MUTUAL OF OMAHA INSURANCE COMPANY

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Audited Financial Report

Mutual of Omaha Insurance Company

Statutory Financial Statements as of and for the Years Ended December 31, 2013 and 2012, Supplemental Schedules as of and for the Year Ended December 31, 2013, 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, 2013 and 2012, 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 19.

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, 2013 and 2012, 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, 2013 and 2012, 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

April 25, 2014

MUTUAL OF OMAHA INSURANCE COMPANY

STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND SURPLUS AS OF DECEMBER 31, 2013 AND 2012

	2013	2012
ADMITTED ASSETS		
CASH AND INVESTED ASSETS:		
Bonds	$2,383,677,078	$2,131,325,802
Preferred stocks	41,707,507	32,356,165
Common stocks — unaffiliated	23,089,089	12,934,709
Common stocks — affiliated	1,905,194,897	1,688,324,595
Mortgage loans	239,557,790	246,984,816
Real estate properties occupied by the Company — net of accumulated depreciation of $9,585,881 and $9,289,977, respectively	12,657,816	13,399,776
Investment real estate — net of accumulated depreciation of $26,632,670 and $25,247,921, respectively	23,404,435	21,361,211
Cash and cash equivalents	98,745,091	257,644,963
Short-term investments	243,600,000	221,400,000
Securities lending cash collateral	13,599,210	26,853,213
Other invested assets	210,846,466	279,401,502
Total cash and invested assets	5,196,079,379	4,931,986,752
INVESTMENT INCOME DUE AND ACCRUED	26,101,302	24,332,761
UNCOLLECTED PREMIUMS	23,380,881	40,988,358
RECEIVABLE FROM SUBSIDIARIES	87,683,811	16,180,922
FEDERAL INCOME TAXES RECOVERABLE	17,934,291	23,330,252
NET DEFERRED TAX ASSETS	98,505,443	181,490,265
REINSURANCE RECOVERABLE	3,698,938	3,375,900
OTHER ASSETS	341,975,006	328,092,651
TOTAL ADMITTED ASSETS	$5,795,359,051	$5,549,777,861
LIABILITIES AND SURPLUS		
LIABILITIES:		
Policy reserves:		
Policy and contract claims	$ 822,171,544	$ 799,853,803
Health and accident	1,595,841,533	1,461,690,551
Total policy reserves	2,418,013,077	2,261,544,354
Premiums paid in advance	40,359,170	69,293,470
Interest maintenance reserve	4,254,720	3,647,822
Asset valuation reserve	57,044,695	37,864,493
Drafts outstanding	37,134,640	39,135,644
Amounts held as agent or trustee	82,052,079	66,941,620
General expenses and taxes due or accrued	138,480,789	120,343,654
Federal income taxes	349,453	15,445,712
Payable to subsidiaries	333,475	13,781,169
Payable for securities lending	13,599,210	26,853,213
Liability for benefits for employees and agents	209,615,171	411,326,373
Other liabilities	119,576,728	77,574,619
Total liabilities	3,120,813,207	3,143,752,143
SURPLUS:		
Surplus notes	584,255,605	584,085,572
Unassigned surplus	2,090,290,239	1,821,940,146
Total surplus	2,674,545,844	2,406,025,718
TOTAL LIABILITIES AND SURPLUS	$5,795,359,051	$5,549,777,861

See notes to statutory financial statements.

MUTUAL OF OMAHA INSURANCE COMPANY

STATUTORY STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
INCOME:		
Net health and accident premiums	$2,071,247,791	$1,946,822,896
Net investment income	166,165,569	152,586,123
Other income	71,124,255	73,388,861
Total income	2,308,537,615	2,172,797,880
BENEFITS AND EXPENSES:		
Health and accident benefits	1,519,236,003	1,415,983,070
Commissions	311,555,052	309,093,460
Operating expenses	318,170,803	241,275,224
Total benefits and expenses	2,148,961,858	1,966,351,754
NET GAIN FROM OPERATIONS BEFORE FEDERAL INCOME TAXES AND NET REALIZED CAPITAL LOSSES	159,575,757	206,446,126
FEDERAL INCOME TAXES	26,534,054	66,973,891
NET GAIN FROM OPERATIONS BEFORE NET REALIZED CAPITAL LOSSES	133,041,703	139,472,235
NET REALIZED CAPITAL LOSSES — Net of tax expense of $1,206,000 and $628,000 and transfers to the interest maintenance reserve of $706,975 and $984,142, respectively	(27,235,879)	(82,708,680)
NET INCOME	$ 105,805,824	$ 56,763,555

See notes to statutory financial statements.

MUTUAL OF OMAHA INSURANCE COMPANY

STATUTORY STATEMENTS OF CHANGES IN SURPLUS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Surplus Note	Unassigned Surplus	Special Surplus	Total Surplus
BALANCE — December 31, 2011	$ 583,926,892	$ 1,711,188,839	$ 19,759,460	$ 2,314,875,191
Net income	-	56,763,555	-	56,763,555
Change in:				
Net unrealized capital losses — net of tax benefits of $5,162,539	-	(48,930,758)	-	(48,930,758)
Net deferred income taxes	-	35,311,243	-	35,311,243
Nonadmitted assets	-	80,265,021	-	80,265,021
Decrease in admitted deferred tax asset	-	-	(19,759,460)	(19,759,460)
Asset valuation reserve	-	6,093,470	-	6,093,470
Surplus note	158,680	-	-	158,680
Minimum pension liability adjustment	-	(51,508,175)	-	(51,508,175)
Savings from consolidated tax filing	-	23,857,135	-	23,857,135
Unrealized loss — deferred gain on affiliate exchanges	-	(5,038,930)	-	(5,038,930)
Prior year adjustment — actuarial reserves	-	13,937,951	-	13,937,951
Other — net	-	795	-	795
BALANCE — December 31, 2012	584,085,572	1,821,940,146	-	2,406,025,718
Net income	-	105,805,824	-	105,805,824
Change in:				
Net unrealized capital losses — net of tax expense of $2,276,432	-	162,217,644	-	162,217,644
Net deferred income taxes	-	(89,090,461)	-	(89,090,461)
Nonadmitted assets	-	(14,463,445)	-	(14,463,445)
Asset valuation reserve	-	(19,180,202)	-	(19,180,202)
Surplus note	170,033	-	-	170,033
Cumulative effect of changes in accounting principles net of tax benefits of $15,585,048	-	(47,096,553)	-	(47,096,553)
Benefit plans amounts not yet recognized in net period cost	-	253,049,350	-	253,049,350
Detriment of consolidated tax filing	-	(82,954,278)	-	(82,954,278)
Unrealized loss — deferred gain on affiliate exchanges	-	55,627	-	55,627
Other — net	-	6,587	-	6,587
BALANCE — December 31, 2013	$ 584,255,605	$ 2,090,290,239	$ -	$ 2,674,545,844

See notes to statutory financial statements.

MUTUAL OF OMAHA INSURANCE COMPANY

STATUTORY STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FROM (USED FOR) OPERATIONS:		
Net health and accident premiums	$ 2,061,494,630	$ 1,945,539,163
Net investment income	154,863,002	144,695,165
Other income	70,446,670	75,097,881
Health and accident benefits	(1,364,283,589)	(1,295,475,926)
Commissions and operating expenses	(636,282,779)	(573,900,539)
Dividends paid to policyholders	(33,797)	(36,694)
Federal income taxes	(74,142,812)	(22,161,921)
Net cash from operations	212,061,325	273,757,129
CASH FROM (USED FOR) INVESTMENTS:		
Proceeds from investments sold, matured or repaid:		
Bonds	261,559,660	203,371,729
Stocks	7,849,898	21,243,733
Mortgage loans	34,594,997	9,441,545
Real estate	27,735	148,212
Other invested assets	65,646,907	31,067,457
Net loss on cash, cash equivalents and short-term investments	(396)	(971)
Miscellaneous proceeds	-	645,997
Cost of investments acquired:		
Bonds	(501,677,110)	(253,789,259)
Stocks	(82,183,361)	(101,858,226)
Mortgage loans	(27,271,907)	(18,119,310)
Real estate	(3,775,084)	(297,725)
Other invested assets	(26,927,196)	(126,381,022)
Miscellaneous applications	(99,143)	-
Net cash used for investments	(272,255,000)	(234,527,840)
CASH FROM (USED FOR) FINANCING AND MISCELLANEOUS SOURCES:		
Surplus note	170,033	158,680
Net (increase) decrease in receivable from subsidiaries and affiliates	(71,502,889)	4,164,004
Other cash provided (applied)	(4,473,341)	7,568,792
Net cash from (used for) financing and miscellaneous sources	(75,806,197)	11,891,476
Change in nonadmitted short-term investments	(700,000)	66,400,000
NET CHANGE IN CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	(136,699,872)	117,520,765
CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS:		
Beginning of year	479,044,963	361,524,198
End of year	$ 342,345,091	$ 479,044,963
NONCASH TRANSACTIONS:		
Dividend from subsidiary received as transferred bonds	$ 2,668,116	$ -
Change in nonadmitted short-term investment	$ 700,000	$ (66,400,000)
Bond conversion	$ 1,461,956	$ 3,146,716
Stock conversion	$ (1,458,931)	$ 10,347
Stock transfer from amounts withheld by company as trustee liability	$ 5,173,734	$ -
Joint partnership distribution received as stock	$ 134,694	$ 36,889

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 Company owns 100% of the outstanding common stock of the following entities: 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. ("Turner Park North").

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.

Subsequent events have been evaluated through April 25, 2014, the date these financial statements were available to be issued.

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. 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.

e. Acquisition costs, such as commissions and other costs directly related to acquiring new business, are charged to operations as incurred, while under GAAP they are deferred and amortized to income as premiums are earned or in relation to estimated gross profits.

f. NAIC Statutory Statement of Accounting Principles 101 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.

g. NAIC SAP policy reserves are based on prescribed mortality and interest assumptions, and morbidity and lapse assumptions estimated by the Company with statutory limitations. 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.

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

i. 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.

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

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

l. The funded status of the defined benefit plans is measured at the reporting date and gains or losses and prior service costs are recognized in comprehensive income under GAAP. The funded status of the defined benefit plans is not measured or recognized under NAIC SAP.

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" 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, investment 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, calculated using regulatory prescribed methods and assumptions are uncertain estimates. Health and accident active life reserves are calculated using morbidity tables and prescribed mortality and interest rate assumptions. Lapse assumptions are permitted in certain situations subject to limitations for certain products. Actual morbidity will differ from expected rates and actual mortality, interest rates and lapse rates will differ from prescribed assumptions.

Policy and contract claims are estimated based upon the Company's historical 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.

Deferred taxes are recognized to the extent there are differences between the statutory and tax bases of assets and liabilities. Deferred taxes are also recognized for carryforward items including net operating loss carryovers, capital loss carryovers, charitable contribution carryovers and credits. 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 deferred tax liability ("DTL").

In the determination of the amount of the DTA that can be recognized and admitted, the amount of the income tax benefit from current year losses and credits that can be carried back to prior years is first determined. NAIC SAP then 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 amount of the admitted DTA is further limited to the amount of deductible temporary differences and carryforward amounts that are expected to be realized within three years from the reporting date. The admitted DTA is also offset by the amount of the DTL.

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 3 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. Common stocks of affiliated insurance companies are carried on the statutory equity method, and common stocks of other affiliated companies are carried on the GAAP equity method. 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 are carried at the aggregate unpaid principal balance adjusted for unamortized premium or discount, except impaired loans, which are carried at the lower of the principal balance, 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 impaired loans. Loans 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. All loans that are either on nonaccrual status, classified as a troubled debt restructuring ("TDR"), or for which other circumstances indicate that collectability is not probable are evaluated for impairment quarterly. Factors considered by management in determining impairment include payment status, financial position of the borrower, and the probability of collecting scheduled principal and interest payments when due. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis based on the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the fair value of the collateral if the loan is collateral dependent. Interest income earned on impaired loans is accrued on the principal amount of the loan based on the loan's contractual interest rate.

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 or when payment is 90 days past due. 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, or 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.

Home office and investment real estate are valued at cost, less accumulated depreciation. Investment real estate is comprised of real estate owned by the Company that is primarily leased to non-affiliated 3rd parties. Depreciation is provided on the straight-line method over the estimated useful lives, generally 40 years, of the related assets.

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. To minimize further 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 low-income housing properties (carried at amortized cost), limited partnerships and receivables for securities. 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. ECR is a limited liability company established for the operation of real estate in Omaha, Nebraska. Mutual of Omaha is the sole member.

As a result of conditions in the commercial real estate market, impairment testing for real estate owned by ECR was performed as of December 31, 2013 and 2012 with revised expected cash flows. There was no impairment for the year ended December 31, 2013. An impairment of $55,800,000 was included in net realized capital losses in the statutory statements of operations for the year ended December 31, 2012, representing the difference between the carrying value and the estimated fair value for the asset component where a fair value measurement was required. Fair value was determined based on independent appraisals, comparable sales data, discounted cash flows, and certain assumptions regarding the use of the properties as prepared by management. As of December 31, 2013 and 2012, the Company's investment in ECR was $14,672,768 and $31,178,910, respectively.

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 $317,217,627 and $297,463,594 as of December 31, 2013 and 2012, respectively. The Company did not pay premiums in 2013 and paid $50,000,104 in 2012. The gain in surrender value of the policies included in other income was $21,113,249 and $27,165,615 for the years ended December 31, 2013 and 2012, 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 two to fifteen 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 generally depreciated over three to twenty years. Depreciation and amortization expense was $2,798,100 and $2,906,845 for the years ended December 31, 2013 and 2012, 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 nonoperating 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, disabled life reserves, claim reserves and unearned premiums reserves. 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 and lapse assumptions are Company estimates 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 based on statutory interest assumptions. Termination assumptions are based on Company experience and statutory guidelines.

The Company anticipates investment income as a factor in premium deficiency reserve calculations. As of December 31, 2013 and 2012, the Company had $19,428,000 and $18,909,980, 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. An allowance is established for all amounts deemed uncollectible and losses are charged against the allowance when the uncollectability 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.

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 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.

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.

Accounting Pronouncements — Effective January 1, 2013, the Company adopted Statement of Statutory Accounting Principles ("SSAP") 92, *Accounting for Post Retirement Benefits Other Than Pensions* ("SSAP 92"). SSAP 92 revises financial reporting standards for post retirement benefit plans other than pensions by requiring (i) recognition in the statutory statement of admitted assets, liabilities, and surplus of the plan's funded status, measured as the difference between the fair value of plan assets and the accumulated post-retirement benefit obligation; (ii) recognition as an adjustment to unassigned surplus, net of taxes, of those amounts of actuarial gains and losses, prior service costs and credits, and transition obligations that have not yet been included in net periodic benefit costs as of the end of the year of adoption; (iii) recognition of subsequent changes in funded status as a component of unassigned surplus; (iv) measurement of benefit plan assets and obligations as of the date of the statutory statement of admitted assets, liabilities, and surplus; and (v) disclosure of additional information about the effects of this statement on the employer's statutory statement of admitted assets, liabilities, and surplus. The Company charged surplus $18,152,893 in 2013 as a result of the adoption of SSAP 92. See Note 9, Employee Benefit Plans, for the required disclosures. Certain prior year information presented in Note 9 has been reformatted to reflect the disclosure guidance of SSAP 92.

Effective January 1, 2013, the Company adopted SSAP 102, *Accounting for Pensions* ("SSAP 102"). SSAP 102 revises financial reporting standards for defined benefit pension plans by requiring (i) recognition in the statutory statement of admitted assets, liabilities, and surplus of the plan's funded status, measured as the difference between the fair value of plan assets and the projected benefit obligation; (ii) recognition as an adjustment to unassigned surplus, net of taxes, of those amounts of actuarial gains and losses, prior service costs and credits, and transition obligations that have not yet

been included in net periodic benefit costs as of the end of the year of Adoption; (iii) recognition of subsequent changes in funded status as a component of unassigned surplus; (iv) measurement of benefit plan assets and obligations as of the date of the statutory statement of admitted assets, liabilities, and surplus; and (v) disclosure of additional information about the effects of this statement on the employer's statutory statement of admitted assets, liabilities, and surplus. The Company charged surplus $28,943,660, which is net of taxes of $15,585,048, in 2013 as a result of the adoption of SSAP 102. Certain prior year information presented in Note 9 has been reformatted to reflect the disclosure guidance of SSAP 102.

Effective January 1, 2013, the Company adopted SSAP 103, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* ("SSAP 103"). SSAP 103 eliminates the exception for Qualifying Special Purpose Entities ("QSPEs"), specialized transactions designed to remove assets from an entity's balance sheet, in determining whether the surrender-of-control sale criteria have been met. In addition, SSAP 103 identifies the criteria under which transfers of a portion of a financial instrument ("participation interests") can be derecognized from an entity's balance sheet. The adoption of this guidance did not have a material impact on the Company's statutory financial statements.

In December 2013, the NAIC issued revisions to SSAP 35R, *Guaranty Fund and Other Assessments*. The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (together "PPACA") imposes an annual fee on health insurers for each calendar year on or after January 1, 2014 based on qualifying health premium written the prior calendar year. The revisions to SSAP 35R require insurers subject to the annual fee imposed by PPACA to reclassify from unassigned surplus to special surplus an estimate of the amount of the annual fee it expects to pay in the subsequent year. Upon providing qualifying health insurance in the year the fee is payable, insurers subject to the fee shall estimate the annual fee in full and recognize a liability and corresponding expense. The guidance is effective for annual reporting periods beginning January 1, 2014. The adoption of this guidance on January 1, 2014, did not have a material impact on the Company's statutory 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:

2013	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Government	$ 1,242,334	$ 1,965	$ -	$ 1,244,299
States, territories and possessions	1,773,317	93,519	-	1,866,836
Special revenue	21,624,821	-	(2,961,839)	18,662,982
Political subdivisions	603,174	-	(4,392)	598,782
Hybrids	16,747,097	596,868	(779,354)	16,564,611
Foreign corporate	314,677,444	20,989,897	(4,782,441)	330,884,900
U.S. and Canadian corporate	1,153,291,661	97,180,839	(25,496,716)	1,224,975,784
Commercial MBS	428,607,042	26,939,397	(5,722,669)	449,823,770
Residential MBS	309,724,914	21,708,064	(1,795,288)	329,637,690
Other ABS	135,385,274	14,428,564	(696,839)	149,116,999
Total bonds	2,383,677,078	181,939,113	(42,239,538)	2,523,376,653
Redeemable preferred stocks	20,153,770	296,849	(1,523,071)	18,927,548
Total	$ 2,403,830,848	$ 182,235,962	$ (43,762,609)	$ 2,542,304,201

2012	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Government	$ 1,240,721	$ 1,843	$ -	$ 1,242,564
States, territories and possessions	2,240,330	362,627	(12,218)	2,590,739
Special revenue	21,608,730	51,096	(1,303,947)	20,355,879
Political subdivisions	609,328	12,266	-	621,594
Hybrids	12,927,567	905,547	(131,186)	13,701,929
Foreign corporate	272,009,482	37,970,571	(7,120)	309,972,933
U.S. and Canadian corporate	910,227,203	172,101,314	(1,005,721)	1,081,322,796
Commercial MBS	475,463,658	73,472,239	(3,472,262)	545,463,635
Residential MBS	287,084,800	34,459,218	(7,132)	321,536,886
Other ABS	147,913,983	25,025,049	(608,287)	172,330,745
Total bonds	2,131,325,802	344,361,770	(6,547,873)	2,469,139,700
Redeemable preferred stocks	16,024,188	663,235	(156,000)	16,531,422
Total	$ 2,147,349,990	$ 345,025,005	$ (6,703,873)	$ 2,485,671,122

Bonds with an NAIC designation of 6 of $2,703,838 and $1,539,920 as of December 31, 2013 and 2012, 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 95.9% and 95.5% of the Company's total bond portfolio as of December 31, 2013 and 2012, respectively.

The carrying value and estimated fair value of bonds and redeemable preferred stock as of December 31, 2013, 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	$ 13,829,662	$ 14,148,160
Due after one year through five years	291,378,742	318,496,904
Due after five years through ten years	282,618,389	301,254,838
Due after ten years	942,286,825	979,825,840
	1,530,113,618	1,613,725,742
MBS and other ABS	873,717,230	928,578,459
Total	$2,403,830,848	$2,542,304,201

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	
2013	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
Special revenue	$ 14,567,352	$ (2,697,624)	$ 4,095,630	$ (264,215)	$ 18,662,982	$ (2,961,839)
Political subdivisions	598,782	(4,392)	-	-	598,782	(4,392)
Hybrids	6,080,867	(699,686)	1,590,234	(79,668)	7,671,101	(779,354)
Foreign corporate	89,522,345	(4,782,441)	-	-	89,522,345	(4,782,441)
U.S. and Canadian corporate	331,893,158	(19,856,111)	43,386,792	(5,640,605)	375,279,950	(25,496,716)
Commercial MBS	70,582,564	(3,000,459)	14,330,136	(2,722,210)	84,912,700	(5,722,669)
Residential MBS	83,002,862	(1,790,612)	91,339	(4,676)	83,094,201	(1,795,288)
Other ABS	15,097,007	(125,789)	7,317,488	(571,050)	22,414,495	(696,839)
Total bonds	611,344,937	(32,957,114)	70,811,619	(9,282,424)	682,156,556	(42,239,538)
Redeemable preferred stocks	9,255,580	(1,398,751)	3,875,680	(124,320)	13,131,260	(1,523,071)
Total	$620,600,517	$(34,355,865)	$74,687,299	$(9,406,744)	$695,287,816	$(43,762,609)

	Less Than One Year		One Year or More		Total	
2012	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
States, territories and possessions	$ 455,754	$ (12,218)	$ -	$ -	$ 455,754	$ (12,218)
Special revenue	13,422,400	(1,303,947)	-	-	13,422,400	(1,303,947)
Hybrids	17,938	(105)	2,739,000	(131,081)	2,756,938	(131,186)
Foreign corporate	3,992,880	(7,120)	-	-	3,992,880	(7,120)
U.S. and Canadian corporate	24,123,514	(811,740)	6,891,200	(193,981)	31,014,714	(1,005,721)
Commercial MBS	-	-	29,283,956	(3,472,262)	29,283,956	(3,472,262)
Residential MBS	-	-	146,218	(7,132)	146,218	(7,132)
Other ABS	5,341,151	(350,659)	643,273	(257,628)	5,984,424	(608,287)
Total bonds	47,353,637	(2,485,789)	39,703,647	(4,062,084)	87,057,284	(6,547,873)
Redeemable preferred stocks	-	-	3,844,000	(156,000)	3,844,000	(156,000)
Total	$ 47,353,637	$ (2,485,789)	$43,547,647	$(4,218,084)	$ 90,901,284	$ (6,703,873)

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, 2013 and 2012 include losses of $8,368,086 and $5,072 respectively, resulting from other-than-temporary declines in the fair value of bonds or changes in expected cash flows.

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, 2013.

	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	-	137	Baa1	100 %
Hybrid	1	1	-	99	Baa2	100
U.S. and Canadian corporate	11	1	-	103	A3	100
Commercial MBS	2	-	-	85	Baa2	57
Residential MBS	1	1	-	97	Aa2	100
Other ABS	4	3	1	93	A2	96
	20	7	1			
Redeemable preferred stock	1	1	-	97	A1	100
Total securities	21	8	1			

	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	2	1	1	26	A1	100 %
Political subdivisions	1	1	-	100	Baa3	100
Hybrid	9	5	1	148	Baa2	100
Foreign corporate	21	20	-	98	Baa1	95
U.S. and Canadian corporate	82	70	-	101	Baa1	100
Commercial MBS	13	13	-	91	Aa2	100
Residential MBS	12	12	-	91	Aaa	100
Other ABS	8	8	-	86	Baa3	49
	148	130	2			
Redeemable preferred stock	22	12	4	85	Baa1	100
Total securities	170	142	6			

The unrealized losses in the tables above were due to changes in interest rates, credit ratings, and credit spreads. U.S. and Canadian corporate fixed maturities were comprised of securities from 29 industries, of which 24% were electric utilities, 11% were pipelines and terminals and 11% were information technology. The Company's MBS were comprised of both commercial and residential mortgage loans. The other ABS were principally related to the asset management and investment banking industries.

Foreign corporate fixed maturities were comprised of securities from 18 industries, of which 22% were retail and distributors, 16% were chemicals and fertilizer, and 12% were pipelines and terminals.

Gross unrealized losses as of December 31, 2013 for agency and non-agency MBS and other ABS by vintage were as follows:

		Non Agency				
	Agency	**2005 and Prior**	**2010**	**2011**	**2013**	**Total**
Commercial MBS	$ 250,315	$ 3,302,861	$ 151,878	$ 1,429,755	$ 587,860	$ 5,722,669
Residential MBS	1,611,602	4,675	-	179,011	-	1,795,288
Other ABS	696,839	-	-	-	-	696,839
Total	$ 2,558,756	$ 3,307,536	$ 151,878	$ 1,608,766	$ 587,860	$ 8,214,796

There were no gross unrealized losses for agency and non-agency MBS in the 2006 to 2009 vintages. Within its investments in other ABS in the home equity sector, the Company has an exposure to subprime and Alt-A mortgage loans, which it manages in several ways. The Company monitors its exposure level to other ABS against its annual investment authorization level approved by the Board of Directors. Restrictions include exposure at the aggregate level to other ABS, along with exposure to ratings classes, subsectors, issuers and specific assets. The Company also continually tracks securities backed by subprime mortgage loans for factors including credit performance, rating agency actions, prepayment trends and de-levering. Loans with trends that may indicate underperformance are monitored closely for any further deterioration that may result in action by the Company. The Company's subprime and Alt-A mortgage loans as of December 31, 2013 and 2012 have a carrying value of $2,205,826 and $3,103,267, respectively, and a fair value of $2,240,251 and $3,124,159, respectively.

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:

	2013	2012
Proceeds from sales or disposals:		
Bonds	$ 7,764,385	$21,173,479
Stocks	$ 4,159,264	$ 7,419,183
Net capital gains (losses) on bonds and stocks:		
Bonds:		
Gross capital gains from sales or other disposals	$ 391,351	$ 1,020,879
Gross capital losses from sales or other disposals	(14,921)	(148,270)
Losses from writedowns	(8,368,086)	(5,072)
Net capital gains (losses)	$ (7,991,656)	$ 867,537
Stocks:		
Gross capital gains from sales or other disposals	$ 788,459	$ 686,359
Gross capital losses from sales or other disposals	(1,986,661)	(47,304)
OTTI losses from affiliates	(10,601,908)	(5,380,874)
Net capital losses	$(11,800,110)	$ (4,741,819)

There was no bond income due and accrued related to bonds in default excluded from net investment income during the years ended December 31, 2013 and 2012.

Stock — The Company held $21,553,737 of perpetual preferred stock with an estimated fair value of $19,195,747 as of December 31, 2013. The estimated fair value amount of perpetual preferred stock in an unrealized loss position was $15,751,772 with a unrealized loss of $2,435,376 as of December 31, 2013. All unrealized losses had been in that position for less than 12 months.

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, 2013.

	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	31	16	10	107	Baa2	98 %

None of the common stocks — unaffiliated held by the Company were in an unrealized loss position as of December 31, 2013 and 2012.

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 2013, the minimum and

maximum lending rates for mortgage loans were 4.00% and 5.25%, 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 2013 was 81%.

Net realized capital losses for the years ended December 31, 2013 and 2012 include losses of $74,159 and $35,517, respectively, resulting from impairments of mortgage loans.

Mortgage loan participations purchased from one loan originator comprise 60% and 56% of the portfolio as of December 31, 2013 and 2012, respectively. The properties collateralizing mortgage loans are geographically dispersed throughout the United States, with the largest concentration in California (approximately 23% and 21% as of December 31, 2013 and 2012, 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			
2013	**>1.20x**	**1.00x-1.20x**	**<1.00x**	**Total**
Loan-to-value ratios:				
Less than 65%	$ 134,738,667	$ 18,487,205	$ 17,731,049	$ 170,956,921
66% to 75%	60,141,089	2,511,742	-	62,652,831
76% to 80%	-	5,179,818	-	5,179,818
Greater than 80%	413,001	-	-	413,001
Total	$ 195,292,757	$ 26,178,765	$ 17,731,049	$ 239,202,571

	Debt Service Coverage Ratios			
2012	**>1.20x**	**1.00x-1.20x**	**<1.00x**	**Total**
Loan-to-value ratios:				
Less than 65%	$ 124,531,127	$ 27,147,777	$ 18,889,422	$ 170,568,326
66% to 75%	70,936,235	3,684,270	1,795,985	76,416,490
76% to 80%	-	-	-	-
Greater than 80%	-	-	-	-
Total	$ 195,467,362	$ 30,832,047	$ 20,685,407	$ 246,984,816

Non-Accrual and Past Due Loans — The Company's recorded investment in commercial loans that were greater than 180 days past due was $413,001 as of December 31, 2013. The Company did not have any loans that were past due as of December 31, 2012. The Company's recorded investment in commercial loans in current status was $238,789,570 and $246,984,816 as of December 31, 2013 and 2012, respectively. The Company's investment in residential loans in current status was $355,219 as of December 31, 2013. There were no residential loans as of December 31, 2012.

No loans greater than 90 days past due are in accrual status as of December 31, 2013 and 2012.

The carrying amount, related allowance for credit losses, and average recorded investment in impaired commercial mortgage loans as of and for the year ended December 31, 2013 was $413,001, $74,159, and $365,370, respectively. The Company had no impaired residential mortgages as of December 31, 2013. The Company did not recognize interest income on a cash or accrual basis for impaired loans during 2013. The Company had no impaired loans as of December 31, 2012.

Restructured Loans — The Company had no restructured loans as of December 31, 2013 and 2012.

Limited Partnerships — Net realized capital losses for the years ended December 31, 2013 and 2012 include losses of $5,823,465 and $21,799,884, respectively, resulting from other-than-temporary declines in fair value of limited partnerships due to market conditions.

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

	2013	2012
Bonds	$ 136,268,287	$ 136,242,476
Preferred stocks	2,071,641	1,684,606
Common stocks — unaffiliated	1,119,671	224,784
Common stocks — affiliated	3,000,000	-
Mortgage loans	14,974,755	15,539,712
Real estate	10,638,128	9,984,456
Cash and cash equivalents and short-term investments	9,717,736	11,503,083
Other invested assets	37,003,454	25,591,120
	214,793,672	200,770,237
Amortization of interest maintenance reserve	100,080	181,239
Investment expenses	(48,728,183)	(48,365,353)
Net investment income	$ 166,165,569	$ 152,586,123

3. STRUCTURED SECURITIES

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

2013	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
MBS:				
Commercial	$ 428,607,042	$ 26,939,397	$ (5,722,669)	$ 449,823,770
Residential	309,724,914	21,708,064	(1,795,288)	329,637,690
	738,331,956	48,647,461	(7,517,957)	779,461,460
Other ABS	135,385,274	14,428,564	(696,839)	149,116,999
Total	$ 873,717,230	$ 63,076,025	$ (8,214,796)	$ 928,578,459

2012	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
MBS:				
Commercial	$ 475,463,658	$ 73,472,239	$ (3,472,262)	$ 545,463,635
Residential	287,084,800	34,459,218	(7,132)	321,536,886
	762,548,458	107,931,457	(3,479,394)	867,000,521
Other ABS	147,913,982	25,025,049	(608,287)	172,330,744
Total	$ 910,462,440	$ 132,956,506	$ (4,087,681)	$ 1,039,331,265

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

2013	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
MBS:						
Commercial	$ 70,582,564	$(3,000,459)	$14,330,136	$(2,722,210)	$ 84,912,700	$(5,722,669)
Residential	83,002,862	(1,790,612)	91,339	(4,676)	83,094,201	(1,795,288)
	153,585,426	(4,791,071)	14,421,475	(2,726,886)	168,006,901	(7,517,957)
Other ABS	15,097,007	(125,789)	7,317,488	(571,050)	22,414,495	(696,839)
Total	$168,682,433	$(4,916,860)	$21,738,963	$(3,297,936)	$190,421,396	$(8,214,796)

2012	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
MBS:						
Commercial	$ -	$ -	$29,283,956	$(3,472,262)	$ 29,283,956	$(3,472,262)
Residential	-	-	146,218	(7,132)	146,218	(7,132)
	-	-	29,430,174	(3,479,394)	29,430,174	(3,479,394)
Other ABS	5,341,151	(350,659)	643,273	(257,628)	5,984,424	(608,287)
Total	$ 5,341,151	$ (350,659)	$30,073,447	$(3,737,022)	$ 35,414,598	$(4,087,681)

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 2013. All of the Company's OTTI on loan-backed and structured securities 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 table:

CUSIP	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
61750WBB8	$ 2,255,294	$ 961,344	$1,293,950	$ 961,344	$ 961,344	12/31/2013
22546BAK6	3,041,526	335,188	2,706,339	335,188	336,835	9/30/2013
46625MUF4	3,394,075	2,954,511	439,564	2,954,511	1,097,192	9/30/2013
61750WBB8	3,930,028	2,461,352	1,468,676	2,461,352	1,146,060	9/30/2013
22546BAK6	3,334,762	3,134,749	200,013	3,134,749	510,858	6/30/2013
46625MUF4	3,416,538	3,394,181	22,357	3,394,181	991,600	6/30/2013
61750WBB8	4,235,483	3,950,520	284,963	3,950,520	1,024,769	6/30/2013
22546BAK6	4,238,167	3,320,384	917,783	3,320,384	510,101	3/31/2013
61750WBB8	5,259,116	4,224,675	1,034,441	4,224,675	1,301,415	3/31/2013
Total	$33,104,989	$24,736,904	$8,368,086	$24,736,904	$7,880,174	

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:

2013	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	$ -	$ 5,233,041	$ -	$ 5,233,041
Common stocks - unaffiliated	9,678,546	19,514	11,406,874	21,104,934
Cash equivalents	7,091,756	-	-	7,091,756
Securities lending cash collateral	13,599,210	-	-	13,599,210
Total	$ 30,369,512	$ 5,252,555	$ 11,406,874	$ 47,028,941

2012	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	$ -	$ 3,321,169	$ -	$ 3,321,169
Common stocks - unaffiliated	-	179,478	10,770,829	10,950,307
Cash equivalents	156,982,487	-	-	156,982,487
Securities lending cash collateral	26,853,213	-	-	26,853,213
Total	$ 183,835,700	$ 3,500,647	$ 10,770,829	$ 198,107,176

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 year ended December 31, 2013, 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, 2013, 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 Securities Lending 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:

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. The valuation of these securities is based principally on observable inputs including quoted prices in markets that are not considered active.

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.

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:

		Gains (Losses)						
	Balance January 1, 2013	Included in Realized Gains (Losses)	Included in Surplus	Purchases	Sales and Repayments	Net Transfers Into Level 3	Net Transfers Out of Level 3	Balance December 31, 2013
Common stocks-Unaffiliated	$ 10,770,829	$ -	$ 1,208,750	$256,261	$ (828,966)	$ -	$ -	$ 11,406,874

		Gains (Losses)						
	Balance January 1, 2012	Included in Realized Gains (Losses)	Included in Surplus	Purchases	Sales and Repayments	Net Transfers Into Level 3	Net Transfers Out of Level 3	Balance December 31, 2012
Common stocks-Unaffiliated	$ 9,368,264	$ -	$ 1,177,809	$224,756	$ -	$ -	$ -	$ 10,770,829

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:

2013	Carrying Value	Estimated Fair Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Financial assets:						
Bonds	$ 2,383,677,078	$ 2,523,376,653	$ -	$ 2,440,864,728	$ 82,511,925	$ -
Preferred stocks	41,707,507	38,123,294	-	38,123,294	-	-
Common stocks — unaffiliated	23,089,089	23,089,089	9,678,546	19,514	11,406,874	1,984,155
Mortgage loans	239,557,790	254,715,805	-	-	254,715,805	-
Cash and cash equivalents	98,745,091	98,745,091	98,745,091	-	-	-
Short-term investments	243,600,000	243,600,000	-	98,500,000	145,100,000	-
Securities lending cash collateral	13,599,210	13,599,210	13,599,210	-	-	-
Financial liabilities:						
Borrowings	5,298,904	5,298,904	-	5,298,904	-	-
Payable for securities lending	13,599,210	13,599,210	13,599,210	-	-	-

2012	Carrying Value	Estimated Fair Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Financial assets:						
Bonds	$ 2,131,325,802	$ 2,469,139,699	$ -	$ 2,374,966,532	$ 94,173,167	$ -
Preferred stocks	32,356,165	34,097,165	-	34,097,165	-	-
Common stocks — unaffiliated	12,934,709	12,934,709	-	179,478	10,770,829	1,984,402
Mortgage loans	246,984,816	275,082,604	-	-	275,082,604	-
Cash and cash equivalents	257,644,963	257,644,963	257,644,963	-	-	-
Short-term investments	221,400,000	221,400,000	-	67,200,000	154,200,000	-
Securities lending cash collateral	26,853,213	26,853,213	26,853,213	-	-	-
Financial liabilities:						
Borrowings	5,298,904	5,298,904	-	5,298,904	-	-
Payable for securities lending	26,853,213	26,853,213	26,853,213	-	-	-

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, and payable for securities lending are estimated as discussed above.

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

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. The Company's investment in FHLB stock is not practicable to measure fair value 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. The fair values cannot exceed the economic value of the collateral. The economic value of the collateral is determined annually by using the property operating statements provided by the property managers and capitalization rates determined or reviewed by the Company.

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 approximate their fair value due to their short-term nature.

The Company's financial instruments for which it is not practicable to measure fair value and the reasons it is not practicable were as follows:

Type or Class of Financial Instruments	**Carrying Value**	**Explanation**
Common stock–unaffiliated:		
FHLB Class A stock	$ 478,848	Restrictions prevent sale to other entities
FHLB Class B stock	1,505,307	Restrictions prevent sale to other entities

5. 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, Continuum Worldwide Corporation, Mutual of Omaha Holdings, Inc. and its subsidiaries, Omaha Financial Holdings, Inc. and its subsidiaries, and United of Omaha Life Insurance Company ("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, 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, 2013 were $3,370,897 and were included in federal income taxes recoverable. Amounts due to subsidiaries as of December 31, 2012 were $17,855,080 and were included in federal income tax liability. The Company's DTL does not include a DTL for the unrealized gains or losses for its investment in subsidiaries.

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
2013	$ 72,871,057	$21,574,616	$ 94,445,673
2012	54,708,747	10,617,194	65,325,941
	$127,579,804	$32,191,810	$159,771,614

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

	2013	2012
Current federal income tax expense	$ 26,103,644	$ 66,358,252
Current foreign income tax expense	430,410	615,639
	26,534,054	66,973,891
Federal income tax expense on net capital losses	1,206,000	628,000
Total federal and foreign income tax expense	27,740,054	67,601,891
Change in net deferred income taxes	89,090,461	(35,311,243)
Total federal income tax expense incurred	$116,830,515	$ 32,290,648

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:

	2013	2012
Net gain from operations before federal income taxes and net realized capital losses	$ 159,575,757	$ 206,446,126
Net realized capital losses before federal income taxes and transfers to IMR	(25,322,904)	(81,096,538)
Total pre-tax income	134,252,853	125,349,588
Statutory tax rate	35 %	35 %
Expected federal income taxes incurred	46,988,499	43,872,356
Prior year tax expense (benefits)	1,072,335	(1,033,302)
Nonadmitted assets	(947,661)	20,933,609
Amortization of IMR	(35,028)	(63,434)
Dividends from affiliates	(1,050,000)	-
Pension liability adjustment	84,925,226	(18,027,861)
Tax credits	(2,462,410)	(2,795,639)
Life insurance cash value	(8,155,924)	(9,507,965)
Other	(3,504,522)	(1,087,116)
Total federal income tax expense incurred	$ 116,830,515	$ 32,290,648

The Company files income tax returns in the U.S. Federal jurisdiction and various state jurisdictions. The Internal Revenue Service began an income tax audit for the years 2007 through 2011 in 2012 that was concluded during 2013. The audit adjustments to the Company's taxable income were not material to the financial statements. As a result of the audit, the Company agreed to an extension of the statute of limitations until September 30, 2014, for the years 2007 through 2010. Therefore, the tax returns for years after 2006 remain subject to audit by federal and state tax jurisdictions.

As of December 31, 2013, there were no positions for which management believes it is reasonably possible that the total amounts of tax contingencies will significantly increase or decrease within 12 months of the reporting date.

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

	2013		
	Ordinary	**Capital**	**Total**
Gross DTA	$ 283,868,116	$ 23,763,821	$ 307,631,937
Statutory valuation allowance	-	-	-
Adjusted gross DTA	283,868,116	23,763,821	307,631,937
Nonadmitted DTA	(179,676,438)	(13,767,832)	(193,444,270)
Net admitted DTA	104,191,678	9,995,989	114,187,667
DTL	(12,681,162)	(3,001,062)	(15,682,224)
Net DTA	$ 91,510,516	$ 6,994,927	$ 98,505,443

	2012		
	Ordinary	**Capital**	**Total**
Gross DTA	$ 349,289,675	$ 28,083,250	$ 377,372,925
Statutory valuation allowance	-	-	-
Adjusted gross DTA	349,289,675	28,083,250	377,372,925
Nonadmitted DTA	(162,962,245)	(18,726,184)	(181,688,429)
Net admitted DTA	186,327,430	9,357,066	195,684,496
DTL	(14,194,231)	-	(14,194,231)
Net DTA	$ 172,133,199	$ 9,357,066	$ 181,490,265

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

	2013		
	Ordinary	**Capital**	**Total**
Federal income taxes paid in prior years recoverable through loss carrybacks	$ 91,510,516	$ 6,994,927	$ 98,505,443
Adjusted gross DTA expected to be realized (lesser of 1 or 2)	$ -	$ -	$ -
1. Adjusted gross DTA expected to be realized following the balance sheet date	-	-	-
2. Adjusted gross DTA allowed per limitation threshold	-	-	384,589,404
Adjusted gross DTA that can be offset by DTL's	12,681,162	3,001,062	15,682,224
DTA admitted as the result of application of SSAP 101	$ 104,191,678	$ 9,995,989	$ 114,187,667

	2012		
	Ordinary	**Capital**	**Total**
Federal income taxes paid in prior years recoverable through loss carrybacks	$ 75,872,320	$ 9,357,066	$ 85,229,386
Adjusted gross DTA expected to be realized (lesser of 1 or 2)	$ 96,260,879	$ -	$ 96,260,879
1. Adjusted gross DTA expected to be realized following the balance sheet date	96,260,879	-	96,260,879
2. Adjusted gross DTA allowed per limitation threshold	N/A	N/A	331,591,834
Adjusted gross DTA that can be offset by DTL's	14,194,231	-	14,194,231
DTA admitted as the result of application of SSAP 101	$ 186,327,430	$ 9,357,066	$ 195,684,496

The ratio percentages used to determine recovery period and threshold limitation amounts were 888% and 791% as of December 31, 2013 and 2012, respectively. The amounts of adjusted capital and surplus used to determine recovery period and threshold limitations were $2,809,982,663 and $2,429,657,296 as of December 31, 2013 and 2012, 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 adjusted gross DTA and net admitted DTA as of December 31:

	Ordinary	Capital	Total
2013			
Adjusted gross DTA	283,868,116	23,763,821	307,631,937
Percentage of total adjusted gross DTA attributable to tax planning strategies	0.23 %	1.26 %	1.49 %
Net admitted adjusted gross DTA	104,191,678	9,995,989	114,187,667
Percentage of net admitted adjusted gross DTA attributable to tax planning strategies	0.72 %	3.94 %	4.66 %
2012			
Adjusted gross DTA	349,289,675	28,083,250	377,372,925
Percentage of total adjusted gross DTA attributable to tax planning strategies	25.45 %	2.51 %	27.96 %
Net admitted adjusted gross DTA	186,327,430	9,357,066	195,684,496
Percentage of net admitted adjusted gross DTA attributable to tax planning strategies	52.30 %	5.16 %	57.46 %
Change			
Adjusted gross DTA	(65,421,559)	(4,319,429)	(69,740,988)
Percentage of total adjusted gross DTA attributable to tax planning strategies	(25.22)%	(1.25)%	(26.47)%
Net admitted adjusted gross DTA	(82,135,752)	638,923	(81,496,829)
Percentage of net admitted adjusted gross DTA attributable to tax planning strategies	(51.58)%	(1.22)%	(52.80)%

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

	2013	2012	Change
DTA:			
Ordinary:			
Policy reserves	$ 54,934,705	$ 52,877,470	$ 2,057,235
Deferred acquisition costs	49,050,968	43,252,588	5,798,380
Expense accruals and other prepaid income	79,909,717	82,785,647	(2,875,930)
Pension liability	21,528,173	94,344,004	(72,815,831)
Nonadmitted assets	36,512,542	35,171,966	1,340,576
Bonds and other invested assets	31,636,645	26,284,156	5,352,489
Depreciation and amortization	3,732,880	4,801,623	(1,068,743)
Other	6,562,486	9,772,221	(3,209,735)
Subtotal	283,868,116	349,289,675	(65,421,559)
Nonadmitted DTA	(179,676,438)	(162,962,245)	(16,714,193)
Admitted ordinary DTA	104,191,678	186,327,430	(82,135,752)
Capital:			
Investments	23,763,821	28,083,250	(4,319,429)
Subtotal	23,763,821	28,083,250	(4,319,429)
Nonadmitted	(13,767,832)	(18,726,184)	(4,958,352)
Admitted capital DTA	9,995,989	9,357,066	638,923
Admitted DTA	114,187,667	195,684,496	(81,496,829)
DTL:			
Ordinary:			
Unrealized gains	(2,154,129)	(4,153,797)	1,999,668
Other	(10,527,033)	(10,040,434)	(486,599)
Subtotal	(12,681,162)	(14,194,231)	1,513,069
Capital:			
Investments	(3,001,062)	-	(3,001,062)
Subtotal	(3,001,062)	-	(3,001,062)
DTL	(15,682,224)	(14,194,231)	(1,487,993)
Net admitted DTA	$ 98,505,443	$ 181,490,265	$ (82,984,822)

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:

	2013	2012	Change
DTA	$ 307,631,937	$ 377,372,925	$ (69,740,988)
DTL	(15,682,224)	(14,194,231)	(1,487,993)
Net DTA	$ 291,949,713	$ 363,178,694	(71,228,981)
Tax effect of cumulative effect of changes in accounting principles			(15,585,048)
Tax effect of unrealized losses			(2,276,432)
Change in net deferred income taxes			$ (89,090,461)

	2013	2012	Change
DTA	$ 377,372,925	$ 350,312,779	$ 27,060,146
DTL	(14,194,231)	(27,607,867)	13,413,636
Net DTA	$ 363,178,694	$ 322,704,912	40,473,782
Tax effect of unrealized losses			(5,162,539)
Change in net deferred income taxes			$ 35,311,243

The Company invests in low-income housing tax credit ("LIHTC") limited partnerships, from which federal and state credits are scheduled to be received through 2025 and 2013, respectively. The federal LIHTC programs provide tax credits over a ten-year period, after which the required holding period extends five years. The state limited partnerships may be disposed upon the expiration of the credit period.

United of Omaha released valuation allowances related to unused net operating losses and charitable contribution carryovers in 2013 based on future taxable income. Prior to 2013, the Company recognized income tax benefits related to United of Omaha's taxable losses, which could not be utilized on separate company basis, as credits to surplus. As a result of the release of the valuation allowance by United of Omaha, the Company included a liability of $46,251,818 in other liabilities on the statutory statement of admitted assets, liabilities and surplus as of December 31, 2013, through a charge to detriment of consolidated tax filing in the statutory statement of changes in surplus, to eliminate the tax benefit impact of United of Omaha's carryforwards previously credited to surplus.

6. RELATED PARTY TRANSACTIONS

The table below reflects lending agreements to related parties as of December 31, 2013, 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 2013	Interest Income 2012
East Campus Realty, L.L.C.	N/A	4.00%	$ 181,000,000	$ 7,433,629	$10,191,957
United of Omaha Life Insurance Company	$150,000,000	0.28%	-	-	14,258
Omaha Financial Holdings, Inc.	100,000,000	2.25%	97,000,000	1,881,113	717,300
East Campus Realty, L.L.C.	5,000,000	0.28%	1,500,000	644	592

The above lending agreements are unsecured revolving credit agreements except for the borrowing outstanding by ECR of $181,000,000, which is a promissory note secured by a deed of trust covering ECR's urban mixed-use development and an assignment of leases and rents at the development. The ECR development is comprised of hotel, theatre and retail space, condominiums, apartments and parking facilities. The Company nonadmitted $35,900,000 of the outstanding balance of this promissory note at December 31, 2013 as required by NAIC SAP.

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, 2013 and 2012.

Borrowing Company	Maximum Borrowing
United of Omaha Life Insurance Company	$ 150,000,000
United World Life Insurance Company	3,000,000
The Omaha Indemnity Company	3,000,000
Companion Life Insurance Company	23,000,000
Omaha Reinsurance Company	5,000,000

The Company has the following unsecured demand, revolving credit borrowing agreements available from related parties. The rate for borrowings under these agreements in 2013 and 2012 was 0.28% and 0.22%, respectively. The Company had no outstanding borrowings under these agreements as of December 31, 2013.

Lending Company	Maximum Borrowing	Interest Expense 2013	Interest Expense 2012
Omaha Life Insurance Company	$ 7,000,000	$ -	$ -
Companion Life Insurance Company	23,000,000	-	7,016
United of Omaha Life Insurance Company	150,000,000	-	39,181
United World Life Insurance Company	3,000,000	-	-

All of the above related party borrowing agreements renew annually for one year terms.

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

	2013	2012
United of Omaha Life Insurance Company	$ 60,000,000	$ 50,000,000
Turner Park North, L.L.C.	6,150,000	2,830,700
Mutual of Omaha Holdings, Inc.	3,200,000	14,999,000
East Campus Realty, L.L.C.	-	80,000,000
Continuum Worldwide Corporation	-	1,000,000

The Company received the following cash dividends during the years ended December 31:

	2013	2012
Mutual of Omaha Holdings, Inc.	$ -	$ 1,500,000
The Omaha Indemnity Company	298,528	-

During 2013, the Company also received dividends of $2,701,472 from the Omaha Indemnity Company in the form of transferred securities and accrued interest.

During 2013, the Company received a cash return of capital of $598,092 from Mutual of Omaha Holdings, Inc.

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:

	2013	2012
Admitted assets	$ 18,122,473,437	$ 16,698,149,290
Liabilities	16,895,600,881	15,670,972,917
Net income (loss)	71,677,925	(31,521,695)

The Company has reinsurance agreements with affiliate entities. The Company assumes individual Medicare Supplement and Long Term Care insurance from United of Omaha. The Company assumes individual Medicare Supplement insurance from Omaha Insurance Company. The Company assumes individual accident and health insurance from United World and Companion. See Note 8 for impacts to the statutory financial statements due to these agreements.

Pursuant to New York Circular Letter No. 33 (1979), the New York State Department of Financial Services required that the parent company of a New York domiciled insurer that files a consolidated income tax return maintain an escrow for any income taxes paid by the New York domiciled insurer to the parent company that are in excess of the consolidated income tax liability for any year. Included in cash equivalents as of December 31, 2013 and 2012 is an escrow account for the benefit of Companion Life Insurance Company, a wholly owned subsidiary of United of Omaha, in the amount of $6,982,690 and $6,979,326, respectively, at Mutual of Omaha Bank, a wholly-owned subsidiary of Omaha Financial Holdings Inc., for income taxes applicable to 2009, 2010, and 2011.

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 are within industry guidelines and practices. Amounts payable to subsidiaries related to these services were $895,660 and $13,071,383 as of December 31, 2013 and 2012, respectively. Amounts due to the Company for these services of $54,303,637 and $7,061,474 as of December 31, 2013 and 2012, respectively, are netted by subsidiary with other intercompany transactions and included in receivable from or payable to subsidiaries based on the net balance with each entity. Other amounts receivable from or payable to subsidiaries represent settlements of premiums, claims, and commissions among the Company and its affiliates.

Additionally, the Company received the following fees under management agreements, service contracts and cost sharing agreements from its subsidiaries and affiliates, which were included as a reduction of operating expenses for the years ended December 31:

	2013	**2012**
Mutual of Omaha Marketing Corporation	$ 1,128,348	$ 1,174,162
The Omaha Indemnity Company	34,103	33,673
	$ 1,162,451	$ 1,207,835

7. BORROWINGS

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 $300,000,000, of which $150,000,000 has no expiration date, and $150,000,000 is renewed annually. As of December 31, 2013 and 2012, the Company had no outstanding borrowings under these agreements. The Company incurred no interest expense on the lines of credit during the year ended December 31, 2013 and 2012.

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, 2013 and 2012, there were no outstanding borrowings under these agreements. The Company incurred no interest expense on these agreements during the year ended December 31, 2013 and 2012.

As of December 31, 2013 and 2012, cash collateral received through securities lending agreements of $13,599,210 and $26,853,213, respectively, was 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 statements of admitted assets, liabilities and surplus. The Company had securities loaned to third parties of $13,605,201 and $24,141,605 as of December 31, 2013 and 2012, respectively. The securities loaned as of December 31, 2013 and 2012 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, 2013 were as follows:

	Amortized Cost	Estimated Fair Value
Open	$ -	$ -
30 days or less	5,707,728	5,707,728
31 to 60 days	1,912,715	1,912,715
61 to 90 days	2,479,251	2,479,251
91 to 120 days	1,763,942	1,763,942
121 to 180 days	1,027,165	1,027,165
181 to 365 days	708,409	708,409
Sub-total	13,599,210	13,599,210
Securities received	-	-
Total collateral received	$ 13,599,210	$ 13,599,210

8. 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.

Effective January 1, 2013 the Company entered into a coinsurance reinsurance agreement with United of Omaha. The Company will reinsure 100% of United of Omaha's Medicare Supplement policies written on or after January 1, 2013.

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

	2013	2012
Health and accident premiums:		
Assumed:		
Affiliates	$ 621,619,836	$ 557,235,226
Non-affiliates	506,316,405	512,276,951
	$1,127,936,241	$1,069,512,177
Ceded:		
Non-affiliates	$ 44,845,092	$ 30,874,696
Health and accident benefits:		
Assumed:		
Affiliates	$ 402,524,988	$ 372,078,750
Non-affiliates	390,200,251	402,683,271
	$ 792,725,239	$ 774,762,021
Ceded:		
Non-affiliates	$ 17,196,725	$ 26,605,044
Operating expenses:		
Assumed:		
Affiliates	$ 91,467,879	$ 39,121,319
Non-affiliates	183,185,090	162,348,019
	$ 274,652,969	$ 201,469,338
Health and accident policy reserves:		
Assumed:		
Affiliates	$ 160,305,151	$ 118,906,750
Non-affiliates	151,433,295	151,462,538
	$ 311,738,446	$ 270,369,288
Ceded:		
Non-affiliates	$ 134,899,685	$ 114,881,287
Policy and contract claims:		
Assumed:		
Affiliates	$ 42,362,623	$ 36,758,033
Non-affiliates	80,993,965	91,852,945
	$ 123,356,588	$ 128,610,978
Ceded:		
Non-affiliates	$ 8,890,995	$ 9,686,340

9. EMPLOYEE BENEFIT PLANS

The Company is both the sponsor and administrator of a noncontributory defined benefit 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 defined benefit plan was amended to freeze plan benefits for participants 40 years old and under. No benefits are available under the defined benefit plan (pension benefits) 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. During 2013, the liabilities related to this plan were reclassified from deferred compensation to pension benefits within the tables below for 2013. 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 October 1, 2012, the defined benefit plan was amended to offer a voluntary lump-sum pension payout program ("the program") to eligible former employees whose deferred vested benefits had a lump sum value equal to $50,000 or less, 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 defined benefit plan of its corresponding obligation. Offers to eligible participants were made on October 1, 2012 and participants had until November 30, 2012 to accept the offer. As part of this voluntary program, the Company paid $39,757,000 to eligible participants and settled approximately $64,800,000 of its pension obligation.

Projected Benefit Obligations and Plan Assets — The Company has no pension or other benefit plans in an overfunded status as of December 31, 2013 and 2012. 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	
	2013	2012	2013	2012
Change in benefit obligation:				
Benefit obligation at beginning of year	$1,178,552,874	$1,087,122,166	$ 87,853,974	$86,264,968
Reclassification of supplemental plan	28,194,286	-	-	-
Service cost	12,759,322	11,752,793	162,329	519,433
Interest cost	49,938,348	54,144,797	3,237,326	4,017,710
Actuarial (gain) loss	(141,521,924)	105,239,272	(14,204,467)	5,238,324
Benefits paid	(43,201,470)	(79,706,154)	(8,605,104)	(8,186,461)
Recognition of nonvested benefits	-	-	4,831,441	-
Benefit obligation at end of year	$1,084,721,436	$1,178,552,874	$ 73,275,499	$87,853,974
Change in plan assets:				
Fair value of plan assets at beginning of year	$ 864,469,863	$ 799,039,347	$ 24,265,864	$28,462,033
Actual return on plan assts	127,481,046	85,136,670	271,233	198,165
Employer contribution	43,282,144	60,000,000	-	-
Benefits paid	(43,201,470)	(79,706,154)	(3,938,477)	(4,394,334)
Fair value of plan assets at end of year	$ 992,031,583	$ 864,469,863	$ 20,598,620	$24,265,864

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

	Pension Benefits		Other Benefits	
	2013	2012	2013	2012
Funded status:				
Overfunded				
Prepaid benefit costs	$132,239,995	$122,309,560	$ -	$ -
Total assets (nonadmitted)	$132,239,995	$122,309,560	$ -	$ -
Underfunded				
Accrued benefit cost	$ 26,759,779	$ 25,845,352	$49,350,834	$50,266,658
Liability for pension benefits	65,930,074	316,431,945	3,326,045	13,321,452
Total liabilities recognized	$ 92,689,853	$342,277,297	$52,676,879	$63,588,110
Components of net periodic benefit cost				
Service cost	$ 12,759,322	$ 11,752,793	$ 162,329	$ 519,433
Interest cost	49,938,348	54,144,797	3,237,326	4,017,710
Expected return on plan assets	(64,732,280)	(62,596,483)	(970,635)	(1,138,481)
Amortization of unrecognized transition obligation or transition asset	-	-	-	4,018,365
Amount of recognized gains and losses	42,180,203	37,167,940	-	-
Amount of prior service cost recognized	(5,879,457)	(5,879,457)	596,330	(43,180)
Total net periodic benefit cost	$ 34,266,136	$ 34,589,590	$ 3,025,350	$ 7,373,847

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	
	2013	2012	2013	2012
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	$ 436,392,571	$384,988,731	$ 13,321,452	$11,743,504
Net transition asset or obligation recognized	-	-	-	(4,018,365)
Net prior service cost arising during the year	-	-	4,831,441	-
Net prior service cost or (credit) recognized	5,879,457	5,879,457	(596,330)	43,180
Net gain and loss arising during the year	(201,921,756)	82,692,323	(14,230,518)	5,553,133
Net gain and loss recognized	(42,180,203)	(37,167,940)	-	-
Items not yet recognized in net periodic cost at the end of the year	$ 198,170,069	$436,392,571	$ 3,326,045	$13,321,452

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	
	2013	2012	2013	2012
Amounts in unassigned funds (surplus) expected to be recognized in net periodic benefit cost during the next year:				
Net prior service cost or (credit)	$ (5,879,457)	$ (5,878,457)	$ 596,330	$ (43,180)
Net recognized gains	13,436,858	-	-	-
Amounts in unassigned funds (surplus) that have not yet been recognized in net periodic benefit cost:				
Net prior service cost or credit	$ (13,024,884)	$ (18,904,341)	$4,062,760	$ (172,351)
Net recognized gains and losses	211,194,953	455,296,912	(736,715)	13,493,803

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

	2014	2015	2016	2017	2018	2019–2022
Pension benefits	$ 49,243	$ 51,259	$ 54,552	$ 59,287	$ 61,772	$ 347,182
Other postretirement benefits	$ 7,493	$ 7,455	$ 7,341	$ 7,178	$ 6,979	$ 31,401

The defined benefit pension plan assets as of December 31, included the following:

	2013	2012
United group annuity contract		
General asset account	$ 470,815,800	$ 432,956,006
Separate account K	62,024,397	94,556,986
Separate account II	140,060,512	84,939,995
Equity securities --domestic	56,870,095	-
Equity securities --foreign	162,980,907	150,798,829
Limited partnerships	99,279,872	101,218,047
	$ 992,031,583	$ 864,469,863

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:

2013	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	$ -	$ 62,024,397	$ -	$ 62,024,397
Separate account II equity securities	140,060,512	-	-	140,060,512
Equity securities - domestic	56,870,095	-	-	56,870,095
Equity securities - foreign	28,592,152	134,388,755	-	162,980,907
Limited partnerships	-	-	99,279,872	99,279,872
Total	$ 225,522,759	$ 196,413,152	$ 99,279,872	$ 521,215,783
2012				
Pension:				
Separate account K equity securities	$ -	$ 94,556,986	$ -	$ 94,556,986
Separate account II equity securities	84,939,995	-	-	84,939,995
Equity securities - foreign	-	150,798,829	-	150,798,829
Limited partnerships	-	-	101,218,047	101,218,047
Total	$ 84,939,995	$ 245,355,815	$ 101,218,047	$ 431,513,857

The investment objective of the defined benefit 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 defined benefit 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 defined benefit 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 defined benefit 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 defined benefit plan or postretirement plan in 2014.

Actuarial Assumptions — Actuarial assumptions related to the plans as of December 31, are set forth in the following table:

	Pension Benefits		Other Benefits	
	2013	**2012**	**2013**	**2012**
Discount rate	5.20 %	4.25 %	5.20 %	4.25 %
Rate of increase in compensation levels	4.36 %	3.50%–5.00%	N/A	N/A
Expected long-term rate of return on plan assets	7.50 %	7.50 %	4.00 %	6.75 %

The assumed health care cost trend rates used in measuring the accumulated postretirement benefit obligation in 2013 and 2012 vary from 7.10% and 7.00%, respectively, gradually declining to 4.5% and 4.40% in 2094 and 2083, respectively, remaining at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rate by one percentage point in each year would increase the Company's postretirement benefit obligation as of December 31, 2013 by approximately $4,415,132 and the net periodic postretirement benefit costs for 2013 by approximately $209,560. Decreasing the assumed health care cost trend rate by one percentage point in each year would decrease the Company's postretirement benefit obligation as of December 31, 2012 by approximately $3,922,308 and the net periodic postretirement benefit costs for 2012 by approximately $183,623.

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 $2,912,591 and $2,548,310 in 2013 and 2012, respectively. The Company also provides deferred compensation benefits for certain key executive officers. As of December 31, 2013 and 2012, 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 $35,955,711 and $59,919,550, respectively.

10. SURPLUS

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

	2013	2012
Unrealized gains	$ 593,864,845	$ 431,647,201
Nonadmitted assets	(339,077,670)	(324,614,225)
AVR	(57,044,695)	(37,864,493)

The minimum statutory capital and surplus necessary to satisfy regulatory requirements was $632,937,364 as of December 31, 2013 (company action level risk-based capital (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.

11. SURPLUS NOTE

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. Interest of $41,037,840 paid in 2013 and 2012 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.

12. COMMITMENTS AND CONTINGENCIES

Effective October 1, 2012, the Company provided 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, 2013, Omaha Re's adjusted capital of $144,293,284 was $118,463,579 above the guarantee trigger. The maximum amount of future payments the Company could be required to make under the guarantee is $298,690,960.

The Company has unfunded investment commitments for bonds, mortgage lending, and limited partnerships of $78,635,336 and $72,415,303 as of December 31, 2013 and 2012, respectively.

Securities with an amortized cost of $3,259,211 and $3,245,622 as of December 31, 2013 and 2012, respectively, were on deposit with government agencies as required by the laws in various jurisdictions in which the Company conducts business.

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 $1,661,190 and $1,550,811 as of December 31, 2013 and 2012, respectively. The Company estimated premium tax credits that it will receive related to amounts paid to guaranty funds of $1,509,602 and $1,408,209 as of December 31, 2013 and 2012, 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.

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.

13. 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, 2013, were:

2014	$ 8,853,322
2015	6,384,451
2016	4,045,305
2017	2,091,501
2018	960,198
Thereafter	203,562
Total	$22,538,339

The Company's rental expense for the years ended December 31, 2013 and 2012, was approximately $7,009,000 and $5,600,000, respectively.

14. GAIN OR LOSS FROM UNINSURED ACCIDENT AND HEALTH PLANS AND UNINSURED PORTION OF PARTIALLY INSURED PLANS

Administrative Services Only ("ASO") Plans — The Company recognized a loss of $5,000 from operations from ASO uninsured plans in 2013. The Company did not recognize a gain or loss from operations from ASO uninsured plans for the year ended December 31, 2012. The total claim payment volume was $36,000 and $28,000 for the years ended December 31, 2013 and 2012, respectively.

15. DIRECT PREMIUMS WRITTEN

The Company's direct written accident and health premiums administered by third-parties were $162,544,542 and $135,788,528 during the years ended December 31, 2013 and 2012, respectively.

16. RETROSPECTIVELY RATED CONTRACTS

The Company estimates accrued retrospective premium adjustments for its group health business based upon premium, claims and expense experience for each retrospectively rated policy. This method may result in the calculation of an asset or liability for certain retrospectively rated policies. The amount of net premiums earned by the Company that were subject to retrospective rating features were approximately $254,015 and $188,062 during the years ended December 31, 2013 and 2012, respectively. These net premiums represented 0.2% of the total net premium for group business during the years ended December 31, 2013 and 2012.

17. 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:

	2013	2012
Balance at January 1	$ 842,132,676	$ 832,383,924
Reinsurance recoverable	42,278,873	48,772,099
Net balance at January 1	799,853,803	783,611,825
Incurred related to:		
Current year	1,400,710,053	1,328,058,476
Prior years	(15,629,471)	(16,779,723)
Total incurred	1,385,080,582	1,311,278,753
Paid related to:		
Current year	1,062,301,263	1,013,764,678
Prior years	300,461,578	281,272,097
Total paid	1,362,762,841	1,295,036,775
Net balance at December 31	822,171,544	799,853,803
Reinsurance recoverable	47,269,528	42,278,873
Balance at December 31	$ 869,441,072	$ 842,132,676

During 2013 and 2012, incurred claims related to prior years were negative, as actual payments and estimated remaining costs were less than originally anticipated.

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:

	2013	2012
Prior year accrual	$ 19,655,872	$ 19,738,873
Incurred claim adjustment expenses	33,416,464	35,228,434
Paid claim adjustment expenses	(31,513,379)	(35,311,435)
	$ 21,558,957	$ 19,655,872

18. 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:

	2013	2012
EDP equipment	$ 79,250,331	$ 75,110,005
Operating system software	18,818,284	18,790,940
Nonoperating system software	198,351,988	184,819,447
Accumulated depreciation	(250,721,034)	(230,384,787)
Assets nonadmitted	(33,588,530)	(34,412,379)
	$ 12,111,039	$ 13,923,226

Depreciation expense related to EDP equipment and operating and nonoperating software totaled $22,920,437 and $22,205,518 for the years ended December 31, 2013 and 2012, respectively.

19. 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 Year Ended December 31,	**2013**	**2012**
Statutory net income	$ 105,805,824	$ 56,763,555
Earnings of subsidiaries	307,100,940	126,284,673
Valuation of investments	(4,795,864)	(2,994,691)
Deferred policy acquisition costs	87,149,535	68,170,647
Deferred income taxes	(106,316,889)	4,605,641
Surplus note	(229,803)	(229,803)
Savings (detriment) of consolidated tax filings	(36,702,460)	22,122,768
Policy reserves	7,449,644	(6,128,553)
Other	(213,570)	15,203,009
GAAP net income	$ 359,247,357	$ 283,797,246

As of December 31,	**2013**	**2012**
Statutory surplus	$2,674,545,844	$2,406,025,718
Subsidiary equity	1,625,868,171	1,754,424,751
Valuation of investments	140,903,462	344,919,429
Deferred policy acquisition costs	787,835,546	700,686,011
Deferred income taxes	(533,411,075)	(475,996,822)
Statutory asset valuation reserve	57,044,695	37,864,493
Statutory interest maintenance reserve	4,254,720	3,647,822
Nonadmitted assets	339,077,670	324,614,225
Surplus note	(584,255,605)	(578,169,639)
Pension and postretirement plans	-	(80,022,498)
Policy reserves	150,814,677	143,365,033
Subsidiary FIT liability	46,251,818	-
Other	25,288,250	20,182,626
GAAP equity	$4,734,218,173	$4,601,541,149

20. RECONCILIATION TO ANNUAL STATEMENT

The Company is required to file an Annual Statement with the State of Nebraska Department of Insurance. Subsequent to the filing of the 2013 Annual Statement, the Company identified that the amount of accident and health insurance premiums in force was not appropriately reflected in certain exhibits in the annual statement. In the table for accident and health insurance the column for premiums in force at the end of the year was zero and should have been $247,929,417, as it is reflected in the accompanying Supplemental Schedule of Selected Financial Data.

Subsequent to the filing of the 2011 Annual Statement, the Company reclassified $12,257,291 of amounts owed to OFHI between net unrealized capital losses and savings from the consolidated tax filing. The Company presented this reclassification on its 2012 Annual Statement. The following tables reconcile the amounts reflected in the audited statutory financial statements to the amounts reflected in the Annual Statements for the years ended December 31, as follows:

2012	**Annual Statement**	**Difference**	**Audited Financial Statements**
Statutory statements of changes in surplus			
Net unrealized capital losses	$ (61,188,049)	$ 12,257,291	$ (48,930,758)
Savings from consolidated tax filing	$ 36,114,426	$ (12,257,291)	$ 23,857,135

* * * * * *

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 2013 audit was conducted for the purpose of forming an opinion on the 2013 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, 2013 are presented for purposes of additional analysis and are not a required part of the 2013 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 2013 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 2013 statutory-basis financial statements as a whole.

Deloitte + Touche LLP

April 25, 2014

Member of
Deloitte Touche Tohmatsu Limited

MUTUAL OF OMAHA INSURANCE COMPANY

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

Investment income earned:	
U.S. government bonds	$ 20,282,076
Other bonds (unaffiliated)	115,986,211
Bonds of affiliates	-
Preferred stocks (unaffiliated)	2,071,641
Preferred stocks of affiliates	-
Common stocks (unaffiliated)	1,119,671
Common stocks of affiliates	3,000,000
Mortgage loans	14,974,755
Real estate	10,638,128
Contract loans	-
Cash, Cash Equivalent, and Short-term investments	9,717,736
Other invested assets	36,894,321
Derivative instruments	-
Aggregate write-ins for investment income	109,133
Gross investment income	$ 214,793,672
Real estate owned — book value less encumbrances	$ 36,062,251
Mortgage loans — book value:	
Farm mortgages	$ -
Residential mortgages	355,220
Commercial mortgages	239,202,570
Total mortgage loans	$ 239,557,790
Mortgage loans by standing — book value:	
Good standing	$ 239,144,789
Good standing with restructured terms	$ -
Interest overdue more than three months — not in foreclosure	$ 413,001
Foreclosure in process	$ -
Other long-term assets — statement value	$ 208,645,026
Collateral loans	$ -

(Continued)

MUTUAL OF OMAHA INSURANCE COMPANY

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

Bonds and stocks of subsidiaries and affiliates — book value:	
Bonds	$ -
Preferred stocks	$ -
Common stocks	$1,905,194,897
Bonds, cash equivalent bonds and short-term investments by class and maturity:	
Bonds by maturity — statement value:	
Due within one year or less	$ 189,725,694
Over 1 year and through 5 years	501,154,070
Over 5 years through 10 years	592,183,892
Over 10 years through 20 years	627,683,211
Over 20 years	578,521,968
Total by maturity	$2,489,268,835
Bonds, cash equivalent bonds and short-term investments by class — statement value:	
Class 1	$1,461,846,295
Class 2	925,975,307
Class 3	84,297,295
Class 4	10,718,550
Class 5	3,727,550
Class 6	2,703,838
Total by class	$2,489,268,835
Total bonds publicly traded	$1,358,944,114
Total bonds privately traded	$1,130,324,721
Preferred stocks — statement value	$ 41,707,507
Common stocks — market value	$1,928,283,986
Short-term investments — book value	$ 243,600,000
Options, caps, and floors owned — statement value	$ -
Options, caps, and floors written and in force — statement value	$ -
Collar, swap and forward agreements open — current value	$ -
Cash on deposit	$ 91,653,334

(Continued)

MUTUAL OF OMAHA INSURANCE COMPANY

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

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, 2013

Group:	
Amount of income payable	$ -
Fully paid — account balance	$ -
Not fully paid — account balance	$ -
Accident and health insurance — premiums in force:	
Ordinary	$1,833,768,541
Group	$ 247,929,417
Credit	$ -
Deposit funds and dividend accumulations:	
Deposit funds — account balance	$ -
Dividend accumulations — account balance	$ -
Claim payments 2013 — group accident and health — year ended December 31, 2013:	
2013	$ 67,778,492
2012	$ 33,020,613
2011	$ 8,201,914
2010	$ 3,293,169
2009	$ 2,656,899
2008 and prior	$ 17,131,136

(Continued)

MUTUAL OF OMAHA INSURANCE COMPANY

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

Claim payments 2013 (continued):

Other accident and health — year ended December 31, 2013:	
2013	$ 994,522,772
2012	$ 170,590,764
2011	$ 19,670,992
2010	$ 12,239,497
2009	$ 7,510,921
2008 and prior	$ 26,145,676
Other coverages that use developmental methods to calculate claim reserves:	
2013	$ -
2012	$ -
2011	$ -
2010	$ -
2009	$ -
2008	$ -

(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	1,242,335	0.024	1,242,335	0	1,242,335	0.024
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	2,376,491	0.046	2,376,491	0	2,376,491	0.046
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	28,465,160	0.548	28,465,160	0	28,465,160	0.548
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	213,599,935	4.111	213,599,935	0	213,599,935	4.111
1.512 Issued or guaranteed by FNMA and FHLMC	14,808,260	0.285	14,808,260	0	14,808,260	0.285
1.513 All other	21,043,127	0.405	21,043,127	0	21,043,127	0.405
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	346,704,310	6.672	346,704,310	0	346,704,310	6.672
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	26,225,215	0.505	26,225,215	0	26,225,215	0.505
1.523 All other	37,863,653	0.729	37,863,653	0	37,863,653	0.729
2. Other debt and other fixed income securities (excluding short-term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	1,274,629,885	24.531	1,274,629,885	0	1,274,629,885	24.531
2.2 Unaffiliated non-U.S. securities (including Canada)	416,718,708	8.020	416,718,708	0	416,718,708	8.020
2.3 Affiliated securities	0	0.000	0	0	0	0.000
3. Equity interests:						
3.1 Investments in mutual funds	9,678,546	0.186	9,678,546	0	9,678,546	0.186
3.2 Preferred stocks:						
3.21 Affiliated	0	0.000	0	0	0	0.000
3.22 Unaffiliated	41,707,507	0.803	41,707,507	0	41,707,507	0.803
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated	0	0.000	0	0	0	0.000
3.32 Unaffiliated	19,514	0.000	19,514	0	19,514	0.000
3.4 Other equity securities:						
3.41 Affiliated	1,905,194,897	36.666	1,905,194,897	0	1,905,194,897	36.666
3.42 Unaffiliated	13,391,029	0.258	13,391,029	0	13,391,029	0.258
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	0	0.000	0	0	0	0.000
4.2 Agricultural	0	0.000	0	0	0	0.000
4.3 Single family residential properties	355,219	0.007	355,219	0	355,219	0.007
4.4 Multifamily residential properties	0	0.000	0	0	0	0.000
4.5 Commercial loans	239,202,571	4.604	239,202,571	0	239,202,571	4.604
4.6 Mezzanine real estate loans	0	0.000	0	0	0	0.000
5. Real estate investments:						
5.1 Property occupied by company	12,657,816	0.244	12,657,816	0	12,657,816	0.244
5.2 Property held for production of income (including $ 0 of property acquired in satisfaction of debt)	23,404,435	0.450	23,404,435	0	23,404,435	0.450
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	0	0.000	0	0	0	0.000
8. Receivables for securities	2,201,440	0.042	2,201,440	0	2,201,440	0.042
9. Securities Lending (Line 10, Asset Page reinvested collateral)	13,599,210	0.262	13,599,210	XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	342,345,091	6.589	342,345,091	13,599,210	355,944,301	6.850
11. Other invested assets	208,645,026	4.015	208,645,026	0	208,645,026	4.015
12. Total invested assets	5,196,079,380	100.000	5,196,079,380	13,599,210	5,196,079,380	100.000

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2013
(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. $ 5,795,359,051

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	$ 1,226,872,556	21.2 %
2.02	OMAHA FINANCIAL HOLDINGS INC	Non-Insurance Affiliate Stock, Short Term Revolver	$ 743,773,296	12.8 %
2.03	EAST CAMPUS REALTY	Non-Insurance Affiliate LLC, Short Term Mortgage Loan, Short Term Revolver	$ 161,272,768	2.8 %
2.04	PROLOGIS-MACQUARIE FUND	Mortgage Loans	$ 33,000,000	0.6 %
2.05	CHASE MTG FIN CORP 2003-S14	Residential Mortgage-backed Securities	$ 23,836,457	0.4 %
2.06	MUTUAL OF OMAHA HOLDINGS INC	Non-Insurance Affiliate Stock	$ 19,140,701	0.3 %
2.07	PACIFICORP	Corporate Bonds	$ 18,786,268	0.3 %
2.08	UNITED WATER WORKS INC	Corporate Bonds	$ 17,500,000	0.3 %
2.09	CARGILL INC	Corporate Bonds	$ 16,328,639	0.3 %
2.10	ORACLE CORP	Corporate Bonds	$ 15,884,504	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	$ 1,461,846,295	25.2 %	3.07	P/RP-1	$ 12,283,315	0.2 %
3.02	NAIC-2	$ 925,975,307	16.0 %	3.08	P/RP-2	$ 29,107,351	0.5 %
3.03	NAIC-3	$ 84,297,295	1.5 %	3.09	P/RP-3	$ 316,842	0.0 %
3.04	NAIC-4	$ 10,718,550	0.2 %	3.10	P/RP-4	$ 0	0.0 %
3.05	NAIC-5	$ 3,727,550	0.1 %	3.11	P/RP-5	$ 0	0.0 %
3.06	NAIC-6	$ 2,703,838	0.0 %	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	$ 375,311,627	6.5 %
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	$	326,858,057	5.6 %
5.02	Countries designated NAIC-2	$	48,453,570	0.8 %
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	$	106,946,849	1.8 %
6.02	Country 2: Australia	$	66,723,815	1.2 %
	Countries designated NAIC - 2:			
6.03	Country 1: Ireland	$	38,453,570	0.7 %
6.04	Country 2: Bahamas	$	6,000,000	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	BASF SE (Germany)	1	$	14,543,515	0.3 %
10.02	OILTANKING FINANCE BV (Germany)	2	$	10,000,000	0.2 %
10.03	VITOL FINANCE LTD (Bermuda)	2	$	10,000,000	0.2 %
10.04	ORICA FINANCE LIMITED (Australia)	2	$	9,500,000	0.2 %
10.05	WOLSELEY CAPITAL INC (United Kingdom)	2	$	9,000,000	0.2 %
10.06	SANDVIK TREASURY AB (Sweden)	2	$	8,754,159	0.2 %
10.07	UNITED DRUG FINANCE LIMITED (Ireland)	2	$	8,445,923	0.1 %
10.08	TESCO PLC (United Kingdom)	2	$	7,979,202	0.1 %
10.09	TRANSURBAN FINANCE CO PTY LTD (Australia)	1	$	7,822,905	0.1 %
10.10	BBA AVIATION PLC (United Kingdom)	2	$	7,166,367	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)	$ 1,226,872,556	21.2 %
13.03	OMAHA FINANCIAL HOLDINGS INC (Non-Insurance Affiliate Stock)	$ 646,773,296	11.2 %
13.04	MUTUAL OF OMAHA HOLDINGS INC (Non-Insurance Affiliate Stock)	$ 19,140,701	0.3 %
13.05	U S INDUSTRIAL REIT III (Equity Partnerships)	$ 15,245,500	0.3 %
13.06	EAST CAMPUS REALTY (Non-Insurance Affiliate Equity Partnerships)	$ 14,672,768	0.3 %
13.07	ARES US REAL ESTATE FUND VII LP (Equity Partnerships)	$ 13,915,215	0.2 %
13.08	OMAHA INDEMNITY CO (Insurance Affiliate Stock)	$ 12,408,344	0.2 %
13.09	PRUDENTIAL CAPITAL PARTNERS III (Equity Partnerships)	$ 12,370,299	0.2 %
13.10	CARLYLE MEZZANINE PARTNERS II (Equity Partnerships)	$ 10,302,350	0.2 %
13.11	LASALLE INCOME & GROWTH FUND V (Equity Partnerships)	$ 10,054,408	0.2 %

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 [ ] No [X]

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	$	221,061,346	3.8 %
	Largest three investments held in nonaffiliated, privately placed equities:			
14.03	U S INDUSTRIAL REIT III (Equity Partnerships)	$	15,245,500	0.3 %
14.04	ARES US REAL ESTATE FUND VII LP (Equity Partnerships)	$	13,915,215	0.2 %
14.05	PRUDENTIAL CAPITAL PARTNERS III (Equity Partnerships)	$	12,370,299	0.2 %

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) Prologis-Macquarie Fund	$	33,000,000	0.6 %
16.03	(Commercial) Sunset Land Company LLC	$	9,972,617	0.2 %
16.04	(Commercial) Wraf Housing, LLC	$	8,590,546	0.1 %
16.05	(Commercial) Christiana Town Center LLC	$	8,454,389	0.1 %
16.06	(Commercial) Lund 159 Dodge LLC	$	5,179,818	0.1 %
16.07	(Commercial) Us Premier Office Equities LP	$	4,961,375	0.1 %
16.08	(Commercial) ECHO Settler's Ridge Associates LP	$	4,522,707	0.1 %
16.09	(Commercial) Berkshire Mall LLC	$	4,069,782	0.1 %
16.10	(Commercial) VR St Andrews Limited Partnership	$	4,000,000	0.1 %
16.11	(Commercial) Gjgg Holdings LLC	$	3,306,763	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	$ 0	0.0 %
16.13	Mortgage loans over 90 days past due	$ 413,001	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%	$ 181,378	0.0 %	$ 413,001	0.0 %	$ 0	0.0 %
17.04	71 to 80%	$ 173,841	0.0 %	$ 19,662,627	0.3 %	$ 0	0.0 %
17.05	below 70%	$ 0	0.0 %	$ 219,126,943	3.8 %	$ 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		At End of Each Quarter		
			1st Quarter	2nd Quarter	3rd Quarter
	1	2	3	4	5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	$ 13,605,201	0.2 %	$ 36,816,953	$ 30,949,150	$ 21,479,998
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		Written	
	1	2	3	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		At End of Each Quarter		
			1st Quarter	2nd Quarter	3rd Quarter
	1	2	3	4	5
22.01 Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
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		At End of Each Quarter		
			1st Quarter	2nd Quarter	3rd Quarter
	1	2	3	4	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