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ANNUAL AUDITED REPORT

FORM X-17A-5

PART III

SEC FILE NUMBER
8-52899

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2011 AND ENDING 12/31/2011
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: American Family Securities, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

6000 American Parkway

(No. and Street)

Madison

WI

(City)

(State)

53783-0001

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Jane Nordby

(608) 242-4100 x. 31202

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this report

PricewaterhouseCoopers LLP

One North Wacker

Chicago

IL

(Address)

(City)

(State)

60606

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
0570-0008
Kari Grasee

I, Kari Grasee, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of American Family Securities, LLC, as

of December 31, 2011 are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-2 thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2011 AND ENDING 12/31/2011

Kari Grasee
Signature

NAME OF BROKER-DEALER: American Family Securities, LLC
Title: Vice President - Controller

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
6000 American Parkway

OFFICIAL USE ONLY
Kimberly A. Schroeder
Notary Public

This report ** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession of Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3)

- Confidential
- Public Accountant
- Accountant not resident in United States or any of its possessions

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-1(c)(2)

Final persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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American Family Securities, LLC

(A Limited Liability Company wholly owned by American Family Mutual Insurance Company (AFMIC))

**Financial Statements and Supplemental Schedules
Pursuant to Rule 17a-5 of the Securities Exchange
Act of 1934**

December 31, 2011





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American Family Securities, LLC

(A Limited Liability Company wholly owned by American Family Mutual Insurance Company (AFMIC))

**Financial Statements and Supplemental Schedules
Pursuant to Rule 17a-5 of the Securities Exchange
Act of 1934**

December 31, 2011

American Family Securities, LLC
(A Limited Liability Company wholly owned by AFMIC)
Contents
December 31, 2011

	Page(s)
Report of Independent Auditors	1
Financial Statements	
Statement of Financial Condition	2
Statement of Income	3
Statement of Changes in Member's Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6-7
Supplemental Schedules	
Schedule I: Computation of Net Capital Under Rule 15c3-1 of the Securities Exchange Act of 1934	8
Schedule II: Computation for Determination of Reserve Requirements and Information Relating to Possession or Control Requirements under Rule 15c3-3 of the Securities Exchange Act of 1934	9
Report of Independent Auditors on Internal Control Required by SEC Rule 17a-5.....	10-11



Report of Independent Auditors

To the Board of Directors and Member of
American Family Securities, LLC:

In our opinion, the accompanying statement of financial condition, and the related statements of income, of changes in member's equity and of cash flows present fairly, in all material respects, the financial position of American Family Securities, LLC (a limited liability company wholly owned by the American Family Mutual Insurance Company) (the "Company") at December 31, 2011 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Supplemental Schedules on pages 8 and 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

February 22, 2012



Report of Independent Auditors

To the Board of Directors and Member of
American Family Securities, LLC:

In our opinion, the accompanying statement of financial condition, and the related statements of income, of changes in member's equity and of cash flows present fairly, in all material respects, the financial position of American Family Securities, LLC (a limited liability company wholly owned by the American Family Mutual Insurance Company) (the "Company") at December 31, 2011 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Supplemental Schedules on pages 8 and 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

February 22, 2012

American Family Securities, LLC
(A Limited Liability Company wholly owned by AFMIC)
Statement of Financial Condition
December 31, 2011

(in thousands of dollars)

Assets

Cash	\$	18
Total assets	\$	<u>18</u>

Member's Equity

Total member's equity	\$	<u>18</u>
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The accompanying notes are an integral part of these financial statements.

American Family Securities, LLC
(A Limited Liability Company wholly owned by AFMIC)
Statement of Income
Year Ended December 31, 2011

(in thousands of dollars)

Revenues

Commissions	\$ 888
Management fees	4,322
12b-1 fees	434
Total revenues	5,644

Expenses

Salaries and payroll taxes	2,312
Sales commissions	888
Employee relations and welfare	481
Operating - other	444
Computer	342
Printing	309
Consultants	248
Rent	200
Contract programmers	151
Postage and freight	125
Licenses and fees	64
Other field compensation	53
Legal	27
Total expenses	5,644
Income before income taxes	-
Current income taxes	-
Net income	\$ -

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

American Family Securities, LLC
(A Limited Liability Company wholly owned by AFMIC)
Statement of Changes in Member's Equity
Year Ended December 31, 2011

(in thousands of dollars)

Balance as of December 31, 2010	\$	18
Net income		-
Balance as of December 31, 2011	<u>\$</u>	<u>18</u>

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

American Family Securities, LLC
(A Limited Liability Company wholly owned by AFMIC)
Statement of Cash Flows
Year Ended December 31, 2011

(in thousands of dollars)

Cash flows from operating activities

Net income	\$ -
Adjustments to reconcile net income to net cash used in operating activities	-
Net cash (used in) operating activities	-

Cash

Beginning of year	18
End of year	\$ 18

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

American Family Securities, LLC
(A Limited Liability Company wholly owned by AFMIC)
Notes to Financial Statements
December 31, 2011

1. Nature of Operations and Significant Accounting Policies

American Family Securities, LLC (herein referred to as the "Company") is a limited liability company whose sole member is American Family Mutual Insurance Company (the "Parent" or "AFMIC") located in Madison, Wisconsin. The Company is a non-clearing, registered broker-dealer with the Securities Exchange Commission (the "SEC") and the Financial Industry Regulatory Authority, Inc. The Company is the principal underwriter of variable universal life and annuity products issued by American Family Life Insurance Company ("AFLIC"), a wholly owned subsidiary of AFMIC. AFLIC ceased the new issuance of these products as of September 30, 2009.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The significant accounting policies used in the preparation of these statements include:

a. Commissions

Commission revenue represents reimbursement by AFLIC to the Company for 2011 commission expense paid on behalf of the Company, by the Parent, to its agents.

b. Management Fees

Management fees represent reimbursement by AFLIC to the Company for total expenses incurred, excluding commissions and net of 12b-1 fees.

c. 12b-1 Fees

12b-1 fees represent reimbursement by fund companies to the Company for distribution expenses incurred, as authorized in SEC Rule 12b-1.

d. Intercompany Expense Allocation

The Company shares certain administrative, occupancy and marketing expenses with AFMIC and other affiliated companies. Such expenses are allocated to the Company at cost in proportion to estimated utilization. Allocation methods are refined periodically in light of current operations and resources utilized by the Company. Allocated expenses amounted to \$5.6 million for 2011.

e. Federal Income Taxes

The Company is organized as a limited liability company and, as such, is classified as a disregarded entity for federal and state income tax purposes. The Company is included in the federal consolidated tax return as part of AFMIC. The consolidated AFMIC group is subject to a tax allocation agreement under which each member's tax liability equals or approximates separate return calculations with current credit for net losses and tax credits utilized by other members of the group. The tax provision is based on estimated taxable income at the date of the financial statements using currently enacted tax laws and rates. Income tax expense or benefit computed is paid to or reimbursed by AFMIC.

f. Statement of Cash Flows

The Company paid no income taxes during 2011. The Company paid no interest in 2011.

American Family Securities, LLC
(A Limited Liability Company wholly owned by AFMIC)
Notes to Financial Statements
December 31, 2011

g. Fair Value Measurements

The Company did not have any financial assets or liabilities reported at fair value on the Statement of Financial Condition as of December 31, 2011.

2. Regulatory Net Capital Requirement

Pursuant to the SEC's Uniform Net Capital Rule ("Rule 15c3-1"), the Company is required to maintain net capital and an allowable ratio of aggregate indebtedness to net capital as defined under this rule. The Company operates under the basic method which requires minimum net capital equal to the greater of \$5,000 or 6-2/3% of aggregate indebtedness. At December 31, 2011, the Company had net capital of \$18,000 which was \$13,000 in excess of its required minimum net capital. At December 31, 2011, the Company had no aggregate indebtedness.

3. Related Parties

The Company presently has no employees. The Parent has entered into an agreement to provide certain services to the Company. As part of this agreement, the Parent provides the Company with funds sufficient to maintain excess net capital at all times that is at least equal to 200% of the Company's net capital requirements.

AFMIC, AFLIC and the Company have entered into a Right of Setoff Agreement. The right of setoff exists for the purpose of commission receipts and payments related to the issuance and maintenance of the variable products and other administrative expenses. As a result of this agreement, the Company has no receivable or payable relating to these related party transactions.

4. Commitments and Contingencies

In the normal course of business, the Company has entered into contracts that contain a variety of representations and warranties and which also provide general indemnifications. The Company's maximum exposure is unknown, as any such exposure would result from future claims that may be, but have not yet been, made against the Company based on events which have not yet occurred. However, based on experience, management believes the risk of loss from these arrangements to be remote.

SUPPLEMENTAL SCHEDULES

American Family Securities, LLC
(A Limited Liability Company wholly owned by AFMIC)
Schedule I: Computation of Net Capital Under Rule 15c3-1 of the
Securities Exchange Act of 1934
December 31, 2011

(in thousands of dollars)

Member's equity	\$	18
Deductions and charges:		
Non-allowable assets		-
Net capital		<u>18</u>
Minimum net capital requirement (the greater of \$5 or 6-2/3% aggregate indebtedness)		<u>5</u>
Net capital in excess of requirement		<u>13</u>
Aggregate indebtedness	\$	<u>-</u>
Ratio of aggregate indebtedness to net capital		<u>0.0000 to 1</u>

There were no differences between the above computation of net capital and the corresponding computation submitted by the Company in Part IIA of their unaudited Form X-17A-5 as of December 31, 2011.

American Family Securities, LLC

(A Limited Liability Company wholly owned by AFMIC)

**Schedule II: Computation for Determination of Reserve Requirements and
Information Relating to Possession or Control Requirements**

Under Rule 15c3-3 of the Securities Exchange Act of 1934

December 31, 2011

The Company claims exemption from Rule 15c3-3 of the Securities Exchange Act of 1934, in accordance with paragraph k(1). Accordingly, the Company is not required to submit a computation for determination of reserve requirements or information relating to possession or control requirements.

There were no differences between the above information and the information submitted by the Company in Part IIA of their unaudited Form X-17A-5 as of December 31, 2011.



Report of Independent Auditors on Internal Control Required by SEC Rule 17a-5

To Board of Directors and Member of
American Family Securities, LLC:

In planning and performing our audit of the financial statements of American Family Securities, LLC (the "Company") as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13; and
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls activities and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.



A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented or detected and corrected on a timely basis

Our consideration of internal control was for the limited purpose described in the first and second, paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2011 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

February 22, 2012



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