Mutual of Omaha Insurance Company

Statutory Financial Statements as of and for the
Years Ended December 31, 2015 and 2014,
Supplemental Schedules as of and for the
Year Ended December 31, 2015, and
Independent Auditors' Reports

MUTUAL OF OMAHA INSURANCE COMPANY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mutual of Omaha Insurance Company
Omaha, Nebraska

We have audited the accompanying statutory-basis financial statements of Mutual of Omaha Insurance Company (the "Company"), which comprise the statutory-basis statements of admitted assets, liabilities, and surplus as of December 31, 2015 and 2014, and the related statutory-basis statements of operations, changes in surplus, and cash flows for the years then ended and the related notes to the statutory-basis financial statements.

Management's Responsibility for the Statutory-Basis Financial Statements

Management is responsible for the preparation and fair presentation of these statutory-basis financial statements in accordance with the accounting practices prescribed or permitted by the State of Nebraska Department of Insurance. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these statutory-basis financial statements based on our audits. We conducted our audits 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 statutory-basis financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statutory-basis financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statutory-basis financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the statutory-basis financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statutory-basis financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 1 to the statutory-basis financial statements, the statutory-basis financial statements are prepared by Mutual of Omaha Insurance Company using the accounting practices prescribed or permitted by the State of Nebraska Department of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of Nebraska Department of Insurance.

The effects on the statutory-basis financial statements of the variances between the statutory-basis of accounting described in Note 1 to the statutory-basis financial statements and accounting principles generally accepted in the United States of America are also described in Note 18.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America paragraph, the statutory-basis financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Mutual of Omaha Insurance Company as of December 31, 2015 and 2014, or the results of its operations or its cash flows for the years then ended.

Opinion on Statutory Basis of Accounting

In our opinion, the statutory-basis financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and surplus of Mutual of Omaha Insurance Company as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended, in accordance with the accounting practices prescribed or permitted by the State of Nebraska Department of Insurance as described in Note 1 to the statutory-basis financial statements.

Deloitte & Touche LLP

May 19, 2016

MUTUAL OF OMAHA INSURANCE COMPANY

STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND SURPLUS AS OF DECEMBER 31, 2015 AND 2014

	2015	2014
ADMITTED ASSETS		
CASH AND INVESTED ASSETS:		
Bonds	$ 3,176,788,649	$ 2,713,393,528
Preferred stocks	44,760,897	43,198,115
Common stocks — unaffiliated	31,759,003	37,650,887
Common stocks — affiliated	2,237,949,476	2,148,507,247
Mortgage loans — net	213,729,393	247,888,670
Real estate occupied by the Company — net of accumulated depreciation of $11,069,817 and $10,293,163, respectively	15,800,733	16,006,390
Real estate held for production of income — net of accumulated depreciation of $29,149,304 and $27,848,315, respectively	18,834,310	19,628,319
Cash and cash equivalents	8,010,722	44,396,894
Short-term investments	219,000,000	156,600,000
Securities lending cash collateral	23,325,533	23,675,645
Other invested assets	134,688,093	176,925,617
Total cash and invested assets	6,124,646,809	5,627,871,312
INVESTMENT INCOME DUE AND ACCRUED	33,338,960	28,637,723
UNCOLLECTED PREMIUMS	121,495,402	104,392,039
RECEIVABLE FROM SUBSIDIARIES	128,466,653	147,467,803
FEDERAL INCOME TAXES RECOVERABLE	26,231,139	9,244,873
NET DEFERRED TAX ASSETS	98,736,254	98,822,363
REINSURANCE RECOVERABLE	6,241,698	4,901,190
OTHER ASSETS	405,940,726	405,428,771
TOTAL ADMITTED ASSETS	$ 6,945,097,641	$ 6,426,766,074
LIABILITIES AND SURPLUS		
LIABILITIES:		
Policy reserves:		
Policy and contract claims	$ 988,300,945	$ 907,654,056
Health and accident	1,954,195,719	1,775,995,442
Total policy reserves	2,942,496,664	2,683,649,498
Premiums paid in advance	47,000,121	44,401,302
Interest maintenance reserve	5,896,744	5,473,782
Asset valuation reserve	107,655,815	83,398,788
Drafts outstanding	23,530,946	19,472,610
Amounts held as agent or trustee	74,451,246	73,077,359
General expenses and taxes due or accrued	151,769,863	162,015,810
Payable for securities lending	23,325,533	23,675,645
Liability for benefits for employees and agents	391,557,978	431,177,505
Borrowings	205,002,733	-
Other liabilities	109,639,666	104,766,557
Total liabilities	4,082,327,309	3,631,108,856
SURPLUS:		
Surplus notes	709,811,757	719,367,590
Unassigned surplus	2,152,958,575	2,076,289,628
Total surplus	2,862,770,332	2,795,657,218
TOTAL LIABILITIES AND SURPLUS	$ 6,945,097,641	$ 6,426,766,074

See notes to statutory financial statements.

MUTUAL OF OMAHA INSURANCE COMPANY

STATUTORY STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
INCOME:		
Net health and accident premiums	$ 2,411,822,720	$ 2,186,269,135
Net investment income	172,005,869	146,954,072
Commissions and expense allowances on reinsurance ceded	34,508,662	25,503,854
Other income	20,505,355	29,911,241
Total income	2,638,842,606	2,388,638,302
BENEFITS AND EXPENSES:		
Policyholder benefits	1,855,627,110	1,615,254,669
Commissions	504,569,302	428,341,463
Operating expenses	256,694,585	285,182,555
Total benefits and expenses	2,616,890,997	2,328,778,687
NET GAIN FROM OPERATIONS BEFORE FEDERAL INCOME TAXES AND NET REALIZED CAPITAL GAINS (LOSSES)	21,951,609	59,859,615
FEDERAL INCOME TAXES	12,785,380	18,396,965
NET GAIN FROM OPERATIONS BEFORE NET REALIZED CAPITAL GAINS (LOSSES)	9,166,229	41,462,650
NET REALIZED CAPITAL GAINS (LOSSES) — Net of tax benefits of $1,927,000 and $341,000 and transfers to the interest maintenance reserve of $612,041 and 1,310,827, respectively	2,011,578	(11,101,789)
NET INCOME	$ 11,177,807	$ 30,360,861

See notes to statutory financial statements.

MUTUAL OF OMAHA INSURANCE COMPANY

STATUTORY STATEMENTS OF CHANGES IN SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Surplus Notes	Unassigned Surplus	Total Surplus
BALANCE — December 31, 2013	$ 584,255,605	$ 2,090,290,239	$ 2,674,545,844
Net income	-	30,360,861	30,360,861
Change in:			
Net unrealized capital gains — net of tax expense of $1,152,348	-	221,672,272	221,672,272
Net deferred income taxes	-	86,420,666	86,420,666
Nonadmitted assets	-	(83,261,409)	(83,261,409)
Asset valuation reserve	-	(26,354,093)	(26,354,093)
Surplus notes	135,111,985	-	135,111,985
Benefit plans amounts not yet recognized in net period benefit cost	-	(210,681,625)	(210,681,625)
Detriment of consolidated tax filing	-	(10,874,083)	(10,874,083)
Unrealized loss — deferred gain on affiliate exchanges	-	(628,378)	(628,378)
Prior period adjustment — policy reserves	-	(20,654,822)	(20,654,822)
BALANCE — December 31, 2014	719,367,590	2,076,289,628	2,795,657,218
Net income	-	11,177,807	11,177,807
Change in:			
Net unrealized capital gains — net of tax benefit of ($4,630,419)	-	40,842,879	40,842,879
Foreign exchange unrealized capital gains — net of tax expense of $49,558	-	92,036	92,036
Net deferred income taxes	-	(11,404,326)	(11,404,326)
Nonadmitted assets	-	18,940,414	18,940,414
Reseve on account of change in valuation basis	-	1,226,295	1,226,295
Asset valuation reserve	-	(24,257,027)	(24,257,027)
Surplus notes	(9,555,833)	-	(9,555,833)
Benefit plans amounts not yet recognized in net period benefit cost	-	46,257,613	46,257,613
Detriment of consolidated tax filing	-	(7,033,804)	(7,033,804)
Unrealized loss — deferred gain on affiliate exchanges	-	823,400	823,400
Other misc gains and losses in surplus	-	3,660	3,660
BALANCE — December 31, 2015	$ 709,811,757	$ 2,152,958,575	$ 2,862,770,332

MUTUAL OF OMAHA INSURANCE COMPANY

STATUTORY STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FROM (USED FOR) OPERATIONS:		
Net health and accident premiums	$ 2,400,156,410	$ 2,109,273,966
Net investment income	165,944,614	146,345,857
Other income	53,742,296	55,110,580
Benefit and loss related payments	(1,598,300,907)	(1,371,329,366)
Commissions and operating expenses	(730,220,606)	(673,999,142)
Dividends paid to policyholders	(28,161)	(30,827)
Federal income taxes paid	(36,104,120)	(60,744,075)
Net cash from operations	255,189,526	204,626,993
CASH FROM (USED FOR) INVESTMENTS:		
Proceeds from investments sold, matured or repaid:		
Bonds	254,127,586	188,851,325
Stocks	13,330,016	4,260,089
Mortgage loans	58,882,201	8,430,420
Real estate	-	117,081
Other invested assets	62,298,766	56,498,976
Miscellaneous proceeds	6,223,039	53
Cost of investments acquired:		
Bonds	(716,164,477)	(510,409,777)
Stocks	(48,332,040)	(37,833,236)
Mortgage loans	(24,907,436)	(16,955,682)
Real estate	(1,272,370)	(2,074,231)
Other invested assets	(33,422,214)	(43,063,526)
Miscellaneous applications	(1,135,408)	(705,214)
Net cash used for investments	(430,372,337)	(352,883,722)
CASH FROM (USED FOR) FINANCING AND MISCELLANEOUS SOURCES:		
Surplus notes	(9,555,833)	135,111,985
Borrowed funds	205,000,000	-
Net (increase) decrease in receivable from subsidiaries and affiliates	19,001,149	(59,783,992)
Other cash applied	(28,148,677)	(89,419,461)
Net cash from (used for) financing and miscellaneous sources	186,296,639	(14,091,468)
Change in nonadmitted short-term investments	14,900,000	21,000,000
NET CHANGE IN CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	26,013,828	(141,348,197)
CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS:		
Beginning of year	200,996,894	342,345,091
End of year	$ 227,010,722	$ 200,996,894
NONCASH TRANSACTIONS:		
Change in nonadmitted short-term investment	$ (14,900,000)	$ (21,000,000)
Bond conversion	$ 23,684,275	$ -
Stock conversion	$ 23,589,942	$ -
Mortgage loan conversion disposed to mortgage loan conversion acquired	$ 1,196,345	$ -
Transfer of real estate from property held for production of income to HO occupied	$ -	$ 3,009,934

See notes to statutory financial statements.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations — Mutual of Omaha Insurance Company (the "Company") is a mutual health and accident and life insurance company domiciled in the state of Nebraska. The following are wholly owned subsidiaries of the Company as of December 31, 2015: United of Omaha Life Insurance Company ("United of Omaha"); The Omaha Indemnity Company; Mutual of Omaha Holdings, Inc.; Omaha Financial Holdings, Inc.; East Campus Realty, L.L.C. ("ECR") and Turner Park North, L.L.C.

The Company provides a wide array of financial products and services to a broad range of institutional and individual customers and is licensed in all 50 states of the United States, its territories and the District of Columbia. Principal products and services provided include individual and group health insurance.

Basis of Presentation — The accompanying statutory financial statements have been prepared in conformity with accounting practices prescribed or permitted by the State of Nebraska Department of Insurance. The state of Nebraska has adopted the National Association of Insurance Commissioners' (NAIC) statutory accounting principles (NAIC SAP) as the basis of its statutory accounting practices. The Commissioner of the State of Nebraska Department of Insurance has the right to permit other specific practices that may deviate from NAIC SAP. The Company does not follow any practices that deviate from NAIC SAP.

The accompanying statutory financial statements vary in some respects from those that would be presented in conformity with accounting principles generally accepted in the United States of America (GAAP). The most significant differences include:

a. Bonds are generally carried at amortized cost, while under GAAP they are carried at either amortized cost or fair value based upon their classification according to the Company's ability and intent to hold or trade the securities and whether the Company has elected the option to report bonds at fair value.

b. An other-than-temporary impairment (OTTI) exists for NAIC SAP on a loan-backed or structured security if the fair value is less than the amortized cost basis and the Company has the intent to sell, does not have the intent and ability to retain the investment for a period of time sufficient to recover the amortized cost basis, or the Company does not expect to recover the entire amortized cost basis. For all other securities on an NAIC SAP basis, an OTTI is recognized if it is probable that the reporting entity will be unable to collect all amounts due according to the contractual terms of the security in effect at the date of acquisition or since the last OTTI. An OTTI exists for GAAP if a security's fair value is less than the amortized cost and if the Company has the intent to sell, it is more likely than not that the Company will be required to sell before the recovery of the amortized cost basis, or if the Company does not expect to recover the entire amortized cost of the security.

c. Investments in preferred stocks are generally carried at amortized cost, while under GAAP preferred stocks are carried at their estimated fair value.

d. Under NAIC SAP, derivative instruments that meet the criteria of an effective hedge are valued and reported in a manner that is consistent with the hedged asset or liability. The change in fair value of derivative instruments that do not meet the criteria of an effective hedge are recorded as an unrealized gain or loss in surplus. Under GAAP, all derivatives are reported on the balance sheet at fair value and the effective and ineffective portions of a single hedge are accounted for separately. Changes in fair value of derivatives, to the extent they are effective at offsetting hedged risk, are recorded through either income or equity, depending on the nature of the hedge. The ineffective portion of all changes in fair value is recorded in income.

e. Limited partnerships are carried at the underlying audited GAAP equity value with the change in valuation reflected in unassigned surplus on an NAIC SAP basis. Income distributions from the limited partnerships are reported as net investment income on an NAIC SAP basis. Under GAAP the change in valuation as well as the income distributions is reflected in either net investment income or as a realized gain or loss depending on the underlying investments.

f. Acquisition costs, such as commissions and other costs directly related to acquiring new business, are charged to operations as incurred, while under GAAP to the extent associated with successful sales and recoverable from future policy revenues they are deferred and amortized to income as premiums are earned or in relation to estimated gross profits.

g. NAIC SAP requires an amount to be recorded for deferred taxes as a component of surplus; however, there are limitations as to the amount of deferred tax assets (DTA) that may be reported as admitted assets that are not applicable under GAAP. Federal income tax provision is required on a current basis for the statutory statements of operations, the same for GAAP.

h. NAIC SAP policy reserves for health insurance contracts are calculated using mortality, morbidity, interest, and voluntary lapse assumptions. The effect on reserves, if any, due to a change in valuation basis is recorded directly to unassigned surplus rather than included in the determination of net gain (loss) from operations. GAAP policy reserves are based on the Company's estimates of morbidity, mortality, interest and withdrawals.

i. The asset valuation reserves (AVR) and interest maintenance reserves (IMR) are established only in the statutory financial statements.

j. Assets are reported under NAIC SAP at admitted asset value and nonadmitted assets are excluded through a charge to surplus, while under GAAP nonadmitted assets are reinstated to the balance sheet, net of any valuation allowance.

k. Reinsurance recoverables on unpaid losses are reported as a reduction of policy reserves, while under GAAP they are reported as an asset.

l. Comprehensive income and its components are not presented in the statutory financial statements.

m. Subsidiaries included as common stock are carried under the equity method, with the equity in the operating results of subsidiaries credited or charged directly to the Company's surplus for NAIC SAP. Dividends received from subsidiaries are recorded in net investment income. GAAP requires either consolidation or equity method reporting with operating results of subsidiaries reflected in the statements of operations.

n. Surplus notes are reported as surplus for NAIC SAP while under GAAP they are reported as long-term debt.

o. For loss contingencies, when no amount within management's estimate of a range is a better estimate than any other amount, the midpoint of the range is accrued. Under GAAP, the minimum amount in the range is accrued.

p. Gains on economic transactions, defined as arm's-length transactions which results in the transfer of the risks and the rewards of ownership, with related parties are recognized and deferred in surplus under NAIC SAP rather than deferred until the assets are sold to third parties as required under GAAP.

Use of Estimates — The preparation of financial statements in accordance with NAIC SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. The most significant estimates and assumptions include those used in determining investment valuation in the absence of quoted market values, impairments, aggregate reserves for policies and contracts, policy and contract claims, and deferred taxes. Actual results could differ from those estimates.

The process of determining the fair value of investments and whether or not an investment is impaired relies on projections of future cash flows, investment operating results, and market conditions. Projections are inherently uncertain and, accordingly, actual future cash flows may differ materially from projected cash flows. As a result, the Company's investment valuations are susceptible to the risk inherent in making such projections.

Due to the nature of health and accident contracts and the risks involved, health and accident active life reserves are estimates. These reserves are calculated using morbidity, mortality, and interest rate assumptions. Voluntary lapse assumptions are permitted in certain situations subject to limitations for certain products. Actual morbidity, mortality, interest rates, and voluntary lapse rates may differ from valuation assumptions.

Policy and contract claims are estimated based upon the industry and/or company experience and other actuarial assumptions that consider the effects of current developments, anticipated trends and risk management programs. Revisions of these estimates are reflected in operations in the year they are made.

Investments — Investments are reported according to valuation procedures prescribed by the NAIC. Bonds are stated at amortized cost using the effective yield method, except for bonds with an NAIC designation of 6, which are stated at lower of amortized cost or fair value. The use of fair value may cause some of the loan-backed securities previously designated as NAIC 6 to be reassigned to a different designation.

Premiums and discounts on loan-backed bonds and structured securities are amortized using the retrospective or prospective method based on anticipated prepayments from the date of purchase. Prepayment assumptions are based on information obtained from brokers or internal estimates based on original term sheets, offer memoranda, historical performance or other forecasts. Changes in estimated cash flows due to changes in estimated prepayments are accounted for using the prospective method for impaired securities and the retrospective method for all other securities.

Preferred stocks, redeemable and perpetual, are carried at amortized cost, except for preferred stocks that are NAIC rated 4 through 6, which are stated at lower of amortized cost or fair value.

With the exception of the Company's Federal Home Loan Bank of Topeka (FHLB) common stocks, which are carried at cost, common stocks of unaffiliated companies are stated at fair value and common stocks of affiliated insurance companies are carried at the underlying statutory equity value while affiliated non-insurance companies are carried on the GAAP equity value. Changes in the carrying values are recorded as a change in net unrealized capital gains (losses), a component of surplus. Dividends are reported in net investment income.

Mortgage loans held for investment are carried at the aggregate unpaid principal balance adjusted for unamortized premium or discount (amortized cost), except impaired loans. Such loans are carried at the lower of the amortized cost, or the fair value of the loan determined by the present value of expected future cash flows discounted at the loan's effective interest rate, the loans observable market price, or the fair value of the collateral less cost to sell if collateral dependent. Interest income is accrued on the unpaid principal balance based on the loan's contractual interest rate. The Company records a reserve for losses on mortgage loans as part of the AVR.

The Company calculates specific reserves on loans identified individually as impaired. Loans evaluated individually are considered impaired when, based on current information and events, it is probable that the Company will be unable to collect principal or interest amounts according to the contractual terms of the loan agreement. Interest income earned on impaired loans is accrued on the principal amount of the loan based on the loan's contractual interest rate until the loan is placed on nonaccrual status.

Loan losses are charged against the allowance for loan losses when the uncollectibility of a loan balance is confirmed. Loans are reviewed on an individual basis to identify charge-offs. Charge-offs, net of recoveries, are deducted from the allowance. Mortgage loans are considered past due if the required principal and interest payments have not been received when contractually due. All mortgage loans are placed on nonaccrual either when it becomes probable that the borrower will not be able to make all principal and interest payments as scheduled. Mortgage loans are returned to accrual status when all the principal and interest amounts contractually due have been brought current and future payments are reasonably assured.

A mortgage loan is considered a TDR if the borrower is experiencing financial difficulties and the Company has granted a concession it would not otherwise consider. A TDR typically involves a modification of terms such as a change of the interest rate below market rate, a forgiveness of principal or interest, an extended repayment period (maturity date) at a contractual interest rate lower than the current interest rate for new debt with similar risk, or capitalization and deferral of interest payments.

Real estate, excluding real estate held for sale, is valued at cost, less accumulated depreciation. Real estate held for the production of income is comprised of real estate owned by the Company that is primarily leased to non-affiliated third parties. Depreciation is provided on the straight-line method over the estimated useful lives, generally forty years, of the related assets. Real estate held for sale is valued at the lower of depreciated cost or fair value less estimated costs to sell. Real estate held for sale consists of collateral received on foreclosed mortgage loans.

Cash equivalents are highly liquid debt securities purchased with an original maturity of less than three months. Cash equivalents are carried at cost, which approximates fair value.

Short-term investments include related party notes and investments whose original maturities at the time of purchase are three months to one year and are stated at cost, which approximates fair value.

The Company has securities lending agreements whereby unrelated parties, primarily major brokerage firms, borrow securities from the Company. The Company requires a minimum of 102% and 105% of the fair value of the domestic and foreign securities, respectively, loaned at the outset of the contract as collateral. The Company continues to retain control over and receive interest on loaned securities, and accordingly, the loaned securities continue to be reported as bonds. The securities loaned are on open terms and can be returned to the Company on the next business day requiring a return of the collateral. Collateral received is invested in cash equivalents and short-term securities with a corresponding liability for funds held for securities on loan included in borrowings in the statutory financial statements. The Company cannot access the collateral unless the borrower fails to deliver the loaned securities. To further minimize the credit risks related to this securities lending program, the Company regularly monitors the financial condition of counterparties to these agreements and also receives an indemnification from the financial intermediary who structures the transactions.

Other invested assets include the Company’s investment in ECR, and investments in derivatives, low-income housing properties (carried at amortized cost), limited partnerships and receivables for securities. ECR is a limited liability company established for the operation of real estate in Omaha, Nebraska. Mutual of Omaha is the sole member. The investment in ECR is carried at the underlying GAAP equity. Changes are recorded in unrealized capital gains through surplus. Distributions of income from this investment are recorded in net investment income. As of December 31, 2015 and 2014, the Company’s investment in ECR was $25,805,277 and $23,138,665, respectively.

As of December 31, 2015, derivatives included foreign currency swaps. When derivative financial instruments meet specific criteria they may be designated as accounting hedges and accounted for on an amortized cost basis, in a manner consistent with the item hedged. Derivative financial instruments that are not designated as accounting hedges are accounted for on a fair value basis with changes recorded as a change in net unrealized capital gains (losses) within the statutory statement of changes in surplus. Interest on currency swaps is included in net investment income.

The Company designates certain of its foreign currency swaps as cash flow hedges when they are highly effective in offsetting the exposure of variations in cash flows for the hedged item. For currency swaps the Company is exposed to credit-related losses in the amount of the net currency differential in the event of nonperformance by the swap counterparty. The Company has strict policies regarding the financial stability and credit standing of its counterparties. The Company attempts to limit its credit risk by dealing with creditworthy counterparties and obtaining collateral where appropriate.

Limited partnerships are carried at their underlying GAAP equity with a one quarter lag adjusted for all capital distributions, cash distributions, and impairment charges for the quarter with changes recorded in unrealized gains (losses) through surplus. The fair values of the limited liability partnerships are determined using the underlying audited GAAP financial statements. Distributions of income from these investments are recorded in net investment income.

Investment income consists primarily of interest and dividends. Interest is recognized on an accrual basis and dividends are recorded as earned at the ex-dividend date. Interest income on mortgage-backed securities (MBS) and asset-backed securities (ABS) is determined on the effective yield method based on estimated principal repayments. Accrual of income is suspended when securities are in default or when the receipt of interest payments is in doubt. Realized capital gains and losses on the sale of investments are determined on the specific identification basis.

Investment income due or accrued for which it is probable the balance is uncollectible is written off and charged to investment income. Investment income due or accrued deemed collectible on mortgage loans in default that is more than 180 days past due is nonadmitted. All other investment income due or accrued deemed collectible that is more than 90 days past due is nonadmitted.

Company-Owned Life Insurance — Company-owned life insurance represents individual life insurance policies on the lives of certain officers and other key employees who have provided positive consent allowing the Company to be the beneficiary of such policies and is carried at cash surrender value derived from an underlying portfolio of investments. The cash surrender values of the policies included in other assets were $373,468,735 and $377,895,748 as of December 31, 2015 and 2014, respectively. The Company paid no premiums in 2015 and paid premium of $49,999,480 in 2014. A loss of $4,427,013 and a gain of $10,678,641 in surrender value of the policies were included in other income for the years ended December 31, 2015, and 2014, respectively.

Property — Property is carried at cost less accumulated depreciation and amortization and is included in other assets. The Company provides for depreciation of property using the straight-line method over the estimated useful lives of the assets. Furniture and fixtures are generally depreciated over one to twenty years. Leasehold improvements are carried at cost less accumulated amortization. The Company provides for amortization of leasehold improvements using the straight-line method over the lesser of the useful life of the asset or the remaining original lease term, excluding options or renewal periods. Leasehold improvements are depreciated over one to eleven years. There was $90,445,787 and $4,949,728 in fully depreciated write-offs of home office property no longer in use at December 31, 2015 and 2014, respectively. Depreciation and amortization expense was $2,734,346 and $2,544,597 for the years ended December 31, 2015 and 2014, respectively.

Electronic Data Processing (EDP) Equipment and Software — EDP equipment and operating and nonoperating software are carried at cost less accumulated depreciation or amortization and are included in other assets. Depreciation expense is computed using the straight-line method over the lesser of the estimated useful life of the related asset or three years for EDP equipment and operating system software. Depreciation expense for non-operating-system software is computed using the straight-line method over the lesser of its estimated useful life or five years. Costs incurred for the development of internal use software are capitalized and amortized using the straight-line method over the lesser of the useful lives of the assets or three years.

Policy Reserves — Policy reserves provide amounts adequate to discharge estimated future obligations in excess of estimated future premiums on policies in force and include active life reserves and unearned premium reserves. Claim reserves include disabled life reserves, which are claim specific, and reserves for claims incurred but not yet paid. Claim adjustment expenses are accrued and included in operating expenses.

Active life reserves for health contracts are based on statutory mortality and interest assumptions. Morbidity assumptions are either industry experience or a blend of industry and Company experience. Voluntary lapse assumptions are Company experience with statutory limitations. Such reserves are calculated on a net-level premium method or on a one or two-year preliminary term basis. Disabled life reserves are determined within statutory interest assumptions limitations. Continuance assumptions are based on either industry experience or a blend of Company and industry experience that comply with statutory guidelines.

The Company anticipates investment income as a factor in premium deficiency reserve calculations. As of December 31, 2015 and 2014, the Company had $18,255,233 and $18,429,000, respectively, of premium deficiency reserves related to its individual and discretionary group major medical lines of business. Liabilities for losses are based on projections of aggregated and policy level cash flows reflective of contractual limits of liability.

Reinsurance — In the normal course of business, the Company assumes and cedes insurance business from its affiliates and unrelated third parties in order to limit its maximum loss, provide greater diversification of risk, minimize exposures on larger risks and expand certain business lines. The ceding of insurance business does not discharge an insurer from its primary legal liability to a policyholder. The Company remains liable to the extent that a reinsurer is unable to meet its obligations. Amounts recoverable from reinsurers are based upon assumptions consistent with those used in establishing the liabilities related to the underlying reinsured contracts and are reviewed for collectability on a quarterly basis. All amounts deemed uncollectible are written off through a charge to the statutory statements of operations when the uncollectibility of amounts recoverable from reinsurers is confirmed. Management believes the amounts recoverable are appropriately established. Balances are included in the statutory statements of admitted assets, liabilities and surplus and the statutory statements of operations, net of reinsurance, except for commissions and expense allowances on reinsurance ceded which are shown as income. Commission and expense allowances on reinsurance assumed are included in commissions expenses on the statutory statements of operations.

Federal Income Taxes — The provision for income taxes includes amounts currently paid and accrued. The Company is subject to income tax in the United States and several state jurisdictions. Significant judgments and estimates are required in the determination of the Company's income tax expense and deferred tax assets (DTAs) and deferred tax liabilities (DTLs).

Deferred taxes are recognized to the extent there are differences between the statutory and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in surplus in the period that includes the enactment date. Deferred taxes are also recognized for carryforward items including net operating loss, capital loss, and charitable contributions. NAIC SAP requires that temporary differences and carryforward items be identified and measured. Deductible temporary differences and carryforward amounts that generate tax benefits when they reverse or are utilized are tax affected in determining the DTA. Taxable temporary differences include items that will generate tax expense when they reverse and are tax affected in determining the DTL.

In the determination of the amount of the DTA that can be recognized and admitted, the NAIC SAP requires that DTAs be limited to an amount that is expected to be realized in the future based on a qualitative analysis of the Company's temporary differences, past financial history and future earnings projections. The net admitted DTA shall not exceed the excess of the adjusted gross DTA over the gross DTL. The adjusted gross DTA shall be admitted based upon three components: the amount of the income tax benefit from future deductions that can be carried back to prior years; an amount that is limited to the lesser of future deductible temporary differences and carryforward amounts that are expected to be realized within three years from the reporting date, or 15% of adjusted capital and surplus (defined as capital and surplus net of the admitted DTA, electronic data processing equipment and operating software), and; the adjusted gross DTA in an amount equal to the DTL.

The Company records uncertain tax positions in accordance with NAIC SAP on the basis of a two-step process in which (1) it determines whether a tax loss contingency meets a more-likely-than-not threshold (a likelihood of more that 50%) on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes 100 percent of the tax loss contingency. The Company recognizes interest accrued related to uncertain tax positions and penalties as income tax expense. The liability for uncertain tax positions and the associated interest liability are included in Federal income tax liability in the balance sheets.

Asset Valuation Reserves and Interest Maintenance Reserves — The Company establishes certain reserves as promulgated by the NAIC. The AVR is determined by formula and is based on the Company’s investments in bonds, preferred stocks, common stocks, mortgage loans, real estate, short-term investments and other invested assets. This valuation reserve requires appropriation of surplus to provide for possible losses on these investments. Realized and unrealized capital gains (losses), other than those resulting from interest rate changes, are credited or charged to the AVR.

The IMR is used to defer realized capital gains and losses, net of tax, on sales of bonds and certain other investments that result from interest rate changes. These gains and losses are then amortized into investment income over what would have been the remaining years to maturity of the underlying investments.

Premiums and Related Commissions — Health and accident premiums are recognized as income over the terms of the policies. Commissions and other expenses related to the acquisition of policies are charged to operations as incurred.

Vulnerability Due to Certain Risks and Concentrations — The following is a description of the most significant risks facing life and health insurers and how the Company manages those risks:

Legal/regulatory risk is the risk that changes in the legal or regulatory environment in which an insurer operates will occur and create additional costs or expenses not anticipated by the insurer in pricing its products. The Company mitigates this risk by operating throughout the United States, thus reducing its exposure to any single jurisdiction, and by diversifying its products. The Company monitors economic and regulatory developments that have the potential to impact its business.

Interest rate risk is the risk that interest rates will change and cause a decrease in the value of an insurer’s investments or cause changes in policyholder behavior resulting in changes in asset or liability cash flows. The Company mitigates this risk through various asset-liability management techniques, including duration matching and matching the maturity schedules of its assets with the expected payouts of its liabilities. To the extent that liabilities come due more quickly than assets mature, the Company may have to sell assets prior to maturity and recognize a gain or loss.

Credit risk is the risk that issuers of securities owned by the Company will default, or that other parties, including reinsurers who owe the Company money, will not pay. The Company has policies regarding the financial stability and credit standing of its counterparties. The Company attempts to limit its credit risk by dealing with creditworthy counterparties and obtaining collateral where appropriate.

Liquidity risk is the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss, generate cash to meet funding requirements, or make a required profit. The Company has established an appropriate liquidity risk management framework to evaluate current and future funding and liquidity requirements. Future liquidity requirements are projected on a regular basis as part of the financial planning process.

Fair Value — Financial assets and liabilities have been categorized into a three-level fair value hierarchy, based on the priority of the inputs to the respective valuation technique. The 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). An asset or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. The input levels are as follows:

Level 1 — Fair value is based on unadjusted quoted prices in active markets that are accessible to the Company for identical assets or liabilities. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 — Fair value is based on significant inputs that are observable for the asset or liability, either directly or indirectly, through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets and liabilities, quoted market prices in markets that are not active for identical or similar assets or liabilities and other market observable inputs. Valuations are generally obtained from third party pricing services for identical or comparable assets or liabilities and validated or determined through use of valuation methodologies using observable market inputs.

Level 3 — Fair value is based on significant unobservable inputs for the asset or liability. These inputs reflect assumptions about what market participants would use in pricing the asset or liability. Prices are determined using valuation methodologies such as option pricing models, discounted cash flow models and other similar techniques.

Other-Than-Temporary Declines in Fair Value — The Company regularly reviews its investment portfolio for factors that may indicate that a decline in fair value of an investment is other-than-temporary. Some factors considered in evaluating whether or not a decline in fair value is other-than-temporary include the Company's ability and intent to retain the investment for a period of time sufficient to allow for a recovery in value, the Company's intent to sell the investment at the reporting date, and the financial condition and prospects of the issuer.

The Company recognizes OTTI of bonds not backed by loans when it is either probable that the Company will not collect all amounts due according to the contractual terms of the bond in effect at the date of acquisition or when the Company has made a decision to sell the bond prior to its maturity at an amount below its amortized cost. When an OTTI is recognized, the bond is written down to fair value and the amount of the write down is recorded as a realized capital loss in the statutory statements of operations.

For loan-backed securities, OTTI are recognized when the fair value is less than the amortized cost basis and the Company has the intent to sell or lacks the intent and ability to retain the investment until recovery. When an OTTI is recognized because the Company has the intent to sell or lacks the intent and ability to retain the investment until recovery, the amortized cost basis of the loan-backed security is written down to the fair value and the amount of the write-down is recorded as a realized capital loss.

If the Company does not have the intent to sell and has the intent and ability to retain the investment until recovery, OTTI are recognized when the present value of future cash flows discounted at the security's effective interest rate is less than the amortized cost basis as of the balance sheet date. When an OTTI is recognized the loan-backed security is written down to the discounted estimated future cash flows and is recorded as a realized capital loss.

The Company recognizes OTTI of stocks for declines in value that are other-than-temporary and reports those adjustments as realized capital losses in the statutory statements of operations.

The Company recognizes OTTI of limited partnerships generally when the underlying GAAP equity of the partnership is less than 80% of amortized cost and the limited partnership reports realized capital losses on their financial statements or the limited partnership shows other indicators of loss. When an OTTI is recognized, the limited partnership is written down to fair value and the amount of the impairment is recorded as a realized capital loss in the statutory statements of operations.

The Company performs a monthly analysis of the prices received from third parties to assess if the prices represent a reasonable estimate of fair value. This process involves quantitative and qualitative analysis and is overseen by investment and accounting professionals.

Adoption of New Accounting Pronouncements — In November 2015, the NAIC issued further revisions to SSAP 97, to clarify the requirements for adjusting non-insurance Subsidiary, Controlled, or Affiliated entities' (SCA) audited GAAP equity value; require disclosure of any permitted or prescribed practices used for reported investments in U.S. insurance SCAs; clarify statutory adjustments to the valuation of non-insurance SCAs meeting certain revenue and activity tests; and require disclosure of the balance sheet value of all non-insurance SCAs together with the information received from the NAIC in response to the SCA filing. See the Footnote 7, Related Party Information for the required disclosures.

Future Adoption of New Accounting Pronouncements — In March 2015, the NAIC issued revisions to SSAP 1, *Disclosure of Accounting Policies, Risks & Uncertainties, and Other Disclosures* (SSAP 1), SSAP 48, *Joint Ventures, Partnerships and Limited Liability Companies* (SSAP 48), SSAP 68, *Business Combinations and Goodwill* (SSAP 68), and SSAP 97, *Investments in Subsidiary, Controlled and Affiliated Entities* (SSAP 97). These revisions require an evaluation of and disclosure about whether there is substantial doubt about an entity's ability to continue as a going concern and whether or not management has plans that are probable of mitigating those concerns. Revisions to SSAP 48, SSAP 68, and SSAP 97 require an entity to nonadmit an investment in an investee that discloses in its audited financial statements concerns about its ability to continue as a going concern, including those that can be mitigated. These revisions are effective in 2016. The Company is evaluating the impact of this guidance on its financial statements.

2. INVESTMENTS

Bonds — The carrying value and estimated fair value of investments in bonds, including loan-backed securities, by type, and redeemable preferred stocks, as of December 31, were as follows:

2015	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Government	$ 66,106,009	$ -	$ 266,044	$ 65,839,965
States, territories and possessions	2,516,677	501,420	-	3,018,097
Special revenue	21,342,850	-	1,349,498	19,993,352
Hybrids	21,991,776	796,526	797,167	21,991,135
Foreign corporate	438,330,625	18,093,768	8,221,527	448,202,866
U.S. and Canadian corporate	1,757,310,163	112,446,289	59,451,457	1,810,304,995
Commercial MBS	400,764,501	38,070,580	1,465,648	437,369,433
Residential MBS	293,924,566	22,010,556	582,411	315,352,711
Other ABS	174,501,482	8,457,983	1,273,995	181,685,470
Total bonds	3,176,788,649	200,377,122	73,407,747	3,303,758,024
Redeemable preferred stocks	23,960,737	1,496,573	24,102	25,433,208
Total	$ 3,200,749,386	$ 201,873,695	$ 73,431,849	$ 3,329,191,232

2014	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Government	$ 1,243,955	$ 1,611	$ -	$ 1,245,566
States, territories and possessions	2,685,106	566,340	24,556	3,226,890
Special revenue	21,641,526	2,643,102	-	24,284,628
Hybrids	19,901,068	925,992	198,692	20,628,368
Foreign corporate	381,077,849	34,810,766	1,957,032	413,931,583
U.S. and Canadian corporate	1,396,976,798	188,954,499	4,970,580	1,580,960,717
Commercial MBS	455,492,666	53,914,661	759,977	508,647,350
Residential MBS	260,578,415	24,787,585	180,235	285,185,765
Other ABS	173,796,145	16,557,879	915,528	189,438,496
Total bonds	2,713,393,528	323,162,435	9,006,600	3,027,549,363
Redeemable preferred stocks	22,384,937	1,196,964	118,154	23,463,747
Total	$ 2,735,778,465	$ 324,359,399	$ 9,124,754	$ 3,051,013,110

Bonds with an NAIC designation of 6 of $11,157,902 and $2,671,183 as of December 31, 2015 and 2014, respectively, were carried at the lower of amortized cost or fair value.

The Company’s bond portfolio was primarily comprised of investment grade securities. Based upon designations by the NAIC, investment grade bonds comprised 96.5% and 96.0% of the Company’s total bond portfolio as of December 31, 2015 and 2014, respectively.

Information regarding the Company's investments in structured notes as of December 31, 2015 was as follows:

CUSIP	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage-Referenced Security
38141GFA7	$ 5,012,500	$ 5,000,000	$ 5,007,488	No

The carrying value and estimated fair value of bonds and redeemable preferred stock as of December 31, 2015, by contractual maturity, are shown below. Actual maturities may differ as a result of prepayments by the issuer. MBS and other ABS provide for periodic payments throughout their lives so they are listed in a separate category.

	Carrying Value	Estimated Fair Value
Due in one year or less	$ 39,312,081	$ 40,064,689
Due after one year through five years	332,353,089	350,067,559
Due after five years through ten years	433,574,289	448,388,025
Due after ten years	1,526,319,378	1,556,263,345
	2,331,558,837	2,394,783,618
MBS and other ABS	869,190,549	934,407,614
Total	$ 3,200,749,386	$ 3,329,191,232

Aging of unrealized losses on the Company's investments in bonds and redeemable preferred stock as of December 31, was as follows:

	Less Than One Year		One Year or More		Total	
2015	**Estimated Fair Value**	**Gross Unrealized Losses**	**Estimated Fair Value**	**Gross Unrealized Losses**	**Estimated Fair Value**	**Gross Unrealized Losses**
U.S. Government	$ 65,839,965	$ 266,044	$ -	$ -	$ 65,839,965	$ 266,044
Special Revenue	16,140,775	1,166,310	3,852,577	183,188	19,993,352	1,349,498
Hybrids	6,684,340	762,999	584,500	34,168	7,268,840	797,167
Foreign corporate	133,512,633	5,882,187	5,561,040	2,339,340	139,073,673	8,221,527
U.S. and Canadian corporate	720,995,424	49,896,937	40,675,373	9,554,520	761,670,797	59,451,457
Commercial MBS	15,076,020	182,889	8,829,900	1,282,759	23,905,920	1,465,648
Residential MBS	65,437,718	579,268	85,094	3,143	65,522,812	582,411
Other ABS	50,973,468	931,880	11,485,341	342,115	62,458,809	1,273,995
Total bonds	1,074,660,343	59,668,514	71,073,825	13,739,233	1,145,734,168	73,407,747
Redeemable preferred stocks	1,485,999	17,445	387,340	6,657	1,873,339	24,102
Total	$ 1,076,146,342	$ 59,685,959	$ 71,461,165	$ 13,745,890	$ 1,147,607,507	$ 73,431,849

	Less Than One Year		One Year or More		Total	
2014	**Estimated Fair Value**	**Gross Unrealized Losses**	**Estimated Fair Value**	**Gross Unrealized Losses**	**Estimated Fair Value**	**Gross Unrealized Losses**
States, territories and possessions	$ 886,212	$ 24,556	$ -	$ -	$ 886,212	$ 24,556
Hybrids	1,849,000	82,478	1,559,964	116,214	3,408,964	198,692
Foreign corporate	16,838,720	161,280	6,144,885	1,795,752	22,983,605	1,957,032
U.S. and Canadian corporate	74,334,386	3,618,036	41,457,086	1,352,544	115,791,472	4,970,580
Commercial MBS	7,962,192	59,498	9,620,266	700,479	17,582,458	759,977
Residential MBS	11,752,669	56,005	8,110,028	124,230	19,862,697	180,235
Other ABS	22,998,993	767,024	698,414	148,504	23,697,407	915,528
Total bonds	136,622,172	4,768,877	67,590,643	4,237,723	204,212,815	9,006,600
Redeemable preferred stocks	1,253,659	9,939	4,595,968	108,215	5,849,627	118,154
Total	$ 137,875,831	$ 4,778,816	$ 72,186,611	$ 4,345,938	$ 210,062,442	$ 9,124,754

As described in Note 1, the Company regularly reviews its investment portfolio for factors that may indicate that a decline in fair value of an investment is other than temporary. Net realized capital losses for the years ended December 31, 2015 and 2014 include losses of $3,363,926 and $284,028, respectively, resulting from other-than-temporary declines in the fair value of bonds or changes in expected cash flows, and are not included in the table above.

Information and concentrations related to bonds in an unrealized loss position are included below. The tables below include the number of securities in an unrealized loss position for greater than and less than twelve months, the number with an unrealized loss of less than 10% or more than 20% of amortized cost, the average price, the average credit rating, and the percentage of these securities that were investment grade based on NAIC designations as of December 31, 2015.

	Number of Securities					
Unrealized Losses > 12 months	**Total**	**Less Than 10% Amortized Cost**	**Greater Than 20% Amortized Cost**	**Average Price ($)**	**Average Credit Rating**	**Percent Investment Grade**
Special Revenue	1	1	-	133	Baa1	100 %
Hybrid	1	1	-	84	Baa3	100
Foreign corporate	1	-	1	87	Ba1	0
U.S. and Canadian corporate	11	2	6	87	Baa1	100
Commercial MBS	1	-	-	88	Baa2	100
Residential MBS	1	1	-	98	Aa2	100
Other ABS	4	3	1	87	A3	95
	20	8	8			
Redeemable preferred stock	3	3	-	25	A3	100
Total securities	23	11	8			

	Number of Securities					
Unrealized Losses < 12 months	**Total**	**Less Than 10% Amortized Cost**	**Greater Than 20% Amortized Cost**	**Average Price ($)**	**Average Credit Rating**	**Percent Investment Grade**
U.S. Government	4	4	-	100	Aaa	100 %
Special revenue	2	1	-	29	A1	100
Hybrid	6	4	1	98	Baa2	100
Foreign corporate	34	33	-	97	Baa1	98
U.S. and Canadian corporate	177	143	10	99	A3	97
Commercial MBS	4	3	1	79	Ba2	27
Residential MBS	5	5	-	102	Aaa	100
Other ABS	9	9	-	98	A3	100
	241	202	12			
Redeemable preferred stock	2	2	-	25	Baa2	100
Total securities	243	204	12			

The unrealized losses in the tables above were due to changes in interest rates, credit ratings, and credit spreads. Foreign corporate fixed maturities were composed of securities from 18 industries, of which 29% were retail and distributors and 11% were beverages. U.S. and Canadian corporate fixed maturities were comprised of securities from 35 industries, of which 22% were pipelines and terminals, 19% were oil and gas and 15% were electric utilities. The Company's MBS were composed of both commercial and residential mortgage loans.

Gross unrealized losses as of December 31, 2015 for agency and non-agency MBS and other ABS by vintage were as follows:

		Non Agency		
	Agency	2012 and Prior	2014	Total
Commercial MBS	$ -	$ 1,397,130	$ 68,518	$ 1,465,648
Residential MBS	579,268	3,143	-	582,411
Other ABS	1,273,995	-	-	1,273,995
Total	$ 1,853,263	$ 1,400,273	$ 68,518	$ 3,322,054

Proceeds from sales or disposals of bonds and stocks and the components of bond and stock net capital gains (losses) for the years ended December 31, were as follows:

	2015	2014
Proceeds from sales or disposals:		
Bonds	$ 16,267,493	$ 7,896,774
Stocks	$ 10,341,091	$ 3,304,780
Net realized capital gains (losses) on bonds and stocks:		
Bonds:		
Gross realized capital gains from sales or other disposals	$ 1,170,153	$ 2,418,260
Gross realized capital losses from sales or other disposals	(124,726)	(2,015,164)
Losses from writedowns	(3,363,926)	(284,028)
Net realized capital gains (losses)	$ (2,318,499)	$ 119,068
Stocks:		
Gross realized capital gains from sales or other disposals	$ 1,198,099	$ 60,326
Gross realized capital losses from sales or other disposals	(7,367)	(8,708)
Net realized capital gains	$ 1,190,732	$ 51,618

Bond income due and accrued of $498,484, related to bonds in default was excluded from investment income during the year ended December 31, 2015. There was no bond income due and accrued related to bonds in default excluded from net investment income during the year ended December 31, 2014.

Stock — The Company held perpetual preferred stock with carrying amounts of $20,800,160 and $20,813,178 and estimated fair value of $21,940,708 and $20,846,655 as of December 31, 2015 and 2014, respectively. Aging of unrealized losses on the Company's investments in perpetual preferred stock as of December 31, was as follows:

	Less Than One Year		One Year or More		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
2015						
Perpetual preferred stocks	$ 1,919,989	$ 24,271	$ 1,032,660	$ 5,704	$ 2,952,649	$ 29,975
2014						
Perpetual preferred stocks	$ 940,649	$ 16,267	$ 8,798,380	$ 616,391	$ 9,739,029	$ 632,658

Information and concentrations related to perpetual preferred stock in an unrealized loss position are included below. The tables below include the number of stocks held in an unrealized loss position, the number with an unrealized loss of less than 10% or more than 20% of amortized cost, the average price, the average credit rating, and the percentage of these securities that were investment grade based on NAIC designations as of December 31, 2015.

	Number of Stocks Held					
Unrealized Losses > 12 months	**Total**	**Less Than 10% Amortized Cost**	**Greater Than 20% Amortized Cost**	**Average Price ($)**	**Average Credit Rating**	**Percent Investment Grade**
Perpetual Preferred Stock	4	4	-	25	Baa2	100 %

	Number of Stocks Held					
Unrealized Losses < 12 months	**Total**	**Less Than 10% Amortized Cost**	**Greater Than 20% Amortized Cost**	**Average Price ($)**	**Average Credit Rating**	**Percent Investment Grade**
Perpetual Preferred Stock	5	5	-	56	Baa2	100 %

There were no common stocks — unaffiliated held by the Company in an unrealized loss position as of December 31, 2015 or 2014. Included within common stocks —unaffiliated as of December 31, 2015 and 2014 is FHLB capital stock of $8,584,099 and $13,315,392, respectively. As of December 31, 2015 $8,584,099 was classified as required for FHLB lending capacity. As of December 31, 2015, the FHLB membership stock is not eligible for redemption.

Mortgage Loans — The Company invests in mortgage loans collateralized principally by commercial real estate throughout the United States. All of the Company's mortgage loans are managed as two classes and portfolio segments: commercial and residential loans. During 2015, the minimum and maximum lending rates for mortgage loans were 3.5% and 6.25%, respectively. The maximum percentage of any one loan to the value of the collateral security at the time of the loan, exclusive of insured, guaranteed or purchase money mortgages, acquired during 2015 was 82%.

Net realized capital losses for the year ended December 31, 2015 include losses of $128,769 resulting from impairments on mortgage loans. There were no net realized capital losses for the year ended December 31, 2014 related to impairments of mortgage loans.

Mortgage loan participations purchased from one loan originator comprise 56% and 55% of the portfolio as of December 31, 2015 and 2014, respectively. The properties collateralizing mortgage loans are geographically dispersed throughout the United States, with the largest concentration in California which comprises approximately 28% and 25% of the portfolio as of December 31, 2015 and 2014, respectively.

Credit Quality Indicators — For purposes of monitoring the credit quality and risk characteristics of commercial loans, the Company considers the current debt service coverage, loan to value ratios, leasing status, average rollover, loan performance, guarantees, and current rents in relation to current markets. The debt service coverage ratio compares a property's cash flow to amounts needed to service the principal and interest due under the loan. These indicators are updated annually or more frequently if conditions warrant based on the Company's credit monitoring process. The Company monitors the credit quality for the insurance segment's residential loans by reviewing payment activity monthly.

The Company's investment in commercial mortgage loans by credit quality profile, as of December 31, was as follows:

	Debt Service Coverage Ratios			
2015	**>1.20x**	**1.00x-1.20x**	**<1.00x**	**Total**
Loan-to-value ratios:				
Less than 65%	$ 148,489,657	$ 19,073,789	$ 14,669,729	$ 182,233,175
66% to 75%	22,110,271	6,704,582	-	28,814,853
76% to 80%	-	-	-	-
Greater than 80%	-	-	-	-
Total	$ 170,599,928	$ 25,778,371	$ 14,669,729	$ 211,048,028

	Debt Service Coverage Ratios			
2014	**>1.20x**	**1.00x-1.20x**	**<1.00x**	**Total**
Loan-to-value ratios:				
Less than 65%	$ 138,959,285	$ 25,680,376	$ 17,246,795	$ 181,886,456
66% to 75%	52,810,277	10,495,395	1,806,226	65,111,898
76% to 80%	-	-	-	-
Greater than 80%	-	-	-	-
Total	$ 191,769,562	$ 36,175,771	$ 19,053,021	$ 246,998,354

Non-Accrual and Past Due Loans — All of the Company's loans were in current status as of December 31, 2015 and 2014. The Company had no loans in nonaccrual status as of December 31, 2015 and 2014.

Impaired Loans — The Company had no commercial or residential impaired loans as of December 31, 2015 or 2014 and no related allowance for credit losses. The average recorded investment in impaired commercial loans during the year was $70,000.

Restructured Loans — The Company had no restructured loans as of December 31, 2015 and 2014.

Limited Partnerships — Net realized capital losses for the years ended December 31, 2015 and 2014 include losses of $1,987,209 and $11,493,992, respectively, resulting from other-than-temporary declines in fair value of limited partnerships due to market conditions.

Restricted Assets — Information related to the Company's investment in restricted assets as of December 31, was as follows:

			Percentage	
2015	**Gross Restricted Assets**	**Total Admitted Restricted Assets**	**Gross Restricted to Total Assets**	**Admitted Restricted to Total Admitted Assets**
Collateral held under security lending agreements	$ 23,325,533	$ 23,325,533	0.32%	0.34%
FHLB capital stock	8,584,099	8,584,099	0.12%	0.12%
On deposit with states	3,268,258	3,268,258	0.04%	0.05%
Pledged collateral to FHLB (including assets backing funding agreements)	225,353,622	225,353,622	3.07%	3.25%
Total	$ 260,531,512	$ 260,531,512	3.55%	3.76%

			Percentage	
2014	**Gross Restricted Assets**	**Total Admitted Restricted Assets**	**Gross Restricted to Total Assets**	**Admitted Restricted to Total Admitted Assets**
Collateral held under security lending agreements	$ 23,675,645	$ 23,675,645	0.35%	0.37%
FHLB capital stock	13,315,392	13,315,392	0.19%	0.21%
On deposit with states	3,263,041	3,263,041	0.05%	0.05%
Pledged collateral to FHLB (including assets backing funding agreements)	313,501,691	313,501,691	4.58%	4.88%
Other restricted assets	2,186,050	2,186,050	0.03%	0.03%
Total	$ 355,941,819	$ 355,941,819	5.20%	5.54%

Net Investment Income — The sources of net investment income for the years ended December 31, were as follows:

	2015	2014
Bonds	$154,903,732	$143,977,954
Preferred stocks	2,583,560	2,479,777
Common stocks — unaffiliated	2,141,384	865,766
Mortgage loans	16,346,158	14,624,116
Real estate	10,937,958	9,090,794
Cash and cash equivalents and short-term investments	7,087,340	9,223,534
Other invested assets	31,788,288	17,898,050
Gross investment income	225,788,420	198,159,991
Amortization of interest maintenance reserve	189,077	91,764
Investment expenses	(53,971,628)	(51,297,683)
Net investment income	$172,005,869	$146,954,072

3. STRUCTURED SECURITIES

The carrying value and estimated fair value of structured securities, by type, as of December 31, were as follows:

2015	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
MBS:				
Commercial	$ 400,764,501	$ 38,070,580	$ 1,465,648	$ 437,369,433
Residential	293,924,566	22,010,556	582,411	315,352,711
	694,689,067	60,081,136	2,048,059	752,722,144
Other ABS	174,501,482	8,457,983	1,273,995	181,685,470
Total	$ 869,190,549	$ 68,539,119	$ 3,322,054	$ 934,407,614

2014	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
MBS:				
Commercial	$ 455,492,666	$ 53,914,661	$ 759,977	$ 508,647,350
Residential	260,578,415	24,787,585	180,235	285,185,765
	716,071,081	78,702,246	940,212	793,833,115
Other ABS	173,796,145	16,557,879	915,528	189,438,496
Total	$ 889,867,226	$ 95,260,125	$ 1,855,740	$ 983,271,611

Aging of unrealized losses on the Company's structured securities as of December 31, was as follows:

2015	Less than One Year: Estimated Fair Value	Less than One Year: Gross Unrealized Losses	One Year or More: Estimated Fair Value	One Year or More: Gross Unrealized Losses	Total: Estimated Fair Value	Total: Gross Unrealized Losses
MBS:						
Commercial	$ 15,076,020	$ 182,889	$ 8,829,900	$ 1,282,759	$ 23,905,920	$ 1,465,648
Residential	65,437,718	579,268	85,094	3,143	65,522,812	582,411
	80,513,738	762,157	8,914,994	1,285,902	89,428,732	2,048,059
Other ABS	50,973,468	931,880	11,485,341	342,115	62,458,809	1,273,995
Total	$ 131,487,206	$ 1,694,037	$ 20,400,335	$ 1,628,017	$ 151,887,541	$ 3,322,054

2014	Less than One Year: Estimated Fair Value	Less than One Year: Gross Unrealized Losses	One Year or More: Estimated Fair Value	One Year or More: Gross Unrealized Losses	Total: Estimated Fair Value	Total: Gross Unrealized Losses
MBS:						
Commercial	$ 7,962,192	$ 59,498	$ 9,620,266	$ 700,479	$ 17,582,458	$ 759,977
Residential	11,752,669	56,005	8,110,028	124,230	19,862,697	180,235
	19,714,861	115,503	17,730,294	824,709	37,445,155	940,212
Other ABS	22,998,993	767,024	698,414	148,504	23,697,407	915,528
Total	$ 42,713,854	$ 882,527	$ 18,428,708	$ 973,213	$ 61,142,562	$ 1,855,740

OTTI are recognized based on the Company's intent to sell, inability to hold to maturity, and when the present value of future cash flows is expected to be less than the amortized cost of the security. There were no OTTI on loan-backed and structured securities related to intent to sell or inability to hold to maturity during 2015 or 2014. All of the Company's OTTI on loan-backed and structured securities during 2015 and 2014 were based on the present value of future cash flows expected to be less than the amortized cost of the security as shown in the following tables:

2015	Amortized Cost Basis Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized OTTI	Amortized Cost Basis After OTTI	Fair Value on Date of Impairment	Date of Financial Statement Where Reported
CUSIP:						
46625MDA4	$ 7,948,659	$ 7,057,520	$ 891,139	$ 7,057,520	$ 7,057,520	03/31/2015
61750WBB8	323,139	248,786	74,354	248,786	248,786	03/31/2015
46625MDA4	7,153,785	6,696,560	457,224	6,696,560	6,696,560	06/30/2015
46625MUF4	1,948,957	946,333	1,002,624	946,333	946,333	09/30/2015
46625MDA4	3,870,400	3,272,160	598,240	3,272,160	3,272,160	09/30/2015
92978MAK2	4,609,038	4,403,704	205,334	4,403,704	4,384,507	12/31/2015
Total	$ 25,853,978	$ 22,625,063	$3,228,915	$ 22,625,063	$ 22,605,866	

2014	Amortized Cost Basis Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized OTTI	Amortized Cost Basis After OTTI	Fair Value on Date of Impairment	Date of Financial Statement Where Reported
CUSIP:						
46625MUF4	$ 3,044,257	$ 2,962,571	$ 81,688	$ 2,962,571	$ 1,192,700	12/31/2014
61750WBB8	627,089	424,749	202,340	424,749	424,749	12/31/2014
Total	$ 3,671,346	$ 3,387,320	$ 284,028	$ 3,387,320	$ 1,617,449	

4. FAIR VALUE MEASUREMENTS

The categorization of fair value measurements determined on a recurring basis, by input level, as of December 31, was as follows:

2015	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
State and polictical subdivision securities	$ -	$ 741,252	$ -	$ 741,252
Asset backed securities	-	-	3,444,298	3,444,298
Common stocks — unaffiliated	9,892,967	34,532	13,247,405	23,174,904
Securities lending cash collateral	23,325,533	-	-	23,325,533
Derivative cash collateral	500,000	-	-	500,000
Derivative assets	-	878,183	-	878,183
Total	$ 33,718,500	$ 1,653,967	$ 16,691,703	$ 52,064,170

2014	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Commercial MBS	$ -	$ 1,617,449	$ -	$ 1,617,449
Common stocks — unaffiliated	11,965,328	15,916	12,354,251	24,335,495
Cash equivalents	28,872	-	-	28,872
Securities lending cash collateral	23,675,645	-	-	23,675,645
Total	$ 35,669,845	$ 1,633,365	$ 12,354,251	$ 49,657,461

Transfers between Levels 1 and 2 — Transfers in and/or out of any level are assumed to occur at the beginning of the period. During the years ended December 31, 2015 and 2014, there were no transfers between Level 1 and Level 2.

Transfers into and out of Level 3 — Assets and liabilities are transferred into or out of Level 3 when a significant input can no longer be corroborated or can be corroborated with market observable data. This occurs when market activity decreases or increases related to certain securities and transparency to the underlying inputs is no longer available or can be observed with current pricing. During the year ended December 31, 2015 there were transfers into and no tranfers out of Level 3. During the year ended December 31,2014, there were no transfers into or out of Level 3.

A description of the significant inputs and valuation techniques used to determine estimated fair value for assets and liabilities on a recurring basis is as follows:

Level 1 Measurements

Common Stocks — Unaffiliated — Valuation is based on unadjusted quoted prices in active markets that are accessible for identical assets.

Cash Equivalents and Cash Collateral — Comprised of money market instruments, commercial paper and all highly-liquid debt securities purchased with an original maturity of less than three months. Money market instruments are generally valued using unadjusted quoted prices in active markets that are accessible for identical assets.

Level 2 Measurements

State and Political Subdivisions — These securities are principally valued using the market approach, which uses prices and other relevant information generated by market transactions for similar assets. The valuation of these securities is based primarily on quoted prices in active markets or through the use of matrix pricing or other similar techniques using standard market observable inputs such as the benchmark U.S. Treasury yield curve, the spread from the U.S. Treasury curve for the identical security and comparable securities that are actively traded.

Commercial MBS — These securities are principally valued using the market approach. The valuation of these securities is based primarily on matrix pricing or other similar techniques using standard market inputs including spreads for actively traded securities, spreads off benchmark yields, expected prepayment speeds and volumes, current and forecasted loss severity, rating, weighted average coupon, weighted average maturity, average delinquency rates, geographic region, debt-service coverage ratios and issuance-specific information including, but not limited to: collateral type, payment terms of the underlying assets, payment priority within the tranche, structure of the security, deal performance and vintage of loans.

Common Stocks — Unaffiliated — These securities are principally valued using the market approach based principally on observable inputs including quoted prices in markets that are not considered active.

Derivative Assets — These assets consist of foreign currency swaps and are principally valued using an income approach. Valuations are based on option pricing models, which utilize significant inputs that may include the swap yield curve, LIBOR basis curves, currency spot rates and cross currency basis curves.

Level 3 Measurements

In general, investments classified within Level 3 use many of the same valuation techniques and inputs as described above. However, if key inputs are unobservable, or if the investments are illiquid and there is very limited trading activity, the investments are generally classified as Level 3. The use of independent non-binding broker quotations to value investments generally indicates there is a lack of liquidity or the general lack of transparency to develop the valuation estimates, causing these investments to be classified in Level 3.

Asset-Backed Securities — These securities are principally valued using the market approach. The valuation of these securities is based primarily on matrix pricing or other similar techniques that utilize inputs that are unobservable or cannot be derived principally from, or corroborated by, observable market data, or are based on independent non-binding broker quotations.

Common Stocks — Unaffiliated — These securities are principally valued using the net asset values provided by the asset managers.

Changes in assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended December 31, were as follows:

	Balance January 1, 2015	Gains (Losses) Included in Realized Gains (Losses)	Gains (Losses) Included in Surplus	Purchases	Sales and Repayments	Net Transfers Into Level 3	Net Transfers Out of Level 3	Balance December 31, 2015
Common stocks — Unaffiliated	$ 12,354,251	$ -	$ 488,352	$ 404,802	$ -	$ -	$ -	$ 13,247,405
Asset back securities	-	-	(33,894)	-	(971,033)	4,449,225	-	3,444,298
	$ 12,354,251	$ -	$ 454,458	$ 404,802	$ (971,033)	$ 4,449,225	$ -	$ 16,691,703

	Balance January 1, 2014	Gains (Losses) Included in Realized Gains (Losses)	Gains (Losses) Included in Surplus	Purchases	Sales and Repayments	Net Transfers Into Level 3	Net Transfers Out of Level 3	Balance December 31, 2014
Common stocks — Unaffiliated	$ 11,406,874	$ -	$ 1,245,609	$ 297,127	$ (595,359)	$ -	$ -	$ 12,354,251

Fair Value of Financial Instruments — The carrying values and estimated fair values of the Company's financial instruments as of December 31, were as follows:

2015	Carrying Value	Estimated Fair Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Financial assets:						
Bonds	$ 3,176,788,649	$ 3,303,758,024	$ -	$ 3,162,883,287	$ 140,874,737	$ -
Preferred stocks	44,760,897	47,373,916	-	47,373,916	-	-
Common stocks — unaffiliated	31,759,003	31,759,003	9,892,967	34,532	13,247,405	8,584,099
Mortgage loans	213,729,393	230,178,233	-	-	230,178,233	-
Cash and cash equivalents	8,010,722	8,010,722	8,010,722	-	-	-
Short-term investments	219,000,000	219,000,000	-	219,000,000	-	
Securities lending cash collateral	23,325,533	23,325,533	23,325,533	-	-	-
Derivative assets	878,183	878,183	-	878,183	-	-
Financial liabilities:						
Borrowings	205,002,733	205,002,733	205,002,733	-	-	-
Payable for securities lending	23,325,533	23,325,533	23,325,533	-	-	-
Derivative cash collateral	500,000	500,000	500,000	-	-	-

2014	Carrying Value	Estimated Fair Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Financial assets:						
Bonds	$ 2,713,393,528	$ 3,027,549,363	$ -	$ 2,929,502,027	$ 98,047,336	$ -
Preferred stocks	43,198,115	44,310,402	-	44,310,402	-	-
Common stocks — unaffiliated	37,650,887	37,650,887	11,965,328	15,916	12,354,252	13,315,392
Mortgage loans	247,888,670	270,632,513	-	-	270,632,513	-
Cash and cash equivalents	44,396,894	44,396,894	44,396,894	-	-	-
Short-term investments	156,600,000	156,600,000	-	14,500,000	142,100,000	-
Securities lending cash collateral	23,675,645	23,675,645	23,675,645	-	-	-
Financial liabilities:						
Payable for securities lending	23,675,645	23,675,645	23,675,645	-	-	-

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

The fair values of cash equivalents, securities lending cash collateral, derivative financial insturments, and payable for securities lending are estimated as discussed above.

Bonds — The fair values for bonds, including loan-backed securities, are based on quoted market prices, where available. For bonds for which market values are not readily available, fair values were estimated by the Company using projected future cash flows, current market rates, credit quality and maturity date.

Preferred Stocks — The fair values for preferred stocks are based on market value, where available. For preferred stocks for which market values are not available, fair values were estimated by the Company using projected future cash flows, current market rates, credit quality and maturity date.

Common Stocks — Unaffiliated — With the exception of the Company's investment in the FHLB stock, the fair values for unaffiliated common stocks are based on market value or GAAP equity depending on the security type. It is not practicable to measure fair value in the Company's investment in FHLB stock due to the redemption provisions. Therefore, carrying value approximates fair value.

Mortgage Loans — The fair values for mortgage loans are estimated by discounting expected future cash flows using current interest rates for similar loans with similar credit risk.

Cash — The carrying amount for this instrument approximates fair value.

Short-term Investments — The fair values for short-term investments, which consists of loans to affiliates with maturities of less than one year, approximate cost due to their short-term nature, but are limited to the value of any underlying collateral.

Borrowings — The carrying amounts for borrowings, which consists of short-term borrowings with FHLB, approximate their fair value due to their short-term nature.

5. DERIVATIVE FINANCIAL INSTRUMENTS

The following tables summarize the Company's investment in foreign currency swaps derivative financial instruments reported in the statutory financial statements as of December 31, 2015:

Contract/notional amount	$	10,244,490
Carrying and estimated fair value		878,183
Credit exposure		157,596
Net investment income		36,720
Cash collateral held		500,000
Unrealized capital gains		878,183

The Company was not a party to any derivative contracts as of December 31, 2014.

6. INCOME TAXES

The Company is the parent corporation of an affiliated group of corporations that file a consolidated U.S. Corporate Income Tax Return. The Company's federal income tax return is consolidated with the following affiliates: The Omaha Indemnity Company, Mutual of Omaha Holdings, Inc. and its subsidiaries, Omaha Financial Holdings, Inc. and its subsidiaries, and United of Omaha and its subsidiaries. The Company allocates income taxes to its subsidiaries pursuant to a written agreement approved by the Board of Directors. Each subsidiary's provision for federal income tax expense is based on separate return calculations whereby the subsidiary has an enforceable right to recoup federal income taxes paid in prior years, if any, in the event of future losses. Omaha Reinsurance Company ("Omaha Re"), a wholly owned subsidiary of United of Omaha, is entitled to a refund of income taxes for any losses, regardless of whether these losses result in a reduction in the consolidated tax liability.

The Company also has an enforceable right to use consolidated net operating loss, capital loss, and charitable contribution carryovers, if any, against future net income subject to federal income taxes. The annual cost or benefit of this tax sharing agreement between the Company and its subsidiaries is charged or credited to surplus. Amounts due from subsidiaries as of December 31, 2015 and 2014 were $26,035,989 and $7,240,707, respectively, and were included in federal income taxes recoverable.

The Company's DTL does not include a DTL for the unrealized gains or losses for its investment in subsidiaries.

There were no deposits admitted under Section 6603 of the Internal Revenue Code. Consolidated federal income taxes incurred during the years ended December 31, which were available for recoupment in the event that the Company incurs future net losses, were as follows:

	Ordinary	Capital	Total
2015	$ 58,193,066	$ 24,990,172	$ 83,183,238
2014	65,522,668	23,714,807	89,237,475
2013	66,688,844	22,244,902	88,933,746
	$ 190,404,578	$ 70,949,881	$ 261,354,459

Federal income taxes incurred for the years ended December 31, consisted of the following major components:

	2015	2014
Current federal income tax expense	$ 12,713,407	$ 18,414,088
Current foreign income tax expense (benefit)	71,973	(17,123)
Federal income tax expense	12,785,380	18,396,965
Federal income tax benefit on net realized capital losses	(1,927,000)	(341,000)
Total federal and foreign income tax expense	10,858,380	18,055,965
Change in net deferred income taxes	11,404,326	(86,420,666)
Total federal income tax expense (benefit) incurred	$ 22,262,706	$ (68,364,701)

Reconciliations between federal income taxes based on the federal tax rate and the effective tax rate for the years ended December 31, were as follows:

	2015	2014
Net gain from operations before federal income taxes and net realized capital losses	$ 21,951,609	$ 59,859,615
Net realized capital gains (losses) before federal income taxes and transfers to IMR	696,619	(10,131,962)
Total pre-tax income	22,648,228	49,727,653
Statutory tax rate	35 %	35 %
Expected federal income taxes incurred	7,926,880	17,404,679
Prior year tax (benefit) expense	(280,187)	3,071,827
Nonadmitted assets	4,271,070	1,398,140
Amortization of IMR	(66,177)	(32,117)
Pension liability adjustment	16,190,162	(73,738,569)
Tax credits	(2,282,000)	(1,746,000)
Life insurance cash value	1,549,455	(3,737,524)
Reserve adjustments to surplus	-	(7,225,861)
Loss from disregarded entities	(4,430,228)	(6,718,627)
Other	(616,269)	2,959,351
Total federal income tax expense (benefit) incurred	$ 22,262,706	$ (68,364,701)

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The statute of limitations has closed on all years through 2011. Therefore, the years after 2011 remain subject to audit by federal and state jurisdictions.

The Company did not have an accrual for uncertain tax positions as of December 31, 2015 and 2014. As of December 31, 2015, there were no positions for which management believes it is reasonably possible that the total amounts of tax contingencies will significantly increase within 12 months of the reporting date. As of December 31, 2015 and 2014, the Company had no statutory valuation allowance reducing its deferred tax asset.

The components of DTA and DTL as of December 31, were as follows:

	2015		
	Ordinary	**Capital**	**Total**
Gross DTA	$ 380,474,009	$ 16,853,510	$ 397,327,519
Nonadmitted DTA	(260,568,789)	(13,394,219)	(273,963,008)
Net admitted DTA	119,905,220	3,459,291	123,364,511
DTL	(21,605,976)	(3,022,281)	(24,628,257)
Net DTA	$ 98,299,244	$ 437,010	$ 98,736,254

	2014		
	Ordinary	**Capital**	**Total**
Gross DTA	$ 381,404,057	$ 18,263,854	$ 399,667,911
Nonadmitted DTA	(267,643,986)	(13,056,378)	(280,700,364)
Net admitted DTA	113,760,071	5,207,476	118,967,547
DTL	(16,891,417)	(3,253,767)	(20,145,184)
Net DTA	$ 96,868,654	$ 1,953,709	$ 98,822,363

The Company has admitted deferred tax assets as of December 31, as follows:

	2015		
	Ordinary	Capital	Total
Federal income taxes paid in prior years □ recoverable through loss carrybacks	$ 98,299,244	$ 437,010	$ 98,736,254
Gross DTA expected to be realized (lesser of 1 or 2)	$ -	$ -	$ -
1. Gross DTA expected to be realized following the balance sheet date	-	-	-
2. Gross DTA allowed per limitation threshold	N/A	N/A	412,032,852
Gross DTA that can be offset by DTL	21,605,976	3,022,281	24,628,257
DTA admitted as the result of application of SSAP 101	$ 119,905,220	$ 3,459,291	$ 123,364,511

	2014		
	Ordinary	Capital	Total
Federal income taxes paid in prior years □ recoverable through loss carrybacks	$ 96,868,654	$ 1,953,709	$ 98,822,363
Gross DTA expected to be realized (lesser of 1 or 2)	$ -	$ -	$ -
1. Gross DTA expected to be realized following the balance sheet date	-	-	-
2. Gross DTA allowed per limitation threshold	N/A	N/A	402,556,099
Gross DTA that can be offset by DTL	16,891,417	3,253,767	20,145,184
DTA admitted as the result of application of SSAP 101	$ 113,760,071	$ 5,207,476	$ 118,967,547

The authorized control level risk-based capital (RBC) ratio percentages used to determine recovery period and threshold limitation amounts were 859% and 868% as of December 31, 2015 and 2014, respectively. The amounts of adjusted capital and surplus used to determine recovery period and threshold limitations were $2,994,135,976 and $2,945,115,693 as of December 31, 2015 and 2014, respectively.

The Company has evaluated available tax planning strategies for the realization of DTA. The following table presents the impact of these available tax planning strategies on the gross DTA and net admitted gross DTA as of December 31:

	Ordinary	Capital	Total
2015			
Gross DTA	380,474,009	16,853,510	397,327,519
Percentage of total gross DTA attributable to tax planning strategies	0.00 %	0.00 %	0.00 %
Net admitted gross DTA	119,905,220	3,459,291	123,364,511
Percentage of net admitted gross DTA attributable to tax planning strategies	0.00 %	0.00 %	0.00 %
2014			
Gross DTA	381,404,057	18,263,854	399,667,911
Percentage of total gross DTA attributable to tax planning strategies	2.92 %	0.49 %	3.41 %
Net admitted gross DTA	113,760,071	5,207,476	118,967,547
Percentage of net admitted gross DTA attributable to tax planning strategies	11.81 %	1.98 %	13.79 %
Change			
Gross DTA	(930,048)	(1,410,344)	(2,340,392)
Percentage of total gross DTA attributable to tax planning strategies	(2.92)%	0.49 %	3.41 %
Net admitted gross DTA	6,145,149	(1,748,185)	4,396,964
Percentage of net admitted gross DTA attributable to tax planning strategies	(11.81)%	(1.98)%	(13.79)%

The tax planning strategies do not include the use of reinsurance related tax planning strategies.

The tax effects of temporary differences that give rise to significant portions of the DTA and DTL as of December 31, were as follows:

	2015	2014	Change
DTA:			
Ordinary:			
Policy reserves	$ 64,548,146	$ 63,849,999	$ 698,147
Deferred acquisition costs	61,311,956	54,978,381	6,333,575
Expense accruals and other prepaid income	87,766,815	89,601,759	(1,834,944)
Pension liability	86,882,674	93,190,711	(6,308,037)
Nonadmitted assets	26,515,134	31,867,435	(5,352,301)
Bonds and other invested assets	38,247,955	34,023,060	4,224,895
Depreciation and amortization	7,499,693	6,241,585	1,258,108
Other	7,701,636	7,651,127	50,509
Subtotal	380,474,009	381,404,057	(930,048)
Nonadmitted DTA	(260,568,789)	(267,643,986)	7,075,197
Admitted ordinary DTA	119,905,220	113,760,071	6,145,149
Capital:			
Investments	16,853,510	18,263,854	(1,410,344)
Subtotal	16,853,510	18,263,854	(1,410,344)
Nonadmitted	(13,394,219)	(13,056,378)	(337,841)
Admitted capital DTA	3,459,291	5,207,476	(1,748,185)
Admitted DTA	123,364,511	118,967,547	4,396,964
DTL:			
Ordinary:			
Unrealized gains	(2,958,245)	(2,450,535)	(507,710)
Other	(18,647,731)	(14,440,882)	(4,206,849)
Subtotal	(21,605,976)	(16,891,417)	(4,714,559)
Capital:			
Investments	(3,022,281)	(3,253,767)	231,486
Subtotal	(3,022,281)	(3,253,767)	231,486
DTL	(24,628,257)	(20,145,184)	(4,483,073)
Net admitted DTA	$ 98,736,254	$ 98,822,363	$ (86,109)

The change in net deferred income taxes, exclusive of non-admitted assets reported separately in surplus in the annual statement, during the years ended December 31, was comprised of the following:

	2015	2014	Change
DTA	$ 397,327,519	$ 399,667,911	$ (2,340,392)
DTL	(24,628,257)	(20,145,184)	(4,483,073)
Net DTA	$ 372,699,262	$ 379,522,727	(6,823,465)
Tax effect of unrealized losses			(4,580,861)
Change in net deferred income taxes			$ (11,404,326)

	2014	2013	Change
DTA	$ 399,667,911	$ 307,631,937	$ 92,035,974
DTL	(20,145,184)	(15,682,224)	(4,462,960)
Net DTA	$ 379,522,727	$ 291,949,713	87,573,014
Tax effect of unrealized losses			(1,152,348)
Change in net deferred income taxes			$ 86,420,666

The Company invests in low-income housing tax credit (LIHTC) limited partnerships from which federal credits are scheduled to be received through 2028. The federal LIHTC programs provide tax credits over a ten-year period, after which the required holding period extends five years.

7. RELATED PARTY INFORMATION

The Company's investments in non-insurance SCAs as of December 31, were as follows:

	2015		2014	
	Admitted	Non-Admitted	Admitted	Non-Admitted
East Campus Realty, LLC	$ 25,805,277	$ -	$ 23,138,665	$ -
Turner Park North, LLC	-	9,222,950	-	9,297,357
Omaha Financial Holdings, Inc.	727,042,805	-	689,423,483	-

The Company has an investment in an insurance SCA, United of Omaha, for which the audited statutory surplus and income reflects a departure from NAIC SAP, for a prescribed practices from the State of Nebraska Department of Insurance. The prescribed practice requires an accounting practice for synthetic guaranteed interest contracts ("synthetic GIC") that differs from NAIC SAP in how certain reserves are determined. In 2015, this practice increased net income by $2,407,501 and decreased surplus $7,276,083. In 2014, this practice decreased net income by $126,369 and decreased surplus $9,683,584. The Company's investment in United of Omaha was $1,441,718,135 and $1,422,723,191 at December 31, 2015 and 2014, respectively. The investment would have been $1,448,994,218 and $1,432,406,775 at December 31, 2015 and 2014, respectively, without the prescribed practices. The risk-based capital of United of Omaha would not have triggered a regulatory event if the prescribed practice was used.

The carrying value of United of Omaha exceeds 10% of the admitted assets of the Company. The Company carries the investment on the statutory surplus method. United of Omaha's assets, liabilities and results of operations as of December 31, were as follows:

	2015	2014
Admitted assets	$ 19,622,503,033	$ 18,786,688,405
Liabilities	18,180,784,898	17,363,965,214
Net income	153,640,116	164,425,590

The table below reflects amounts (including nonadmitted amounts), related to unsecured revolving credit agreements with related parties as of December 31, 2015, which are included in short-term investments in the statutory statements of admitted assets, liabilities and surplus. Interest income is included in net investment income in the statutory statements of operations. Interest only payments are required monthly.

Borrowing Company	Maximum Borrowing	Interest Rate	Amount Outstanding	Interest Income 2015	Interest Income 2014
Omaha Financial Holdings, Inc.	200,000,000	2.50%	79,700,000	1,583,330	1,814,954
East Campus Realty, L.L.C.	160,000,000	2.50%	139,300,000	963,811	4,514

The Company previously held a promissory note with ECR which was paid in 2015. Interest income received by the Company related to this note was $4,508,000 and $7,203,871 for the years ended December 31, 2015 and 2014, respectively.

The Company also has the following unsecured demand, revolving credit lending agreements available to related parties. There were no amounts outstanding under these agreements as of December 31, 2015 and 2014.

Borrowing Company	Maximum Borrowing
United of Omaha Life Insurance Company	$250,000,000
Companion Life Insurance Company	23,000,000
United World Life Insurance Company	10,000,000
Omaha Reinsurance Company	15,000,000
Omaha Insurance Company	20,000,000
The Omaha Indemnity Company	3,000,000

The Company has the following unsecured demand, revolving credit borrowing agreements available from related parties. The rate for borrowings under these agreements in 2015 and 2014 was 0.26% and 0.23%, respectively. The Company had no outstanding borrowings under these agreements as of December 31, 2015.

Lending Company	Maximum Borrowing	2015 Interest Expense
United of Omaha Life Insurance Company	$ 250,000,000	$ 37,908
Companion Life Insurance Company	23,000,000	6,802
United World Life Insurance Company	10,000,000	966
Omaha Life Insurance Company	7,000,000	-

All of the above lending and borrowing agreements renew annually for a one year term.

The Company made the following cash capital contributions during the years ended December 31:

	2015	2014
East Campus Realty, L.L.C.	$15,000,000	$27,000,000
Omaha Insurance Company	40,000,000	20,000,000
Turner Park North, L.L.C.	250,000	2,650,000

During 2014, the Company received a cash return of capital of $500,000 from Mutual of Omaha Holdings, Inc.

The Company has reinsurance agreements with affiliate entities. The Company assumes certain individual health insurance from United of Omaha,Omaha Insurance Company, United World Life Insurance Company and Companion Life Insurance Company ("Companion"). See Note 8 for impacts to the statutory financial statements due to these agreements.

Included in cash equivalents as of December 31, 2014 is an escrow account for the benefit of Companion Company, a wholly owned subsidiary of United of Omaha, in the amount of $2,186,050 at Mutual of Omaha Bank, a wholly owned subsidiary of Omaha Financial Holdings Inc., for income taxes applicable to 2011. An escrow balance was not required to be held as of December 31, 2015.

The Company is a member of a controlled group of companies and as such its results may not be indicative of those if it were to be operated on a stand-alone basis. Certain amounts are paid or collected by the Company on behalf of its direct and indirect subsidiaries. Additionally, the Company and certain of its direct and indirect subsidiaries share certain resources such as personnel, operational and administrative services, facilities, information and communication services, employee benefits administration, investment management, advertising and general management services.

Most of the expenses related to these resources were paid by the Company and subject to allocation among the Company and such subsidiaries. Management believes the measures used to allocate expenses among companies provide a reasonable allocation that conforms to NAIC guidelines and are usually settled within 30 days. Amounts due to the Company for these services were included in receivables from subsidiaries and was $79,986,927 and $94,560,377 as of December 31, 2015 and 2014, respectively

Additionally, the Company received the following fees under management agreements, service contracts and cost sharing agreements from its subsidiaries and affiliates. Mutual of Omaha Marketing Corporation was $1,291,748 and $1,214,605 for December 31, 2015 and 2014, respectively, which were included as a reduction of operating expenses.

8. BORROWINGS

The Company has a borrowing agreement with the FHLB under which the Company pledges bonds in return for extensions of credit. The Company and United of Omaha have jointly authorized a maximum extension of credit with the FHLB of $1,000,000,000. As of December 31, 2015, borrowings on the statutory statements of admitted assets, liabilities and surplus consists of principal advances from the FHLB of $205,000,000 and $2,733 in related accrued interest, all of which is due in 2016. There were no advances against the credit agreement at December 31, 2014. The maximum amount borrowed by the Company under this agreement was $309,900,000 during the year ended December 31, 2015.

The Company had securities loaned to third parties of $31,358,229 and $39,773,268 as of December 31, 2015 and 2014, respectively. The Company receives cash collateral through these security lending agreements and is reported as payable for securities lending on the statutory statements of admitted assets, liabilities, and surplus. The securities loaned as of December 31, 2015 and 2014, were on open terms whereby the related loaned security could be returned to the Company on the next business day requiring return of cash collateral. The Company cannot access the cash collateral unless the borrower fails to deliver the loaned securities.

The amortized cost and estimated fair values of the Company’s collateral as of December 31, 2015, were as follows:

Open	$ -
30 days or less	6,333,581
31 to 60 days	2,471,539
61 to 90 days	2,626,010
91 to 120 days	1,853,654
121 to 180 days	2,857,717
181 to 365 days	6,719,618
1 to 2 years	463,414
Sub-total	23,325,533
Total collateral received	$ 23,325,533

The Company and United of Omaha, on a joint basis have entered into certain unsecured revolving line of credit agreements that allow for maximum borrowings of $150,000,000 and are renewed annually. As of December 31, 2015 and 2014, the Company had no outstanding borrowings under these agreements.

The Company has agreements with third parties to sell and repurchase securities. Under these agreements, the Company obtains the use of funds for a period not to exceed 30 days. Maximum borrowings allowed under these agreements are $100,000,000. As of December 31, 2015 and 2014, there were no outstanding borrowings under these agreements.

9. REINSURANCE

Amounts recoverable from reinsurers are estimated based upon assumptions consistent with those used in establishing the liabilities related to the underlying reinsured contracts. Management believes the recoverables are appropriately established.

A summary of the transactions through reinsurance operations for the years ended December 31, is as follows:

	2015	2014
Health and accident premiums:		
Assumed:		
Affiliates	$ 834,931,570	$ 708,736,477
Non-affiliates	475,218,255	483,704,828
	$ 1,310,149,825	$ 1,192,441,305
Ceded — non-affiliates	$ 70,443,217	$ 55,805,532
Health and accident benefits:		
Assumed:		
Affiliates	$ 575,370,628	$ 463,835,125
Non-affiliates	367,773,613	372,682,950
	$ 943,144,241	$ 836,518,075
Ceded — non-affiliates	$ 16,627,550	$ 17,007,698
Commissions:		
Assumed:		
Affiliates	$ 222,949,682	$ 185,946,298
Non-affiliates	127,230,626	123,569,119
	$ 350,180,308	$ 309,515,417
Operating expenses:		
Assumed — non-affiliates	$ 1,202,656	$ 1,213,894
Health and accident policy reserves:		
Assumed:		
Affiliates	$ 250,029,818	$ 202,291,088
Non-affiliates	148,490,413	151,696,052
	$ 398,520,231	$ 353,987,140
Ceded — non-affiliates	$ 192,999,860	$ 158,589,391
Policy and contract claims:		
Assumed:		
Affiliates	$ 121,865,413	$ 95,634,844
Non-affiliates	85,400,389	82,775,159
	$ 207,265,802	$ 178,410,003
Ceded — non-affiliates	$ 9,991,745	$ 8,947,588

10. EMPLOYEE BENEFIT PLANS

The Company is both the sponsor and administrator of a noncontributory defined benefit plan (“Pension Plan”) covering all United States employees meeting certain minimum requirements. Retirement benefits are based upon years of credited service and final average earnings history. Effective January 1, 2005, the Pension Plan was amended to freeze plan benefits for participants under 40 years of age. No benefits are available under the Pension Plan included in pension benefits below for employees hired on or after January 1, 2005. The Company also sponsors and administers a supplemental defined benefit plan covering certain current and former employees. The Company also provides certain postretirement medical and life insurance benefits (other benefits) to retired employees hired before January 1, 1995.

Other benefits are based upon hire date, age, and years of service. The Company uses the accrual method of accounting for other benefits.

On May 20, 2014, the Pension Plan was amended to offer a voluntary lump-sum pension payout program (“the Program”) to eligible former employees subject to certain limitations. The Program provided eligible participants with a one-time election to receive a lump-sum settlement of their pension benefit and relieved the Pension Plan of its corresponding obligation. Offers to eligible participants were made on August 1, 2014, and participants had until October 31, 2014, to accept the offer. As part of this Program, the Pension Plan paid $73,648,766 to eligible participants and settled approximately $106,906,546 of its pension obligation.

Projected Benefit Obligations and Plan Assets — The Company has no pension or other benefit plans in which projected benefit obligations are overfunded as of December 31, 2015 and 2014. The changes in the projected benefit obligation and plan assets for the Company’s underfunded plans as of December 31, the measurement date, were as follows:

	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Change in benefit obligation:				
Benefit obligation at beginning of year	$ 1,239,406,947	$ 1,084,721,436	$ 78,754,082	$ 73,275,499
Service cost	11,718,462	11,408,448	145,618	172,327
Interest cost	52,154,751	55,419,113	3,295,102	3,620,473
Actuarial (gain) loss	(55,080,755)	208,446,839	(817,821)	11,450,459
Benefits paid	(46,543,845)	(46,940,123)	(8,894,696)	(9,764,676)
Settlements	-	(73,648,766)	-	-
Benefit obligation at end of year	$ 1,201,655,560	$ 1,239,406,947	$ 72,482,285	$ 78,754,082
Change in plan assets:				
Fair value of plan assets at beginning of year	$ 922,394,877	$ 992,031,583	$ 16,681,617	$ 20,598,620
Actual return on plan assets	24,323,904	49,944,156	185,627	237,034
Employer contribution	955,320	1,008,027	-	-
Benefits paid	(46,543,845)	(46,940,123)	(3,372,167)	(4,154,037)
Settlements	-	(73,648,766)	-	-
Fair value of plan assets at end of year	$ 901,130,256	$ 922,394,877	$ 13,495,077	$ 16,681,617

The funded status and components of net periodic benefit costs for the years ended December 31, were as follows:

	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Overfunded:				
Prepaid benefit costs	$ 83,024,221	$ 109,010,069	$ -	$ -
Total assets (nonadmitted)	$ 83,024,221	$ 109,010,069	$ -	$ -
Underfunded:				
Accrued benefit cost	$ 31,129,474	$ 28,383,234	$ 45,487,119	$ 47,533,617
Liability for pension benefits	269,395,830	288,628,836	13,500,089	14,538,848
Total liabilities recognized	$ 300,525,304	$ 317,012,070	$ 58,987,208	$ 62,072,465
Components of net periodic benefit cost				
Service cost	$ 11,718,462	$ 11,408,448	$ 145,618	$ 172,327
Interest cost	52,154,751	55,419,113	3,295,102	3,620,473
Expected return on plan assets	(64,999,931)	(71,525,538)	(667,265)	(823,945)
Amount of recognized gains and losses	36,693,583	15,817,362	371,155	-
Amount of prior service cost recognized	(5,879,457)	(5,879,457)	596,330	596,330
Loss recognized due to settlement	-	20,621,480	-	-
Total net periodic benefit cost	$ 29,687,408	$ 25,861,408	$ 3,740,940	$ 3,565,185

The amounts in unassigned funds (surplus) recognized as components of net periodic benefit costs for the year ended December 31, were as follows:

	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost:				
Items not yet recognized in net periodic cost at the beginning of the year	$ 397,638,905	$ 198,170,069	$ 14,538,848	$ 3,326,045
Amortization of prior service credit (cost)	5,879,457	5,879,457	(596,330)	(596,330)
Net (gain) loss arising during the year	(14,404,728)	230,028,221	(71,274)	11,809,133
Amortization of actuarial loss	(36,693,583)	(36,438,842)	(371,155)	-
Items not yet recognized in net periodic cost at the end of the year	$ 352,420,051	$ 397,638,905	$ 13,500,089	$ 14,538,848

The amounts expected to be recognized in net periodic benefit costs during the next year and the amounts that have not yet been recognized in net periodic benefit costs as of December 31, were as follows:

	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Amounts in unassigned funds (surplus) expected to be recognized in net periodic benefit cost during the next year:				
Amortization of prior service (cost) credit	$ (1,265,970)	$ (5,879,457)	$ 596,330	$ 596,330
Amortization of actuarial loss	30,416,314	36,693,583	397,854	355,223
Amounts in unassigned funds (surplus) that have not yet been recognized in net periodic benefit cost:				
Net prior service cost (credit)	(1,265,970)	(7,145,427)	2,870,100	3,466,430
Net recognized losses	353,686,021	404,784,332	10,629,989	11,072,418

The following benefit payments are expected to be paid (in thousands):

	2016	2017	2018	2019	2020	2021–2025
Pension benefits	$54,949	$60,063	$62,578	$64,991	$67,497	$370,220
Other postretirement benefits	$ 6,933	$ 6,880	$ 6,760	$ 6,602	$ 6,411	$ 28,117

The Pension Plan assets as of December 31, included the following:

	2015	2014
United group annuity contract:		
General asset account	$459,674,925	$482,972,593
Separate account K	46,403,636	67,951,965
Separate account II	123,583,651	93,468,865
Equity securities — domestic	44,824,023	48,220,791
Equity securities — foreign	130,693,604	134,778,719
Limited partnerships	95,950,417	95,001,944
Total	$901,130,256	$922,394,877

Investments in the group annuity contract include the General Asset Account, which is valued at contract value, Separate Account K and Separate Account II. The Separate Account K and Separate Account II funds are recorded at the fair value of the defined benefit pension plan's proportionate share of the underlying net assets. The underlying net assets of the Separate Account K consist primarily of small cap common stocks traded on organized exchanges and over-the-counter markets. Separate account II is an index mutual fund based on the S&P 500 index.

Limited partnerships are valued at fair value based on the proportionate share of the partnership's capital balance. Equity securities — domestic and equity securities — foreign consist of mutual funds and collective investment trusts valued at fair value based on the proportionate share of the underlying net assets. The assets consist of securities traded on organized exchanges and over-the-counter markets indices.

The estimated fair values of the Separate Account K, Separate Account II, mutual funds, and limited partnerships as of December 31, were as follows:

2015	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Pension:				
Separate account K equity securities	$ -	$ 46,403,636	$ -	$ 46,403,636
Separate account II equity securities	123,583,651	-	-	123,583,651
Equity securities — domestic	44,824,023	-	-	44,824,023
Equity securities — foreign	23,667,345	107,026,259	-	130,693,604
Limited partnerships	-	-	95,950,417	95,950,417
Total	$ 192,075,019	$ 153,429,895	$ 95,950,417	$ 441,455,331
2014				
Pension:				
Separate account K equity securities	$ -	$ 67,951,965	$ -	$ 67,951,965
Separate account II equity securities	93,468,865	-	-	93,468,865
Equity securities — domestic	48,220,791	-	-	48,220,791
Equity securities — foreign	27,214,407	107,564,312	-	134,778,719
Limited partnerships	-	-	95,001,944	95,001,944
Total	$ 168,904,063	$ 175,516,277	$ 95,001,944	$ 439,422,284

The investment objective of the Pension Plan is to produce current income and long-term capital growth through a combination of equity and fixed income investments that, together with appropriate employer contributions, will be adequate to provide for the payment of the plan's benefit obligations. The assets of the Pension Plan may be invested in both fixed income and equity investments. Fixed income investments may include group annuity contracts, cash and short-term instruments, corporate bonds, mortgages and other fixed income investments. Equity investments may include large cap, mid cap and small cap stocks, and venture capital.

The Company has various regulated investment advisors that monitor investments in the Pension Plan to ensure they are in compliance with the Company's investment policy and guidelines. The use of derivative instruments as direct investments is prohibited. The Company's Retirement Plans Committee periodically reviews the performance of the defined benefit plan's investments and asset allocation. The current allocation strategy is 50% fixed income and 50% equities and other. The Company, subject to general guidelines set by the Retirement Plans Committee, makes all investment decisions.

The Company determines its expected long-term rate of return on assets based primarily on the Company's expectations of future returns for the Pension Plan's investments, based on target allocations of the defined benefit plan's investments. Additionally, the Company considers historical returns on comparable fixed income investments and equity investments and adjusts its estimate as deemed appropriate.

Voluntary contributions may be made to the defined benefit plan pursuant to the maximum funding limits under the Employee Retirement Income Security Act of 1974, as amended. The Company does not expect to make contributions to the Pension Plan or postretirement plan in 2016.

Actuarial Assumptions — Actuarial assumptions used to calculate the projected benefit obligation and net periodic pension cost for the plans as of and for the years ended December 31, are set forth in the following table:

	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Projected benefit obligation				
Discount rate	4.65 %	4.30 %	4.65 %	4.30 %
Rate of increase in compensation levels	3.38	3.38	N/A	N/A
Net periodic pension cost				
Discount rate	4.30 %	5.20 %	4.30 %	5.20 %
Rate of increase in compensation levels	3.38	4.36	N/A	N/A
Expected long-term rate of return on plan assets	7.25	7.50	4.00	4.00

Actuarial assumptions used may differ materially from actual results due to, among other factors, changing market and economic conditions and changes in participant demographics and result in actuarial gains and losses included in the projected benefit obligation. In 2015, actuarial gains are primarily the result of the changes in the discount rate and application of the new projection scale in 2015. Actuarial losses in 2014 are primarily the result of changes in the discount rate and the adoption of the new mortality table in 2014.

The assumed health care cost trend rates used in measuring the accumulated postretirement benefit obligation was 6.30% and 6.90% in 2015 and 2014, respectively, gradually declining to 4.20% and 4.50% in 2086 and 2083, respectively, and remaining at that level thereafter. Increasing and decreasing, respectively, the assumed health care cost trend rate by one percentage point in each year would increase (decrease) the Company's accumulated postretirement benefit obligation as of December 31, 2015, by approximately $5,500,000 and the net periodic postretirement benefit costs for 2015 by approximately $300,000.

Savings and Investment Plans — The Company sponsors a savings and investment plan under which the Company matches a portion of employee contributions. The expense for this plan was $2,552,589 and $2,453,989 in 2015 and 2014, respectively. The Company also provides deferred compensation benefits for certain key executive officers. As of December 31, 2015 and 2014, the liability for deferred compensation benefits included in liability for benefits for employees and agents in the statutory statements of admitted assets, liabilities, and surplus was $36,328,250 and $36,949,721, respectively.

11. SURPLUS

The portion of surplus represented by each item below as of December 31, was as follows:

	2015	2014
Unrealized gains	$ 856,472,032	$ 815,537,117
Nonadmitted assets	(403,398,665)	(422,339,079)
AVR	(107,655,815)	(83,398,788)

The minimum statutory capital and surplus necessary to satisfy regulatory requirements was $696,969,552 as of December 31, 2015 (company action level RBC). The minimum statutory capital and surplus necessary to satisfy regulatory requirements was $678,449,664 as of December 31, 2014 (company action level RBC). Company action level RBC is the level at which a company is required to file a corrective action plan with its regulators. Company action level RBC is equal to 200% of the authorized control level RBC, which is the level at which regulatory action is taken.

12. SURPLUS NOTES

On June 29, 2015, the Company repurchased $10,000,000 of the 2010 surplus note principal at a cost of $12,600,000 and reduced surplus accordingly. A loss of $2,918,487 related to this repurchase is included in operating expenses on the statutory statements of operations for the year ended December 31, 2015.

On July 17, 2014, the Company issued $300,000,000 in surplus notes due July 15, 2054, at par. Interest on the 2014 notes is fixed at 4.297% and payable semiannually until January 15, 2024, at which time interest resets quarterly to three month LIBOR plus 2.642%, payable quarterly. The 2014 notes were underwritten by Goldman, Sachs & Co. and J.P. Morgan Securities LLC, and are administered by US Bank, NA as registrar and paying agent. The 2014 notes are callable under a make-whole provision calculated as the present value of the remaining principal and interest payments any time prior to July 15, 2024 or at any time on or after July 15, 2024 at par. No interest was paid on the 2014 notes in 2014.

On October 12, 2010, the Company issued a 6.95%, $300,000,000 surplus note due October 15, 2040, at a discount of $10,095,000 with interest due semiannually. The notes were underwritten by Goldman, Sachs & Co. and J.P. Morgan Securities LLC and are administered by US Bank, NA as registrar and paying agent. On June 15, 2006, the Company issued a 6.80%, $300,000,000 surplus note due June 15, 2036, at a discount of $3,630,000 with interest due semiannually. The notes are carried at amortized cost. On April 7, 2009, the Company purchased $3,120,000 of the surplus note principal at a cost of $2,137,200 plus accrued interest of $69,541 and reduced surplus accordingly. The notes were underwritten by Goldman, Sachs & Co. and Merrill Lynch & Co., and are administered by U.S. Bank, NA as registrar and paying agent. On July 17, 2014, the Company repurchased $133,270,000 of the 2010 note and $36,420,000 of the 2006 note principal at a cost of $179,222,829 and $47,351,827, plus accrued interest of $2,367,023 and $220,139, respectively, and reduced surplus accordingly. A loss of $61,971,000 related to these repurchases is included in operating expenses on the statutory statements of operations for the year ended December 31, 2014. Interest of $41,913,759 and $37,755,590 paid in 2015 and 2014, respectively, as approved by the Nebraska Department of Insurance is included in net investment income.

Payment of interest or repayment of principal may be made, either in full or in part, from available surplus funds of the Company only with the prior approval of the Nebraska Department of Insurance. The notes are unsecured obligations of the Company and are expressly subordinated in right of payment to all present and future claims and senior indebtedness of the Company.

13. COMMITMENTS AND CONTINGENCIES

The Company has a parental guarantee to Omaha Re to be drawn upon in the event that Omaha Re’s total adjusted capital falls below 125% of its company action level RBC. As of December 31, 2015, Omaha Re’s adjusted capital of $268,403,093 was $226,205,583 above the guarantee trigger, and the maximum amount of future payments the Company could be required to make under the guarantee is $533,706,120.

The Company has unfunded investment commitments for bonds, mortgage lending, and limited partnerships of $117,106,828 and $95,889,888 as of December 31, 2015 and 2014, respectively.

As a condition of doing business, all states and jurisdictions have adopted laws requiring membership in life and health insurance guaranty funds. Member companies are subject to assessments each year based on life, health or annuity premiums collected in the state. The Company estimated its costs related to past insolvencies and had a liability for guaranty fund assessments of $1,327,466 and $1,380,872 as of December 31, 2015 and 2014, respectively. The Company estimated premium tax credits that it will receive related to amounts paid to guaranty funds of $1,283,796 and $1,282,904 as of December 31, 2015 and 2014, respectively.

The company has adopted several resolutions to deliver a written guarantee to various departments of insurance to maintain Omaha Insurance Company's capital and surplus at or above various statutory minimum levels or risk-based capital, whichever is greater. Omaha Insurance Company is an indirect subsidiary of the company.

As of December 31, 2015, the Company had an outstanding commitment of $17,600,000 to purchase computer hardware and services in 2016.

Various lawsuits have arisen in the ordinary course of the Company's business. The Company believes that its defenses in these various lawsuits are meritorious and that the eventual outcome will not have a material effect on the Company's financial position, results of operations or cash flows.

14. LEASES

The Company and United of Omaha jointly enter into agreements for the rental of office space, equipment and computer software under noncancellable operating leases. Future required minimum rental payments under leases as of December 31, 2015, were:

2016	$ 10,022,293
2017	7,102,516
2018	5,037,492
2019	3,379,950
2020	2,448,147
Thereafter	13,536,797
Total	$ 41,527,195

The Company's rental expense for the years ended December 31, 2015 and 2014, was $6,576,335 and $6,680,040, respectively.

15. DIRECT PREMIUMS WRITTEN

The Company's direct written accident and health premiums administered by third-parties were $225,713,618 and $191,251,565 during the years ended December 31, 2015 and 2014, respectively.

16. LIABILITY FOR POLICY AND CONTRACT CLAIMS

A reconciliation of the liability for policy and contract claims, which includes unpaid claims and the present value of amounts not yet due on claims that existed as of December 31, was as follows:

	2015	2014
Balance at January 1	$ 951,248,871	$ 869,441,072
Reinsurance recoverable	43,594,815	47,269,528
Net balance at January 1	907,654,056	822,171,544
Incurred related to:		
Current year	1,665,113,629	1,471,175,455
Prior years	17,114,788	(15,429,773)
Total incurred	1,682,228,417	1,455,745,682
Paid related to:		
Current year	1,222,979,860	1,073,581,948
Prior years	378,601,668	296,681,222
Total paid	1,601,581,528	1,370,263,170
Net balance at December 31	988,300,945	907,654,056
Reinsurance recoverable	45,088,681	43,594,815
Balance at December 31	$ 1,033,389,626	$ 951,248,871

During 2015, incurred claims related to prior years were positive as the aging of open claims, for which income earned on assets backing the reserves was reflected in revenue, were only partially offset by favorable experience within certain health and accident coverages. During 2014, incurred claims related to prior years were negative primarily due to favorable experience within certain health and accident coverages and expected margin releases. That favorable experience was only partially offset by the aging of open claims.

Management believes that the liability for unpaid claims is adequate to cover the ultimate development of claims. The liability is continually reviewed and revised to reflect current conditions and claim trends and any resulting adjustments are reflected in operating results in the year they are made.

A roll forward of the liability for claim adjustment expenses included in general expenses due or accrued was as follows:

	2015	2014
Prior year accrual	$ 21,872,639	$ 21,558,957
Incurred claim adjustment expenses	25,882,044	23,709,126
Paid claim adjustment expenses	(24,310,950)	(23,395,444)
	$ 23,443,733	$ 21,872,639

17. ELECTRONIC DATA PROCESSING EQUIPMENT AND SOFTWARE

EDP equipment and operating and nonoperating software included in other assets as of December 31, consisted of the following:

	2015	2014
EDP equipment	$ 65,823,503	$ 82,833,330
Operating system software	12,987,487	18,824,084
Nonoperating system software	183,465,567	218,259,183
Accumulated depreciation	(200,298,582)	(264,162,211)
Assets nonadmitted	(44,829,577)	(42,626,860)
	$ 17,148,398	$ 13,127,526

Depreciation expense related to EDP equipment and operating and nonoperating software totaled $24,347,515 and $23,093,635 for the years ended December 31, 2015 and 2014, respectively.

18. RECONCILIATION OF STATUTORY NET INCOME AND SURPLUS TO GAAP NET INCOME AND EQUITY

As described in Note 1, the Company has prepared these financial statements in conformity with statutory accounting practices prescribed or permitted by the State of Nebraska Department of Insurance. These practices differ from GAAP. The following tables reconcile statutory net income to GAAP net income and statutory surplus to GAAP equity.

For the Years Ended December 31,	2015	2014
Statutory net income	$ 11,177,807	$ 30,360,861
Earnings of subsidiaries	216,450,883	201,060,226
Valuation of investments	541,130	6,454,383
Deferred policy acquisition costs	143,939,450	91,385,186
Deferred income taxes	(37,223,291)	30,176,160
Surplus notes	(609,169)	1,441,113
Detriment of consolidated tax filings	(13,087,564)	(51,072,141)
Policy reserves	14,777,351	(14,089,753)
Other	(2,961,181)	(4,014,270)
GAAP net income	$ 333,005,416	$ 291,701,765

As of December 31,	2015	2014
Statutory surplus	$ 2,862,770,332	$ 2,795,657,218
Subsidiary equity	1,713,073,235	1,743,864,840
Valuation of investments	135,427,360	321,445,610
Deferred policy acquisition costs	948,160,182	879,220,732
Deferred income taxes	(265,811,577)	(581,818,085)
Statutory asset valuation reserve	107,655,815	83,398,788
Statutory interest maintenance reserve	5,896,744	5,473,782
Nonadmitted assets	138,480,713	422,339,078
Surplus notes	(709,811,757)	(719,367,590)
Policy reserves	170,921,296	157,370,240
Subsidiary federal income tax liability	-	6,053,760
Other	20,538,453	26,222,272
GAAP equity	$ 5,127,300,796	$ 5,139,860,645

19. SUBSEQUENT EVENTS

The Company has evaluated events subsequent to December 31, 2015 through May __, 2016, the date these financial statements were available to be issued.

On March 4, 2016, United's Board of Directors declared a dividend in the form of a transfer of McCarthy Capital Mortgage Investors, LLC, a limited partnership investment, to the Company due to certain tax considerations. The dividend of approximately $99,100,000 was approved by the State of Nebraska Department of Insurance on April 25, 2016.

On April 18, 2016, the Company signed an agreement to purchase a life and annuity insurance company. The transaction will close in 2016 subject to regulatory approvals. The purchase price is approximately $3,600,000 plus the fair value of the invested assets acquired as of the closing date.

* * * * * *

SUPPLEMENTAL SCHEDULES

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INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors
Mutual of Omaha Insurance Company
Omaha, Nebraska

Our 2015 audit was conducted for the purpose of forming an opinion on the 2015 statutory-basis financial statements as a whole. The supplemental schedule of selected financial data, the supplemental summary investment schedule, and the supplemental schedule of investment risks interrogatories as of and for the year ended December 31, 2015, are presented for purposes of additional analysis and are not a required part of the 2015 statutory-basis financial statements. These schedules are the responsibility of the Company's management and were derived from and relate directly to the underlying accounting and other records used to prepare the statutory-basis financial statements. Such schedules have been subjected to the auditing procedures applied in our audit of the 2015 statutory-basis financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the statutory-basis financial statements or to the statutory-basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated in all material respects in relation to the 2015 statutory-basis financial statements as a whole.

Deloitte & Touche LLP

May 19, 2016

MUTUAL OF OMAHA INSURANCE COMPANY

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015

Investment income earned:	
U.S. government bonds	$ 22,041,741
Other bonds (unaffiliated)	132,861,991
Bonds of affiliates	-
Preferred stocks (unaffiliated)	2,583,560
Preferred stocks of affiliates	-
Common stocks (unaffiliated)	2,141,384
Common stocks of affiliates	-
Mortgage loans	16,346,158
Real estate	10,937,958
Contract loans	-
Cash, Cash Equivalent, and Short-term investments	7,087,340
Other invested assets	31,645,873
Derivative instruments	36,720
Aggregate write-ins for investment income	105,695
Gross investment income	$ 225,788,420
Real estate owned — book value less encumbrances	$ 34,635,043
Mortgage loans — book value:	
Farm mortgages	$ -
Residential mortgages	2,681,365
Commercial mortgages	211,048,028
Total mortgage loans	$ 213,729,393
Mortgage loans by standing — book value:	
Good standing	$ 213,729,393
Good standing with restructured terms	$ -
Interest overdue more than three months — not in foreclosure	$ -
Foreclosure in process	$ -
Other long-term assets — statement value	$ 129,788,451
Collateral loans	$ -

(Continued)

MUTUAL OF OMAHA INSURANCE COMPANY

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015

Bonds and stocks of subsidiaries and affiliates — book value:	
Bonds	$ 219,000,000
Preferred stocks	$ -
Common stocks	$ 2,237,949,476
Bonds by NAIC designation and maturity:	
Bonds by maturity — statement value:	
Due within one year or less	$ 361,633,953
Over 1 year and through 5 years	635,230,289
Over 5 years through 10 years	669,057,527
Over 10 years through 20 years	609,978,620
Over 20 years	1,119,888,260
Total by maturity	$ 3,395,788,649
Bonds by NAIC designation — statement value:	
NAIC 1	$ 2,039,207,807
NAIC 2	1,235,157,807
NAIC 3	89,916,842
NAIC 4	16,634,911
NAIC 5	3,713,381
NAIC 6	11,157,901
Total by NAIC designation	$ 3,395,788,649
Total bonds publicly traded	$ 1,847,630,123
Total bonds privately traded	$ 1,548,158,526
Preferred stocks — statement value	$ 44,760,897
Common stocks — market value	$ 2,269,708,479
Short-term investments — book value	$ 219,000,000
Options, caps, and floors owned — statement value	$ 878,183
Options, caps, and floors written and in force — statement value	$ -
Collar, swap and forward agreements open — current value	$ -
Cash on deposit	$ 8,010,722

(Continued)

MUTUAL OF OMAHA INSURANCE COMPANY

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015

Life insurance in force (in thousands):	
Industrial	$ -
Ordinary	$ -
Credit life	$ -
Group life	$ -
Amount of accidental death insurance in force under ordinary policies (in thousands)	$ -
Life insurance with disability provisions in force (in thousands):	
Industrial	$ -
Ordinary	$ -
Credit life	$ -
Group life	$ -
Supplementary contracts in force:	
Ordinary — not involving life contingencies:	
Amount on deposit	$ -
Income payable	$ -
Ordinary — involving life contingencies — income payable	$ -
Group — not involving life contingencies:	
Amount on deposit	$ -
Income payable	$ -
Group — involving life contingencies — income payable	$ -
Annuities — ordinary:	
Immediate — amount of income payable	$ -
Deferred — fully paid — account balance	$ -
Deferred — not fully paid — account balance	$ -

(Continued)

MUTUAL OF OMAHA INSURANCE COMPANY

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015

Group:	
Amount of income payable	$ -
Fully paid — account balance	$ -
Not fully paid — account balance	$ -
Accident and health insurance — premiums in force:	
Ordinary	$2,238,521,181
Group	$ 204,565,347
Credit	$ -
Deposit funds and dividend accumulations:	
Deposit funds — account balance	$ -
Dividend accumulations — account balance	$ -
Claim payments 2015 — group accident and health — year ended December 31, 2015:	
2015	$ 64,591,302
2014	$ 32,790,924
2013	$ 9,193,834
2012	$ 4,575,076
2011	$ 3,092,078
Prior	$ 20,167,288

(Continued)

MUTUAL OF OMAHA INSURANCE COMPANY

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015

Claim payments 2015 — other accident and health — year ended December 31, 2015:	
2015	$ 1,158,388,557
2014	$ 233,490,640
2013	$ 24,394,310
2012	$ 14,261,418
2011	$ 9,333,089
Prior	$ 27,303,011
Other coverages that use developmental methods to calculate claim reserves:	
2015	$ -
2014	$ -
2013	$ -
2012	$ -
2011	$ -
Prior	$ -

(Concluded)

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage
1. Bonds:						
1.1 U.S. treasury securities	66,106,010	1.079	66,106,010	0	66,106,010	1.079
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies	0	0.000	0	0	0	0.000
1.22 Issued by U.S. government sponsored agencies	0	0.000	0	0	0	0.000
1.3 Non-U.S. government (including Canada, excluding mortgaged-backed securities)	0	0.000	0	0	0	0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S. :						
1.41 States, territories and possessions general obligations	2,516,677	0.041	2,516,677	0	2,516,677	0.041
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	0	0.000	0	0	0	0.000
1.43 Revenue and assessment obligations	27,739,848	0.453	27,739,848	0	27,739,848	0.453
1.44 Industrial development and similar obligations	0	0.000	0	0	0	0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA	206,025,497	3.364	206,025,497	0	206,025,497	3.364
1.512 Issued or guaranteed by FNMA and FHLMC	11,665,708	0.190	11,665,708	0	11,665,708	0.190
1.513 All other	19,347,095	0.316	19,347,095	0	19,347,095	0.316
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	307,167,713	5.015	307,167,713	0	307,167,713	5.015
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	1,812,189	0.030	1,812,189	0	1,812,189	0.030
1.523 All other	84,055,269	1.372	84,055,269	0	84,055,269	1.372
2. Other debt and other fixed income securities (excluding short-term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	1,816,920,995	29.666	1,816,920,995	463,414	1,817,384,409	29.673
2.2 Unaffiliated non-U.S. securities (including Canada)	633,431,648	10.342	633,431,648	0	633,431,648	10.342
2.3 Affiliated securities	0	0.000	0	0	0	0.000
3. Equity interests:						
3.1 Investments in mutual funds	9,892,967	0.162	9,892,967	0	9,892,967	0.162
3.2 Preferred stocks:						
3.21 Affiliated	0	0.000	0	0	0	0.000
3.22 Unaffiliated	44,760,897	0.731	44,760,897	0	44,760,897	0.731
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated	0	0.000	0	0	0	0.000
3.32 Unaffiliated	34,532	0.001	34,532	0	34,532	0.001
3.4 Other equity securities:						
3.41 Affiliated	2,237,949,476	36.540	2,237,949,476	0	2,237,949,476	36.540
3.42 Unaffiliated	21,831,504	0.356	21,831,504	0	21,831,504	0.356
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated	0	0.000	0	0	0	0.000
3.52 Unaffiliated	0	0.000	0	0	0	0.000
4. Mortgage loans:						
4.1 Construction and land development	3,455,100	0.056	3,455,100	0	3,455,100	0.056
4.2 Agricultural	0	0.000	0	0	0	0.000
4.3 Single family residential properties	0	0.000	0	0	0	0.000
4.4 Multifamily residential properties	2,681,365	0.044	2,681,365	0	2,681,365	0.044
4.5 Commercial loans	207,592,928	3.389	207,592,928	0	207,592,928	3.389
4.6 Mezzanine real estate loans	0	0.000	0	0	0	0.000
5. Real estate investments:						
5.1 Property occupied by company	15,800,733	0.258	15,800,733	0	15,800,733	0.258
5.2 Property held for production of income (including $ 18,834,310 of property acquired in satisfaction of debt)	18,834,310	0.308	18,834,310	0	18,834,310	0.308
5.3 Property held for sale (including $ 0 property acquired in satisfaction of debt)	0	0.000	0	0	0	0.000
6. Contract loans	0	0.000	0	0	0	0.000
7. Derivatives	878,183	0.014	878,183	0	878,183	0.014
8. Receivables for securities	4,021,459	0.066	4,021,459	0	4,021,459	0.066
9. Securities Lending (Line 10, Asset Page reinvested collateral)	23,325,533	0.381	23,325,533	XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	227,010,722	3.707	227,010,722	22,862,119	249,872,841	4.080
11. Other invested assets	129,788,451	2.119	129,788,451	0	129,788,451	2.119
12. Total invested assets	6,124,646,809	100.000	6,124,646,809	23,325,533	6,124,646,809	100.000

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2015
(To Be Filed by April 1)

Of The Mutual of Omaha Insurance Company

ADDRESS (City, State and Zip Code) Omaha , NE 68175

NAIC Group Code 0261 NAIC Company Code 71412 Federal Employer's Identification Number (FEIN) 47-0246511

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 6,945,097,641

2. Ten largest exposures to a single issuer/borrower/investment.

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	UNITED OF OMAHA LIFE INSURANCE	Insurance Affiliate Stock	$ 1,441,718,135	20.8 %
2.02	OMAHA FINANCIAL HOLDINGS INC	Non-Insurance Affiliate Stock, Short Term Revolver	$ 806,742,805	11.6 %
2.03	EAST CAMPUS REALTY	Non-Insurance Affiliate LLC, Short Term Revolver	$ 165,105,277	2.4 %
2.04	MUTUAL OF OMAHA HOLDINGS INC	Non-Insurance Affiliate Stock	$ 56,838,507	0.8 %
2.05	SOUTH CAROLINA ELEC & GAS CO	Corporate Bonds	$ 19,811,759	0.3 %
2.06	POTASH CORP OF SASKATCHEWAN	Corporate Bonds	$ 19,760,153	0.3 %
2.07	GEORGIA POWER CO	Corporate Bonds	$ 19,372,105	0.3 %
2.08	PACIFICORP	Corporate Bonds	$ 18,827,836	0.3 %
2.09	ORACLE CORP	Corporate Bonds	$ 18,648,844	0.3 %
2.10	CUMMINS INC	Corporate Bonds	$ 18,048,358	0.3 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC-1	$ 2,039,207,807	29.4 %	3.07	P/RP-1	$ 14,088,324	0.2 %
3.02	NAIC-2	$ 1,235,157,807	17.8 %	3.08	P/RP-2	$ 29,724,642	0.4 %
3.03	NAIC-3	$ 89,916,842	1.3 %	3.09	P/RP-3	$ 947,931	0.0 %
3.04	NAIC-4	$ 16,634,911	0.2 %	3.10	P/RP-4	$ 0	0.0 %
3.05	NAIC-5	$ 3,713,381	0.1 %	3.11	P/RP-5	$ 0	0.0 %
3.06	NAIC-6	$ 11,157,902	0.2 %	3.12	P/RP-6	$ 0	0.0 %

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

If response to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

4.02	Total admitted assets held in foreign investments	$ 539,810,563	7.8 %
4.03	Foreign-currency-denominated investments	$ 0	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$ 0	0.0 %

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

			1	2
5.01	Countries designated NAIC-1	$	529,855,563	7.6 %
5.02	Countries designated NAIC-2	$	9,955,000	0.1 %
5.03	Countries designated NAIC-3 or below	$	0	0.0 %

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

			1	2
	Countries designated NAIC - 1:			
6.01	Country 1: United Kingdom	$	146,517,447	2.1 %
6.02	Country 2: Australia	$	133,836,874	1.9 %
	Countries designated NAIC - 2:			
6.03	Country 1: Bahamas	$	5,955,000	0.1 %
6.04	Country 2: Spain	$	4,000,000	0.1 %
	Countries designated NAIC - 3 or below:			
6.05	Country 1:	$	0	0.0 %
6.06	Country 2:	$	0	0.0 %

			1	2
7.	Aggregate unhedged foreign currency exposure	$	0	0.0 %

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

			1	2
8.01	Countries designated NAIC-1	$	0	0.0 %
8.02	Countries designated NAIC-2	$	0	0.0 %
8.03	Countries designated NAIC-3 or below	$	0	0.0 %

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

			1	2
	Countries designated NAIC - 1:			
9.01	Country 1:	$	0	0.0 %
9.02	Country 2:	$	0	0.0 %
	Countries designated NAIC - 2:			
9.03	Country 1:	$	0	0.0 %
9.04	Country 2:	$	0	0.0 %
	Countries designated NAIC - 3 or below:			
9.05	Country 1:	$	0	0.0 %
9.06	Country 2:	$	0	0.0 %

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	1 Issuer	2 NAIC Designation		3	4
10.01	COMPASS GROUP PLC - United Kingdom	1	$	15,000,000	0.2 %
10.02	WOLSELEY CAPITAL INC - United Kingdom	2	$	15,000,000	0.2 %
10.03	BASF SE - Germany	1	$	13,353,018	0.2 %
10.04	OLDENDORFF DRYBULK GMBH & CO - Germany	2	$	12,000,000	0.2 %
10.05	OILTANKING FINANCE BV - Germany	2	$	10,000,000	0.1 %
10.06	PERTH AIRPORT PTY LTD - Australia	2	$	10,000,000	0.1 %
10.07	TRITON CONTAINER INTL LIMITED - Bermuda	2	$	10,000,000	0.1 %
10.08	VITOL FINANCE LTD - Bermuda	2	$	10,000,000	0.1 %
10.09	MIRVAC GROUP FINANCE LTD - Australia	2	$	10,000,000	0.1 %
10.10	BAE SYSTEMS HOLDINGS INC - United Kingdom	2	$	9,722,641	0.1 %

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of interrogatory 11.

		1	2
11.02	Total admitted assets held in Canadian investments	$ 0	0.0 %
11.03	Canadian-currency-denominated investments	$ 0	0.0 %
11.04	Canadian-denominated insurance liabilities	$ 0	0.0 %
11.05	Unhedged Canadian currency exposure	$ 0	0.0 %

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions:

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$ 0	0.0 %
	Largest three investments with contractual sales restrictions:		
12.03		$ 0	0.0 %
12.04		$ 0	0.0 %
12.05		$ 0	0.0 %

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

	1 Issuer	2	3
13.02	UNITED OF OMAHA LIFE INSURANCE - Insurance Affiliate Stock	$ 1,441,718,135	20.8 %
13.03	OMAHA FINANCIAL HOLDINGS INC - Non-Insurance Affiliate Stock	$ 727,042,805	10.5 %
13.04	MUTUAL OF OMAHA HOLDINGS INC - Non-Insurance Affiliate Stock	$ 56,838,507	0.8 %
13.05	EAST CAMPUS REALTY - Non-Insurance Affiliate Equity Partnerships	$ 25,805,277	0.4 %
13.06	OMAHA INDEMNITY CO - Insurance Affiliate Stock	$ 12,350,030	0.2 %
13.07	RIDGEWOOD ENERGY GULF OF MEXICO OIL&GAS - Equity Partnerships	$ 12,324,518	0.2 %
13.08	ING - Equity Partnerships	$ 12,092,702	0.2 %
13.09	U S INDUSTRIAL REIT III - Equity Partnerships	$ 11,674,341	0.2 %
13.10	FEDERAL HOME LOAN BANK - Common Stock	$ 8,584,099	0.1 %
13.11	PRUDENTIAL CAPITAL PARTNERS III LP - Equity Partnerships	$ 8,380,082	0.1 %

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$ 0	0.0 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$ 0	0.0 %
14.04		$ 0	0.0 %
14.05		$ 0	0.0 %

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$ 0	0.0 %
	Largest three investments in general partnership interests:		
15.03		$ 0	0.0 %
15.04		$ 0	0.0 %
15.05		$ 0	0.0 %

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02	Commercial - SUNSET LAND COMPANY LLC	$ 9,628,092	0.1 %
16.03	Commercial - WRAF HOUSING, LLC	$ 8,172,858	0.1 %
16.04	Commercial - CHRISTIANA TOWN CENTER LLC	$ 8,118,054	0.1 %
16.05	Commercial - FRIENDLY VILLAGE MOBILEHOME PARK LLC	$ 7,875,474	0.1 %
16.06	Commercial - LUND 159 DODGE LLC	$ 4,929,667	0.1 %
16.07	Commercial - WRI RETAIL POOL I, L.P.	$ 4,915,376	0.1 %
16.08	Commercial - T & M INDUSTRIAL PROPERTIES LLC	$ 4,890,606	0.1 %
16.09	Commercial - ECHO SETTLER'S RIDGE ASSOCIATES LP	$ 4,201,338	0.1 %
16.10	Commercial - NORTHRIDGE CROSSING LP	$ 3,977,313	0.1 %
16.11	Commercial - BERKSHIRE MALL LLC	$ 3,875,350	0.1 %

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans	$ 3,455,100	0.0 %
16.13	Mortgage loans over 90 days past due	$ 0	0.0 %
16.14	Mortgage loans in the process of foreclosure	$ 0	0.0 %
16.15	Mortgage loans foreclosed	$ 0	0.0 %
16.16	Restructured mortgage loans	$ 0	0.0 %

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

	Residential		Commercial		Agricultural	
Loan to Value	1	2	3	4	5	6
17.01 above 95%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.02 91 to 95%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.03 81 to 90%	$ 243,791	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.04 71 to 80%	$ 1,533,581	0.0 %	$ 4,929,667	0.1 %	$ 0	0.0 %
17.05 below 70%	$ 903,993	0.0 %	$ 206,118,360	3.0 %	$ 0	0.0 %

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description 1	2	3
18.02		$ 0	0.0 %
18.03		$ 0	0.0 %
18.04		$ 0	0.0 %
18.05		$ 0	0.0 %
18.06		$ 0	0.0 %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans:	$ 0	0.0 %
	Largest three investments held in mezzanine real estate loans:		
19.03		$ 0	0.0 %
19.04		$ 0	0.0 %
19.05		$ 0	0.0 %

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	$ 33,954,186	0.5 %	$ 33,451,926	$ 40,773,566	$ 63,130,951
20.02 Repurchase agreements	$ 0	0.0 %	$ 0	$ 0	$ 0
20.03 Reverse repurchase agreements	$ 0	0.0 %	$ 0	$ 0	$ 0
20.04 Dollar repurchase agreements	$ 0	0.0 %	$ 0	$ 0	$ 0
20.05 Dollar reverse repurchase agreements	$ 0	0.0 %	$ 0	$ 0	$ 0

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

	Owned 1	Owned 2	Written 3	Written 4
21.01 Hedging	$ 0	0.0 %	$ 0	0.0 %
21.02 Income generation	$ 0	0.0 %	$ 0	0.0 %
21.03 Other	$ 0	0.0 %	$ 0	0.0 %

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
22.01 Hedging	$ 157,596	0.0 %	$ 98,373	$ 161,795	$ 159,709
22.02 Income generation	$ 0	0.0 %	$ 0	$ 0	$ 0
22.03 Replications	$ 0	0.0 %	$ 0	$ 0	$ 0
22.04 Other	$ 0	0.0 %	$ 0	$ 0	$ 0

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
23.01 Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
23.02 Income generation	$ 0	0.0 %	$ 0	$ 0	$ 0
23.03 Replications	$ 0	0.0 %	$ 0	$ 0	$ 0
23.04 Other	$ 0	0.0 %	$ 0	$ 0	$ 0