United of Omaha Life Insurance Company

A Wholly Owned Subsidiary of
(Mutual of Omaha Insurance Company)

Statutory Financial Statements as of December 31, 2016 and 2015, and for the Years Ended December 31, 2016, 2015, and 2014, Supplemental Schedules as of and for the Year Ended December 31, 2016, and Independent Auditors' Reports

UNITED OF OMAHA LIFE INSURANCE COMPANY
(A Wholly Owned Subsidiary of Mutual of Omaha Insurance Company)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United of Omaha Life Insurance Company
Omaha, Nebraska

We have audited the accompanying statutory-basis financial statements of United of Omaha Life Insurance Company (the "Company") (a wholly owned subsidiary of Mutual of Omaha Insurance Company), which comprise the statutory-basis statements of admitted assets, liabilities, and surplus as of December 31, 2016 and 2015, and the related statutory-basis statements of operations, changes in surplus, and cash flows for each of the three years in the period ended December 31, 2016, 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 from 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 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 United of Omaha Life 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; although not reasonably determinable, are presumed to be material.

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 United of Omaha Life Insurance Company as of December 31, 2016 and 2015, or the results of its operations or its cash flows for each of the three years in the period ended December 31, 2016.

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 United of Omaha Life Insurance Company as of December 31, 2016 and 2015, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2016, 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 10, 2017

UNITED OF OMAHA LIFE INSURANCE COMPANY
(A Wholly Owned Subsidiary of Mutual of Omaha Insurance Company)

STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND SURPLUS
AS OF DECEMBER 31, 2016 AND 2015

	2016	2015
ADMITTED ASSETS		
CASH AND INVESTED ASSETS:		
Bonds	$13,797,081,508	$12,620,714,864
Preferred stocks	28,800,000	48,733,332
Common stocks — unaffiliated	23,036,400	27,107,600
Common stocks — affiliated	110,249,977	110,641,508
Mortgage loans — net	2,000,163,314	1,828,173,268
Real estate occupied by the Company — net of accumulated depreciation of $90,944,932 and $88,746,511, respectively	49,554,692	50,091,007
Real estate held for sale	396,900	838,693
Contract loans	179,965,773	180,363,795
Cash and cash equivalents	51,472,241	409,624,386
Short-term investments	50,000,000	89,879,337
Securities lending cash collateral	154,808,895	122,176,373
Other invested assets	213,428,353	316,583,806
Total cash and invested assets	16,658,958,053	15,804,927,969
INVESTMENT INCOME DUE AND ACCRUED	129,900,575	122,654,722
PREMIUMS DEFERRED AND UNCOLLECTED	215,070,113	307,852,957
REINSURANCE RECOVERABLE	153,485,454	68,439,725
NET DEFERRED TAX ASSETS	134,613,940	130,110,747
OTHER ASSETS	28,426,038	13,750,257
SEPARATE ACCOUNT ASSETS	3,377,775,288	3,174,766,656
TOTAL ADMITTED ASSETS	$20,698,229,461	$19,622,503,033
LIABILITIES AND SURPLUS		
LIABILITIES:		
Policy reserves:		
Reserves for life policies and contracts	$10,413,337,671	$ 9,891,313,798
Deposit-type contracts	2,691,722,811	2,539,786,629
Health and accident active life	85,950,238	74,977,709
Total policy reserves	13,191,010,720	12,506,078,136
Claim reserves:		
Policy and contract claims — life	82,222,373	83,109,676
Policy and contract claims — health	731,471,345	683,191,021
Total claim reserves	813,693,718	766,300,697
Premiums paid in advance	25,362,322	25,253,188
Interest maintenance reserve	17,063,974	20,733,287
Asset valuation reserve	122,405,601	115,360,698
General expenses and taxes due or accrued	51,933,478	63,466,639
Payable to parent, subsidiaries, and affiliates — net	116,663,084	101,858,856
Borrowings	225,107,295	268,431,314
Funds held under coinsurance	1,107,118,053	918,179,349
Other liabilities	220,583,357	220,356,078
Separate account liabilities	3,377,775,288	3,174,766,656
Total liabilities	19,268,716,890	18,180,784,898
SURPLUS:		
Capital stocks, $10 par value, 900,000 shares authorized, issued and outstanding	9,000,000	9,000,000
Gross paid-in and contributed surplus	582,558,051	582,558,051
Special surplus	-	188,293
Unassigned surplus	837,954,520	849,971,791
Total surplus	1,429,512,571	1,441,718,135
TOTAL LIABILITIES AND SURPLUS	$20,698,229,461	$19,622,503,033

See notes to statutory financial statements.

UNITED OF OMAHA LIFE INSURANCE COMPANY
(A Wholly Owned Subsidiary of Mutual of Omaha Insurance Company)

STATUTORY STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015, AND 2014

	2016	2015	2014
INCOME:			
Net premiums and annuity considerations	$ 3,692,085,072	$ 3,572,460,647	$ 2,712,909,931
Net investment income	702,647,668	828,993,447	722,385,875
Commissions and expense allowances on reinsurance ceded	106,978,078	86,792,950	99,216,506
Other income	34,438,032	36,924,199	39,194,399
Total income	4,536,148,850	4,525,171,243	3,573,706,711
BENEFITS AND EXPENSES:			
Policyholder benefits	2,635,808,148	2,668,812,360	2,692,216,254
Increase (decrease) in reserves	569,658,040	499,191,656	(391,205,938)
Commissions	448,052,058	404,720,170	363,125,588
Operating expenses	849,981,695	736,816,890	724,482,999
Total benefits and expenses	4,503,499,941	4,309,541,076	3,388,618,903
NET GAIN FROM OPERATIONS BEFORE FEDERAL INCOME TAX EXPENSE AND NET REALIZED CAPITAL LOSSES	32,648,909	215,630,167	185,087,808
FEDERAL INCOME TAX EXPENSE	23,569,907	38,273,444	2,241,026
NET GAIN FROM OPERATIONS BEFORE NET REALIZED CAPITAL LOSSES	9,079,002	177,356,723	182,846,782
NET REALIZED CAPITAL LOSSES — Net of taxes (benefits) of $(1,212,222), $1,468,554, and $170,128, and transfers to (from) the interest maintenance reserve of $(704,192), $1,401,547, and $2,674,036, respectively	(67,427)	(23,716,607)	(18,421,192)
NET INCOME	$ 9,011,575	$ 153,640,116	$ 164,425,590

See notes to statutory financial statements.

UNITED OF OMAHA LIFE INSURANCE COMPANY
(A Wholly Owned Subsidiary of Mutual of Omaha Insurance Company)

STATUTORY STATEMENTS OF CHANGES IN SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015, AND 2014

	2016	2015	2014
CAPITAL STOCK	$ 9,000,000	$ 9,000,000	$ 9,000,000
GROSS PAID-IN AND CONTRIBUTED SURPLUS	582,558,051	582,558,051	582,558,051
SPECIAL SURPLUS:			
Balance — beginning of year	188,293	-	-
Increase (decrease) in aggregate write-ins	(188,293)	188,293	-
Balance — end of year	-	188,293	-
UNASSIGNED SURPLUS:			
Balance — beginning of year	849,971,791	831,165,140	635,314,505
Net income	9,011,575	153,640,116	164,425,590
Dividends paid	(96,893,320)	-	-
Change in:			
Net unrealized capital gains (losses) — net of benefits of $(3,013,887), $(29,204,215), and $(6,017,848), respectively	13,011,251	(75,903,694)	(137,045,333)
Foreign exchange unrealized capital gains (losses) — net of taxes (benefits) of $(6,397,183), $885,127, and $(505,753), respectively	(11,880,483)	1,643,807	(939,256)
Net deferred income taxes	(8,860,779)	(3,344,152)	(89,224,373)
Nonadmitted assets	(8,793,465)	(43,060,193)	60,275,191
Reserve on account of change in valuation basis	(11,085,245)	(53,185,427)	(37,221,767)
Asset valuation reserve	(7,044,903)	43,045,643	12,921,800
Deferred gain (loss) on reinsurance	110,329,805	(3,841,156)	222,658,783
Aggregate write-ins	188,293	(188,293)	-
Balance — end of year	837,954,520	849,971,791	831,165,140
TOTAL SURPLUS	$ 1,429,512,571	$ 1,441,718,135	$ 1,422,723,191

See notes to statutory financial statements.

UNITED OF OMAHA LIFE INSURANCE COMPANY
(A Wholly Owned Subsidiary of Mutual of Omaha Insurance Company)

STATUTORY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015, AND 2014

	2016	2015	2014
CASH FROM (USED FOR) OPERATIONS:			
Net premiums and annuity considerations	$ 4,027,342,652	$ 3,657,204,398	$ 3,667,470,932
Net investment income	686,084,298	729,634,818	698,093,182
Other income	113,206,403	111,460,256	132,733,984
Policyholder benefits	(2,755,534,999)	(2,731,036,354)	(2,765,829,922)
Net transfers (to) from separate accounts	(78,703)	238,575	(194,927)
Commissions and operating expenses	(1,203,177,105)	(1,080,267,112)	(1,093,373,693)
Federal income taxes paid to parent	(34,407,646)	(16,880,438)	(3,550,980)
Net cash from operations	833,434,900	670,354,143	635,348,576
CASH FROM (USED FOR) INVESTMENTS:			
Proceeds from investments sold, matured or repaid:			
Bonds	1,591,913,023	1,670,516,463	1,540,100,992
Stocks	53,408,644	16,680,246	11,175,551
Mortgage loans	246,701,849	325,887,167	307,082,681
Real estate	777,251	2,128,050	12,642,647
Other invested assets	36,073,102	58,044,454	46,473,405
Net losses on cash, cash equivalents, and short-term investments	(1,412)	(985)	(3,880)
Miscellaneous proceeds	1,157,790	7,072,196	1,208,196
Cost of investments acquired:			
Bonds	(2,800,344,659)	(2,557,947,905)	(2,220,824,891)
Stocks	(6,124,600)	(52,710,400)	(15,243,709)
Mortgage loans	(419,557,666)	(379,111,785)	(179,670,043)
Real estate	(2,548,222)	(737,768)	(1,197,454)
Other invested assets	(14,641,070)	(16,160,935)	(13,080,732)
Miscellaneous applications	(13,446,280)	-	(4,900,783)
Net (increase) decrease in contract loans	(577,837)	1,570,779	(1,781,602)
Net cash used for investments	(1,327,210,087)	(924,770,423)	(518,019,622)
CASH FROM (USED FOR) FINANCING AND MISCELLANEOUS SOURCES:			
Borrowed funds (paid) received	(75,909,092)	54,090,908	(10,909,092)
Net increase in deposit-type contracts	151,936,182	216,862,668	40,086,982
Net increase (decrease) in payable to parent	14,804,228	(17,219,916)	60,395,884
Other cash provided	4,912,387	937,280	21,360,195
Net cash from financing and miscellaneous sources	95,743,705	254,670,940	110,933,969
NET CHANGE IN CASH, CASH EQUIVALENTS, AND SHORT-TERM INVESTMENTS	(398,031,482)	254,660	228,262,923
CASH, CASH EQUIVALENTS, AND SHORT-TERM INVESTMENTS:			
Beginning of year	499,503,723	499,249,063	270,986,140
End of year	$ 101,472,241	$ 499,503,723	$ 499,249,063

(Continued)

UNITED OF OMAHA LIFE INSURANCE COMPANY
(A Wholly Owned Subsidiary of Mutual of Omaha Insurance Company)

STATUTORY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015, AND 2014

	2016	2015	2014
NON-CASH TRANSACTIONS:			
Capital contribution of securities to Omaha Reinsurance Company	$ -	$ -	$ 121,755,856
Mortgage loans transferred to other invested assets	$ -	$ 2,053,911	$ 766,323
Omaha Reinsurance Company ceded premium settled through funds withheld	$ 332,482,986	$ 152,806,118	$ 970,875,425
Omaha Reinsurance Company ceded benefits settled through funds withheld	$ 83,378,381	$ 76,646,063	$ 51,162,080
Omaha Reinsurance Company ceded commissions settled through funds withheld	$ 26,323,850	$ 9,950,282	$ 22,032,933
Mortgage loan conversions	$ -	$ 30,407,771	$ -
Stock and bond conversions	$ 127,995,665	$ 116,015,508	$ 67,277,374
Capital distribution — from affiliated LLC	$ -	$ 78,655,132	$ 25,420,794
Dividend paid in the form of other invested assets	$ 96,893,320	$ -	$ -
Omaha Reinsurance Company ceded policy loans settled through funds withheld	$ 3,825,826	$ 2,846,503	$ 2,382,684
Companion assumed premium settled through funds withheld	$ 27,750,717	$ 27,461,888	
Companion assumed benefits settled through funds withheld	$ 17,152,522	$ 18,338,775	
Companion assumed commissions settled through funds withheld	$ 4,167,552	$ 4,486,165	
Companion assumed interest settled through funds withheld	$ 1,510,740	$ 1,319,126	
Omaha Reinsurance Company ceded interest settled through funds withheld	$ 45,611,612	$ 41,287,000	
Capital contribution through payable to subsidiary	$ -	$ 5,000,000	
Funds withheld listed as current amounts receivable	$ 20,148,796	$ 6,038,925	

See notes to statutory financial statements. (Concluded)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations—United of Omaha Life Insurance Company (the "Company") is a wholly owned subsidiary of Mutual of Omaha Insurance Company ("Mutual of Omaha"), a mutual health and accident and life insurance company, domiciled in the State of Nebraska. The following are wholly owned subsidiaries of the Company: Companion Life Insurance Company ("Companion"); United World Life Insurance Company ("United World"); Omaha Life Insurance Company; UM Holdings, L.L.C.; Omaha Reinsurance Company ("Omaha Re") and Mutual of Omaha Structured Settlement Company. The Company previously owned UM Holdings II, L.L.C., UM Holdings III, L.L.C., and UM Holdings IV, L.L.C. which were dissolved effective December 29, 2014.

The Company provides a wide array of financial products and services to a broad range of institutional and individual customers and is licensed in 49 states, the District of Columbia, Puerto Rico, Guam, and the U.S. Virgin Islands. Principal products and services provided include individual health insurance, individual and group life insurance, annuities, and retirement plans.

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 ("NDOI"). The State of Nebraska has adopted the National Association of Insurance Commissioners' ("NAIC") Statutory Accounting Principles ("SAP") as the basis of its statutory accounting practices. The Commissioner of the NDOI has the right to permit other specific practices that may deviate from NAIC SAP.

The State of Nebraska employed a prescribed accounting practice for synthetic guaranteed interest contracts ("synthetic GICs") that differs from NAIC SAP in how reserves are determined. The following is a reconciliation of the Company's net income and statutory surplus between the prescribed accounting practices and NAIC SAP as of and for the years ended December 31:

	2016	2015	2014
Net income, Nebraska basis	$ 9,011,575	$ 153,640,116	$ 164,425,590
Nebraska prescribed practice: synthetic GICs	359,513	(2,407,501)	126,369
Net income, NAIC SAP	$ 9,371,088	$ 151,232,615	$ 164,551,959
Statutory surplus, Nebraska basis	$ 1,429,512,571	$ 1,441,718,135	$ 1,422,723,191
Nebraska prescribed practice: synthetic GICs	7,635,597	7,276,083	9,683,584
Statutory surplus, NAIC SAP	$ 1,437,148,168	$ 1,448,994,218	$ 1,432,406,775

The prescribed practice is reflected as an increase (decrease) in reserve in net income and reserve for life policies and contracts in liabilities.

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 bonds 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 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 for 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 are reflected in either net investment income or as a realized gain or loss depending on the underlying investments.

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

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

g. NAIC SAP requires an amount to be recorded for deferred taxes as a component of surplus; however, there are limitations as to the amount of deferred tax assets ("DTAs") 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 as for GAAP.

h. NAIC SAP policy reserves for life insurance and annuities are based on mortality, lapse, and interest assumptions prescribed or permitted by state statutes. For health insurance, mortality and interest are prescribed, and morbidity and lapse assumptions are Company estimates 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.

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

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

k. Premium receipts and benefits on universal life-type contracts and deferred annuities are recorded as income and expense under NAIC SAP. Under GAAP, revenues on universal life-type contracts and deferred annuities are comprised of contract charges and fees that are recognized when assessed against the policyholder account balance. In addition, certain of the revenue as defined under deposit accounting is deferred and amortized to income over the expected life of the contract using the product's estimated gross profits, similar to acquisition costs. Premium receipts and benefits paid are considered deposits and withdrawals, respectively, and are recorded as or against interest-bearing liabilities.

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

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

n. Subsidiaries are included as common stocks 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 statutory statements of operations.

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

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

Use of Estimates—The preparation of statutory 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 statutory financial statements, and reported amounts of revenues and expenses during the reporting period. The most significant estimates and assumptions include those used in determining investment valuation in the absence of quoted market values, impairments, 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 and recoverability of an asset relies on projections of future cash flows, 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 asset valuations are susceptible to the risk inherent in making such projections.

Due to the length and complexity of annuity and life insurance contracts and the risks involved, policy reserves calculated using regulatory prescribed methods and assumptions are often not closely related to the economic liability for the benefits and options promised to policyholders. Reserves are determined using prescribed mortality tables and interest rate assumptions. Prescribed lapse assumptions are permitted on certain universal life contracts. Certain guarantees embedded in the contracts are defined formulaically. Actual mortality, lapse, interest rates, and the nature of the guarantees, will differ from prescribed assumptions and definitions.

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

Policy and contract claims are estimated based upon the 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.

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 stated at amortized cost; except for preferred stocks that are NAIC rated 4 through 6, which are stated at lower of amortized cost or fair value.

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

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

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

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 in non-accrual status when payments are determined to be uncollectable. 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 troubled debt restructuring ("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 to a below market rate, a forgiveness of principal or interest, an extended repayment period (maturity date) at a contractual interest rate lower than the current interest rate for new debt with similar risk, or capitalization and deferral of interest payments.

Real estate, excluding real estate held for sale, is valued at cost, less accumulated depreciation. Depreciation is provided on the straight-line method over the estimated useful lives, generally forty years, of the related assets. Real estate held for sale is valued at the lower of depreciated cost or fair value less estimated costs to sell. Real estate held for sale consists of collateral received on foreclosed mortgage loans.

Contract loans are carried at unpaid principal balances.

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 investments whose original maturities at the time of purchase are three months to one year and are stated at cost, which approximates fair value.

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

Other invested assets include investments in limited partnerships, receivables for securities, and an approximately 80% ownership of Fulcrum Growth Partners, L.L.C. and Fulcrum Growth Partners III L.L.C (collectively "Fulcrum"). The Company currently recognizes 80% of the contributions and distributions of Fulcrum in its investment in Fulcrum and 72% of net income (loss) based on the partnership agreement provisions. Limited partnerships and the investment in Fulcrum are carried at their underlying GAAP equity, which approximates fair value, 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. Distributions of income from these investments are recorded in net investment income.

Fulcrum was established for the purpose of investing in nontraditional assets, including private equities, public equities, special situation real estate equities and mezzanine debt. Fulcrum is capitalized through the contributions of the Company and one other owner. Contributions are no longer accepted by Fulcrum. The Company's investment in Fulcrum in the statements of admitted assets, liabilities, and surplus and net investment income in the statutory statements of operations was as follows:

	2016	2015	2014
As of and for the year ended December 31:			
Investment in Fulcrum	$ 60,277,418	$ 61,694,454	$ 172,095,065
Net investment income	$ 9,349,319	$ 127,035,073	$ 32,100,581

Fulcrum's assets, liabilities and results of operations as of and for the nine months ended September 30, were as follows:

	2016	2015	2014
Assets	$ 85,579,144	$ 107,369,016	$ 242,991,173
Liabilities	$ 128,757	$ 126,979	$ 116,010
Net income	$ 9,799,797	$ 17,522,640	$ 30,759,855

The Company uses derivative financial instruments to reduce exposure to market volatility associated with assets held or liabilities incurred and to change the characteristics of the Company's asset/liability mix, consistent with the Company's risk management activities.

Derivatives include foreign currency swaps, swaptions, interest rate swaps, and call spread options. When derivative financial instruments meet specific criteria, they may be designated as accounting hedges and accounted for on an amortized cost basis, in a manner consistent with the item hedged. Derivative financial instruments that are not designated as accounting hedges are accounted for on a fair value basis with changes recorded as a change in net unrealized capital gains (losses) within the statutory statements of changes in surplus. Net settlement amounts on interest rate swaps are recorded as adjustments to net investment income on an accrual basis over the life of the swap. Interest on currency swaps is included in net investment income.

The Company designates certain of its foreign currency swaps as cash flow hedges when they are highly effective in offsetting the exposure of variations in cash flows for the hedged item. The Company designates certain of its interest rate swaps as fair value hedges when they are highly effective in offsetting the risk of changes in the fair value of the hedged item. For interest rate swaps, the Company is exposed to credit-related losses in the amount of the net interest differential in the event of non-performance by the swap counterparty. For currency swaps and forwards, the Company is exposed to credit-related losses in the amount of the net currency differential in the event of non-performance by the swap counterparty.

The Company uses swaptions to mitigate interest rate risk. Under a swaption, the Company pays a one-time premium to the counterparty while the counterparty agrees to deliver at expiration the value of the underlying swap if that value is positive. The Company's swaptions are not highly correlated or effective so they do not qualify for hedge accounting. Changes in the fair value of the swaptions are included in net unrealized capital gains (losses) within the statutory statements of changes in surplus.

The Company uses call spread options to hedge the crediting rates under equity indexed products. Under an option, the Company pays a one-time premium to the counterparty while the counterparty agrees to deliver at expiration the value of the underlying index if that value is positive. The amount of the payment may be limited to a maximium amount under an "equity collar". The Company does not document these options as hedges, so changes in the fair value of the options are included in net unrealized capital gains (losses) within the statutory statements of changes in surplus.

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 (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.

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 four to twenty years. There were $89,038 and $7,865,131 in fully depreciated write-offs of home office property no longer in use in 2016 and 2015, respectively. The Company had no write-offs of home office property no longer in use in 2014. Depreciation and amortization expense was $4,537,558, $4,292,526, and $4,472,260 for the years ended December 31, 2016, 2015, and 2014, respectively.

Separate Accounts—The assets of the separate accounts in the statutory statements of admitted assets, liabilities, and surplus are carried at fair value and consist primarily of common stocks and mutual funds held by the Company for the benefit of contract holders under specific individual annuity and life insurance contracts and group annuity contracts. Separate account assets are segregated and are not subject to claims that arise out of any other business of the Company. Deposits and premiums received from and benefits paid to separate account contract holders are reflected in the statutory statements of operations net of reinsurance, but are offset by transfers to and from the separate account. Mortality, policy administration, and surrender charges from all separate accounts are included in other income.

Policy Reserves—Policy reserves include life and annuity reserves, active life reserves for health contracts, and reserves for deposit-type contracts.

Life insurance reserves provide amounts adequate to discharge estimated future obligations in excess of estimated future net premiums on policies in force. Such reserves are valued using the net level premium method, the Commissioners' Reserve Valuation Method, or other modified reserve methods. Interest rate assumptions ranged from 2.50% to 6.00% for the years ending December 31, 2016 and 2015. Reserves for individual fixed annuities and supplementary contracts in payout status with life contingencies are maintained using the net level premium method or the Commissioners' Annuity Reserve Valuation Method, with appropriate statutory interest and mortality assumptions computed on the basis of interest ranging from 2.50% to 9.25% for the years ended December 31, 2016 and 2015. Group annuity reserves are valued using the net single premium method with statutory interest and mortality assumptions computed on the basis of interest ranging from 3.50% to 11.25% for the years ended December 31, 2016 and 2015.

Active life reserves for health contracts provide amounts adequate to discharge estimated future obligations in excess of estimated future premiums on policies in force. Such reserves are based on statutory mortality and interest assumptions. Morbidity assumptions are either industry experience or a blend of industry and Company experience. Voluntary lapse assumptions, when applicable, are based on Company experience with statutory limitations. Such reserves are calculated on a net level premium method or on a one- or two-year preliminary term basis.

Reserves for deposit-type contracts are equal to deposits received and interest credited to the benefit of contract holders, less withdrawals that represent a return to the contract holder. Reserves for annuities certain and supplementary contracts in payout status without life contingencies are determined using a net level premium method. Tabular interest on deposit-type contracts is calculated by formula as described in the NAIC instructions.

Claim Reserves—Claim reserves include the amounts estimated for claims that have been reported but not settled and estimates for claims incurred but not reported. Such reserves are estimated based upon the Company's and affiliates' 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. Claim adjustment expenses are accrued and included in operating expenses.

Reinsurance—In the normal course of business, the Company assumes and cedes insurance business 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 reviewed for collectability on a quarterly basis. All amounts deemed uncollectible are written off through a charge to the statutory statements of operations when the uncollectibility of amounts recoverable from reinsurers is confirmed. Balances are included in the statutory statements of admitted assets, liabilities, and surplus and the statutory statements of operations, net of reinsurance, except for commissions and expense allowances on reinsurance ceded which are shown as income.

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

Premiums due under reinsurance agreements are reported as negative uncollected premiums in the statutory statements of admitted assets, liabilities, and surplus. Experience refunds related to reinsurance are reported as reinsurance recoverables.

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

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

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

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

Asset Valuation Reserve and Interest Maintenance Reserve—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 (losses), net of tax, on sales of bonds and certain other investments that result from interest rate changes. These gains (losses) are then amortized into investment income over what would have been the remaining years to maturity of the underlying investments.

Premiums and Annuity Considerations and Related Commissions—Life premiums are recognized as income over the premium-paying period of the policies. Health and accident premiums are recognized as income over the terms of the policies. Annuity considerations are recognized as income when received. Considerations received on deposit-type funds, which do not contain any life contingencies, are recorded directly to the related liability. 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:

Morbidity/mortality risk is the risk that experience is unfavorable compared to company assumptions due to errors in setting assumption, catastrophic risk (e.g. pandemic), volatility, and changes in trend. The Company mitigates these risks through reinsurance programs, adherence to strict underwriting guidelines, monitoring underwriting exceptions, and a formal assumption review and approval process.

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

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

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

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

Fair Value—Financial assets and liabilities have been categorized into a three-level fair value hierarchy, based on the priority of the inputs to the respective valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An asset or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. The input levels are as follows:

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

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

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

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

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

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

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 a realized capital loss 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 or the limited partnership reports realized capital losses on their statutory financial statements or 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.

Subsequent Events—The Company has evaluated events subsequent to December 31, 2016 through April 10, 2017, the date these statutory financial statements were available to be issued and, other than disclosed in Note 12, has determined that there are no material events that require adjustment to or disclosure in these statutory financial statements.

Reclassifications—The accompanying statutory financial statements of admitted assets, liabilities, and surplus reflect reclassifications of certain liabilities in the prior period to conform to the current presentation. Claim reserves and premiums paid in advance were disaggregated from total policy reserves and certain other policy reserves were reclassified from within total policy reserves to within other liabilities.

Accounting Pronouncements—In April 2016, the NAIC issued revisions to Statement of Statutory Accounting Principle ("SSAP") 1 *Accounting Policies, Risks & Uncertainties, and Other Disclosures* ("SSAP 1") to clarify the disclosure presentation for permitted and prescribed practices. The revisions specifically require the disclosure of the reporting line of the area primarily impacted and whether the practice is a departure from NAIC SSAP or from a state prescribed practice. The Company has provided disclosures in accordance with the revised standard in Note 1.

In June 2016, the NAIC issued revisions to SSAP 1 to add an additional disclosure to capture the aggregate total of collateral assets reported as assets on the statutory financial statements and the corresponding liability to return these collateral assets in comparison to total admitted assets and total liabilities. The Company has provided disclosures in accordance with the revised standard in Note 2.

In June 2016, the NAIC issued revisions to SSAP 26 Bonds and SSAP 43R Loan-Backed and Structured Securities that require disclosure of the number of CUSIPs and aggregate amount of investment income generated as a result of prepayment penalties and/or acceleration fees and clarify the amount of investment income and/or realized gain (loss) to be reported upon disposal of an investment. These revisions are effective in 2017 and the impact on net investment income and realized gain (loss) will be dependent on the amount and nature of prepayment penalties in 2017.

During 2016, the NAIC issued revisions to SSAP 51 Life Contracts and SSAP 54R Individual and Group Accident and Health Contracts that require life, annuity, and health policies issued on or after the implementation of principles-based reserving to use the Valuation Manual, which describes reserve valuation under principles-based reserving (“PBR”), following an entity’s adoption of PBR. These changes are effective January 1, 2017, however reporting entities may delay implementation for up to three years. The Company intends to adopt PBR in 2020 and is evaluating the impact of this guidance on its 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:

2016	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government	$ 89,268,195	$ 6,782,437	$ 281,848	$ 95,768,784
States, territories, and possessions	35,026,923	2,529,135	62,272	37,493,786
Special revenue	147,723,495	532,693	1,813,367	146,442,821
Hybrid	472,239	-	13,662	458,577
Foreign corporate	2,449,986,600	117,778,868	23,759,914	2,544,005,554
U.S. and Canadian corporate	7,259,646,965	316,857,449	105,578,585	7,470,925,829
Commercial MBS	856,054,248	44,307,849	2,864,925	897,497,172
Residential MBS	840,849,068	44,167,846	7,139,790	877,877,124
Other ABS	2,118,053,775	32,261,618	16,598,648	2,133,716,745
Total bonds	13,797,081,508	565,217,895	158,113,011	14,204,186,392
Redeemable preferred stocks	28,800,000	1,553,692	-	30,353,692
Total	$ 13,825,881,508	$ 566,771,587	$ 158,113,011	$ 14,234,540,084

2015	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government	$ 111,859,933	$ 8,199,721	$ 619,569	$ 119,440,085
States, territories, and possessions	35,350,735	3,040,697	155,583	38,235,849
Special revenue	148,546,812	1,855,990	693,291	149,709,511
Foreign corporate	2,305,714,156	108,913,657	31,947,828	2,382,679,985
U.S. and Canadian corporate	6,473,761,029	260,825,255	148,657,227	6,585,929,057
Commercial MBS	985,433,084	61,619,860	3,458,260	1,043,594,684
Residential MBS	898,250,456	52,878,905	4,583,858	946,545,503
Other ABS	1,661,798,659	34,137,103	11,199,890	1,684,735,872
Total bonds	12,620,714,864	531,471,188	201,315,506	12,950,870,546
Redeemable preferred stocks	48,733,332	4,145,054	-	52,878,386
Total	$ 12,669,448,196	$ 535,616,242	$ 201,315,506	$ 13,003,748,932

Bonds with an NAIC designation of 6 of $50,467,418 and $16,210,484 as of December 31, 2016 and 2015, 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 94.7% and 95.1% of the Company’s total bond portfolio as of December 31, 2016 and 2015, respectively.

Information regarding the Company's investments in structured notes as of December 31, 2016, was as follows:

CUSIP	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage-Referenced Security
38141GFA7	$ 5,012,500	$ 5,000,000	$ 5,006,602	No

The carrying value and estimated fair value of bonds and redeemable preferred stocks as of December 31, 2016, 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	$ 446,222,917	$ 450,878,599
Due after one year through five years	2,379,991,626	2,488,972,193
Due after five years through ten years	2,310,250,120	2,421,349,472
Due after ten years	4,874,459,754	4,964,248,779
	10,010,924,417	10,325,449,043
MBS and other ABS	3,814,957,091	3,909,091,041
Total	$ 13,825,881,508	$ 14,234,540,084

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

2016	Less than One Year Estimated Fair Value	Less than One Year Gross Unrealized Losses	One Year or More Estimated Fair Value	One Year or More Gross Unrealized Losses	Total Estimated Fair Value	Total Gross Unrealized Losses
U.S. government	$ 45,774,158	$ 281,848	$ -	$ -	$ 45,774,158	$ 281,848
States, territories, and possessions	6,488,050	62,272	-	-	6,488,050	62,272
Special revenue	58,379,513	1,813,367	-	-	58,379,513	1,813,367
Hybrid	458,576	13,662	-	-	458,576	13,662
Foreign corporate	490,727,901	18,956,072	50,779,175	4,803,842	541,507,076	23,759,914
U.S. and Canadian corporate	2,063,745,084	89,748,506	205,914,676	15,830,079	2,269,659,760	105,578,585
Commercial MBS	56,012,658	1,633,176	51,513,348	1,231,749	107,526,006	2,864,925
Residential MBS	344,663,001	5,979,274	28,416,770	1,160,516	373,079,771	7,139,790
Other ABS	754,392,945	14,493,904	149,751,298	2,104,744	904,144,243	16,598,648
Total	$3,820,641,886	$132,982,081	$486,375,267	$25,130,930	$4,307,017,153	$158,113,011

2015	Less than One Year Estimated Fair Value	Less than One Year Gross Unrealized Losses	One Year or More Estimated Fair Value	One Year or More Gross Unrealized Losses	Total Estimated Fair Value	Total Gross Unrealized Losses
U.S. government	$ 70,524,916	$ 619,569	$ -	$ -	$ 70,524,916	$ 619,569
States, territories, and possessions	6,804,065	155,583	-	-	6,804,065	155,583
Special revenue	103,969,874	326,767	7,708,247	366,524	111,678,121	693,291
Foreign corporate	604,993,248	27,337,158	29,481,898	4,610,670	634,475,146	31,947,828
U.S. and Canadian corporate	2,515,694,131	135,323,388	75,725,779	13,333,839	2,591,419,910	148,657,227
Commercial MBS	110,841,956	3,207,940	46,687,301	250,320	157,529,257	3,458,260
Residential MBS	276,157,599	3,642,873	21,024,384	940,985	297,181,983	4,583,858
Other ABS	497,898,982	7,602,431	137,910,609	3,597,459	635,809,591	11,199,890
Total	$4,186,884,771	$178,215,709	$318,538,218	$23,099,797	$4,505,422,989	$201,315,506

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. As of December 31, 2016, 92 securities were in an unrealized loss position one year or more with an average credit rating of A3 and were 88.1% investment grade. As of December 31, 2016, 549 securities were in an unrealized loss position less than one year with an average credit rating of A2 and were 96.6% investment grade.

Net realized capital losses for the years ended December 31, 2016 and 2015 include losses of $11,418,708 and $18,025,089, respectively, resulting from other-than-temporary declines in the fair value of bonds or changes in expected cash flows, and are not included in the table above.

Gross unrealized losses for MBS and other ABS as of December 31, 2016, by vintage, were as follows:

		Non-Agency				
	Agency	**2013 and Prior**	**2014**	**2015**	**2016**	**Total**
Commercial MBS	$ 286,219	$1,489,502	$ 175,099	$209,922	$ 704,183	$ 2,864,925
Residential MBS	6,617,408	28,908	30,692	-	462,782	7,139,790
Other ABS	16,598,648	-	-	-	-	16,598,648
	$23,502,275	$1,518,410	$ 205,791	$209,922	$1,166,965	$26,603,363

Within its investments in 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 ABS against its annual investment authorization level approved by the Board of Directors. Restrictions include exposure at the aggregate level to 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, 2016 and 2015 have a carrying value of $5,862,316 and $6,420,322, respectively, and the fair value of these loans exceeded the cost basis as of December 31, 2016.

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

	2016	**2015**	**2014**
Proceeds from sales or disposals:			
Bonds	$ 142,703,463	$ 99,745,778	$ 167,697,486
Stocks	$ 9,075,758	$ 3,413,577	$ 11,175,551
Net realized capital gains (losses) on bonds and stocks:			
Bonds:			
Gross realized capital gains from sales or other disposals	$ 2,590,532	$ 4,016,949	$ 7,323,102
Gross realized capital losses from sales or other disposals	(4,692,675)	(2,562,614)	(9,553,243)
OTTI losses	(11,418,708)	(18,025,089)	(1,267,020)
Net realized capital losses	$ (13,520,851)	$ (16,570,754)	$ (3,497,161)
Stocks:			
Gross realized capital gains from sales or other disposals	$ 2,557,912	$ 932,231	$ 1,765,178
Gross realized capital losses from sales or other disposals	(662)	-	(61,322)
Net realized capital gains	$ 2,557,250	$ 932,231	$ 1,703,856

Bond income due and accrued of $4,574,792 and $437,154 related to bonds in default was excluded from investment income during the years ended December 31, 2016 and 2015, respectively.

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 one class and portfolio segment: commercial loans. During 2016, the minimum and maximum lending rates for mortgage loans were 2.9% and 4.6%, 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 2016 was 74.5%. Mutual of Omaha and Companion participate in certain of the Company's mortgage loans.

Net realized capital losses for the years ended December 31, 2016, 2015, and 2014 include losses of $431,803, $535,919, and $772,428, respectively, resulting from impairments of mortgage loans.

Mortgage loan participations purchased from one loan originator comprise 32.3% and 42.6% of the portfolio as of December 31, 2016 and 2015, respectively. The properties collateralizing mortgage loans are geographically dispersed throughout the United States, with the largest concentration in California of approximately 19.4% and 21.7% of the portfolio as of December 31, 2016 and 2015, respectively.

Credit Quality Indicators—For purposes of monitoring the credit quality and risk characteristics, 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. The credit quality indicators are updated annually or more frequently if conditions warrant based on the Company's credit monitoring process.

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

	Debt Service Coverage Ratios			
2016	**>1.20x**	**1.00x-1.20x**	**<1.00x**	**Total**
Loan-to-value ratios:				
Less than 65%	$ 1,516,545,556	$ 174,614,013	$ 68,660,103	$ 1,759,819,672
65% to 75%	196,694,090	34,018,613	2,848,600	233,561,303
76% to 80%	644,300	884,571	518,844	2,047,715
Greater than 80%	2,881,638	1,852,986	-	4,734,624
Total	$ 1,716,765,584	$ 211,370,183	$ 72,027,547	$ 2,000,163,314

	Debt Service Coverage Ratios			
2015	**>1.20x**	**1.00x-1.20x**	**<1.00x**	**Total**
Loan-to-value ratios:				
Less than 65%	$ 1,274,612,515	$ 206,689,976	$ 77,131,188	$ 1,558,433,679
65% to 75%	175,780,511	44,221,783	1,542,477	221,544,771
76% to 80%	664,431	-	2,460,041	3,124,472
Greater than 80%	1,868,596	3,883,495	39,318,255	45,070,346
Total	$ 1,452,926,053	$ 254,795,254	$ 120,451,961	$ 1,828,173,268

Non-Accrual and Past Due Loans—The Company's loans in current status were $1,998,202,711 and $1,826,136,300 as of December 31, 2016 and 2015, respectively. The Company's investment in loans that were 30–59 days past due were $1,135,847 and $860,589 as of December 31, 2016 and 2015, respectively. The Company's investment in loans that were 60–89 days past due was $824,756 and $617,400 as of December 31, 2016 and 2015, respectively.

The Company had no loans that were in non-accrual status as of December 31, 2016. The Company's investment in loans that were in non-accrual status was $558,980 as of December 31, 2015.

Impaired Loans—Information related to impaired loans for the Company during 2016 and 2015, was as follows:

As of December 31,	**2016**	**2015**
Impaired mortgage loans	$ 14,509,199	$ 15,820,723

For the Years Ended December 31,	**2016**	**2015**
Average recorded investment	$ 15,257,100	$ 15,910,731
Interest income recognized	1,193,845	1,301,583
Interest received	1,205,568	1,288,946

The Company had no allowance for credit losses as of December 31, 2016 and 2015.

Troubled Debt Restructured Loans—Information related to TDR loans for the Company during 2016 and 2015, was as follows:

As of December 31,	**2016**	**2015**
Loans invested	$ 10,073,476	$ 9,545,529

For the Years Ended December 31,	**2016**	**2015**
Realized capital losses	$ 79,003	$ -

During the year ended December 31, 2016, the Company modified two loans with a combined principal balance of $1,287,346 in a TDR. During the year ended December 31, 2015, the Company modified two loans with a combined principal balance of $1,516,847 in a TDR. The Company did not have any mortgage loans that were restructured within the previous twelve months and subsequently defaulted on their restructured terms during the period. No additional funds were committed to debtors whose terms have been modified in the years ended December 31, 2016 and 2015.

Common Stocks — Unaffiliated—Included within common stocks — unaffiliated as of December 31, 2016 and 2015 is FHLB capital stocks of $23,036,400 and $27,037,227, respectively. As of December 31, 2016 and 2015, $22,648,424 and $25,536,961, respectively, was classified as required stocks and the remaining $387,976 and $1,500,266, respectively, was classified as excess stocks.

Limited Partnerships—Net realized capital losses for the years ended December 31, 2016, 2015, and 2014 include losses of $7,230,984, $2,251,137, and $4,622,785, respectively, resulting from other-than-temporary declines in fair value of limited partnerships due to market conditions.

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

2016	Gross Restricted Assets	Total Admitted Restricted Assets	Percentage: Gross Restricted to Total Assets	Percentage: Admitted Restricted to Total Admitted Assets
Collateral held under security lending agreements	$ 154,808,895	$ 154,808,895	0.74 %	0.75 %
FHLB capital stocks	23,036,400	23,036,400	0.11	0.11
On deposit with states	5,218,194	5,218,194	0.03	0.03
Pledged collateral to FHLB (including assets backing funding agreements)	830,345,976	830,345,976	3.98	4.01
Total	$ 1,013,409,465	$ 1,013,409,465	4.86 %	4.90 %

2015	Gross Restricted Assets	Total Admitted Restricted Assets	Percentage: Gross Restricted to Total Assets	Percentage: Admitted Restricted to Total Admitted Assets
Collateral held under security lending agreements	$ 122,176,373	$ 122,176,373	0.62 %	0.62 %
FHLB capital stocks	27,037,227	27,037,227	0.14	0.14
On deposit with states	5,102,117	5,102,117	0.03	0.03
Pledged collateral to FHLB (including assets backing funding agreements)	808,245,679	808,245,679	4.09	4.12
Total	$ 962,561,396	$ 962,561,396	4.88 %	4.91 %

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

	2016	2015	2014
Bonds	$ 595,473,734	$ 579,831,400	$ 568,983,705
Preferred stocks	1,814,636	1,873,234	1,196,450
Common stocks — unaffiliated	568	614	209
Mortgage loans	92,375,427	99,706,945	101,478,588
Real estate	15,923,714	16,295,891	4,717,209
Contract loans	12,056,284	12,264,684	12,277,592
Cash and cash equivalents	1,352,044	1,007,900	917,402
Short-term investments	1,153,980	1,286,783	1,267,342
Other	19,031,662	147,698,267	54,630,115
Gross investment income	739,182,049	859,965,718	745,468,612
Amortization of IMR	2,965,120	3,195,294	3,553,182
Investment expenses	(39,499,501)	(34,167,565)	(26,635,919)
Net investment income	$ 702,647,668	$ 828,993,447	$ 722,385,875

3. STRUCTURED SECURITIES

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

2016	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
MBS:				
Commercial	$ 856,054,248	$ 44,307,849	$ 2,864,925	$ 897,497,172
Residential	840,849,068	44,167,846	7,139,790	877,877,124
	1,696,903,316	88,475,695	10,004,715	1,775,374,296
Other ABS	2,118,053,775	32,261,618	16,598,648	2,133,716,745
Total	$ 3,814,957,091	$ 120,737,313	$ 26,603,363	$ 3,909,091,041

2015	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
MBS:				
Commercial	$ 985,433,084	$ 61,619,860	$ 3,458,260	$ 1,043,594,684
Residential	898,250,456	52,878,905	4,583,858	946,545,503
	1,883,683,540	114,498,765	8,042,118	1,990,140,187
Other ABS	1,661,798,659	34,137,103	11,199,890	1,684,735,872
Total	$ 3,545,482,199	$ 148,635,868	$ 19,242,008	$ 3,674,876,059

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

	Less than One Year		One Year or More		Total	
2016	**Estimated Fair Value**	**Gross Unrealized Losses**	**Estimated Fair Value**	**Gross Unrealized Losses**	**Estimated Fair Value**	**Gross Unrealized Losses**
MBS:						
Commercial	$ 56,012,658	$ 1,633,176	$ 51,513,348	$1,231,749	$ 107,526,006	$ 2,864,925
Residential	344,663,001	5,979,274	28,416,770	1,160,516	373,079,771	7,139,790
	400,675,659	7,612,450	79,930,118	2,392,265	480,605,777	10,004,715
Other ABS	754,392,945	14,493,904	149,751,298	2,104,744	904,144,243	16,598,648
Total	$1,155,068,604	$22,106,354	$229,681,416	$4,497,009	$1,384,750,020	$26,603,363

	Less than One Year		One Year or More		Total	
2015	**Estimated Fair Value**	**Gross Unrealized Losses**	**Estimated Fair Value**	**Gross Unrealized Losses**	**Estimated Fair Value**	**Gross Unrealized Losses**
MBS:						
Commercial	$ 110,841,956	$ 3,207,940	$ 46,687,301	$ 250,320	$ 157,529,257	$ 3,458,260
Residential	276,157,599	3,642,873	21,024,384	940,985	297,181,983	4,583,858
	386,999,555	6,850,813	67,711,685	1,191,305	454,711,240	8,042,118
Other ABS	497,898,982	7,602,431	137,910,609	3,597,459	635,809,591	11,199,890
Total	$ 884,898,537	$14,453,244	$205,622,294	$4,788,764	$1,090,520,831	$19,242,008

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 the intent to sell or inability to hold to maturity during 2016 or 2015. All of the Company's OTTI on loan-backed and structured securities during 2016 and 2015 were based on the present value of future cash flows expected to be less than the amortized cost of the security as shown in the following tables:

2016	Amortized Cost Basis Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized OTTI	Amortized Cost Basis After OTTI	Fair Value at the Date of Impairment	Date of Financial Statement Where Reported
CUSIP:						
46630VAP7	$ 512,662	$ 429,913	$ 82,750	$ 429,913	$ 24,976	03/31/2016
05952AAN4	2,125,830	2,096,163	29,667	2,096,163	2,096,163	05/31/2016
46625MDB2	546,154	115,599	430,555	115,599	30,000	06/30/2016
929766MZ3	915,860	905,705	10,155	905,705	815,385	06/30/2016
46625MDB2	117,553	81,720	35,833	81,720	720	09/30/2016
760985FR7	269,122	262,944	6,178	262,944	260,931	09/30/2016
929766MZ3	900,803	880,515	20,288	880,515	663,727	09/30/2016
929766NA7	97,753	90,005	7,748	90,005	40,025	09/30/2016
46625MDB2	82,216	39,031	43,186	39,031	360	12/31/2016
524685AA2	1,429,976	1,422,226	7,749	1,422,226	1,422,226	12/31/2016
929766NA7	87,939	-	87,939	-	-	12/31/2016
70469HAA7	1,163,403	851,142	312,261	851,142	634,442	12/31/2016
	$ 8,249,271	$7,174,963	$ 1,074,309	$7,174,963	$5,988,955	

2015	Amortized Cost Basis Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized OTTI	Amortized Cost Basis After OTTI	Fair Value at the Date of Impairment	Date of Financial Statement Where Reported
CUSIP:						
22545DAH0	$ 4,537,406	$4,505,706	$ 31,700	$4,505,706	$2,526,100	03/31/2015
46625MDB2	5,977,363	896,250	5,081,113	896,250	896,250	03/31/2015
929766MZ3	1,504,694	1,459,302	45,391	1,459,302	1,259,940	03/31/2015
22545DAH0	4,547,022	-	4,547,022	-	-	06/30/2015
50180LAP5	3,745,700	380,975	3,364,725	380,975	368,830	06/30/2015
50180LAR1	1,755,172	191,611	1,563,562	191,611	187,096	06/30/2015
929766MZ3	1,102,764	1,051,640	51,124	1,051,640	990,582	06/30/2015
929766NA7	79,048	49,635	29,413	49,635	28,202	06/30/2015
50180LAP5	187,604	-	187,604	-	-	09/30/2015
929766MZ3	972,230	937,303	34,927	937,303	937,303	12/31/2015
	$24,409,003	$9,472,422	$14,936,581	$9,472,422	$7,194,303	

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:

2016	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
State and political subdivisions securities	$ -	$ 240,492	$ -	$ 240,492
U.S. and Canadian corporate securities	-	-	32,900,000	32,900,000
Foreign corporate securities	-	-	8,400,000	8,400,000
Other ABS	-	-	8,404,962	8,404,962
Securities lending cash collateral	154,808,895	-	-	154,808,895
Derivative cash collateral	37,880,000	-	-	37,880,000
Derivative assets	-	41,213,191	-	41,213,191
Derivative liabilities	-	4,985,304	-	4,985,304
Total without separate accounts	192,688,895	46,438,987	49,704,962	288,832,844
Separate accounts	2,010,263,998	1,366,716,872	-	3,376,980,870
Total	$ 2,202,952,893	$ 1,413,155,859	$ 49,704,962	$ 3,665,813,714

2015	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
State and political subdivisions securities	$ -	$ 247,084	$ -	$ 247,084
Commercial MBS	-	-	26,775	26,775
Other ABS	-	-	1,551,451	1,551,451
Common stocks	-	70,374	-	70,374
Cash equivalents	3,856,721	-	-	3,856,721
Securities lending cash collateral	122,176,373	-	-	122,176,373
Derivative cash collateral	24,587,000	-	-	24,587,000
Derivative assets	-	27,051,800	-	27,051,800
Derivative liabilities	-	812,541	-	812,541
Total without separate accounts	150,620,094	28,181,799	1,578,226	180,380,119
Separate accounts	1,918,277,133	1,254,031,688	-	3,172,308,821
Total	$ 2,068,897,227	$ 1,282,213,487	$ 1,578,226	$ 3,352,688,940

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, 2016 and 2015, there were no transfers between Level 1 and Level 2.

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

Cash Equivalents, Derivative Cash Collateral, and Securities Lending Cash Collateral—Comprised of U.S. Direct Obligation/Full Faith and Credit Exempt money market instruments, commercial paper, cash, and all highly-liquid debt securities purchased with an original maturity of less than three months. These money market instruments are valued using unadjusted quoted prices in active markets that are accessible for identical assets and are primarily classified as Level 1. If public quotations are not available for commercial paper or debt securities, because of the highly liquid nature of these assets, carrying amounts may be used to approximate fair values. The carrying amount of cash approximates fair value.

Separate Accounts—Separate accounts are comprised primarily of money market instruments, mutual funds, collective investment trusts, exchange trades funds, and common stock. Valuation is based on actively traded money market instruments, mutual funds, collective investment trusts, exchange trades funds, and common stocks that have daily quoted net asset values for identical assets that the Company can access.

Level 2 Measurements

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

Common Stocks—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.

Derivative Assets and Liabilities—These derivatives include swaptions, interest rate swaps, foreign currency swaps, and call spread options, and are principally valued using an income approach. Valuations are based on present value techniques and option pricing models, which utilize significant inputs that may include implied volatility, the swap yield curve, LIBOR basis curves, repurchase rates, currency spot rates, and cross currency basis curves.

Separate Accounts—Separate accounts are comprised primarily of common collective trusts which are valued based on independent pricing services and non-binding broker quotations. The pricing services, in general, employ a market approach to valuing portfolio investments using market prices from exchanges or matrix pricing when quoted prices are not available and other relevant data inputs as necessary. When current market prices or pricing service quotations are not available, the trustees use contractual cash flows and other inputs to value the funds.

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.

U.S. and Canadian Corporate and Foreign Corporate Securities—These securities are principally valued using the market and income approaches. Valuations of these securities are based primarily on matrix pricing or other similar techniques that utilize unobservable inputs or cannot be derived principally from, or corroborated by, observable market data, including illiquidity premiums and spread adjustments to reflect industry trends or specific credit-related issues. Valuations may be based on independent non-binding broker quotations. 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 generally causing these investments to be classified in Level 3. Generally, below investment grade privately placed or distressed securities included in this level are valued using discounted cash flow methodologies which rely upon significant, unobservable inputs, and inputs that cannot be derived principally from, or corroborated by, observable market data.

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

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, 2016 and 2015, were as follows:

		Gains (Losses)						
	Balance January 1, 2016	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, 2016
U.S. and Canadian corporate securities	$ -	$ (3,600,000)	$ (114,882)	$ -	$ (34,085)	$ 36,648,967	$ -	$ 32,900,000
Foreign corporate services	-	(3,600,000)	-	-	-	12,000,000	-	8,400,000
Commercial MBS	26,775	(95,687)	21,567	-	47,345	-	-	-
Other ABS	1,551,451	-	(5,584)	-	(5,184,865)	12,043,960	-	8,404,962
Total	$1,578,226	$ (7,295,687)	$ (98,899)	$ -	$ (5,171,605)	$ 60,692,927	$ -	$ 49,704,962

		Gains (Losses)						
	Balance January 1, 2015	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, 2015
Commercial MBS	$ -	$(29,413)	$ 64,767	$ -	$ (22,634)	$ 14,055	$ -	$ 26,775
Other ABS	-	-	(15,267)	-	(428,397)	1,995,115	-	1,551,451
Total	$ -	$(29,413)	$ 49,500	$ -	$(451,031)	$2,009,170	$ -	$1,578,226

Fair Value of Financial Instruments—The carrying values, estimated fair values, and the level within the fair value hierarchy in which the Company's financial instruments fall as of December 31, were as follows:

2016	Carrying Value	Estimated Fair Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Financial assets:						
Bonds	$13,797,081,508	$14,204,186,392	$ -	$12,954,687,447	$1,249,498,944	$ -
Preferred stocks	28,800,000	30,353,692	-	30,353,692	-	-
Common stocks — unaffiliated	23,036,400	23,036,400	-	-	-	23,036,400
Mortgage loans	2,000,163,314	2,022,208,344	-	-	2,022,208,344	-
Contract loans	179,965,773	179,965,773	-	-	-	179,965,773
Cash and cash equivalents	51,472,241	51,472,241	51,472,241	-	-	-
Short-term investments	50,000,000	50,000,000	-	50,000,000	-	-
Securities lending cash collateral	154,808,895	154,808,895	154,808,895	-	-	-
Derivative assets	41,213,191	41,213,191	-	41,213,191	-	-
Financial liabilities:						
Deposit-type contracts	2,691,722,811	2,585,791,579	-	-	2,585,791,579	-
Securities lending cash collateral	154,808,895	154,808,895	154,808,895	-	-	-
Derivative cash collateral	37,880,000	37,880,000	37,880,000	-	-	-
Derivative liabilities	4,985,304	4,985,304	-	4,985,304	-	-
Borrowings	70,298,400	77,037,214	-	77,037,214	-	-

2015	Carrying Value	Estimated Fair Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Financial assets:						
Bonds	$12,620,714,864	$12,950,870,546	$ -	$12,191,192,605	$ 759,677,941	$ -
Preferred stocks	48,733,332	52,878,386	-	52,878,386	-	-
Common stocks — unaffiliated	27,107,600	27,107,600	-	70,374	-	27,037,226
Mortgage loans	1,828,173,268	1,896,037,194	-	-	1,896,037,194	-
Contract loans	180,363,795	180,363,795	-	-	-	180,363,795
Cash and cash equivalents	409,624,386	409,624,386	409,624,386	-	-	-
Short-term investments	89,879,337	90,001,227	72,879,337	17,121,890	-	-
Securities lending cash collateral	122,176,373	122,176,373	122,176,373	-	-	-
Derivative assets	27,051,800	27,051,800	-	27,051,800	-	-
Financial liabilities:						
Deposit-type contracts	2,539,786,629	2,302,724,477	-	-	2,302,724,477	-
Securities lending cash collateral	122,176,373	122,176,373	122,176,373	-	-	-
Derivative cash collateral	24,587,000	24,587,000	24,587,000	-	-	-
Derivative liabilities	812,541	812,541	-	812,541	-	-
Borrowings	146,254,941	155,325,808	65,000,000	90,325,808	-	-

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, short-term investments, cash collateral, and derivative financial instruments are estimated as discussed above.

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

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

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

Contract Loans—Contract loans are stated at the aggregate unpaid balance. It is not practicable to determine fair value as contract loans are often repaid by reducing the policy benefits and have variable maturity dates.

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

Short-Term Investments—The fair values for short-term investments includes a private placement bond with less than a year to maturity, are valued using a discounted cash flow methodology using standard market observable inputs, and inputs derived from, or corroborated by, market observable data, including the market yield curve, duration, call provisions, observable prices, and spreads for similar publicly traded or privately traded issues that incorporate the credit quality and industry sector of the issuer. The carrying amount for the other short-term investments approximates fair value.

Deposit-Type Contracts—The fair values of Guaranteed Interest Contracts, annuities, and supplementary contracts without life contingencies in payout status are estimated by calculating an average present value of expected cash flows over a broad range of interest rate scenarios using the current market risk-free interest rates adjusted for spreads required for publicly traded bonds issued by comparably rated insurers. The carrying amounts for all other deposit-type contracts approximates their fair value.

Borrowings—The fair values of long-term FHLB borrowings are estimated by discounting expected future cash flows using current interest rates for debt with comparable terms. The fair values of other borrowings are deemed to be the same as its carrying value.

5. DERIVATIVE FINANCIAL INSTRUMENTS

In 2016 and 2015, derivatives of $41,213,191 and $27,051,800, respectively, are included in other invested assets. In 2016 and 2015, derivatives of $4,985,304 and $812,540, respectively, are included in other liabilities. The following tables summarize the Company's derivative financial instruments as of December 31:

2016	Contract/ Notional Amount	Carrying Value	Credit Exposure	Estimated Fair Value
Foreign currency swaps	$ 431,375,297	$ 35,621,427	$ 6,771,783	$ 35,621,427
Swaptions	1,650,000,000	-	3,761,481	-
Call spread options	9,762,310	606,460	-	606,460
Total	$ 2,091,137,607	$ 36,227,887	$ 10,533,264	$ 36,227,887

2015	Contract/ Notional Amount	Carrying Value	Credit Exposure	Estimated Fair Value
Interest-rate swaps	$ 39,318,255	$ (674,166)	$ 192,452	$ (674,166)
Foreign currency swaps	213,054,515	26,913,426	2,787,443	26,913,426
Swaptions	3,650,000,000	-	13,444,849	-
Total	$ 3,902,372,770	$ 26,239,260	$ 16,424,744	$ 26,239,260

The following changes in value of derivatives for the years ended December 31, were reported in the statutory financial statements as follows:

2016	Unassigned Surplus	Net Realized Capital Losses	Net Investment Income
Interest-rate swaps	$ 674,166	$ (324,000)	$ (427,744)
Foreign currency swaps	8,708,002	1,448,487	3,539,998
Swaptions	6,875,000	(6,875,000)	-
Call spread options	126,419	-	-
Total	$ 16,383,587	$ (5,750,513)	$ 3,112,254

2015	Unassigned Surplus	Net Realized Capital Losses	Net Investment Income
Interest-rate swaps	$ 665,005	$ -	$ (916,292)
Foreign currency swaps	17,528,787	-	2,085,462
Swaptions	1,545,185	(3,052,500)	-
Total	$ 19,738,977	$ (3,052,500)	$ 1,169,170

2014	Unassigned Surplus	Net Realized Capital Losses	Net Investment Income
Interest-rate swaps	$ 627,028	$ -	$ (881,345)
Foreign currency swaps	9,671,113	-	600,946
Swaptions	(15,017,410)	-	-
Total	$ (4,719,269)	$ -	$ (280,399)

Certain of the Company's derivative instruments contain provisions requiring collateral against the fair value subject to minimum transfer amounts. The aggregate fair value of all the derivative instruments with collateral features was $35,836,545 and $25,707,208, on December 31, 2016 and 2015, respectively. The Company was holding $37,880,000 and $24,587,000 of cash collateral as of December 31, 2016 and 2015, respectively.

6. INCOME TAXES

The Company's federal income tax return is consolidated with the following entities: Mutual of Omaha, Companion, United World Life, Omaha Life Insurance Company, Omaha Re, Mutual of Omaha Structured Settlement Company, Mutual of Omaha Holdings, Inc. and its subsidiaries, Omaha Financial Holdings, Inc. and its subsidiaries, and The Omaha Indemnity Company.

Income taxes are allocated among the companies pursuant to a written agreement approved by the Board of Directors. Each company's provision for federal income taxes is based on separate return calculations with credit for net operating losses and capital losses allowed only as each company would utilize such losses on a separate return basis with limited exceptions.

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

There were no deposits admitted under Section 6603 of the Internal Revenue Code.

The Company's 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
2016	$10,978,287	$12,256,104	$ 23,234,391
2015	21,098,601	17,406,508	38,505,109
	$32,076,888	$29,662,612	$ 61,739,500

No federal income taxes were paid for the year ended December 31, 2014, which were available for recoupment in the event that the Company incurs future net losses.

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

	2016	2015	2014
Current federal income tax expense	$23,519,700	$38,208,236	$ 2,140,068
Current foreign income tax expense	50,207	65,208	100,958
Federal income tax expense	23,569,907	38,273,444	2,241,026
Federal income tax expense (benefits) on net realized capital losses	(1,212,222)	1,468,554	170,128
Total federal and foreign income tax expense	22,357,685	39,741,998	2,411,154
Change in net deferred income taxes	8,860,779	3,344,152	89,224,373
Total federal income tax expense incurred	$31,218,464	$43,086,150	$91,635,527

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

	2016	2015	2014
Net gain from operations before federal income taxes and net realized capital losses	$ 32,648,909	$ 215,630,167	$ 185,087,808
Net realized capital losses before federal income taxes and transfers to IMR	(1,983,843)	(20,846,506)	(15,577,029)
Total pre-tax gain	30,665,066	194,783,661	169,510,779
Statutory tax rate	35 %	35 %	35 %
Expected federal income taxes incurred	10,732,773	68,174,281	59,328,772
Affiliate reinsurance reserve transfer	33,202,358	152,138	50,676,044
Prior year tax benefits	(1,201,315)	-	(899)
Dividends received deduction	(1,329,025)	(1,443,314)	(2,478,888)
Amortization of IMR	(1,037,792)	(1,118,353)	(1,243,614)
Change in nonadmitted assets	(4,461,228)	(3,057,351)	(657,388)
Reserve changes in surplus	(3,879,836)	(18,614,899)	(13,027,618)
Other	(807,471)	(1,006,352)	(960,882)
Total federal income tax expense incurred	$ 31,218,464	$ 43,086,150	$ 91,635,527

The Company is included in a consolidated U.S. corporate income tax return with Mutual of Omaha and its subsidiaries. The Company also files state income tax returns in various jurisdictions. The statute of limitations has closed on all years through 2012. Therefore, the years after 2012 remain subject to audit by federal and state tax jurisdictions.

There were no net operating loss carryforwards as of December 31, 2016.

For the years ended December 31, 2016 and 2015, there was no income tax accrual for uncertain tax positions. As of December 31, 2016, there were no positions for which management believes it is reasonably possible that the total amounts of tax contingencies will significantly increase within 12 months of the reporting date. As of December 31, 2016 and 2015, the Company had no statutory valuation allowance reducing its DTA.

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

	2016		
	Ordinary	Capital	Total
Gross DTA	$ 334,364,478	$ 23,268,310	$ 357,632,788
Nonadmitted DTA	(93,135,365)	-	(93,135,365)
Net admitted DTA	241,229,113	23,268,310	264,497,423
DTL	(106,615,173)	(23,268,310)	(129,883,483)
Net DTA	$ 134,613,940	$ -	$ 134,613,940

	2015		
	Ordinary	Capital	Total
Gross DTA	$ 335,945,722	$ 11,518,027	$ 347,463,749
Nonadmitted DTA	(97,088,267)	-	(97,088,267)
Net admitted DTA	238,857,455	11,518,027	250,375,482
DTL	(108,746,708)	(11,518,027)	(120,264,735)
Net DTA	$ 130,110,747	$ -	$ 130,110,747

In the calculation of the net admitted DTA, the capital DTL noted above is limited to the gross capital DTA. The excess of the capital DTL over the capital DTA has been reclassified to ordinary DTL in accordance with SSAP 101, paragraph 11.c.

The Company has admitted DTAs as of December 31, as follows:

	2016		
	Ordinary	**Capital**	**Total**
Federal income taxes paid in prior years recoverable through loss carrybacks	$ 56,752,076	$ 4,987,425	$ 61,739,501
Adjusted gross DTA expected to be realized (lesser of 1 or 2)	72,874,439	-	72,874,439
1. Adjusted gross DTA expected to be realized following the balance sheet date	72,874,439	-	72,874,439
2. Adjusted gross DTA allowed per limitation threshold	194,222,477	-	194,222,477
Adjusted gross DTA that can be offset against DTL	111,602,598	18,280,885	129,883,483
DTA admitted as the result of application of SSAP 101	$ 241,229,113	$ 23,268,310	$ 264,497,423

	2015		
	Ordinary	**Capital**	**Total**
Federal income taxes paid in prior years recoverable through loss carrybacks	$ 23,455,434	$ 2,773,239	$ 26,228,673
Adjusted gross DTA expected to be realized (lesser of 1 or 2)	103,882,074	-	103,882,074
1. Adjusted gross DTA expected to be realized following the balance sheet date	103,882,074	-	103,882,074
2. Adjusted gross DTA allowed per limitation threshold	196,722,433	-	196,722,433
Adjusted gross DTA that can be offset against DTL	111,519,947	8,744,788	120,264,735
DTA admitted as the result of application of SSAP 101	$ 238,857,455	$ 11,518,027	$ 250,375,482

The authorized control level risk-based capital ("RBC") ratio percentages used to determine recovery period and threshold limitation amounts were 809% and 727% as of December 31, 2016 and 2015, respectively. The amounts of adjusted capital and surplus used to determine recovery period and threshold limitations were $1,424,916,972 and $1,433,943,316 as of December 31, 2016 and 2015, respectively.

The Company has not utilized an income tax planning strategy for the realization of the DTA for 2016 and 2015.

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

	2016	2015	Change
DTA:			
Ordinary:			
Policy reserves	$ 109,381,253	$ 127,931,356	$ (18,550,103)
Investments	1,326,627	118,900	1,207,727
Deferred acquisition costs	196,323,644	182,660,242	13,663,402
Compensation and benefit accrual	9,545,286	9,458,187	87,099
Other expense accruals	817,251	894,189	(76,938)
Receivables — nonadmitted	1,922,486	2,045,829	(123,343)
Other nonadmitted assets	13,913,899	9,329,328	4,584,571
Other	1,134,032	3,507,691	(2,373,659)
Subtotal	334,364,478	335,945,722	(1,581,244)
Nonadmitted DTA	(93,135,365)	(97,088,267)	3,952,902
Admitted ordinary DTA	241,229,113	238,857,455	2,371,658
Capital:			
Investments	23,268,310	11,518,027	11,750,283
Admitted capital DTA	23,268,310	11,518,027	11,750,283
Admitted DTA	264,497,423	250,375,482	14,121,941
DTL:			
Ordinary:			
Investments	(24,112,728)	(21,981,480)	(2,131,248)
Fixed assets	(11,156,963)	(10,971,814)	(185,149)
Reserve basis adjustment	(29,261,822)	(23,594,219)	(5,667,603)
Advance commissions	(12,114,906)	(7,657,963)	(4,456,943)
Other	(4,568,935)	(4,597,124)	28,189
Subtotal	(81,215,354)	(68,802,600)	(12,412,754)
Capital:			
Investments	(47,073,447)	(49,867,453)	2,794,006
Real estate	(1,594,682)	(1,594,682)	-
Subtotal	(48,668,129)	(51,462,135)	2,794,006
DTL	(129,883,483)	(120,264,735)	(9,618,748)
Net admitted DTA	$ 134,613,940	$ 130,110,747	$ 4,503,193

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

	2016	2015	Change
DTA	$ 357,632,788	$ 347,463,749	$ 10,169,039
DTL	(129,883,483)	(120,264,735)	(9,618,748)
Net DTA	$ 227,749,305	$ 227,199,014	550,291
Tax effect of unrealized losses			(9,411,070)
Change in net deferred income taxes			$ (8,860,779)

	2015	2014	Change
DTA	$ 347,463,749	$ 314,896,000	$ 32,567,749
DTL	(120,264,735)	(112,671,922)	(7,592,813)
Net DTA	$ 227,199,014	$ 202,224,078	24,974,936
Tax effect of unrealized gains			(28,319,088)
Change in net deferred income taxes			$ (3,344,152)

7. RELATED PARTY INFORMATION

The Company's investments in non-insurance Subsidiary, Controlled, or Affiliated entities' ("SCAs"), as of December 31, were as follows:

	2016		2015	
	Admitted	Nonadmitted	Admitted	Nonadmitted
Fulcrum Growth Partners, L.L.C.	$ 4,128,525	$ -	$ 4,786,943	$ -
Fulcrum Growth Partners III, L.L.C.	56,148,893	-	56,907,511	-
UM Holdings, L.L.C.	-	30,648	-	54,243

The audited statutory surplus of the Company's wholly owned insurance SCA, Omaha Re reflects a departure from NAIC SAP for a prescribed practice from the NDOI, which requires a parental guarantee be recorded as an admitted asset. The Company, however, has adjusted the investment in Omaha Re to be consistent with NAIC SAP, which does not allow the parental guarantee to be an admitted asset.

The Company has an investment in an insurance SCA, Companion, for which the audited statutory surplus and income reflects a departure from NAIC SAP. Companion is domiciled in the State of New York and is required to record assets and liabilities under state law, if different from NAIC SAP. In 2016, this increased net income by $842,573 and decreased surplus $27,775,162. In 2015, this increased net income by $4,756,049 and decreased surplus $28,617,735. The differences primarily relate to reserve vaulations under New York Regulation 147. The Company's investment in Companion was $47,893,084 and $50,911,038 at December 31, 2016 and 2015, respectively. The investment would have been $75,668,246 and 79,528,773 at December 2016 and 2015, respectively, without the prescribed practices. The RBC of Companion would not have triggered a regulatory event if the prescribed practice was not used.

During 2016, the Company had no contributions to or distributions from UM Holdings L.L.C.

During 2015, mortgage loan and real estate transfers between the Company and UM Holdings, L.L.C., were at fair value. The Company had no recorded losses on the transfer of real estate to UM Holdings L.L.C. The Company's contributions to and distributions from UM Holdings L.L.C. in 2015, were as follows:

	Cash	Mortgage Loans	Total
Contributions:			
May 11, 2015	$ -	$ 221,468	$ 221,468
Distributions:			
May 14, 2015	$ 150,000	$ -	$ 150,000
May 29, 2015	-	221,468	221,468
December 21, 2015	110,000	-	110,000
	$ 260,000	$ 221,468	$ 481,468

During 2014, mortgage loan and real estate transfers between the Company and UM Holdings, L.L.C., UM Holdings II, L.L.C., and UM Holdings IV, L.L.C., were at fair value. The Company recorded a loss of $61,740 on the transfer of real estate to UM Holdings IV, L.L.C. The Company's contributions to and distributions from these subsidiaries in 2014, were as follows:

	Cash	Mortgage Loans	Real Estate	Total
UM Holdings, L.L.C.:				
Distributions:				
March 26, 2014	$ 1,477,000	$ -	$ -	$ 1,477,000
June 25, 2014	1,250,000	-	-	1,250,000
July 24, 2014	-	-	925,723	925,723
August 1, 2014	-	-	819,499	819,499
September 1, 2014	-	7,393,145	-	7,393,145
September 26, 2014	690,000	-	-	690,000
December 29, 2014	1,375,000	-	-	1,375,000
	$ 4,792,000	$ 7,393,145	$ 1,745,222	$ 13,930,367
UM Holdings II, L.L.C.:				
Distributions:				
March 26, 2014	$ 1,257,000	$ -	$ -	$ 1,257,000
September 1, 2014	-	5,650,230	897,383	6,547,613
September 26, 2014	2,900,000	-	-	2,900,000
December 29, 2014	555,303	-	-	555,303
	$ 4,712,303	$ 5,650,230	$ 897,383	$ 11,259,916
UM Holdings III, L.L.C.:				
Distributions:				
June 25, 2014	$ 150,000	$ -	$ -	$ 150,000
August 1, 2014	-	280,784	-	280,784
December 29, 2014	119,690	-	-	119,690
	$ 269,690	$ 280,784	$ -	$ 550,474
UM Holdings IV, L.L.C.				
Contributions:				
October 1, 2014	$ -	$ -	$ 189,630	$ 189,630
Distributions:				
March 26, 2014	$ 1,355,000	$ -	$ -	$ 1,355,000
June 25, 2014	600,000	-	-	600,000
August 1, 2014	-	125,023	251,370	376,393
September 26, 2014	840,000	-	-	840,000
November 12, 2014	-	-	9,077,636	9,077,636
December 29, 2014	1,614,027	-	-	1,614,027
	$ 4,409,027	$ 125,023	$ 9,329,006	$ 13,863,056

The Company has reinsurance agreements with affiliate entities. The Company assumes certain group and individual life insurance from Companion. The Company cedes certain individual life insurance to Omaha Re. The Company cedes certain individual health insurance to Mutual of Omaha. See Note 9 for impacts on the statutory financial statements due to these agreements.

The Company has a bilateral unsecured internal borrowing agreement with Mutual of Omaha that renews annually and allows Mutual of Omaha to borrow up to $250,000,000 from the Company. The interest rate for borrowing under this agreement in 2016 and 2015 was 0.45% and 0.26%, respectively. The amount outstanding as of December 31, 2016 was $50,000,000 and was included in short-term investments. There were no outstanding borrowings as of December 31, 2015. The Company received interest payments of $130,890 for the year ended December 31, 2016. No interest payments were received for the years ended December 31, 2015 and 2014.

The Company previously entered into a line of credit agreement with Omaha Financial Holdings, Inc. ("OFHI") at an interest rate of 2.45% and allowed OFHI to borrow up to $100,000,000 less any outstanding balances on promissory notes from the Company. On September 22, 2015, the line of credit matured and was not renewed. The amount outstanding as of December 31, 2014 was $99,300,000 and was included in short-term investments. The Company received interest payments of $825,105 and $1,267,396 for the years ended December 31, 2015 and 2014, respectively.

On January 19, 2016, the Company made a cash capital contribution of $5,000,000 to Companion, which was accrued on December 31, 2015.

On April 1, 2016, the Company paid a dividend of $96,893,320 to Mutual of Omaha in the form of a transferred private equity investment.

On December 27, 2016, the Company made a cash capital contribution of $5,000,000 to Omaha Re.

On December 29, 2016, a cash return of capital of $24,000,000 was made to the Company by Omaha Re.

On September 4, 2015, the Company made a cash capital contribution of $1,000,000 to Omaha Life Insurance Company.

On September 28, 2015, a cash return of capital of $1,000,000 was made to the Company by Omaha Life Insurance Company.

On December 30, 2015, the Company made a cash capital contribution of $10,000,000 to Companion.

On March 17, 2014, the Company made a cash capital contribution of $14,000,000 to Companion.

On April 1, 2014, the Company made a capital contribution of $122,919,409 to Omaha Re, consisting of accrued interest and bonds at market value.

On June 27, 2014, the Company made a cash capital contribution of $80,156 to Omaha Re.

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. Any amounts due to or from each affiliated company are presented on a net basis in the statutory financial statements.

Mutual of Omaha and certain of its direct and indirect subsidiaries, including the Company, 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 Mutual of Omaha and are subject to allocation among Mutual of Omaha and its subsidiaries. Management believes the measures used to allocate expenses among companies provide a reasonable allocation that conforms to NAIC guidelines. Additionally, certain amounts are paid or collected by Mutual of Omaha on behalf of the Company and are generally settled within 30 days. Amounts due to the parent from the Company for these services were included in payable to parent, subsidiaries, and affiliates and were $75,160,231 and $57,533,155 as of December 31, 2016 and 2015, respectively.

8. BORROWINGS

A summary of the Company's borrowings outstanding as of December 31, 2016, was as follows:

	Interest Rates	Balances
FHLB advances due in 2023 (including accrued interest)	5.03%	$ 70,298,400
Securities lending	N/A	154,808,895
		$ 225,107,295

The Company has a borrowing agreement with the FHLB under which the Company pledges bonds in return for extensions of credit. The Company and Mutual of Omaha have jointly authorized a maximum extension of credit with the FHLB of $1,000,000,000 with a maximum of $600,000,000 available for funding agreement contracts. The maximum amount borrowed by the Company under this agreement, excluding funding agreement contracts, was $174,118,177 during the year ended December 31, 2016. The Company held $2,406,788 and $5,360,685 of FHLB stocks as part of this borrowing agreement as of December 31, 2016 and 2015, respectively.

The liability for the funding agreements was $600,000,000 and $590,000,000 as of December 31, 2016 and 2015, respectively, and was included in deposit-type contracts. As of December 31, 2016, the related accrued interest was $330,863 and is due in 2017. The Company held $20,629,612 and $21,676,542 of FHLB stocks as part of these contracts as of December 31, 2016 and 2015, respectively.

As of December 31, 2016, the funding agreement contracts mature as follows:

2017	$ 168,000,000
2018	185,000,000
2019	167,000,000
2020	80,000,000
	$ 600,000,000

The Company had MBS pledged as collateral with carrying values of $830,345,976 and $808,245,679, respectively, and with fair values of $868,666,303 and $853,542,000 pledged under these agreements as of December 31, 2016 and 2015, respectively.

The Company had securities loaned to third parties of $159,831,672 and $186,808,000 as of December 31, 2016 and 2015, respectively. The Company received cash collateral of $154,808,895 and $122,176,373 through these security lending agreements as of December 31, 2016 and 2015, respectively, and is reported as a liability for funds held for securities on loan included in borrowings on the statutory statements of admitted assets, liabilities, and surplus. The securities loaned as of December 31, 2016 and 2015 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, 2016, were as follows:

30 days or less	$ 27,450,567
31 to 60 days	32,637,157
61 to 90 days	36,922,049
91 to 120 days	13,645,105
121 to 180 days	16,061,153
181 to 365 days	28,092,864
Total collateral received	$ 154,808,895

The Company and Mutual of Omaha, on a joint basis, have entered into certain unsecured revolving line of credit agreements that allow for maximum borrowings of $150,000,000 and are renewed annually. As of December 31, 2016 and 2015, the Company had no outstanding borrowings under these agreements. Interest expense of $478 and $112 was incurred for the years ended December 31, 2016 and 2015, respectively. No interest expense was incurred for the year ended December 31, 2014.

The Company and Mutual of Omaha, have bilateral unsecured internal borrowing agreements for $250,000,000 as of December 31, 2016 and 2015. As of December 31, 2016 and 2015, the Company had no outstanding borrowings under these agreements. No interest expense was incurred for the years ended December 31, 2016 and 2014. Interest expense of $6,368 was incurred for the year ended December 31, 2015.

The Company has an agreement to sell and repurchase securities. Under this agreement, the Company obtains the use of funds for a period not to exceed 30 days. Maximum borrowings allowed under this agreement is $500,000,000. The Company had no outstanding borrowings under this agreement as of December 31, 2016, 2015 and 2014. Interest expense of $21 and $626 was incurred for the years ended December 31, 2016 and 2015, respectively. No interest expense was incurred for the year ended December 31, 2014.

9. REINSURANCE

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

The Company has a reinsurance agreement with Omaha Re executed in 2012 with certain amendments executed in 2014, 2015, and 2016 to allow for additional life insurance policies to be part of the agreement or to change certain other terms and conditions. This agreement cedes certain term and universal life policies issued from January 1, 2003 through September 30, 2013 to Omaha Re. A new agreement was executed in 2016 which added certain term life insurance policies issued from October 1, 2013 through December 31, 2016. The 2016 agreement allows for policies issued through December 31, 2017 to be ceded subject to certain limits. Both agreements provide coinsurance to the Company on an indemnity basis for all liabilities arising from the life insurance policies covered under each agreement and are accounted for on a funds withheld basis.

The 2016 agreement was modeled under NAIC Actuarial Guideline XLVIII ("AG48"). This agreement cedes policies that meet the definition of Covered Policies as that term is defined in Section 4 of AG48. Funds consisting of Primary Security, in an amount at least equal to the Required Level of Primary Security, are held by the Company on a funds withheld basis. Funds consisting of Other Security, in an amount equal to the portion of the statutory reserves as to which Primary Security is not held, are held on behalf of the Company as security as part of the reinsurance arrangement.

The Company's significant financial impacts of the reinsurance arrangement with Omaha Re for the years ended December 31,were as follows:

	2016	2015	2014
Ceded amounts:			
Statutory statements of operations:			
Net premium considerations	$ 205,649,999	$ 13,838,072	$ 846,007,649
Increase in reserves	239,656,539	940,271	851,828,814
Statutory statements of admitted assets, liabilities, and surplus:			
Reserves for life policies and contracts	239,656,539	13,838,072	851,828,814
Funds held under coinsurance increase	57,806,891	13,403,393	598,769,853
Deferred gain reflected in unassigned surplus	119,664,966	434,679	239,507,015

Deferred gains are amortized into operations as earnings emerge from the business reinsured. During 2016 and 2015, the Company amortized $9,335,161 and $4,275,835, respectively, into other income.

A summary of the impact of reinsurance operations on the statutory statements of operations for the years ended December 31, was as follows:

	2016	2015	2014
Premium considerations:			
Assumed:			
Affiliates	$ 28,275,660	$ 27,360,025	$ 25,997,137
Non-affiliates	251,394	432,138	417,935
	$ 28,527,054	$ 27,792,163	$ 26,415,072
Ceded:			
Affiliates	$600,313,247	$353,308,611	$1,148,557,498
Non-affiliates	166,839,018	126,081,773	112,498,089
	$767,152,265	$479,390,384	$1,261,055,587
Commissions and expense allowances on reinsurance ceded:			
Affiliates	$ 85,538,596	$ 69,853,575	$ 88,224,859
Non-affiliates	21,439,482	16,939,376	10,991,647
	$106,978,078	$ 86,792,951	$ 99,216,506
Policyholder benefits:			
Assumed:			
Affiliates	$ 16,919,675	$ 16,940,877	$ 19,061,199
Non-affiliates	1,541,418	77,447	571,160
	$ 18,461,093	$ 17,018,324	$ 19,632,359
Ceded:			
Affiliates	$224,231,502	$191,450,096	$ 142,298,873
Non-affiliates	203,872,386	112,573,925	109,925,898
	$428,103,888	$304,024,021	$ 252,224,771
Operating expenses (including change in loading):			
Ceded:			
Affiliates	$ 39,863,778	$ 3,405,770	$ (5,624,553)

A summary of the impact of reinsurance operations on the statements of admitted assets, liabilities, and surplus as of December 31, was as follows:

	2016	2015
Reserves for policies and contracts:		
Assumed:		
Affiliates	$ 29,954,443	$ 27,728,539
Non-affiliates	846,747	846,768
	$ 30,801,190	$ 28,575,307
Ceded:		
Affiliates	$2,123,184,348	$1,707,985,680
Non-affiliates	343,664,530	348,350,182
	$2,466,848,878	$2,056,335,862
Policy and contract claims:		
Assumed:		
Affiliates	$ 3,007,418	$ 2,752,409
Ceded:		
Affiliates	$ 43,938,624	$ 34,963,287
Non-affiliates	83,912,374	30,900,819
	$ 127,850,998	$ 65,864,106
Premiums deferred and uncollected:		
Ceded:		
Affiliates	$ 153,691,286	$ 81,715,375
Non-affiliates	88,752,784	15,849,287
	$ 242,444,070	$ 97,564,662
Funds held under reinsurance treaties included in reinsurance recoverable (all related party)	$ 42,553,414	$ 34,597,860
Funds held under reinsurance treaties included in funds held under coinsurance (all related party)	$1,107,118,053	$ 918,179,349

10. EMPLOYEE BENEFIT PLANS

The Company participates in three plans sponsored by its parent, Mutual of Omaha. These plans are a qualified, non-contributory defined benefit pension plan, a 401(k) defined contribution plan, and a postretirement benefit plan that provides certain health care and life insurance benefits to retired employees. Effective January 1, 2005, the defined benefit pension plan was amended to freeze plan benefits for participants under 40 years of age. No benefits are available under the defined benefit pension plan for employees hired on or after January 1, 2005. Substantially, all employees are eligible for the 401(k) Plan, while only employees hired before 1995 are eligible for the postretirement benefit plan. The Company has no legal obligation for benefits under these plans. Mutual of Omaha allocates expense amounts for these plans to the Company based on various cost allocation methods.

The Company's share of net expense for these plans for the years ended December 31, was as follows:

	2016	2015	2014
Defined benefit pension plan	$ 17,172,668	$ 16,074,603	$ 18,058,836
401(k) defined contribution plan	11,484,563	9,439,727	9,297,956
Postretirement benefit plan	2,542,642	2,576,182	2,452,319

Plan assets for the defined benefit pension plan included a group annuity contract issued by the Company with a balance of $627,181,325 and $629,662,212 as of December 31, 2016 and 2015, respectively. Plan assets for the postretirement benefit plan were invested in a group annuity contract issued by the Company with a balance of $10,630,817 and $13,495,077 as of December 31, 2016 and 2015, respectively. Plan assets for the 401(k) plan included a group annuity contract issued by the Company with a balance of $168,614,700 and $162,523,920 as of December 31, 2016 and 2015, respectively.

11. SURPLUS AND DIVIDEND RESTRICTIONS

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

	2016	2015	2014
Unrealized losses	$ (258,080,622)	$ (259,211,390)	$ (184,951,503)
Nonadmitted assets	(138,382,180)	(129,588,715)	(86,528,522)
AVR	(122,405,601)	(115,360,698)	(158,406,341)

The minimum statutory capital and surplus necessary to satisfy regulatory requirements was $352,211,136 as of December 31, 2016 ("company action level RBC"). Company action level RBC is the level at which a company is required to file a corrective action plan with its regulators. Company action level RBC is equal to 200% of the authorized control level RBC, which is the level at which regulatory action is taken.

Regulatory restrictions limit the amount of dividends available for distribution without prior approval of the NDOI. As of December 31, 2016, the maximum dividend allowed was $142,051,257.

12. COMMITMENTS AND CONTINGENCIES

The Company had unfunded investment commitments for bonds, mortgage loans, and other invested assets of $181,487,530 and $253,565,820 as of December 31, 2016 and 2015, respectively.

As a condition of doing business, all states and jurisdictions have adopted laws requiring membership in life and health insurance guaranty funds. Member companies are subject to assessments each year based on life, health, or annuity premiums collected in the state. The Company estimated its costs related to past insolvencies and had a liability for guaranty fund assessments of $1,555,201 and $2,178,601 as of December 31, 2016 and 2015, respectively. The Company estimated its premium tax credits that it will receive related to guaranty funds of $4,455,275 and $1,937,227 as of December 31, 2016 and 2015, respectively. On March 1, 2017, a Pennsylvania court entered orders of liquidation for Penn Treaty Network America and its subsidiaries (together "Penn Treaty"). The Company anticipates the assessment as a result of this liquidation order and the offsetting premium tax credits will not have a material impact to the 2017 statutory financial statements.

The Company has adopted resolutions to guarantee timely payment of certain liabilities incurred by Mutual of Omaha Structured Settlement Company. The liabilities subject to this guarantee as of December 31, 2016 are $654,643,571.

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 of those lawsuits will not have a material effect on the Company's financial position, results of operations, or cash flows.

13. LEASES

The Company and Mutual of Omaha jointly enter into agreements for the rental of office space, equipment, and computer software under non-cancelable operating leases. Future required minimum rental payments under leases as of December 31, 2016, were as follows:

2017	$ 9,737,595
2018	7,144,962
2019	4,961,448
2020	3,569,002
2021	2,621,624
Thereafter	11,624,487
Total	$ 39,659,118

The Company's allocated rental expense for the years ended December 31, 2016, 2015, and 2014, were $17,022,741, $19,199,267, and $13,347,762, respectively.

14. DIRECT PREMIUM WRITTEN

The Company's direct life, health, and annuity premium written by third-party administrators were $143,295,031, $98,134,213, and $81,987,866 during the years ended December 31, 2016, 2015, and 2014, respectively.

15. RETROSPECTIVELY RATED CONTRACTS

The Company estimates accrued retrospective premium adjustments for its group life and health insurance 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 premium earned by the Company that was subject to retrospective rating features were approximately $7,300,000, $7,700,000, and $7,900,000 for group life business and $4,900,000, $2,500,000, and $500,000 for group health business during the years ended December 31, 2016, 2015, and 2014, respectively. The net premium represent 2.0%, 2.0%, and 2.1% of the total net premium for group life business and 1.0%, 0.5%, and 0.1% of the total net premium for group health business during the years ended December 31, 2016, 2015, and 2014, respectively.

16. LIABILITY FOR POLICY AND CONTRACT CLAIMS—HEALTH

A reconciliation of the policy and contract claims—health, which includes both claim liabilities and reserves, as of December 31, was as follows:

	2016	2015
Health balance at January 1	$ 729,248,369	$ 698,030,844
Reinsurance recoverable	46,057,348	37,114,164
Net balance at January 1	683,191,021	660,916,680
Incurred related to:		
Current year	950,608,550	999,024,154
Prior years	7,799,169	(18,466,472)
Total incurred	958,407,719	980,557,682
Paid related to:		
Current year	692,632,919	743,094,221
Prior years	217,494,476	215,189,120
Total paid	910,127,395	958,283,341
Net balance at December 31	731,471,345	683,191,021
Reinsurance recoverable	50,361,643	46,057,348
Balance at December 31	$ 781,832,988	$ 729,248,369

During 2016, incurred claims related to prior years were positive primarily due to unfavorable runout within certain health and accident coverages on a non-interest adjusted basis. On an interest adjusted basis, prior years incurred claims were favorable.

During 2015, incurred claims related to prior years were negative primarily due to a $30,711,425 decrease to prior year reserves for a change in certain assumptions related to group long term disability reserves and favorable experience within certain health and accident coverages, offset by the aging of discounted open claims.

Management believes that the liability for unpaid claims is adequate to cover the ultimate development of claims. The liability is regularly 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, as of December 31, was as follows:

	2016	2015
Prior year accrual	$ 23,492,281	$ 21,518,436
Incurred claim adjustment expenses	49,568,454	43,225,887
Paid claim adjustment expenses	(47,900,888)	(41,252,042)
Total	$ 25,159,847	$ 23,492,281

17. RESERVES FOR LIFE, ANNUITY AND DEPOSIT-TYPE CONTRACTS

The Company waives deduction of deferred fractional premiums upon death of the insured and returns any portion of the final premium for periods beyond the monthly policy anniversary following the date of death. Surrender values are not promised in excess of the legally computed reserves.

For plans introduced prior to 1989, substandard reserves for policies with a substandard underwriting class were set equal to the excess of the reserve calculated using the appropriate substandard multiple mortality table over the reserve calculated using the standard mortality table, where both calculations use the same valuation interest rate and reserve method. For plans of insurance introduced after 1988 with a substandard underwriting class and for all policies with a flat extra substandard premium, substandard reserves were set equal to the unearned portion of the substandard premiums.

As of December 31, 2016 and 2015, the Company had insurance in force with a face value of $51,631,052,652 and $26,733,139,158, respectively, for which the gross premiums were less than the net premiums according to the valuation standards set by the NDOI. Reserves to cover the above insurance totaled $168,014,912 and $118,794,655 as of December 31, 2016 and 2015, respectively.

As of December 31, 2016, certain universal life reserves were decreased by $53,605,622 to the statutory minimums, resulting in an increase to surplus. As of December 31, 2015, certain payout annuity reserves were increased above statutory minimums by $68,529,247, resulting in a charge to surplus.

The Company established a term conversion reserve for anticipated anti-selective mortality on term conversions during 2016 resulting in an increase in policy reserves and corresponding charge to surplus of $5,614,615.

Mortality assumptions used to calculate certain life deficiency reserves were updated resulting in an increase in policy reserves and corresponding charge to surplus of $59,076,252 and $5,176,521 as of December 31, 2016 and 2015, respectively.

18. ANALYSIS OF ANNUITY RESERVES AND DEPOSIT LIABILITIES BY WITHDRAWAL CHARACTERISTICS

The withdrawal characteristics of the Company's annuity reserves and deposit-type contracts as of December 31, were as follows:

2016	General Account	Separate Account Non-guaranteed	Total	% of Total
Annuity reserves and deposit funds liabilities — subject to discretionary withdrawal:				
With fair value adjustment	$1,272,974,751	$ -	$ 1,272,974,751	10.8 %
At book value less current surrender charge of 5% or more	145,645,348	-	145,645,348	1.2
At fair value	-	3,319,011,737	3,319,011,737	28.4
Total with adjustment or at fair value	1,418,620,099	3,319,011,737	4,737,631,836	40.4
At book value without adjustment (minimal or no charge)	1,999,088,678	-	1,999,088,678	17.0
Not subject to discretionary withdrawal	4,999,599,959	253,707	4,999,853,666	42.6
Gross total	8,417,308,736	3,319,265,444	11,736,574,180	100.0 %
Reinsurance ceded	31,032,076	-	31,032,076	
Net total	$8,386,276,660	$3,319,265,444	$11,705,542,104	

2015	General Account	Separate Account Non-guaranteed	Total	% of Total
Annuity reserves and deposit funds liabilities — subject to discretionary withdrawal:				
With fair value adjustment	$1,233,383,339	$ -	$ 1,233,383,339	11.3 %
At book value less current surrender charge of 5% or more	177,212,759	-	177,212,759	1.6
At fair value	-	3,106,554,284	3,106,554,284	28.2
Total with adjustment or at fair value	1,410,596,098	3,106,554,284	4,517,150,382	41.1
At book value without adjustment (minimal or no charge)	1,893,035,604	-	1,893,035,604	17.3
Not subject to discretionary withdrawal	4,585,131,834	256,394	4,585,388,228	41.6
Gross total	7,888,763,536	3,106,810,678	10,995,574,214	100.0 %
Reinsurance ceded	32,015,268	-	32,015,268	
Net total	$7,856,748,268	$3,106,810,678	$10,963,558,946	

Annuity reserves and deposit funds liabilities subject to discretionary withdrawal at fair value includes runoff variable annuity reserves for policies which are 100% ceded under a modified coinsurance reinsurance agreement to a third party. A portion of these policies may be subject to surrender charges at certain policy durations.

There were no annuity reserves or deposit liabilities in guaranteed separate accounts as of December 31, 2016 and 2015.

The following information is obtained from the applicable exhibit in the Company's annual statement and related separate accounts annual statement, both of which were filed with the NDOI and are provided to reconcile annuity reserves, supplementary contracts with life contingencies, and deposit-type funds to amounts reported in the statutory financial statements as of December 31.

	2016	2015
Life and accident and health annual statement:		
Exhibit 5, Annuities section — net total	$ 5,689,047,134	$ 5,311,132,208
Exhibit 5, Supplementary Contracts with Life Contingencies section — net total	5,506,715	5,829,431
Exhibit 7, Deposit-Type Contracts, Line 14, Column 1	2,691,722,811	2,539,786,629
Subtotal	8,386,276,660	7,856,748,268
Separate accounts annual statement:		
Exhibit 3, Line 0299999, Column 2	94,274,909	96,535,513
Page 3, Line 2, Column 3 — Other Contract Deposit Funds	3,224,990,535	3,010,275,165
Total	$ 11,705,542,104	$ 10,963,558,946

19. PREMIUMS DEFERRED AND UNCOLLECTED

Deferred and uncollected life insurance premiums and annuity considerations as of December 31, were as follows:

	2016		2015	
Type	Gross	Net of Loading	Gross	Net of Loading
Ordinary first year business	$ 93,677,014	$ 10,337,332	$ 90,770,319	$ 24,352,589
Ordinary renewal	346,616,425	276,412,408	328,229,693	279,898,744
Group life	(55,211,102)	(56,038,615)	16,557,785	15,671,118
Total	$ 385,082,337	$ 230,711,125	$ 435,557,797	$ 319,922,451

The Company entered into a new reinsurance agreement for group life products in 2016. Premiums due the reinsurer are accrued and settled quarterly under this agreement.

20. SEPARATE ACCOUNTS

Information regarding the non-guaranteed separate accounts of the Company as of December 31, was as follows:

	2016	2015
For the years ended December 31:		
Premiums and considerations	$ 4,210,326	$ 5,185,146
Deposits	1,506,560,862	1,495,506,363
Premiums, considerations, and deposits	$1,510,771,188	$1,500,691,509
As of December 31:		
Reserves by valuation basis — fair value	$3,371,315,165	$3,157,847,172
Reserves by withdrawal characteristics — fair value	$3,371,315,165	$3,157,847,172
Transfers as reported in the statutory statements of operations of the separate accounts annual statement:		
Transfers to separate accounts	$ 4,223,366	$ 5,185,146
Transfers from separate accounts	11,788,916	16,704,670
Net transfers of the general account	(7,565,550)	(11,519,524)
Reinsurance of separate account business	7,565,550	11,519,524
Net transfers as reported in the statutory statements of operations	$ -	$ -

The Company holds no guaranteed separate accounts or reserves in separate accounts for asset default risk in lieu of AVR as of December 31, 2016 and 2015.

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SUPPLEMENTAL SCHEDULES

INDEPENDENT AUDITORS’ REPORT ON ADDITIONAL INFORMATION

To the Board of Directors
United of Omaha Life Insurance Company
Omaha, Nebraska

Our 2016 audit was conducted for the purpose of forming an opinion on the 2016 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, 2016, are presented for purposes of additional analysis and are not a required part of the 2016 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 2016 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 2016 statutory-basis financial statements as a whole.

Deloitte & Touche LLP

April 10, 2017

UNITED OF OMAHA LIFE INSURANCE COMPANY
(A Wholly Owned Subsidiary of Mutual of Omaha Insurance Company)

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

Investment income earned:	
U.S. government bonds	$ 29,114,587
Other bonds (unaffiliated)	566,359,147
Bonds of affiliates	-
Preferred stocks (unaffiliated)	1,814,636
Preferred stocks of affiliates	-
Common stocks (unaffiliated)	568
Common stocks of affiliates	-
Mortgage loans	92,375,427
Real estate	15,923,714
Contract loans	12,056,284
Cash and cash equivalents	1,352,044
Short-term investments	1,153,980
Other invested assets	15,248,849
Derivative instruments	3,112,254
Aggregate write-ins for investment income	670,559
Gross investment income	$ 739,182,049
Real estate owned — book value less encumbrances	$ 49,951,592
Mortgage loans — book value:	
Farm mortgages	$ -
Residential mortgages	-
Commercial mortgages	2,000,163,314
Total mortgage loans	$ 2,000,163,314
Mortgage loans by standing — book value:	
Good standing	$ 2,000,163,314
Good standing with restructured terms	$ -
Interest overdue more than three months, not in foreclosure	$ -
Foreclosure in process	$ -
Other long-term assets — statement value	$ 165,802,698
Collateral loans	$ -

(Continued)

UNITED OF OMAHA LIFE INSURANCE COMPANY
(A Wholly Owned Subsidiary of Mutual of Omaha Insurance Company)

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

Bonds and stocks of subsidiaries and affiliates — book value:	
Bonds	$ -
Preferred stocks	$ -
Common stocks	$ 110,249,977
Bonds and Short-term Investments by NAIC designation and maturity:	
Bonds by maturity — statement value:	
Due within one year or less	$ 1,145,419,055
Over 1 year and through 5 years	4,356,408,893
Over 5 years through 10 years	3,050,150,224
Over 10 years through 20 years	2,536,899,102
Over 20 years	2,758,232,051
Total by maturity	$ 13,847,109,325
Bonds and Short-term Investments by NAIC designation — statement value:	
NAIC 1	$ 7,224,894,164
NAIC 2	5,896,059,225
NAIC 3	549,577,103
NAIC 4	94,778,904
NAIC 5	31,332,511
NAIC 6	50,467,418
Total by NAIC designation	$ 13,847,109,325
Total bonds publicly traded	$ 5,717,380,737
Total bonds privately placed	$ 8,129,728,588
Preferred stocks — statement value	$ 28,800,000
Common stocks	$ 133,286,377
Short-term investments — book value	$ 50,000,000
Options, caps, and floors owned — statement value	$ 36,227,887
Options, caps, and floors written and in force — statement value	$ -
Collar, swap, and forward agreements open — current value	$ -
Cash on deposit	$ 44,036,437

(Continued)

UNITED OF OMAHA LIFE INSURANCE COMPANY
(A Wholly Owned Subsidiary of Mutual of Omaha Insurance Company)

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

Life insurance in force (in thousands):	
Industrial	$ -
Ordinary	$ 156,716,903
Credit life	$ -
Group life	$ 169,358,746
Amount of accidental death insurance in force under ordinary policies (in thousands)	$ 3,821,978
Life insurance with disability provisions in force (in thousands):	
Industrial	$ -
Ordinary	$ 9,366,335
Credit life	$ -
Group life	$ 161,141,551
Supplementary contracts in force:	
Ordinary — not involving life contingencies:	
Amount on deposit	$ 36,461,769
Income payable	$ 1,065,687
Ordinary — involving life contingencies — income payable	$ 721,983
Group — not involving life contingencies:	
Amount on deposit	$ -
Income payable	$ -
Group — involving life contingencies — income payable	$ 16,694
Annuities:	
Ordinary:	
Immediate — amount of income payable	$ 120,130,087
Deferred — fully paid account balance	$ 1,425,631,836
Deferred — not fully paid account balance	$ 822,137,956

(Continued)

UNITED OF OMAHA LIFE INSURANCE COMPANY
(A Wholly Owned Subsidiary of Mutual of Omaha Insurance Company)

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

Group:	
Amount of income payable	$ 224,505,789
Fully paid account balance	$ 366,465,450
Not fully paid account balance	$ 18,239,061
Accident and health insurance — Premiums in force:	
Ordinary	$ 1,124,701,941
Group	$ 568,111,376
Credit	$ -
Deposit funds and dividend accumulations:	
Deposit funds — account balance	$ 2,655,251,497
Dividend accumulations — account balance	$ 9,547
Claim payments 2016:	
Group accident and health — year ended December 31, 2016:	
2016	$ 149,419,361
2015	$ 70,127,455
2014	$ 28,909,870
2013	$ 13,881,267
2012	$ 8,023,523
2011 & prior	$ 32,650,164
Other accident and health — year ended December 31, 2016:	
2016	$ 543,213,558
2015	$ 64,391,411
2014	$ (14,291)
2013	$ (130,075)
2012	$ (163,097)
2011 & prior	$ (181,751)

(Continued)

Claim payments 2016 (continued):

Other coverages that use developmental methods to calculate claim reserves:	
2016	$ -
2015	$ -
2014	$ -
2013	$ -
2012	$ -
2011 & prior	$ -

(Concluded)

SUMMARY INVESTMENT SCHEDULE

	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1	2	3	4	5	6
Investment Categories	Amount	Percentage	Amount	Securities Lending Reinvested Collateral Amount	Total (Col. 3 + 4) Amount	Percentage
1. Bonds:						
1.1 U.S. treasury securities	89,268,195	0.536	89,268,195	0	89,268,195	0.536
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	100,239,046	0.602	100,239,046	0	100,239,046	0.602
1.3 Non-U.S. government (including Canada, excluding mortgaged-backed securities)	19,522,735	0.117	19,522,735	0	19,522,735	0.117
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S. :						
1.41 States, territories and possessions general obligations	15,240,492	0.091	15,240,492	0	15,240,492	0.091
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	62,664,695	0.376	62,664,695	0	62,664,695	0.376
1.44 Industrial development and similar obligations	8,765,000	0.053	8,765,000	0	8,765,000	0.053
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA	457,677,753	2.747	457,677,753	0	457,677,753	2.747
1.512 Issued or guaranteed by FNMA and FHLMC	82,254,807	0.494	82,254,807	0	82,254,807	0.494
1.513 All other	37,987,741	0.228	37,987,741	0	37,987,741	0.228
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	712,582,198	4.277	712,582,198	0	712,582,198	4.277
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	14,955,596	0.090	14,955,596	0	14,955,596	0.090
1.523 All other	94,374,059	0.567	94,374,059	0	94,374,059	0.567
2. Other debt and other fixed income securities (excluding short-term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	8,631,008,716	51.810	8,631,008,716	0	8,631,008,716	51.810
2.2 Unaffiliated non-U.S. securities (including Canada)	3,470,540,475	20.833	3,470,540,475	0	3,470,540,475	20.833
2.3 Affiliated securities	0	0.000	0	0	0	0.000
3. Equity interests:						
3.1 Investments in mutual funds	0	0.000	0	0	0	0.000
3.2 Preferred stocks:						
3.21 Affiliated	0	0.000	0	0	0	0.000
3.22 Unaffiliated	28,800,000	0.173	28,800,000	0	28,800,000	0.173
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated	0	0.000	0	0	0	0.000
3.32 Unaffiliated	0	0.000	0	0	0	0.000
3.4 Other equity securities:						
3.41 Affiliated	110,249,978	0.662	110,249,978	0	110,249,978	0.662
3.42 Unaffiliated	23,036,400	0.138	23,036,400	0	23,036,400	0.138
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	14,000,000	0.084	14,000,000	0	14,000,000	0.084
4.3 Single family residential properties	0	0.000	0	0	0	0.000
4.4 Multifamily residential properties	0	0.000	0	0	0	0.000
4.5 Commercial loans	1,986,163,314	11.922	1,986,163,314	0	1,986,163,314	11.922
4.6 Mezzanine real estate loans	0	0.000	0	0	0	0.000
5. Real estate investments:						
5.1 Property occupied by company	49,554,692	0.297	49,554,692	0	49,554,692	0.297
5.2 Property held for production of income (including $ 0 of property acquired in satisfaction of debt)	0	0.000	0	0	0	0.000
5.3 Property held for sale (including $ 0 property acquired in satisfaction of debt)	396,900	0.002	396,900	0	396,900	0.002
6. Contract loans	179,965,773	1.080	179,965,773	0	179,965,773	1.080
7. Derivatives	41,213,191	0.247	41,213,191	0	41,213,191	0.247
8. Receivables for securities	6,412,463	0.038	6,412,463	0	6,412,463	0.038
9. Securities Lending (Line 10, Asset Page reinvested collateral)	154,808,895	0.929	154,808,895	XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	101,472,241	0.609	101,472,241	154,808,895	256,281,136	1.538
11. Other invested assets	165,802,698	0.995	165,802,698	0	165,802,698	0.995
12. Total invested assets	16,658,958,053	100.000	16,658,958,053	154,808,895	16,658,958,053	100.000

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2016
(To Be Filed by April 1)

Of The United of Omaha Life Insurance Company

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

NAIC Group Code 0261 NAIC Company Code 69868 Federal Employer's Identification Number (FEIN) 47-0322111

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. $ 17,320,454,173

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	FULCRUM GROWTH PARTNERS III LLC	Non-Insurance Affiliate Equity Partnerships	$ 56,148,893	0.3 %
2.02	UNITED WORLD LIFE INSURANCE	Insurance Affiliate Stock	$ 51,412,262	0.3 %
2.03	MUTUAL OF OMAHA INSURANCE CO	Insurance Affiliate Short Term Revolver	$ 50,000,000	0.3 %
2.04	COMPANION LIFE INSURANCE CO	Insurance Affiliate Stock	$ 47,893,084	0.3 %
2.05	VERIZON COMMUNICATIONS INC	Corporate Bonds	$ 43,273,759	0.2 %
2.06	VF CORPORATION	Corporate Bonds	$ 41,725,206	0.2 %
2.07	COLGATE-PALMOLIVE CO	Corporate Bonds	$ 40,733,052	0.2 %
2.08	ENTERPRISE PRODUCTS OPERATING	Corporate Bonds	$ 40,069,872	0.2 %
2.09	FORTESS CREDIT OPPORTUNITIES 2014-5	Asset-backed Bonds	$ 40,000,000	0.2 %
2.10	GARRISON FUNDING LTD 2016-2	Asset-backed Bonds	$ 40,000,000	0.2 %

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	$ 7,224,894,164	41.7 %	3.07	P/RP-1	$ 28,800,000	0.2 %
3.02	NAIC-2	$ 5,896,059,225	34.0 %	3.08	P/RP-2	$ 0	0.0 %
3.03	NAIC-3	$ 549,577,103	3.2 %	3.09	P/RP-3	$ 0	0.0 %
3.04	NAIC-4	$ 94,778,904	0.5 %	3.10	P/RP-4	$ 0	0.0 %
3.05	NAIC-5	$ 31,332,511	0.2 %	3.11	P/RP-5	$ 0	0.0 %
3.06	NAIC-6	$ 50,467,418	0.3 %	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	$ 3,366,528,908	19.4 %
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	$ 3,366,528,908	19.4 %
5.02	Countries designated NAIC-2	$ 0	0.0 %
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	$ 996,501,459	5.8 %
6.02	Country 2: Australia	$ 645,683,922	3.7 %
	Countries designated NAIC - 2:		
6.03	Country 1:	$ 0	0.0 %
6.04	Country 2:	$ 0	0.0 %
	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	$ 2,739,567	0.0 %

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

		1	2
8.01	Countries designated NAIC-1	$ 2,739,567	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: United Kingdom	$ 2,739,567	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	FORTESS CREDIT OPPORTUNITIES - Cayman Islands	1	$ 40,000,000	0.2 %
10.02	EATON CORPORATION - Ireland	2	$ 38,179,382	0.2 %
10.03	INVESCO FINANCE PLC - United Kingdom	1	$ 37,164,278	0.2 %
10.04	SHELL INTERNATIONAL FINANCE BV - Netherlands	1	$ 35,668,300	0.2 %
10.05	BMW US CAPITAL LLC - Germany	1	$ 35,000,000	0.2 %
10.06	CARIBBEAN UTILITIES CO LTD - Cayman Islands	1	$ 35,000,000	0.2 %
10.07	YORKSHIRE WATER SVCS BRADFORD - United Kingdom	1	$ 35,000,000	0.2 %
10.08	GLAXOSMITHKLINE CAPITAL INC - United Kingdom	1	$ 34,017,028	0.2 %
10.09	SAP IRELAND US FINL SVS LTD - Ireland	1	$ 34,000,000	0.2 %
10.10	BAE SYSTEMS HOLDINGS INC - United Kingdom	2	$ 32,598,066	0.2 %

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 [ ] No [X]

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	$ 625,487,304	3.6 %
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 [X] No [ ]

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

	1 Issuer	2	3
13.02		$ 0	0.0 %
13.03		$ 0	0.0 %
13.04		$ 0	0.0 %
13.05		$ 0	0.0 %
13.06		$ 0	0.0 %
13.07		$ 0	0.0 %
13.08		$ 0	0.0 %
13.09		$ 0	0.0 %
13.10		$ 0	0.0 %
13.11		$ 0	0.0 %

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

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

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

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

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

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

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

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

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

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

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

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02	Commercial - THE LINKS AT BENTONVILLE LP	$ 36,974,168	0.2 %
16.03	Commercial - THE IRVINE COMPANY LLC	$ 34,952,581	0.2 %
16.04	Commercial - SLG 220 NEWS OWNER LLC	$ 34,931,006	0.2 %
16.05	Commercial - BRE/OC RED HILL LLC	$ 29,850,000	0.2 %
16.06	Commercial - SUNSET LAND COMPANY LLC	$ 26,916,197	0.2 %
16.07	Commercial - WRI RETAIL POOL I, L.P.	$ 25,914,834	0.1 %
16.08	Commercial - GH CRESTWOOD OWNER A LLC	$ 24,295,809	0.1 %
16.09	Commercial - GIJV IL 1 LLC	$ 21,046,088	0.1 %
16.10	Commercial - ALEXANDER 375 WEST BROADWAY LLC	$ 19,969,696	0.1 %
16.11	Commercial - SVT ASPEN CORPORATE CENTER 100 LP	$ 19,334,783	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	$ 0	0.0 %
16.14	Mortgage loans in the process of foreclosure	$ 829,230	0.0 %
16.15	Mortgage loans foreclosed	$ 264,600	0.0 %
16.16	Restructured mortgage loans	$ 10,073,476	0.1 %

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%	$ 0	0.0 %	$ 4,734,624	0.0 %	$ 0	0.0 %
17.04	71 to 80%	$ 0	0.0 %	$ 55,245,413	0.3 %	$ 0	0.0 %
17.05	below 70%	$ 0	0.0 %	$ 1,926,183,277	11.1 %	$ 14,000,000	0.1 %

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

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

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

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

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

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

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

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

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

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

		At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	At End of Each Quarter 2nd Quarter 4	At End of Each Quarter 3rd Quarter 5
20.01	Securities lending agreements (do not include assets held as collateral for such transactions)	$ 162,473,966	0.9 %	$ 389,096,719	$ 421,093,949	$ 380,130,407
20.02	Repurchase agreements	$ 0	0.0 %	$ 0	$ 0	$ 0
20.03	Reverse repurchase agreements	$ 0	0.0 %	$ 0	$ 0	$ 0
20.04	Dollar repurchase agreements	$ 0	0.0 %	$ 0	$ 0	$ 0
20.05	Dollar reverse repurchase agreements	$ 0	0.0 %	$ 0	$ 0	$ 0

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

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

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

		At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	At End of Each Quarter 2nd Quarter 4	At End of Each Quarter 3rd Quarter 5
22.01	Hedging	$ 6,771,783	0.0 %	$ 3,211,998	$ 4,055,709	$ 5,496,269
22.02	Income generation	$ 0	0.0 %	$ 0	$ 0	$ 0
22.03	Replications	$ 0	0.0 %	$ 0	$ 0	$ 0
22.04	Other	$ 0	0.0 %	$ 0	$ 0	$ 0

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

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