,935	1,232,443	1,140,669
	$2,908,617	$2,824,170	2,936,064

</TABLE>

SOUTHERN SECURITY LIFE INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

5. Property and equipment continued

Depreciation expense for the years ended December 31, 1994, 1993 and 1992 totaled $148,355, $163,400, and $160,819, respectively.

6. Future policy benefits

At December 31, 1994 and 1993, future policy benefits, exclusive of universal life and flexible term annuities consist of the following:

<TABLE>
<CAPTION>

<S>	March 31, 1995 <C>	December 1994 <C>	December 1993 <C>
Life insurance	$ 690,827	701,498	726,631

Annuities	301,617	332,490	360,089
Accident & health insurance	7,632	7,657	7,688
Total life insurance policies	$1,000,076	$1,041,645	1,094,408

</TABLE>

Life insurance in-force aggregated approximately $1.5 billion and $1.65 billion at December 31, 1994, and 1993, respectively.

Mortality and withdrawal assumptions are based upon the Company's experience and actuarial judgment with an allowance for possible unfavorable deviations from the expected experience. The mortality table used in calculating benefit reserves is the 1965-1970 Basic Select and Ultimate for males.

For non-universal life policies written during 1983 through 1988, interest rates used are 8.0 percent for policy years one through five, decreasing by .1 percent per year for policy years six through twenty, to 6.5 percent for policy years twenty-one and thereafter. For non-universal life policies written in 1982 and prior, interest rates vary, depending on policy type, from 7 percent for all policy years to 6 percent for policy years one through five and 5 percent for years six and thereafter. For universal life policies written since 1988, the interest rate used is a 1 percent spread over the credited rate of 8 percent.

7. Reinsurance

The Company routinely cedes and, to a limited extent, assumes reinsurance to limit its exposure to loss on any single insured. Ceded insurance is treated as a risk and liability of the assuming companies. As of December 31, 1994, ordinary insurance coverage in excess of $75,000 is reinsured; however for some policies previously issued, the first $30,000, $40,000 or $50,000 was retained and the excess ceded. The retention limit for some substandard risks is less than $75,000. Reinsured risks would give rise to liability to the Company only in the event that the reinsuring company might be unable to meet its obligations under the reinsurance agreement in force, as the Company remains primarily liable for such obligations. Under these contracts, the Company has ceded premium of $585,957 and $510,469 included in reinsurance ceded, and received recoveries of $514,868 and $405,293 included in annuity, death and other benefits for the years ended December 31, 1994 and 1993, respectively.

On December 31, 1992, the Company entered into a reinsurance agreement ceding an 18% share of all universal life policies in force at December 31, 1992 as a measure to manage the future needs of the Company. The reinsurance agreement is a co-insurance treaty entitling the assuming company to 18% of all future premiums, while making the ceding company responsible for 18% of all future claims and policyholder loans relating to the ceded policies. In addition, the Company receives certain commission and expense reimbursements. As the reinsurer is unauthorized in the State of Florida, assets with a market value totaling an amount equal to or greater than the balance of policyholders' account balances less policy loans, on a statutory basis, ceded to the reinsurer are held in trust for benefit of the Company.

As of December 31, 1992, the Company ceded premiums of $5,240,058, equal to the 18% of net statutory reserves ceded on the effective date of the contract. In return, the Company received a commission and expense allowance of $2,497,370. The effect of this transaction on the financial statements at and for the year ended December 31, 1992 was as follows:

7. Reinsurance continued

Establish policyholders' account balances on deposit with reinsurer	$6,108,839
Reduce deferred acquisition costs	$5,136,136
Reduce unearned premium	$2,409,468
Gain on reinsurance transaction recognized (1)	$ 639,455

(1) The economic gain on the reinsurance transaction amounted to approximately $1,600,000, however, management deferred approximately $1,000,000 of the gain against deferred acquisition costs as a provision for the recoverability of such costs. Based upon management's and actuarial evaluation of such costs, approximately $500,000 and $300,000 of the amount deferred was amortized against deferred acquisition costs during 1994 and 1993, respectively.

For the year ended December 31, 1994 and 1993, the Company ceded premiums of $758,956 and $1,108,916, included in reinsurance ceded and received recoveries of $386,509 and $504,341, included in annuity, death and other benefits, respectively. The funds held in reinsurance treaties with unauthorized reinsurer of $700,701 and $497,874 represent the 18% share of policy loans ceded to the reinsurer at December 31, 1994 and 1993, respectively.

8. Notes Payable

The note payable of $891,823 and $9,438,068 at December 31, 1994, and 1993, respectively, secured by student loans equaling 115% of the unpaid principal balance, relates to advances under a $15,000,000 line of credit ($14,108,177 available to be drawn at December 31, 1994). The note bears interest at a variable rate, 6% at December 31, 1994 and matures on August 18, 1995.

Interest expense relating to these notes payable during the three years ended December 31, 1994, 1993 and 1992 totaled $60,864, $73,924, and

$30,644, respectively and is included in net investment income.

9. Note Payable to Related Party

Note payable to related party consists of amounts due on demand to Consolidare Enterprises, Inc., the Company's majority shareholder. The note proceeds were obtained in December, 1988 and the note qualifies as shareholders' equity for statutory accounting purposes in accordance with Section 628.401 of the Florida Statutes. At December 31, 1994, the note bears interest at 9.0% percent (payable monthly); principal repayment is contingent upon the Company maintaining statutory surplus in excess of $1,750,000 and approval in advance by the Florida Department of Insurance. Interest expense relating to the balance of note payable to related party during 1994, 1993 and 1992 aggregated $90,000, $90,00, and $91,250 respectively.

10. Income taxes

As discussed in note 1(j), the Company adopted Statement 109 in 1992 and has applied the provisions of Statement 109 retroactively to January 1, 1991.

Income taxes for the years ended December 31, 1994, 1993 and 1992 is summarized as follows:

	1994	1993	1992
Current:			
Federal	$100,000	129,000	606,000
State	-	14,000	50,000
	100,000	143,000	656,000
Deferred:			
Federal	387,000	(128,000)	(637,400)
State	43,000	(14,000)	(68,000)
	430,000	(142,000)	(705,400)
	$530,000	1,000	(49,400)

10. Income taxes continued

Income tax expense for the years ended December 31, 1994, 1993 and 1992 differs from "expected" tax (computed by applying the U.S. federal income tax rate of 35% in 1994 and 34% in 1993 and 1992 to pretax income) as a result of the following:

<TABLE>
<CAPTION>

<C>	1994 <C>	1993 <C>	1992 <C>
Computed "expected" tax expense	$ 541,000	240,000	585,000
Increase (reduction) in income taxes resulting from:			
Small life insurance company deduction	(83,000)	(252,100)	(715,508)
Changes in the valuation allowance for deferred tax assets, allocated to income tax expense	14,000	49,000	129,000
(Over) under accrual of prior year expense	29,000	(37,000)	-
State taxes, net of federal income tax benefit	28,000	-	(11,880)
Other, net	1,000	1,100	(36,012)
	$ 530,000	1,000	(49,400)

</TABLE>

Under tax laws in effect prior to 1984, a portion of a life insurance company's gain from operations was not currently taxed but was accumulated in a memorandum "Policyholders' Surplus Account." As a result of the Tax Reform Act of 1984, the balance of the Policyholders' Surplus Account has been frozen as of December 31, 1983 and no additional amounts will be accumulated in this account. However, distributions from the account will continue to be taxed, as under previous law, if any of the following conditions occur:

a. The Policyholders' Surplus exceeds a prescribed maximum, or;

b. Distributions, other than stock dividends, are made to shareholders in excess of Shareholders' Surplus, as defined by prior law, or;

c. The entity ceases to qualify for taxation as a life insurance company.

10. Income taxes continued

At December 31, 1994, the balance of the Policyholders' Surplus account aggregated approximately $236,000. The Company has not recorded deferred income taxes totaling approximately $80,000 relating to this amount as it has no plan to distribute the amounts in Policyholders' Surplus in the foreseeable future.

The Tax Reform Act of 1986 enacted a new separate parallel tax system referred to as the Alternative Minimum Tax (AMT) system. AMT is based on a flat rate applied to a broader tax base. It is calculated separately from the regular Federal income tax and the higher of the two taxes is paid. The excess of the AMT over regular tax is a tax credit, which can be carried forward indefinitely to reduce regular tax liabilities of future years. In 1994, 1993 and 1992, AMT exceeded regular tax by $14,000, $49,000, and $129,000, respectively. At December 31, 1994, the AMT tax credit available to reduce future regular tax totaled $271,000.

The principal elements of deferred income taxes consist of the following:

	1994	1993	1992
Deferred policy acquisition costs	$ 627,000	(131,000)	(940,000)
Future policy benefits	(42,000)	(11,000)	258,000
Differences in bases in investments	(197,000)	(9,000)	(8,500)
Other	42,000	9,000	(14,900)
	$ 430,000	(142,000)	(705,400)

10. Income taxes continued

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 1994 and 1993 are presented below:

	1994	1993
Deferred tax assets:		
Unearned premiums, due to deferral of "front-end" fee for financial reporting purposes	$3,920,000	$3,900,000
Policy liabilities and accruals, principally due to adjustments to reserves for tax purposes	1,800,000	1,778,000
Other	19,000	20,000
Investments	518,000	-
Alternative minimum tax credit carry forwards	271,000	257,000
Total gross deferred tax assets	6,528,000	5,955,000
Less valuation allowance	(271,000)	(257,000)
Net deferred tax assets	6,257,000	5,698,000

Deferred tax liabilities:		
Deferred acquisition costs, principally due to deferrals for financial reporting purposes	(6,646,000)	(6,019,000)
Other	(85,000)	(43,000)
Total gross deferred tax liabilities	(6,731,000)	(6,062,000)
Net deferred tax liability	$ (474,000)	(364,000)

</TABLE>

The valuation allowance for deferred tax assets established as of January 1, 1991 was $9,000. The net change in the total valuation allowance for the years ended December 31, 1994, 1993 and 1992 was an increase of $14,000, $49,000, and $129,000, respectively.

At December 31, 1991, the Company had fully utilized its net operating loss carryforwards for "regular" income tax purposes.

11. Related party transactions

The Company's general agent, Insuradyne Corporation, is a wholly-owned subsidiary of Consolidare Enterprises, Inc., which owns approximately fifty-seven percent (57%) of the Company's outstanding stock. The balances due (to) from affiliated insurance agency reflected in the accompanying balance sheets principally represents unearned commission advances paid to Insuradyne. The Company incurred commission expense to Insuradyne aggregating $582,059, $910,936, and $1,063,934 in 1994, 1993, and 1992, respectively. These amounts are included as components of acquisition costs deferred and related amortization. Insuradyne paid insurance-related expenses aggregating $192,332, $230,478, and $419,410 in 1994, 1993 and 1992, respectively.

12. Agents' Incentive Stock Bonus Plan

The Company has an incentive bonus plan for agents that was adopted in 1983 and effective through December 31, 1990. Bonuses granted under the plan were vesting over a five year period commencing on the fifth anniversary date of the award. Once vested, the agent had the option to receive the bonus in cash or shares of common stock. The number of shares of common stock was determined on the date of the award as the number of whole shares equal to the award based on the applicable stock price on that date.

The first awards granted became fully vested during April, 1993. On November 17, 1993, the Board of Directors approved an amendment to the plan to provide an early payment option. The agents were given an increased award in exchange for settling the awards early. As of December 31, 1993, the total award of $128,336, was payable in 63,295 shares of common stock totaling $125,000 and $3,336 in cash included in other liabilities, as elected by the agents.

13. New Pronouncements by the Financial Accounting Standards Board

In December 1991, SFAS No. 107, "Disclosures About Fair Value of Financial Instruments," was issued. SFAS No. 107 was effective for years ending after December 15, 1993, except for entities, such as the Company, with less than $150 million in total assets in the applicable 1992 statement of financial position, for which the effective date is fiscal year ending after December 15, 1995. As required by SFAS No. 107, the Company will have to disclose the fair value of all financial instruments, except for those financial instruments specifically excluded, for which it is practicable.

SOUTHERN SECURITY LIFE INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

14. Legal proceedings

Lawsuits against the Company have arisen in the normal course of the Company's business. However, contingent liabilities arising from litigation and other matters are not considered material in relation to the financial position of the Company.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

Overview.

This analysis of the results of operations and financial condition of Southern Security Life should be read in conjunction with the Selected Financial Data and Financial Statements and Notes to the Financial Statements included in this report.

In recent years the Company has primarily issued one type of insurance product, universal life. Universal life provides insurance coverage with flexible premiums, within limits, which allow policyholders to accumulate cash values. These accumulated cash values are credited with tax-deferred interest, as adjusted by the Company on a periodic basis. Deducted from these cash accumulations are administrative charges and mortality costs. At the time of surrender the company also charges surrender fees.

Pursuant to the accounting methods prescribed by Financial Accounting Standards No. 97, premiums received from policyholders are credited to policyholder account balances, a liability, rather than income. Revenues on universal life result from the mortality and administrative fees charged to the policyholders' balances in addition to surrender charges assessed at the time of surrender. Interest credited to policyholder balances is shown as a part of benefit expenses.

Annuity products, of which the Company currently has a small amount, are recorded in similar fashion to universal life. Considerations received by the Company are credited to the annuity account balances which are shown as a liability in the balance sheet. Interest is credited to these accounts as well and shown as an expense of the Company. Income is derived from surrender charges.

Another source of income to the Company is investment revenue. The Company invests those funds deposited by policyholders of universal life and annuity products in debt and equity securities in order to earn interest and dividend income, a portion of which is credited back to the policyholders. Interest rates and maturities play a part in determining the credited interest rates to policyholders.

In accordance with generally accepted accounting principles, certain costs directly associated with the issuance of new policies are deferred and amortized over the lives of the policies in relation to the present value of the estimated gross profits of those policies. These costs are defined as deferred policy acquisition costs and are shown in the asset section of the balance sheet of the Company. Amortization of these deferred costs is adjusted as the Company revises its current or estimated future gross profits. As an example, deferred policy acquisition costs may be amortized more quickly when terminations are greater than anticipated or when investments are sold at a gain prior to expected

maturity. Mortality experience and interest rate fluctuations from period to period would also impact the amortization rate of deferred costs. Product profitability is affected by several different factors such as mortality experience (actual versus expected experience), interest rate spreads (excess interest earned over interest credited to policyholders) and controlling policy acquisition costs and other costs of operation. The operating results of any one reporting period may be significantly affected by the level of death or other policyholder benefits incurred due to the Company's relatively small size.

The following table sets forth certain percentages reflecting financial data and results of operations (a) for 1994, 1993 and 1992 premium and investment revenues and (b) for period to period increases and (decreases).

<TABLE>
<CAPTION>

	Relationships to Total Revenues Periods Ended March 31			Period to Period Increase or (Decrease)	
	1995	1994	1993	95-94	94-93
<S>	<C>	<C>	<C>	<C>	<C>
Premium income	74%	70%	74%	2%	6%
Net investment income	26	28	24	(11)	33
Other income		2	2	-	50
Total Revenues	100%	100%	100%	(2%)	13%
Losses, claims and loss adjustment expenses	35%	22%	21%	56%	17%
Acquisition costs	22	37	47	(41)	11%
Other operating costs and expenses	23	27	24	(19)	30%
Total Expenses	80%	86%	92%	(9%)	7%
Income before income taxes	20%	14%	8%	44%	87%
Provision for taxes	7	5	3	46	103%
Net Income	13%	9%	5%	43%	78%

</TABLE>

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Income

New business written was 189, 330 and 562 million dollars in face value for 1994, 1993 and 1992 respectively. New business written declined in 1994 as did the total volume of insurance in force. This decline was due primarily to changes in the agency force which resulted in a reduction in the total number of agents. The year 1994 was one of change and restructuring for the Company. The development of new products continued and authorization for release of new products was sought in the states in which the Company is licensed. Delays in obtaining admission of products into various states cost the Company anticipated sales as well as agency forces. New product illustration software was developed to enable the products to be effectively marketed in those areas the products are available. The Company is currently developing additional distribution channels and new markets for its new products. Agent recruiting efforts have been intensified with the introduction of these new products.

Premiums for 1994 were recorded at $10.6 million, for 1993 at $12.3 million and for 1992 at $9.9 million. This 13% decrease in premium income for 1994 can be attributed to a number of factors. The decline in new business over the past several years and a lesser amount of insurance in force have generated less revenues in the form of administrative and mortality fees from the universal life products. However, the surrender fees associated with these same policies have increased slightly. Another factor contributing to the decrease is the decline in the amortization of unearned premium. Unearned premium essentially represents the excess first year charges in the policy. New business, as well as experience assumptions, play a part in determining the rate of amortization utilized.

Increased investment in debt securities throughout the year 1994 attributed to an increase in investment income. At the end of 1993, the Company had $21.5 million invested in student loans. In early 1994, the Company sold these loans to the Student Loan Marketing Association ("SLMA") thereby freeing these funds for repayment of a loan with SLMA and subsequent reinvestment. The Company elected to place these funds in additional debt securities thereby increasing interest income. While interest income from student loans dropped significantly, the increased income from debt securities more than offset this decline. With the increased fees attached to student loans, the investment expenses remained about the same for 1994 as in 1993 in spite a smaller amount of student loans issued. In total, net investment income increased approximately 10%.

New business is beginning to increase for 1995 and the Company anticipates this trend will continue. While premium income was down slightly as compared with the same quarter 1994, it is expected to exceed prior

year in the year to come as marketing strategies begin to take affect. While investment income is down from 1994, this is only temporary as early 1994 received the benefit of the sale of a major portion of the Company's student loan portfolio. Fixed investments have increased in light of the available cash for investment, so returns should increase likewise.

Expenses

Annuity, death and other benefits for 1994 decreased by 13% from those of 1993 whereas from 1992 to 1993 they rose by 4.9%. The primary reason for this change is actual death claims. As stated previously, the level of the death claims may have a significant impact on a given period. The 1994 level, which declined from prior year, represents an actual to expected death claim ratio of 80%. This means that the level of mortality actually experienced by the Company was less than that anticipated by the actuarial assumptions. For the past several years, the Company's experience has been higher than that of 1994 yet still below the expected mortality rates used in actuarial assumptions. Most other benefit expenses for 1994 remained level with those of 1993.

In addition to increased death claims, another factor contributing to the 1993 increase of 4.9% in annuity, death and other benefits would be universal life surrenders. As universal life products mature, they hold greater value, so surrenders, while remaining stable in count, may increase in dollar value. This would also have an impact on the value of the reserves on these same products.

The amortization of DAC slowed in 1994 as compared to prior years. This slowing is partially offset by a similar decline in the amortization of unearned premium, as previously discussed. Here again, the decline in new business over the past several years in addition to fluctuations in experience assumptions have an impact on amortization.

Operating expenses for the Company were $3.2 million, $2.8 million and

$2.3 million for 1994, 1993 and 1992 respectively. This 1994 increase equates to an 11% increase in operating expenses over those of 1993. The Company has been making every effort to keep operating costs to a minimum. Most operating costs of the Company have remained level or declined between 1993 and 1994. During 1994, the Company settled a lawsuit with a former employee of the Company. The cost of the lawsuit as well as the settlement amount have been expensed in the 1994 statement of operations and represents a substantial portion of the increase in administrative costs in 1994 over 1993. The Company has filed a claim for the recovery of these amounts from its insurance carrier and other parties.

The 1993 increase would be due in part to increased salaries as well as

increased legal and accounting expenses. Salaries increased in part due to the change in the compensation package of the President, however, this was offset by the reduction in the commission rate to the general agent which previously paid the President overrides. The increase in legal and accounting expenses can be attributed to a number of issues. The Company had several legal matter pending which were due to be resolved in 1994. In addition, the regulatory environment required increased accounting and actuarial work as well as legal assistance and interpretation. The largest increase in the tax area was in state income taxes. The Company has used any remaining tax credit carryforwards and must now pay state income taxes on an ongoing basis.

Death benefits increased this first quarter 1995 over those of 1994. However, the second quarter death benefits appear to have declined thus far this quarter so the Company anticipates this expense leveling out to prior year rates. Operating expenses are down from the same quarter last year as the Company has completed several matters of ligation, thus reducing legal costs. In addition, the Company is continuing to make every effort to cut costs whenever possible.

Federal Income Taxes

In February 1992, the Financial Accounting Standards Board issued statement of Financial Accounting Standards No. 109, Accounting for Income Taxes ("Statement 109"). Statement 109 requires a change from the deferred method of accounting for income taxes of APB Opinion 11 to the asset and liability method of accounting for income taxes. Under the asset and liability method of Statement 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under Statement 109 the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Statement 109 recognizes and measures a deferred tax asset based on the likelihood of realization of a tax benefit in future years allowing future income to be anticipated (as compared to the previous break even assumption) in determining if future realization of a tax benefit is more likely than not. A valuation allowance would be recognized if it is more likely than not that some portion of the deferred tax asset would not be realized.

The Company adopted Statement 109 in 1992 and applied the provisions of Statement 109 retroactively to January 1, 1991.

Assets and Liabilities

Since the Company has only one major product type, the asset/liability management process is fairly straightforward. The Company's monitoring process focuses on the management of a variety of risks, including interest rate risk. Asset/liability studies have indicated that the Company has a very conservative asset portfolio that provides for the Company's emerging liabilities. Assets of a longer duration could be a part of our portfolio, thereby increasing our interest rate spread.

The total of invested assets has declined from the 1993 high of $49,500,000 to $43,600,000 for 1994. The primary reason for the decline is the balance of student loans in the Company's portfolio at year end. On December 31, 1993 the Company had $21,700,000 in student loans. At that time the Company had a portfolio of non-subsidized student loans which it had been maintaining for several years, in addition to its subsidized student loans, which it sells on a regular basis. In February of 1994, the Company received an offer from SLMA to purchase the non-subsidized student loan portfolio. The transaction was beneficial to the Company so the portfolio was sold. The funds from this sale were used to repay the Company's outstanding debt on its line of credit with SLMA thereby reducing its liabilities by $9,000,000. The balance of the funds received from this transaction were reinvested in debt securities of a longer duration.

The Company recently completed the sale of its student loan portfolio and the proceeds have not all been reinvested as of first quarter end. Therefore, the cash balance for first quarter 1995 is higher than usual and the Company intends for these funds to be invested in fixed income investments. The balance of the funds were used to pay down our line of credit with the SLMA, thereby reducing liabilities.

Effective January 1, 1994, the Company adopted Statement of Financial Accounting Standards No. 115 ("SFAS 115"), "Accounting for Certain Investments in Debt and Equity Securities." SFAS 115 required that investments in all debt securities and those equity securities with readily determinable market values be classified into one of three categories: held-to-maturity, trading or available-for-sale. Classification of investments is based upon management's current intent. Debt securities which management has a positive intent and ability to hold until maturity are classified as securities held-to-maturity and are carried at amortized cost. Unrealized holding gains and losses on securities held-to-maturity are not reflected in the financial statements. Debt and equity securities that are purchased for short-term resale are classified as trading securities. Trading securities are carried at market value, with unrealized holding gains and losses included in earnings. All other debt and equity securities are not included in the above two categories are classified as securities

available-for-sale. Securities available-for-sale are carried at market value, with unrealized holding gains and losses reported as a separate component of stockholders' equity, net of tax and a valuation allowance against deferred acquisition costs. At December 31, 1994, the Company did not have any investments categorized as trading securities. Adoption of this statement had no effect on the income of the company.

Liquidity and Capital Resources

The Company's insurance operations have historically provided adequate positive cash flow enabling the Company to continue to meet operational needs as well as increase its investment-grade securities to provide ample protection for policyholders.

Student loans are a service the Company makes available to the public as well as an investment. While the Company anticipates the seasonal demand for student loan funds and the subsequent sale of such loans to SLMA, there are times when additional funds are required to meet demand for student loans until such time as the sale thereof to SLMA can be completed. In 1994, the Company established its line of credit with SLMA at $15,000,000 in order to meet these seasonal borrowing requirements. The Company made several draws against this line of credit throughout the seasonal period. The Company anticipates continued borrowings to be made through this line of credit with SLMA to the extent that student loan borrowings are required for 1995. SLMA offers a more competitive rate of interest on such borrowings than banks. The Company also had a $5,000,000 line of credit with Sun Bank NA in early 1994 and prior years. However, the Company no longer felt this line necessary so it was not renewed in 1994 for future periods.

The following table displays pertinent information regarding the short-term borrowings of the Company as they relate to these credit lines:

<TABLE>
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<S>	1994 SLMA <C>	1993 SUN BANK <C>	1993 SLMA <C>	1992 SLMA <C>
Balance @ Year End	$ 891,823.47	$ -	$9,438,067.96	$ -
Weighted Avg. Interest @ Year End	6.566%	-	3.975%	-
Maximum Balance	$3,823,957.61	$1,910,000.00	$9,438,067.96	$4,000,000.00
Average Balance	$1,443,478.84	$1,276,666.67	$4,516,551.99	$3,000,000.00

Weighted Rate for 1994	6.1024%	6.0000%	3.95881%	3.7783%

</TABLE>

The Company has entered into an association with University Support Services, a non-profit corporation, for the purpose of making more student loan funds available without increased costs to the Company. This association helped to make current year borrowings less than prior year and should reduce future borrowings.

The Risk-Based Capital for Life and/or Health Insurers Model Act (the "Model Act") was adopted by the National Association of Insurance Commissioners (NAIC) in 1992. The main purpose of the Model Act is to provide a tool for insurance regulators to evaluate the capital resources of insurers as related to the specific risks which they have incurred and is used to determine whether there is a need for possible corrective action. The Model Act or similar regulations may have been or may be enacted by the various states. Management anticipates that the Model Act ultimately will be enacted by a number of states, including Florida (the Company's state of domicile). The final legislation in any particular state may differ from the Model Act, and may differ from any legislation based on the Model Act as enacted by other states.

The Model Act provides for four different levels of regulatory action, each of which may be triggered if an insurer's Total Adjusted Capital is less than a corresponding "level" of Risk-Based Capital ("RBC").

The "Company Action Level" is triggered if an insurer's Total Adjusted Capital is less the 200% of its "Authorized Control Level RBC" (as defined in the Model Act), or less than 250% of its Authorized Control Level RBC and the insurer has a negative trend ("the Company Action Level"). At the Company Action Level, the insurer must submit a comprehensive plan to the regulatory authority of its state of domicile which discusses proposed corrective actions to improve its capital position.

The "Regulatory Action Level" is triggered if an insurer's Total Adjusted Capital is less than 150% of its Authorized Control Level RBC. At the Regulatory Action Level, the regulatory authority will perform a special examination of the insurer and issue an order specifying corrective actions that must be followed.

The "Authorized Control Level" is triggered if an insurer's Total Adjusted Capital is less than 100% of its Authorized Control Level RBC, and at that level the regulatory authority is authorized (although not mandated) to take regulatory control of the insurer.

The "Mandatory Control Level" is triggered if an insurer's Total Adjusted Capital is less than 70% of its Authorized Control level RBC, and at that level the regulatory authority must take regulatory control of the insurer. Regulatory control may lead to rehabilitation or liquidation of an insurer.

Based on calculations using the NAIC formula as of December 31, 1994, the Company was well in excess of all four of the control levels listed.

Except as otherwise provided herein, management believes that cash flow levels in future periods will be such that the Company will be able to continue its prior growth patterns in writing life insurance policies, fund Federally insured student loans and meet normal operating expenses.

The Company recently executed a lease with a new tenant for approximately 5500 square foot of rentable space on the first floor of the office building. The contract includes the build-out of the space to serve as a doctor's office. The Company has agreed to cover expenditures of the build-out and the lessee has agreed to rent the space for a five year period. The build-out is estimated to have a cost of $107,000. The Company, at this time, has no other material commitments for capital expenditures through the balance of this year.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934,the Registrant has duly caused this report to be signed on its behalf by the undersigned duly authorized.

SOUTHERN SECURITY LIFE INSURANCE COMPANY

BY: /s/ George Pihakis

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George Pihakis
President, Chief Executive Officer
and Director

Date:
MAY 18, 1995 BY: /s/ David C. Thompson

____

David C. Thompson
Executive Vice-President, Secretary
Treasurer, Chief Operating Officer
and Director

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<PERIOD-TYPE>	3-MOS	YEAR
<FISCAL-YEAR-END>	DEC-31-1995	DEC-31-1994
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