



Security Life of Denver Insurance Company

# Security Life Separate Account A1

**December 31, 2008 Annual Report**



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Your future. Made easier.<sup>SM</sup>



April 2009

Dear Valued Customer:

On behalf of ING's dedicated team of employees, I would like to thank you for the opportunity to help plan for your financial future. One of ING's missions is to make it easier for you to determine your financial objectives and the most logical strategy to reach them.

Here is a copy of your 2008 separate account annual report, which provides updated financial information on the investment options available within your contract with ING. Keep in mind that your investment choices will not only help determine your level of financial security, but also your ability to protect yourself and your loved ones for years to come.

ING understands the importance of considering all of your options when investing during this difficult economic time and we believe we can continue to give you the necessary tools and information to work towards your financial goals. ING is a large and well respected financial institution and we strive to maintain this reputation by offering outstanding customer service, a variety of financial products and options, and financial advice (when applicable).

Fostering relationships with customers like you is the foundation of our mission to help you manage your financial future and we look forward to helping you meet your objectives every step of the way.

Sincerely,

Thomas J. McInerney  
Chairman and Chief Executive Officer  
ING Americas

ING. Your future. Made easier.<sup>SM</sup>

Insurance products, annuities and retirement plan funding issued by (third party administrative services may also be provided by) ING Life Insurance and Annuity Company. Advisory services and financial planning are offered through, and securities are distributed by, ING Financial Advisers, LLC (member SIPC), One Orange Way, Windsor, CT 06095. Securities may also be distributed through other broker-dealers with which ING Financial Advisers, LLC has selling agreements.  
C09-0220-008R(3/09)

**FINANCIAL STATEMENTS**  
**Security Life of Denver Insurance Company**  
**Security Life Separate Account A1**  
*Year ended December 31, 2008*  
*with Report of Independent Registered Public Accounting Firm*

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**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Financial Statements**  
**Year ended December 31, 2008**

**Contents**

Report of Independent Registered Public Accounting Firm	1
Audited Financial Statements	
Statements of Assets and Liabilities	3
Statements of Operations	7
Statements of Changes in Net Assets	12
Notes to Financial Statements	18

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## Report of Independent Registered Public Accounting Firm

The Board of Directors and Participants  
Security Life of Denver Insurance Company

We have audited the accompanying statements of assets and liabilities of the Divisions constituting Security Life of Denver Insurance Company Security Life Separate Account A1 (the "Account") as of December 31, 2008, and the related statements of operations and changes in net assets for the periods disclosed in the financial statements. These financial statements are the responsibility of the Account's management. Our responsibility is to express an opinion on these financial statements based on our audits. The Account is comprised of the following Divisions:

AIM Variable Insurance Funds:

AIM V.I. Core Equity Fund - Series I Shares

ING Investors Trust:

ING BlackRock Large Cap Value Portfolio - Institutional Class

ING Evergreen Omega Portfolio - Institutional Class

ING FMR<sup>SM</sup> Diversified Mid Cap Portfolio - Institutional Class

ING JPMorgan Emerging Markets Equity Portfolio -  
Institutional Class

ING JPMorgan Small Cap Core Equity Portfolio - Institutional  
Class

ING Limited Maturity Bond Portfolio - Service Class

ING Liquid Assets Portfolio - Institutional Class

ING MFS Utilities Portfolio - Service Class

ING Pioneer Fund Portfolio - Service Class

ING Stock Index Portfolio - Institutional Class

ING UBS U.S. Allocation Portfolio - Service Class

ING Van Kampen Capital Growth Portfolio - Institutional Class

ING Van Kampen Large Cap Growth Portfolio - Institutional  
Class

ING VP Index Plus International Equity Portfolio - Service  
Class

ING Partners, Inc.:

ING Lord Abbett U.S. Government Securities Portfolio - Initial  
Class

ING Pioneer High Yield Portfolio - Initial Class

ING T. Rowe Price Diversified Mid Cap Growth Portfolio -  
Initial Class

ING Van Kampen Equity and Income Portfolio - Initial Class

ING Variable Products Trust:

ING VP High Yield Bond Portfolio - Class I

ING VP Balanced Portfolio, Inc.:

ING VP Balanced Portfolio - Class I

ING VP Intermediate Bond Portfolio:

ING VP Intermediate Bond Portfolio - Class I

Van Eck Worldwide Insurance Trust:

Van Eck Worldwide Hard Assets Fund

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Account's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Account's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2008, by correspondence with the transfer agents. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each of the respective Divisions constituting Security Life of Denver Insurance Company Security Life Separate Account A1 at December 31, 2008, the results of their operations and changes in their net assets for the periods disclosed in the financial statements, in conformity with U.S. generally accepted accounting principles.

*Ernst + Young LLP*

Atlanta, Georgia  
March 31, 2009

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Statements of Assets and Liabilities**  
**December 31, 2008**  
*(Dollars in thousands)*

	<b>AIM V.I. Core Equity Fund - Series I Shares</b>	<b>ING BlackRock Large Cap Value Portfolio - Institutional Class</b>	<b>ING Evergreen Omega Portfolio - Institutional Class</b>	<b>ING FMR<sup>SM</sup> Diversified Mid Cap Portfolio - Institutional Class</b>	<b>ING JPMorgan Emerging Markets Equity Portfolio - Institutional Class</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 423	\$ 419	\$ 1,197	\$ 107	\$ 95
Total assets	<u>423</u>	<u>419</u>	<u>1,197</u>	<u>107</u>	<u>95</u>
Net assets	<u>\$ 423</u>	<u>\$ 419</u>	<u>\$ 1,197</u>	<u>\$ 107</u>	<u>\$ 95</u>
Total number of mutual fund shares	<u>21,434</u>	<u>48,701</u>	<u>146,137</u>	<u>12,513</u>	<u>7,872</u>
Cost of mutual fund shares	<u>\$ 540</u>	<u>\$ 585</u>	<u>\$ 1,549</u>	<u>\$ 158</u>	<u>\$ 144</u>

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Statements of Assets and Liabilities**  
**December 31, 2008**  
*(Dollars in thousands)*

	<b>ING JPMorgan Small Cap Core Equity Portfolio - Institutional Class</b>	<b>ING Limited Maturity Bond Portfolio - Service Class</b>	<b>ING Liquid Assets Portfolio - Institutional Class</b>	<b>ING MFS Utilities Portfolio - Service Class</b>	<b>ING Pioneer Fund Portfolio - Service Class</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 194	\$ 331	\$ 1,129	\$ 384	\$ 14
Total assets	<u>194</u>	<u>331</u>	<u>1,129</u>	<u>384</u>	<u>14</u>
Net assets	<u>\$ 194</u>	<u>\$ 331</u>	<u>\$ 1,129</u>	<u>\$ 384</u>	<u>\$ 14</u>
Total number of mutual fund shares	<u>22,935</u>	<u>32,147</u>	<u>1,129,078</u>	<u>40,361</u>	<u>1,762</u>
Cost of mutual fund shares	<u>\$ 290</u>	<u>\$ 345</u>	<u>\$ 1,129</u>	<u>\$ 485</u>	<u>\$ 14</u>

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Statements of Assets and Liabilities**  
**December 31, 2008**  
*(Dollars in thousands)*

	<b>ING Stock Index Portfolio - Institutional Class</b>	<b>ING Van Kampen Capital Growth Portfolio - Institutional Class</b>	<b>ING VP Index Plus International Equity Portfolio - Service Class</b>	<b>ING Pioneer High Yield Portfolio - Initial Class</b>	<b>ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Initial Class</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 735	\$ 754	\$ 160	\$ 351	\$ 378
Total assets	<u>735</u>	<u>754</u>	<u>160</u>	<u>351</u>	<u>378</u>
Net assets	<u>\$ 735</u>	<u>\$ 754</u>	<u>\$ 160</u>	<u>\$ 351</u>	<u>\$ 378</u>
Total number of mutual fund shares	<u>95,508</u>	<u>108,598</u>	<u>31,118</u>	<u>53,972</u>	<u>82,066</u>
Cost of mutual fund shares	<u>\$ 1,003</u>	<u>\$ 1,441</u>	<u>\$ 324</u>	<u>\$ 402</u>	<u>\$ 675</u>

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Statements of Assets and Liabilities**  
**December 31, 2008**  
*(Dollars in thousands)*

	<b>ING Van Kampen Equity and Income Portfolio - Initial Class</b>	<b>ING VP Balanced Portfolio - Class I</b>	<b>ING VP Intermediate Bond Portfolio - Class I</b>	<b>Van Eck Worldwide Hard Assets Fund</b>
<b>Assets</b>				
Investments in mutual funds				
at fair value	\$ 2	\$ 504	\$ 133	\$ 255
Total assets	<u>2</u>	<u>504</u>	<u>133</u>	<u>255</u>
Net assets	<u>\$ 2</u>	<u>\$ 504</u>	<u>\$ 133</u>	<u>\$ 255</u>
Total number of mutual fund shares	<u>86</u>	<u>54,858</u>	<u>12,047</u>	<u>13,595</u>
Cost of mutual fund shares	<u>\$ 3</u>	<u>\$ 746</u>	<u>\$ 152</u>	<u>\$ 412</u>

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Statements of Operations**  
**For the year ended December 31, 2008**  
*(Dollars in thousands)*

	<b>AIM V.I. Core Equity Fund - Series I Shares</b>	<b>ING BlackRock Large Cap Value Portfolio - Institutional Class</b>	<b>ING Evergreen Omega Portfolio - Institutional Class</b>	<b>ING FMR<sup>SM</sup> Diversified Mid Cap Portfolio - Institutional Class</b>	<b>ING JPMorgan Emerging Markets Equity Portfolio - Institutional Class</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 13	\$ 4	\$ 8	\$ 2	\$ 5
Total investment income	13	4	8	2	5
Expenses:					
Mortality and expense risk and other charges	9	9	22	2	3
Total expenses	9	9	22	2	3
Net investment income (loss)	4	(5)	(14)	-	2
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	(1)	(11)	1	(8)	13
Capital gains distributions	-	30	174	12	12
Total realized gain (loss) on investments and capital gains distributions	(1)	19	175	4	25
Net unrealized appreciation (depreciation) of investments	(214)	(275)	(636)	(80)	(155)
Net realized and unrealized gain (loss) on investments	(215)	(256)	(461)	(76)	(130)
Net increase (decrease) in net assets resulting from operations	\$ (211)	\$ (261)	\$ (475)	\$ (76)	\$ (128)

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Statements of Operations**  
**For the year ended December 31, 2008**  
*(Dollars in thousands)*

	<b>ING JPMorgan Small Cap Core Equity Portfolio - Institutional Class</b>	<b>ING Limited Maturity Bond Portfolio - Service Class</b>	<b>ING Liquid Assets Portfolio - Institutional Class</b>	<b>ING MFS Utilities Portfolio - Service Class</b>	<b>ING Pioneer Fund Portfolio - Service Class</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 2	\$ 22	\$ 33	\$ 18	\$ -
Total investment income	2	22	33	18	-
Expenses:					
Mortality and expense risk and other charges	4	6	19	9	-
Total expenses	4	6	19	9	-
Net investment income (loss)	(2)	16	14	9	-
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	(9)	3	-	11	-
Capital gains distributions	28	2	-	66	-
Total realized gain (loss) on investments and capital gains distributions	19	5	-	77	-
Net unrealized appreciation (depreciation) of investments	(107)	(27)	-	(334)	-
Net realized and unrealized gain (loss) on investments	(88)	(22)	-	(257)	-
Net increase (decrease) in net assets resulting from operations	\$ (90)	\$ (6)	\$ 14	\$ (248)	\$ -

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Statements of Operations**  
**For the year ended December 31, 2008**  
*(Dollars in thousands)*

	<b>ING Stock Index Portfolio - Institutional Class</b>	<b>ING UBS U.S. Allocation Portfolio - Service Class</b>	<b>ING Van Kampen Capital Growth Portfolio - Institutional Class</b>	<b>ING Van Kampen Large Cap Growth Portfolio - Institutional Class</b>	<b>ING VP Index Plus International Equity Portfolio - Service Class</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 37	\$ -	\$ 1	\$ 8	\$ 17
Total investment income	37	-	1	8	17
Expenses:					
Mortality and expense risk and other charges	17	-	12	7	4
Total expenses	17	-	12	7	4
Net investment income (loss)	20	-	(11)	1	13
<b>Realized and unrealized gain (loss)</b>					
<b>on investments</b>					
Net realized gain (loss) on investments	24	(2)	(24)	(74)	(41)
Capital gains distributions	11	1	35	53	82
Total realized gain (loss) on investments and capital gains distributions	35	(1)	11	(21)	41
Net unrealized appreciation (depreciation) of investments	(538)	-	(687)	(71)	(207)
Net realized and unrealized gain (loss) on investments	(503)	(1)	(676)	(92)	(166)
Net increase (decrease) in net assets resulting from operations	\$ (483)	\$ (1)	\$ (687)	\$ (91)	\$ (153)

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Statements of Operations**  
**For the year ended December 31, 2008**  
*(Dollars in thousands)*

	<b>ING Lord Abbott U.S. Government Securities Portfolio - Initial Class</b>	<b>ING Pioneer High Yield Portfolio - Initial Class</b>	<b>ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Initial Class</b>	<b>ING Van Kampen Equity and Income Portfolio - Initial Class</b>	<b>ING VP High Yield Bond Portfolio - Class I</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 4	\$ 10	\$ 3	\$ -	\$ 24
Total investment income	4	10	3	-	24
Expenses:					
Mortality and expense risk and other charges	1	1	11	-	4
Total expenses	1	1	11	-	4
Net investment income (loss)	3	9	(8)	-	20
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	(1)	(61)	(54)	-	(49)
Capital gains distributions	8	-	112	-	-
Total realized gain (loss) on investments and capital gains distributions	7	(61)	58	-	(49)
Net unrealized appreciation (depreciation) of investments	(5)	(51)	(411)	(1)	9
Net realized and unrealized gain (loss) on investments	2	(112)	(353)	(1)	(40)
Net increase (decrease) in net assets resulting from operations	\$ 5	\$ (103)	\$ (361)	\$ (1)	\$ (20)

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Statements of Operations**  
**For the year ended December 31, 2008**  
*(Dollars in thousands)*

	<b>ING VP Balanced Portfolio - Class I</b>	<b>ING VP Intermediate Bond Portfolio - Class I</b>	<b>Van Eck Worldwide Hard Assets Fund</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net investment income (loss)</b>			
Income:			
Dividends	\$ 25	\$ 7	\$ 1
Total investment income	<u>25</u>	<u>7</u>	<u>1</u>
Expenses:			
Mortality and expense risk and other charges	<u>11</u>	<u>2</u>	<u>7</u>
Total expenses	<u>11</u>	<u>2</u>	<u>7</u>
Net investment income (loss)	14	5	(6)
 <b>Realized and unrealized gain (loss) on investments</b>			
Net realized gain (loss) on investments	(39)	(2)	15
Capital gains distributions	<u>66</u>	<u>2</u>	<u>70</u>
Total realized gain (loss) on investments and capital gains distributions	27	-	85
Net unrealized appreciation (depreciation) of investments	<u>(278)</u>	<u>(19)</u>	<u>(308)</u>
Net realized and unrealized gain (loss) on investments	<u>(251)</u>	<u>(19)</u>	<u>(223)</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ (237)</u>	<u>\$ (14)</u>	<u>\$ (229)</u>

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2008 and 2007**  
*(Dollars in thousands)*

	AIM V.I. Core Equity Fund - Series I Shares	ING BlackRock Large Cap Value Portfolio - Institutional Class	ING Evergreen Omega Portfolio - Institutional Class	ING FMR <sup>SM</sup> Diversified Mid Cap Portfolio - Institutional Class
<b>Net assets at January 1, 2007</b>	\$ 898	\$ 946	\$ 1,641	\$ 242
<b>Increase (decrease) in net assets</b>				
Operations:				
Net investment income (loss)	(4)	(9)	(20)	(2)
Total realized gain (loss) on investments and capital gains distributions	33	86	34	(1)
Net unrealized appreciation (depreciation) of investments	26	(44)	148	32
Net increase (decrease) in net assets from operations	55	33	162	29
Changes from principal transactions:				
Surrenders and withdrawals	(137)	(133)	(25)	(26)
Cost of insurance and administrative charges	-	-	-	-
Benefit payments	(34)	(39)	-	-
Transfers between Divisions (including fixed account), net	(37)	(75)	(76)	(40)
Increase (decrease) in net assets derived from principal transactions	(208)	(247)	(101)	(66)
Total increase (decrease) in net assets	(153)	(214)	61	(37)
<b>Net assets at December 31, 2007</b>	745	732	1,702	205
<b>Increase (decrease) in net assets</b>				
Operations:				
Net investment income (loss)	4	(5)	(14)	-
Total realized gain (loss) on investments and capital gains distributions	(1)	19	175	4
Net unrealized appreciation (depreciation) of investments	(214)	(275)	(636)	(80)
Net increase (decrease) in net assets from operations	(211)	(261)	(475)	(76)
Changes from principal transactions:				
Surrenders and withdrawals	(29)	(27)	(26)	(31)
Cost of insurance and administrative charges	-	-	-	-
Benefit payments	(1)	(7)	-	-
Transfers between Divisions (including fixed account), net	(81)	(18)	(4)	9
Increase (decrease) in net assets derived from principal transactions	(111)	(52)	(30)	(22)
Total increase (decrease) in net assets	(322)	(313)	(505)	(98)
<b>Net assets at December 31, 2008</b>	\$ 423	\$ 419	\$ 1,197	\$ 107

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2008 and 2007**  
*(Dollars in thousands)*

	<b>ING JPMorgan Emerging Markets Equity Portfolio - Institutional Class</b>	<b>ING JPMorgan Small Cap Core Equity Portfolio - Institutional Class</b>	<b>ING Limited Maturity Bond Portfolio - Service Class</b>	<b>ING Liquid Assets Portfolio - Institutional Class</b>
<b>Net assets at January 1, 2007</b>	\$ 335	\$ 635	\$ 938	\$ 1,193
<b>Increase (decrease) in net assets</b>				
Operations:				
Net investment income (loss)	(2)	(6)	2	43
Total realized gain (loss) on investments and capital gains distributions	22	88	-	-
Net unrealized appreciation (depreciation) of investments	70	(84)	18	-
<b>Net increase (decrease) in net assets from operations</b>	<u>90</u>	<u>(2)</u>	<u>20</u>	<u>43</u>
Changes from principal transactions:				
Surrenders and withdrawals	(29)	(121)	(100)	(831)
Cost of insurance and administrative charges	-	-	-	(1)
Benefit payments	(80)	(33)	(451)	(7)
Transfers between Divisions (including fixed account), net	(3)	(113)	4	842
<b>Increase (decrease) in net assets derived from principal transactions</b>	<u>(112)</u>	<u>(267)</u>	<u>(547)</u>	<u>3</u>
<b>Total increase (decrease) in net assets</b>	<u>(22)</u>	<u>(269)</u>	<u>(527)</u>	<u>46</u>
<b>Net assets at December 31, 2007</b>	313	366	411	1,239
<b>Increase (decrease) in net assets</b>				
Operations:				
Net investment income (loss)	2	(2)	16	14
Total realized gain (loss) on investments and capital gains distributions	25	19	5	-
Net unrealized appreciation (depreciation) of investments	(155)	(107)	(27)	-
<b>Net increase (decrease) in net assets from operations</b>	<u>(128)</u>	<u>(90)</u>	<u>(6)</u>	<u>14</u>
Changes from principal transactions:				
Surrenders and withdrawals	(36)	(48)	(55)	(479)
Cost of insurance and administrative charges	-	-	-	(1)
Benefit payments	-	-	(22)	(36)
Transfers between Divisions (including fixed account), net	(54)	(34)	3	392
<b>Increase (decrease) in net assets derived from principal transactions</b>	<u>(90)</u>	<u>(82)</u>	<u>(74)</u>	<u>(124)</u>
<b>Total increase (decrease) in net assets</b>	<u>(218)</u>	<u>(172)</u>	<u>(80)</u>	<u>(110)</u>
<b>Net assets at December 31, 2008</b>	<u>\$ 95</u>	<u>\$ 194</u>	<u>\$ 331</u>	<u>\$ 1,129</u>

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2008 and 2007**  
*(Dollars in thousands)*

	ING MFS Utilities Portfolio - Service Class	ING Pioneer Fund Portfolio - Service Class	ING Stock Index Portfolio - Institutional Class	ING UBS U.S. Allocation Portfolio - Service Class
<b>Net assets at January 1, 2007</b>	\$ 624	\$ 26	\$ 1,558	\$ 3
<b>Increase (decrease) in net assets</b>				
Operations:				
Net investment income (loss)	(5)	-	1	-
Total realized gain (loss) on investments and capital gains distributions	49	3	90	-
Net unrealized appreciation (depreciation) of investments	102	(3)	(32)	-
Net increase (decrease) in net assets from operations	146	-	59	-
Changes from principal transactions:				
Surrenders and withdrawals	(78)	-	(139)	-
Cost of insurance and administrative charges	-	-	(1)	-
Benefit payments	-	-	-	-
Transfers between Divisions (including fixed account), net	(11)	(26)	(32)	-
Increase (decrease) in net assets derived from principal transactions	(89)	(26)	(172)	-
Total increase (decrease) in net assets	57	(26)	(113)	-
<b>Net assets at December 31, 2007</b>	681	-	1,445	3
<b>Increase (decrease) in net assets</b>				
Operations:				
Net investment income (loss)	9	-	20	-
Total realized gain (loss) on investments and capital gains distributions	77	-	35	(1)
Net unrealized appreciation (depreciation) of investments	(334)	-	(538)	-
Net increase (decrease) in net assets from operations	(248)	-	(483)	(1)
Changes from principal transactions:				
Surrenders and withdrawals	(6)	-	(137)	-
Cost of insurance and administrative charges	-	-	(1)	-
Benefit payments	-	-	(15)	(2)
Transfers between Divisions (including fixed account), net	(43)	14	(74)	-
Increase (decrease) in net assets derived from principal transactions	(49)	14	(227)	(2)
Total increase (decrease) in net assets	(297)	14	(710)	(3)
<b>Net assets at December 31, 2008</b>	\$ 384	\$ 14	\$ 735	\$ -

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2008 and 2007**  
*(Dollars in thousands)*

	ING Van Kampen Capital Growth Portfolio - Institutional Class	ING Van Kampen Large Cap Growth Portfolio - Institutional Class	ING VP Index Plus International Equity Portfolio - Service Class	ING Lord Abbett U.S. Government Securities Portfolio - Initial Class
<b>Net assets at January 1, 2007</b>	\$ -	\$ 2,002	\$ 606	\$ 282
<b>Increase (decrease) in net assets</b>				
Operations:				
Net investment income (loss)	-	(24)	(7)	8
Total realized gain (loss) on investments and capital gains distributions	-	31	32	-
Net unrealized appreciation (depreciation) of investments	-	33	7	5
Net increase (decrease) in net assets from operations	-	40	32	13
Changes from principal transactions:				
Surrenders and withdrawals	-	(263)	(128)	(44)
Cost of insurance and administrative charges	-	(1)	-	-
Benefit payments	-	(30)	(99)	-
Transfers between Divisions (including fixed account), net	-	(86)	(42)	1
Increase (decrease) in net assets derived from principal transactions	-	(380)	(269)	(43)
Total increase (decrease) in net assets	-	(340)	(237)	(30)
<b>Net assets at December 31, 2007</b>	-	1,662	369	252
<b>Increase (decrease) in net assets</b>				
Operations:				
Net investment income (loss)	(11)	1	13	3
Total realized gain (loss) on investments and capital gains distributions	11	(21)	41	7
Net unrealized appreciation (depreciation) of investments	(687)	(71)	(207)	(5)
Net increase (decrease) in net assets from operations	(687)	(91)	(153)	5
Changes from principal transactions:				
Surrenders and withdrawals	(26)	(17)	(37)	(1)
Cost of insurance and administrative charges	(1)	-	-	-
Benefit payments	(18)	-	(8)	-
Transfers between Divisions (including fixed account), net	1,486	(1,554)	(11)	(256)
Increase (decrease) in net assets derived from principal transactions	1,441	(1,571)	(56)	(257)
Total increase (decrease) in net assets	754	(1,662)	(209)	(252)
<b>Net assets at December 31, 2008</b>	\$ 754	\$ -	\$ 160	\$ -

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2008 and 2007**  
*(Dollars in thousands)*

	ING Pioneer High Yield Portfolio - Initial Class	ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Initial Class	ING Van Kampen Equity and Income Portfolio - Initial Class	ING VP High Yield Bond Portfolio - Class I
<b>Net assets at January 1, 2007</b>	\$ -	\$ 1,037	\$ -	\$ 583
<b>Increase (decrease) in net assets</b>				
Operations:				
Net investment income (loss)	-	(13)	-	32
Total realized gain (loss) on investments and capital gains distributions	-	133	-	(1)
Net unrealized appreciation (depreciation) of investments	-	(9)	-	(24)
<b>Net increase (decrease) in net assets from operations</b>	<b>-</b>	<b>111</b>	<b>-</b>	<b>7</b>
Changes from principal transactions:				
Surrenders and withdrawals	-	(128)	-	(14)
Cost of insurance and administrative charges	-	(1)	-	-
Benefit payments	-	(67)	-	(17)
Transfers between Divisions (including fixed account), net	-	(51)	-	(180)
<b>Increase (decrease) in net assets derived from principal transactions</b>	<b>-</b>	<b>(247)</b>	<b>-</b>	<b>(211)</b>
<b>Total increase (decrease) in net assets</b>	<b>-</b>	<b>(136)</b>	<b>-</b>	<b>(204)</b>
<b>Net assets at December 31, 2007</b>	<b>-</b>	<b>901</b>	<b>-</b>	<b>379</b>
<b>Increase (decrease) in net assets</b>				
Operations:				
Net investment income (loss)	9	(8)	-	20
Total realized gain (loss) on investments and capital gains distributions	(61)	58	-	(49)
Net unrealized appreciation (depreciation) of investments	(51)	(411)	(1)	9
<b>Net increase (decrease) in net assets from operations</b>	<b>(103)</b>	<b>(361)</b>	<b>(1)</b>	<b>(20)</b>
Changes from principal transactions:				
Surrenders and withdrawals	(3)	(35)	-	(5)
Cost of insurance and administrative charges	-	-	-	-
Benefit payments	(11)	(1)	-	(57)
Transfers between Divisions (including fixed account), net	468	(126)	3	(297)
<b>Increase (decrease) in net assets derived from principal transactions</b>	<b>454</b>	<b>(162)</b>	<b>3</b>	<b>(359)</b>
<b>Total increase (decrease) in net assets</b>	<b>351</b>	<b>(523)</b>	<b>2</b>	<b>(379)</b>
<b>Net assets at December 31, 2008</b>	<b>\$ 351</b>	<b>\$ 378</b>	<b>\$ 2</b>	<b>\$ -</b>

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2008 and 2007**  
*(Dollars in thousands)*

	<b>ING VP Balanced Portfolio - Class I</b>	<b>ING VP Intermediate Bond Portfolio - Class I</b>	<b>Van Eck Worldwide Hard Assets Fund</b>
<b>Net assets at January 1, 2007</b>	\$ 956	\$ -	\$ 389
<b>Increase (decrease) in net assets</b>			
Operations:			
Net investment income (loss)	10	-	(5)
Total realized gain (loss) on investments and capital gains distributions	44	-	79
Net unrealized appreciation (depreciation) of investments	(18)	-	78
<b>Net increase (decrease) in net assets from operations</b>	<u>36</u>	<u>-</u>	<u>152</u>
Changes from principal transactions:			
Surrenders and withdrawals	(79)	-	(7)
Cost of insurance and administrative charges	-	-	-
Benefit payments	(28)	-	(37)
Transfers between Divisions (including fixed account), net	(49)	-	(9)
<b>Increase (decrease) in net assets derived from principal transactions</b>	<u>(156)</u>	<u>-</u>	<u>(53)</u>
<b>Total increase (decrease) in net assets</b>	<u>(120)</u>	<u>-</u>	<u>99</u>
<b>Net assets at December 31, 2007</b>	836	-	488
<b>Increase (decrease) in net assets</b>			
Operations:			
Net investment income (loss)	14	5	(6)
Total realized gain (loss) on investments and capital gains distributions	27	-	85
Net unrealized appreciation (depreciation) of investments	(278)	(19)	(308)
<b>Net increase (decrease) in net assets from operations</b>	<u>(237)</u>	<u>(14)</u>	<u>(229)</u>
Changes from principal transactions:			
Surrenders and withdrawals	(82)	(5)	(12)
Cost of insurance and administrative charges	-	-	-
Benefit payments	-	-	(37)
Transfers between Divisions (including fixed account), net	(13)	152	45
<b>Increase (decrease) in net assets derived from principal transactions</b>	<u>(95)</u>	<u>147</u>	<u>(4)</u>
<b>Total increase (decrease) in net assets</b>	<u>(332)</u>	<u>133</u>	<u>(233)</u>
<b>Net assets at December 31, 2008</b>	<u>\$ 504</u>	<u>\$ 133</u>	<u>\$ 255</u>

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Notes to Financial Statements**

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**1. Organization**

Security Life of Denver Insurance Company Security Life Separate Account A1 (the “Account”) was established in 1993 by Security Life of Denver Insurance Company (“SLD” or the “Company”) to support the operations of the Exchequer Variable Annuity contracts (“Contracts”). The Company is a wholly owned subsidiary of ING America Insurance Holdings (“ING AIH”), an insurance holding company domiciled in the State of Delaware. ING AIH is an indirect wholly owned subsidiary of ING Groep, N.V., a global financial services holding company based in The Netherlands.

The Account is registered as a unit investment trust with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended. SLD provides for variable accumulation and benefits under the Contracts by crediting annuity considerations to one or more divisions within the Account or the SLD fixed separate account, which is not part of the Account, as directed by the contractowners. The portion of the Account’s assets applicable to Contracts will not be chargeable with liabilities arising out of any other business SLD may conduct, but obligations of the Account, including the promise to make benefit payments, are obligations of SLD. The assets and liabilities of the Account are clearly identified and distinguished from the other assets and liabilities of SLD.

As of July 15, 1998, the Company ceased issuing new Contracts. Current contractowners may continue to add purchase payments to their existing Contracts.

At December 31, 2008, the Account had 19 investment divisions (the “Divisions”), 2 of which invest in an independently managed mutual fund portfolio and 17 of which invest in a mutual fund managed by an affiliate, Directed Services LLC (“DSL”) or ING Investments, LLC (“IIL”). The assets in each Division are invested in shares of a designated mutual fund (“Fund”) of various investment trusts (the “Trusts”). Investment Divisions with asset balances at December 31, 2008 and related Trusts are as follows:

AIM Variable Insurance Funds:

AIM V.I. Core Equity Fund - Series I Shares

ING Investors Trust:

ING BlackRock Large Cap Value Portfolio - Institutional Class

ING Evergreen Omega Portfolio - Institutional Class

ING FMR<sup>SM</sup> Diversified Mid Cap Portfolio - Institutional Class

ING JPMorgan Emerging Markets Equity Portfolio - Institutional Class

ING JPMorgan Small Cap Core Equity Portfolio - Institutional Class

ING Limited Maturity Bond Portfolio - Service Class

ING Liquid Assets Portfolio - Institutional Class

ING MFS Utilities Portfolio - Service Class

ING Pioneer Fund Portfolio - Service Class

ING Stock Index Portfolio - Institutional Class

ING Van Kampen Capital Growth Portfolio - Institutional Class\*\*

ING Investors Trust (continued):

ING VP Index Plus International Equity Portfolio - Service Class

ING Partners, Inc.:

ING Pioneer High Yield Portfolio - Initial Class\*\*

ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Initial Class

ING Van Kampen Equity and Income Portfolio - Initial Class\*\*

ING VP Balanced Portfolio, Inc.:

ING VP Balanced Portfolio - Class I

ING VP Intermediate Bond Portfolio:

ING VP Intermediate Bond Portfolio - Class I\*\*

Van Eck Worldwide Insurance Trust:

Van Eck Worldwide Hard Assets Fund

\*\* Division added in 2008

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Notes to Financial Statements**

---

The names of certain Divisions were changed during 2008. The following is a summary of current and former names for those Divisions:

<u>Current Name</u>	<u>Former Name</u>
ING Investors Trust: ING Van Kampen Large Cap Growth Portfolio - Institutional Class	ING Investors Trust: ING FMR <sup>SM</sup> Large Cap Growth Portfolio - Institutional Class

During 2008, the following Division was closed to contractowners:

ING Investors Trust:  
ING UBS U.S. Allocation Portfolio - Service Class  
ING Van Kampen Large Cap Growth Portfolio - Institutional Class  
ING Partners, Inc.:  
ING Lord Abbett U.S. Government Securities Portfolio - Initial Class  
ING Variable Products Trust:  
ING VP High Yield Bond Portfolio - Class I

## **2. Significant Accounting Policies**

The following is a summary of the significant accounting policies of the Account:

### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from reported results using those estimates.

### *Investments*

Investments are made in shares of a Fund and are recorded at fair value, determined by the net asset value per share of the respective Fund. Investment transactions in each Fund are recorded on the trade date. Distributions of net investment income and capital gains from each Fund are recognized on the ex-distribution date. Realized gains and losses on redemptions of the shares of the Fund are determined on a first-in first-out basis. The difference between cost and current market value of investments owned on the day of measurement is recorded as unrealized gain or loss on investments.

### *Federal Income Taxes*

Operations of the Account form a part of, and are taxed with, the total operations of SLD, which is taxed as a life insurance company under the Internal Revenue Code. Earnings and realized capital gains of the Account attributable to the contractowners are excluded in the determination of the federal income tax liability of SLD.

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Notes to Financial Statements**

---

*Contractowner Reserves*

Prior to the annuity date, the Contracts are redeemable for the net cash surrender value of the Contracts. The annuity reserves of the Account are represented by net assets on the Statements of Assets and Liabilities and are equal to the aggregate account values of the contractowners invested in the Account Divisions. To the extent that benefits to be paid to the contractowners exceed their Account values, SLD will contribute additional funds to the benefit proceeds. Conversely, if amounts allocated exceed amounts required, transfers may be made to SLD.

All Contracts in the Account are currently in the accumulation period.

*Changes from Principal Transactions*

Included in Changes from Principal Transactions on the Statements of Changes in Net Assets are items which relate to contractowner activity, including deposits, surrenders and withdrawals, benefits, and contract charges. Also included are transfers between the fixed account and the Divisions, transfers between Divisions, and transfers to (from) SLD related to gains and losses resulting from actual mortality experience (the full responsibility for which is assumed by SLD). Any net unsettled transactions as of the reporting date would be included in Payable to related parties on the Statements of Assets and Liabilities.

**3. Recently Adopted Accounting Standards**

*Fair Value Measurements*

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“FAS”) No. 157, “Fair Value Measurements” (“FAS No. 157”). FAS No. 157 provides guidance for using fair value to measure assets and liabilities whenever other standards require (or permit) assets or liabilities to be measured at fair value. FAS No. 157 does not expand the use of fair value to any new circumstances.

Under FAS No. 157, the FASB clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, FAS No. 157 establishes a fair value hierarchy that prioritizes the information used to develop such assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. FAS No. 157 also requires separate disclosure of fair value measurements by level within the hierarchy and expanded disclosure of the effect on earnings for items measured using unobservable data.

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Notes to Financial Statements**

---

The adoption of FAS No. 157 on January 1, 2008 did not have an impact on the Account's net assets or results of operations. New disclosures are included in the Financial Instruments footnote.

**4. Financial Instruments**

The Account invests assets in shares of open-end mutual funds, which process orders to purchase and redeem shares on a daily basis at the fund's next computed net asset values ("NAV"). The fair value of the Account's assets is based on the NAVs of mutual funds, which are obtained from the custodian and reflect the fair values of the mutual fund investments. The NAV is calculated daily upon close of the New York Stock Exchange and is based on the fair values of the underlying securities.

The Account's financial assets are recorded at fair value on the Statements of Assets and Liabilities and are categorized as Level 1 as of December 31, 2008, based on the priority of the inputs to the valuation technique below. The Account had no financial liabilities as of December 31, 2008.

The FAS No. 157 fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in an active market.
- Level 2 - Quoted prices in markets that are not active or inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:
  - a) Quoted prices for similar assets or liabilities in active markets;
  - b) Quoted prices for identical or similar assets or liabilities in non-active markets;
  - c) Inputs other than quoted market prices that are observable; and
  - d) Inputs that are derived principally from or corroborated by observable market data through correlation or other means.
- Level 3 - Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These valuations, whether derived internally or obtained from a third party, use critical assumptions that are not widely available to estimate market participant expectations in valuing the asset or liability.

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Notes to Financial Statements**

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**5. Charges and Fees**

Under the terms of the Contracts, certain charges are allocated to the Contracts to cover SLD's expenses in connection with the issuance and administration of the Contracts. Following is a summary of these charges:

*Mortality and Expense Risk Charges*

SLD assumes mortality and expense risks related to the operations of the Account and, in accordance with the terms of the Contracts, deducts a daily charge from the assets of the Account. Daily charges are deducted at an annual rate of 1.37% of the daily net asset value of each Division of the Account to cover these risks, as specified in the Contracts.

*Asset Based Administrative Charges*

A daily charge to cover administrative expenses of the Account is deducted at an annual rate of up to 0.15% of the assets attributable to the Contracts.

*Contract Maintenance Charges*

An annual Contract maintenance fee of up to \$30 may be deducted from the accumulation value of Contracts to cover ongoing administrative expenses, as specified in the Contract.

*Contingent Deferred Sales Charges*

For certain Contracts, a contingent deferred sales charge ("Surrender Charge") is imposed as a percentage that ranges up to 7.00% of each premium payment if the Contract is surrendered or an excess partial withdrawal is taken, as specified in the Contract.

*Transfer Charges*

A transfer charge of up to \$25 may be imposed on each transfer between Divisions in excess of twelve in any one calendar year.

*Other Charges*

The Future Dimensions Contracts provide for a \$25 withdrawal transaction charge deduction for each demand withdrawal after the first in any contract year.

*Premium Taxes*

For certain Contracts, premium taxes are deducted, where applicable, from the accumulation value of each Contract. The amount and timing of deduction depends on the contractowner's state of residence.

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Notes to Financial Statements**

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**6. Related Party Transactions**

During the year ended December 31, 2008, management and service fees were paid indirectly to DSL, an affiliate of the Company, in its capacity as investment manager to ING Investors Trust and ING Partners, Inc. The Trusts' advisory agreement provided for fees at annual rates ranging from 0.25% to 1.25% of the average net assets of each respective Fund.

Additionally, management fees were paid to IIL, an affiliate of the Company, in its capacity as investment advisor to ING VP Balanced Portfolio, Inc. and ING VP Intermediate Bond Portfolio. The Trusts' advisory agreement provided for fees at annual rates ranging from 0.39% to 0.50% of the average net assets of each respective Fund.

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Notes to Financial Statements**

**7. Purchases and Sales of Investment Securities**

The aggregate cost of purchases and proceeds from sales of investments follow:

	Year ended December 31			
	2008		2007	
	Purchases	Sales	Purchases	Sales
	<i>(Dollars In Thousands)</i>			
AIM Variable Insurance Funds:				
AIM V.I. Core Equity Fund - Series I Shares	\$ 13	\$ 120	\$ 39	\$ 252
ING Investors Trust:				
ING BlackRock Large Cap Value Portfolio - Institutional Class	44	71	61	292
ING Evergreen Omega Portfolio - Institutional Class	196	67	48	154
ING FMR <sup>SM</sup> Diversified Mid Cap Portfolio - Institutional Class	28	38	4	71
ING JPMorgan Emerging Markets Equity Portfolio - Institutional Class	20	96	14	128
ING JPMorgan Small Cap Core Equity Portfolio - Institutional Class	47	101	51	300
ING Limited Maturity Bond Portfolio - Service Class	37	93	24	568
ING Liquid Assets Portfolio - Institutional Class	527	637	940	894
ING MFS Utilities Portfolio - Service Class	85	58	27	100
ING Pioneer Fund Portfolio - Service Class	14	-	-	27
ING Stock Index Portfolio - Institutional Class	56	252	77	206
ING UBS U.S. Allocation Portfolio - Service Class	10	12	-	-
ING Van Kampen Capital Growth Portfolio - Institutional Class	1,587	123	-	-
ING Van Kampen Large Cap Growth Portfolio - Institutional Class	64	1,581	76	479
ING VP Index Plus International Equity Portfolio - Service Class	121	81	43	318
ING Partners, Inc.:				
ING Lord Abbett U.S. Government Securities Portfolio - Initial Class	12	257	13	48
ING Pioneer High Yield Portfolio - Initial Class	607	144	-	-
ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Initial Class	124	183	138	318
ING Van Kampen Equity and Income Portfolio - Initial Class	12	9	-	-
ING Variable Products Trust:				
ING VP High Yield Bond Portfolio - Class I	208	538	687	854
ING VP Balanced Portfolio, Inc.:				
ING VP Balanced Portfolio - Class I	94	111	64	174
ING VP Intermediate Bond Portfolio:				
ING VP Intermediate Bond Portfolio - Class I	272	118	-	-
Van Eck Worldwide Insurance Trust:				
Van Eck Worldwide Hard Assets Fund	112	52	66	71

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Notes to Financial Statements**

**8. Changes in Units**

The net changes in units outstanding follow:

	Year ended December 31				Net Increase (Decrease)	Units Redeemed	Net Increase (Decrease)	Units Redeemed	Net Increase (Decrease)
	2008		2007						
	Units Issued	Units Redeemed	Units Issued	Units Redeemed					
AIM Variable Insurance Funds:									
AIM V.I. Core Equity Fund - Series I Shares	128	11,360	2,724	20,975	(11,232)				(18,251)
ING Investors Trust:									
ING BlackRock Large Cap Value Portfolio - Institutional Class	814	6,442	2,544	20,534	(5,628)				(17,990)
ING Evergreen Omega Portfolio - Institutional Class	1,615	3,913	2,253	10,335	(2,298)				(8,082)
ING FMR <sup>SM</sup> Diversified Mid Cap Portfolio - Institutional Class	1,664	4,012	265	6,432	(2,348)				(6,167)
ING JPMorgan Emerging Markets Equity Portfolio - Institutional Class	197	7,658	884	10,202	(7,461)				(9,318)
ING JPMorgan Small Cap Core Equity Portfolio - Institutional Class	1,633	7,869	1,806	20,016	(6,236)				(18,210)
ING Limited Maturity Bond Portfolio - Service Class	1,243	8,139	1,383	54,551	(6,896)				(53,168)
ING Liquid Assets Portfolio - Institutional Class	81,489	92,832	82,242	81,983	(11,343)				259
ING MFS Utilities Portfolio - Service Class	112	3,087	-	5,572	(2,975)				(5,572)
ING Pioneer Fund Portfolio - Service Class	1,665	(1)	-	2,089	1,666				(2,089)
ING Stock Index Portfolio - Institutional Class	937	20,306	862	13,666	(19,369)				(12,804)
ING UBS U.S. Allocation Portfolio - Service Class	809	1,049	-	1	(240)				(1)
ING Van Kampen Capital Growth Portfolio - Institutional Class	149,593	12,562	-	-	137,031				-
ING Van Kampen Large Cap Growth Portfolio - Institutional Class	283	152,767	6,783	41,921	(152,484)				(35,138)
ING VP Index Plus International Equity Portfolio - Service Class	2,429	9,256	3,773	27,591	(6,827)				(23,818)
ING Partners, Inc.:									
ING Lord Abbett U.S. Government Securities Portfolio - Initial Class	-	22,926	62	4,206	(22,926)				(4,144)
ING Pioneer High Yield Portfolio - Initial Class	68,617	20,020	-	-	48,597				-
ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Initial Class	810	16,996	4,352	22,733	(16,186)				(18,381)
ING Van Kampen Equity and Income Portfolio - Initial Class	1,178	898	-	-	280				-
ING Variable Products Trust:									
ING VP High Yield Bond Portfolio - Class I	16,367	50,278	56,389	74,827	(33,911)				(18,438)
ING VP Balanced Portfolio, Inc.:									
ING VP Balanced Portfolio - Class I	506	11,944	412	14,907	(11,438)				(14,495)
ING VP Intermediate Bond Portfolio:									
ING VP Intermediate Bond Portfolio - Class I	26,477	11,858	-	-	14,619				-
Van Eck Worldwide Insurance Trust:									
Van Eck Worldwide Hard Assets Fund	1,251	1,455	463	2,214	(204)				(1,751)

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Notes to Financial Statements**

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**9. Unit Summary**

Division/Contract	Units	Unit Value	Extended Value
<b>AIM V.I. Core Equity Fund - Series I Shares</b>			
Contracts in accumulation period	53,247.820	\$ 7.95	\$ 423,320
<b>ING BlackRock Large Cap Value Portfolio - Institutional Class</b>			
Contracts in accumulation period	48,814.903	\$ 8.58	\$ 418,832
<b>ING Evergreen Omega Portfolio - Institutional Class</b>			
Contracts in accumulation period	128,556.391	\$ 9.31	\$ 1,196,860
<b>ING FMR<sup>SM</sup> Diversified Mid Cap Portfolio - Institutional Class</b>			
Contracts in accumulation period	16,029.300	\$ 6.69	\$ 107,236
<b>ING JPMorgan Emerging Markets Equity Portfolio - Institutional Class</b>			
Contracts in accumulation period	12,670.959	\$ 7.48	\$ 94,779
<b>ING JPMorgan Small Cap Core Equity Portfolio - Institutional Class</b>			
Contracts in accumulation period	20,491.295	\$ 9.48	\$ 194,257
<b>ING Limited Maturity Bond Portfolio - Service Class</b>			
Contracts in accumulation period	31,686.198	\$ 10.46	\$ 331,438
<b>ING Liquid Assets Portfolio - Institutional Class</b>			
Contracts in accumulation period	102,830.386	\$ 10.98	\$ 1,129,078
<b>ING MFS Utilities Portfolio - Service Class</b>			
Contracts in accumulation period	33,997.649	\$ 11.29	\$ 383,833
<b>ING Pioneer Fund Portfolio - Service Class</b>			
Contracts in accumulation period	1,665.669	\$ 8.39	\$ 13,975
<b>ING Stock Index Portfolio - Institutional Class</b>			
Contracts in accumulation period	89,357.200	\$ 8.23	\$ 735,410
<b>ING Van Kampen Capital Growth Portfolio - Institutional Class</b>			
Contracts in accumulation period	137,031.153	\$ 5.50	\$ 753,671
<b>ING VP Index Plus International Equity Portfolio - Service Class</b>			
Contracts in accumulation period	24,962.469	\$ 6.42	\$ 160,259
<b>ING Pioneer High Yield Portfolio - Initial Class</b>			
Contracts in accumulation period	48,596.877	\$ 7.23	\$ 351,355

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Notes to Financial Statements**

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<b>Division/Contract</b>	<b>Units</b>	<b>Unit Value</b>	<b>Extended Value</b>
<b>ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Initial Class</b>			
Contracts in accumulation period	48,089.485	\$ 7.85	\$ 377,502
<b>ING Van Kampen Equity and Income Portfolio - Initial Class</b>			
Contracts in accumulation period	280.304	\$ 7.90	\$ 2,214
<b>ING VP Balanced Portfolio - Class I</b>			
Contracts in accumulation period	65,148.547	\$ 7.73	\$ 503,598
<b>ING VP Intermediate Bond Portfolio - Class I</b>			
Contracts in accumulation period	14,619.496	\$ 9.13	\$ 133,476
<b>Van Eck Worldwide Hard Assets Fund</b>			
Contracts in accumulation period	12,361.653	\$ 20.62	\$ 254,897

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Notes to Financial Statements**

**10. Financial Highlights**

A summary of unit values, units outstanding and net assets for variable annuity Contracts, expense ratios, excluding expenses of underlying Funds, investment income ratios, and total return for the years ended December 31, 2008, 2007, 2006, 2005 and 2004, follows:

	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment Income Ratio <sup>A</sup>	Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
AIM V.I. Core Equity Fund - Series I Shares						
2008	53	\$7.95	\$423	2.23%	1.52%	-31.17%
2007	64	\$11.55	\$745	0.97%	1.52%	6.45%
2006	83	\$10.85	\$898	(c)	1.52%	(c)
2005	(c)	(c)	(c)	(c)	(c)	(c)
2004	(c)	(c)	(c)	(c)	(c)	(c)
ING BlackRock Large Cap Value Portfolio - Institutional Class						
2008	49	\$8.58	\$419	0.70%	1.52%	-36.21%
2007	54	\$13.45	\$732	0.48%	1.52%	2.99%
2006	72	\$13.06	\$946	0.66%	1.52%	14.86%
2005	92	\$11.37	\$1,049	-	1.52%	4.03%
2004	129	\$10.93	\$1,414	(a)	1.52%	(a)
ING Evergreen Omega Portfolio - Institutional Class						
2008	129	\$9.31	\$1,197	0.55%	1.52%	-28.44%
2007	131	\$13.01	\$1,702	0.36%	1.52%	10.16%
2006	139	\$11.81	\$1,641	-	1.52%	4.33%
2005	154	\$11.32	\$1,745	(b)	1.52%	(b)
2004	(b)	(b)	(b)	(b)	(b)	(b)
ING FMR <sup>SM</sup> Diversified Mid Cap Portfolio - Institutional Class						
2008	16	\$6.69	\$107	1.28%	1.52%	-39.95%
2007	18	\$11.14	\$205	0.45%	1.52%	13.10%
2006	25	\$9.85	\$242	(c)	1.52%	(c)
2005	(c)	(c)	(c)	(c)	(c)	(c)
2004	(c)	(c)	(c)	(c)	(c)	(c)

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Notes to Financial Statements**

	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment Income Ratio <sup>A</sup>	Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
ING JPMorgan Emerging Markets Equity Portfolio - Institutional Class						
2008	13	\$7.48	\$95	2.45%	1.52%	-51.90%
2007	20	\$15.55	\$313	0.93%	1.52%	36.64%
2006	29	\$11.38	\$335	(c)	1.52%	(c)
2005	(c)	(c)	(c)	(c)	(c)	(c)
2004	(c)	(c)	(c)	(c)	(c)	(c)
ING JPMorgan Small Cap Core Equity Portfolio - Institutional Class						
2008	20	\$9.48	\$194	0.71%	1.52%	-30.70%
2007	27	\$13.68	\$366	0.20%	1.52%	-3.12%
2006	45	\$14.12	\$635	0.06%	1.52%	15.27%
2005	53	\$12.25	\$654	-	1.52%	2.42%
2004	74	\$11.96	\$886	(a)	1.52%	(a)
ING Limited Maturity Bond Portfolio - Service Class						
2008	32	\$10.46	\$331	5.93%	1.52%	-1.78%
2007	39	\$10.65	\$411	1.48%	1.52%	4.21%
2006	92	\$10.22	\$938	(c)	1.52%	(c)
2005	(c)	(c)	(c)	(c)	(c)	(c)
2004	(c)	(c)	(c)	(c)	(c)	(c)
ING Liquid Assets Portfolio - Institutional Class						
2008	103	\$10.98	\$1,129	2.79%	1.52%	1.20%
2007	114	\$10.85	\$1,239	5.10%	1.52%	3.63%
2006	114	\$10.47	\$1,193	5.40%	1.52%	3.36%
2005	155	\$10.13	\$1,574	2.75%	1.52%	1.50%
2004	150	\$9.98	\$1,500	(a)	1.52%	(a)
ING MFS Utilities Portfolio - Service Class						
2008	34	\$11.29	\$384	3.38%	1.52%	-38.67%
2007	37	\$18.41	\$681	0.77%	1.52%	25.49%
2006	43	\$14.67	\$624	0.10%	1.52%	28.80%
2005	52	\$11.39	\$594	(b)	1.52%	(b)
2004	(b)	(b)	(b)	(b)	(b)	(b)

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Notes to Financial Statements**

	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment Income Ratio <sup>A</sup>	Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
ING Pioneer Fund Portfolio - Service Class						
2008	2	\$8.39	\$14	(d)	1.52%	(d)
2007	(d)	(d)	(d)	(d)	(d)	(d)
2006	2	\$12.62	\$26	(c)	1.52%	(c)
2005	(c)	(c)	(c)	(c)	(c)	(c)
2004	(c)	(c)	(c)	(c)	(c)	(c)
ING Stock Index Portfolio - Institutional Class						
2008	89	\$8.23	\$735	3.39%	1.52%	-38.07%
2007	109	\$13.29	\$1,445	1.60%	1.52%	3.67%
2006	122	\$12.82	\$1,558	1.45%	1.52%	13.75%
2005	168	\$11.27	\$1,895	-	1.52%	3.02%
2004	229	\$10.94	\$2,504	(a)	1.52%	(a)
ING Van Kampen Capital Growth Portfolio - Institutional Class						
2008	137	\$5.50	\$754	(e)	1.52%	(e)
2007	(e)	(e)	(e)	(e)	(e)	(e)
2006	(e)	(e)	(e)	(e)	(e)	(e)
2005	(e)	(e)	(e)	(e)	(e)	(e)
2004	(e)	(e)	(e)	(e)	(e)	(e)
ING VP Index Plus International Equity Portfolio - Service Class						
2008	25	\$6.42	\$160	6.43%	1.52%	-44.70%
2007	32	\$11.61	\$369	-	1.52%	6.51%
2006	56	\$10.90	\$606	(c)	1.52%	(c)
2005	(c)	(c)	(c)	(c)	(c)	(c)
2004	(c)	(c)	(c)	(c)	(c)	(c)
ING Pioneer High Yield Portfolio - Initial Class						
2008	49	\$7.23	\$351	(e)	1.52%	(e)
2007	(e)	(e)	(e)	(e)	(e)	(e)
2006	(e)	(e)	(e)	(e)	(e)	(e)
2005	(e)	(e)	(e)	(e)	(e)	(e)
2004	(e)	(e)	(e)	(e)	(e)	(e)

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Notes to Financial Statements**

	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment Income Ratio <sup>A</sup>	Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
ING T. Rowe Price Diversified Mid Cap						
Growth Portfolio - Initial Class						
2008	48	\$7.85	\$378	0.47%	1.52%	-44.01%
2007	64	\$14.02	\$901	0.21%	1.52%	11.71%
2006	83	\$12.55	\$1,037	-	1.52%	7.45%
2005	116	\$11.68	\$1,353	(b)	1.52%	(b)
2004	(b)	(b)	(b)	(b)	(b)	(b)
ING Van Kampen Equity and Income						
Portfolio - Initial Class						
2008	-	\$7.90	\$2	(e)	1.52%	(e)
2007	(e)	(e)	(e)	(e)	(e)	(e)
2006	(e)	(e)	(e)	(e)	(e)	(e)
2005	(e)	(e)	(e)	(e)	(e)	(e)
2004	(e)	(e)	(e)	(e)	(e)	(e)
ING VP Balanced Portfolio - Class I						
2008	65	\$7.73	\$504	3.73%	1.52%	-29.21%
2007	77	\$10.92	\$836	2.68%	1.52%	4.00%
2006	91	\$10.50	\$956	(c)	1.52%	(c)
2005	(c)	(c)	(c)	(c)	(c)	(c)
2004	(c)	(c)	(c)	(c)	(c)	(c)
ING VP Intermediate Bond Portfolio - Class I						
2008	15	\$9.13	\$133	(e)	1.52%	(e)
2007	(e)	(e)	(e)	(e)	(e)	(e)
2006	(e)	(e)	(e)	(e)	(e)	(e)
2005	(e)	(e)	(e)	(e)	(e)	(e)
2004	(e)	(e)	(e)	(e)	(e)	(e)
Van Eck Worldwide Hard Assets Fund						
2008	12	\$20.62	\$255	0.27%	1.52%	-46.94%
2007	13	\$38.86	\$488	0.23%	1.52%	43.13%
2006	14	\$27.15	\$389	0.08%	1.52%	22.63%
2005	18	\$22.14	\$388	0.42%	1.52%	49.39%
2004	34	\$14.82	\$502	0.43%	1.52%	22.08%

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT A1**  
**Notes to Financial Statements**

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- (a) As investment Division was not available until 2004, this data is not meaningful and is therefore not presented.
  - (b) As investment Division was not available until 2005, this data is not meaningful and is therefore not presented.
  - (c) As investment Division was not available until 2006, this data is not meaningful and is therefore not presented.
  - (d) As investment Division had no Net assets as of December 31, 2007, this data is not meaningful and is therefore not presented.
  - (e) As investment Division was not available until 2008, this data is not meaningful and is therefore not presented.
- A** The Investment Income Ratio represents dividends received by the Division, excluding capital gains distributions divided by the average net assets. The recognition of investment income is determined by the timing of the declaration of dividends by the underlying fund in which the Division invests.
- B** The Expense Ratio considers only the expenses borne directly by the Account and is equal to the mortality and expense, administrative and other charges, as defined in Note 5.
- C** Total Return is calculated as the change in unit value for each Contract presented in the Statements of Assets and Liabilities.

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