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

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

## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDEPENDENT AUDITORS’ REPORT</td>
<td>1–2</td>
</tr>
<tr>
<td>STATUTORY FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019 AND 2018 AND FOR THE YEARS ENDED DECEMBER 31, 2019, 2018, AND 2017:</td>
<td></td>
</tr>
<tr>
<td>Statements of Admitted Assets, Liabilities, and Surplus</td>
<td>3</td>
</tr>
<tr>
<td>Statements of Operations</td>
<td>4</td>
</tr>
<tr>
<td>Statements of Changes in Surplus</td>
<td>5</td>
</tr>
<tr>
<td>Statements of Cash Flows</td>
<td>6–7</td>
</tr>
<tr>
<td>Notes to Statutory Financial Statements</td>
<td>8–58</td>
</tr>
<tr>
<td>SUPPLEMENTAL SCHEDULES AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019:</td>
<td></td>
</tr>
<tr>
<td>Independent Auditors’ Report on Additional Information</td>
<td>60</td>
</tr>
<tr>
<td>Supplemental Schedule of Selected Financial Data</td>
<td>61–65</td>
</tr>
<tr>
<td>Supplemental Summary Investment Schedule</td>
<td>66</td>
</tr>
<tr>
<td>Supplemental Investments Risks Interrogatories</td>
<td>67–72</td>
</tr>
</tbody>
</table>
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, 2019 and 2018, 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, 2019, 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, 2019 and 2018, or the results of its operations or its cash flows for each of the three years in the period ended December 31, 2019.

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, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, 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 24, 2020
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, 2019 AND 2018

<table>
<thead>
<tr>
<th>ADMITTED ASSETS</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH AND INVESTED ASSETS:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>$16,568,679,880</td>
<td>$14,926,710,849</td>
</tr>
<tr>
<td>Preferred stocks</td>
<td>131,800,000</td>
<td>131,800,000</td>
</tr>
<tr>
<td>Common stocks — unaffiliated</td>
<td>65,662,482</td>
<td>46,328,573</td>
</tr>
<tr>
<td>Common stocks — affiliated</td>
<td>109,819,530</td>
<td>112,841,186</td>
</tr>
<tr>
<td>Mortgage loans — net</td>
<td>2,760,661,698</td>
<td>2,330,395,839</td>
</tr>
<tr>
<td>Real estate occupied by the Company — net of accumulated depreciation of $99,105,837 and $96,274,716, respectively</td>
<td>45,973,508</td>
<td>47,545,491</td>
</tr>
<tr>
<td>Contract loans</td>
<td>199,228,072</td>
<td>189,110,087</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>(41,220,204)</td>
<td>161,953,369</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>339,783,663</td>
<td>112,782,089</td>
</tr>
<tr>
<td>Securities lending cash collateral</td>
<td>781,284,350</td>
<td>528,473,119</td>
</tr>
<tr>
<td>Other invested assets</td>
<td>324,365,321</td>
<td>218,723,806</td>
</tr>
<tr>
<td>Total cash and invested assets</td>
<td>21,286,038,300</td>
<td>18,806,664,408</td>
</tr>
<tr>
<td>INVESTMENT INCOME DUE AND ACCRUED</td>
<td>154,966,990</td>
<td>141,671,785</td>
</tr>
<tr>
<td>PREMIUMS DEFERRED AND UNCOLLECTED</td>
<td>253,472,031</td>
<td>242,965,916</td>
</tr>
<tr>
<td>REINSURANCE RECOVERABLE</td>
<td>250,886,408</td>
<td>230,487,970</td>
</tr>
<tr>
<td>NET DEFERRED TAX ASSETS</td>
<td>91,991,525</td>
<td>84,830,134</td>
</tr>
<tr>
<td>OTHER ASSETS</td>
<td>39,910,188</td>
<td>26,331,473</td>
</tr>
<tr>
<td>SEPARATE ACCOUNT ASSETS</td>
<td>4,169,091,617</td>
<td>3,505,824,596</td>
</tr>
<tr>
<td>TOTAL ADMITTED ASSETS</td>
<td>$26,246,357,059</td>
<td>$23,038,776,282</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND SURPLUS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>LIABILITIES:</td>
<td></td>
</tr>
<tr>
<td>Policy reserves:</td>
<td></td>
</tr>
<tr>
<td>Reserves for life policies and contracts</td>
<td>$11,594,704,344</td>
</tr>
<tr>
<td>Deposit-type contracts</td>
<td>3,497,181,918</td>
</tr>
<tr>
<td>Health and accident active life</td>
<td>102,651,668</td>
</tr>
<tr>
<td>Total policy reserves</td>
<td>15,194,537,930</td>
</tr>
<tr>
<td>Claim reserves:</td>
<td></td>
</tr>
<tr>
<td>Policy and contract claims — life</td>
<td>115,781,450</td>
</tr>
<tr>
<td>Policy and contract claims — health</td>
<td>874,499,736</td>
</tr>
<tr>
<td>Total claim reserves</td>
<td>990,281,866</td>
</tr>
<tr>
<td>Premiums paid in advance</td>
<td>31,620,360</td>
</tr>
<tr>
<td>Asset valuation reserve</td>
<td>1,708,168,392</td>
</tr>
<tr>
<td>General expenses and taxes due or accrued</td>
<td>67,745,806</td>
</tr>
<tr>
<td>Payable to parent, subsidiaries, and affiliates — net</td>
<td>117,032,872</td>
</tr>
<tr>
<td>Borrowings</td>
<td>1,187,723,414</td>
</tr>
<tr>
<td>Funds held under coinsurance</td>
<td>1,351,996,792</td>
</tr>
<tr>
<td>Funds held under reinsurance treaties with unauthorized and certified reinsurers</td>
<td>896,155,475</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>305,417,243</td>
</tr>
<tr>
<td>Separate account liabilities</td>
<td>4,169,091,617</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>24,484,419,087</td>
</tr>
<tr>
<td>SURPLUS:</td>
<td></td>
</tr>
<tr>
<td>Capital stocks, $10 par value, 900,000 shares authorized, issued, and outstanding</td>
<td>9,000,000</td>
</tr>
<tr>
<td>Gross paid-in and contributed surplus</td>
<td>582,625,018</td>
</tr>
<tr>
<td>Special surplus</td>
<td>1,046,671</td>
</tr>
<tr>
<td>Unassigned surplus</td>
<td>1,169,266,283</td>
</tr>
<tr>
<td>Total surplus</td>
<td>1,761,937,972</td>
</tr>
<tr>
<td>TOTAL LIABILITIES AND SURPLUS</td>
<td>$26,246,357,059</td>
</tr>
</tbody>
</table>

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, 2019, 2018, AND 2017

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net premiums and annuity considerations</td>
<td>$3,717,455,174</td>
<td>$3,263,751,072</td>
<td>$4,024,870,572</td>
</tr>
<tr>
<td>Net investment income and amortization of IMR</td>
<td>853,336,253</td>
<td>803,583,289</td>
<td>742,432,796</td>
</tr>
<tr>
<td>Commissions and expense allowances on reinsurance ceded</td>
<td>154,017,169</td>
<td>130,918,551</td>
<td>150,017,522</td>
</tr>
<tr>
<td>Other income</td>
<td>34,406,164</td>
<td>39,313,928</td>
<td>37,976,396</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>4,759,214,760</td>
<td>4,237,566,840</td>
<td>4,955,297,286</td>
</tr>
<tr>
<td><strong>BENEFITS AND EXPENSES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policyholder benefits</td>
<td>2,657,143,018</td>
<td>2,712,103,424</td>
<td>2,534,939,125</td>
</tr>
<tr>
<td>Increase (decrease) in reserves</td>
<td>341,297,421</td>
<td>(5,195,463)</td>
<td>913,792,176</td>
</tr>
<tr>
<td>Commissions</td>
<td>552,876,660</td>
<td>504,023,802</td>
<td>472,900,474</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>979,666,014</td>
<td>944,545,667</td>
<td>916,966,757</td>
</tr>
<tr>
<td><strong>Total benefits and expenses</strong></td>
<td>4,530,983,113</td>
<td>4,155,477,430</td>
<td>4,838,598,532</td>
</tr>
<tr>
<td><strong>NET GAIN FROM OPERATIONS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BEFORE FEDERAL INCOME TAX AND NET REALIZED CAPITAL GAIN (LOSS)</td>
<td>228,231,647</td>
<td>82,089,410</td>
<td>116,698,754</td>
</tr>
<tr>
<td><strong>FEDERAL INCOME TAX</strong></td>
<td>98,006,868</td>
<td>10,696,830</td>
<td>43,123,221</td>
</tr>
<tr>
<td><strong>NET GAIN FROM OPERATIONS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BEFORE NET REALIZED CAPITAL GAIN (LOSS)</td>
<td>130,224,779</td>
<td>71,392,580</td>
<td>73,575,533</td>
</tr>
<tr>
<td>NET REALIZED CAPITAL GAIN (LOSS) — Net of federal income tax (benefit) of $3,225,985, $(15,765,832), and $3,961,385, and transfers to (from) the interest maintenance reserve of $32,476,264, $(73,647,129), and $11,430,362, respectively</td>
<td>5,984,753</td>
<td>(16,018,741)</td>
<td>(11,845,687)</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>$136,209,532</td>
<td>$55,373,839</td>
<td>$61,729,846</td>
</tr>
</tbody>
</table>

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, 2019, 2018, AND 2017**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CAPITAL STOCK</strong></td>
<td>$ 9,000,000</td>
<td>$ 9,000,000</td>
<td>$ 9,000,000</td>
</tr>
<tr>
<td><strong>GROSS PAID-IN AND CONTRIBUTED SURPLUS</strong></td>
<td>582,625,018</td>
<td>582,558,051</td>
<td>582,558,051</td>
</tr>
<tr>
<td><strong>SPECIAL SURPLUS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance — beginning of year</td>
<td>-</td>
<td>314,716</td>
<td>-</td>
</tr>
<tr>
<td>Increase (decrease) in aggregate write-ins</td>
<td>1,046,671</td>
<td>(314,716)</td>
<td>314,716</td>
</tr>
<tr>
<td><strong>Balance — end of year</strong></td>
<td>1,046,671</td>
<td>-</td>
<td>314,716</td>
</tr>
<tr>
<td><strong>UNASSIGNED SURPLUS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance — beginning of year</td>
<td>1,047,811,742</td>
<td>1,013,844,564</td>
<td>837,954,520</td>
</tr>
<tr>
<td>Net income</td>
<td>136,209,532</td>
<td>55,373,839</td>
<td>61,729,846</td>
</tr>
<tr>
<td>Change in:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net unrealized capital gain (loss) — net of income tax (benefit) of $2,103,452, $(3,915,589), and $3,528,765, respectively</td>
<td>(30,175,636)</td>
<td>(43,068,027)</td>
<td>127,509,106</td>
</tr>
<tr>
<td>Foreign exchange unrealized capital gain (loss) — net of income tax (benefit) of ($154,908), $5,203,032, and $(1,693,148), respectively</td>
<td>(582,749)</td>
<td>19,573,310</td>
<td>(6,369,460)</td>
</tr>
<tr>
<td>Net deferred income tax (benefit)</td>
<td>45,468,745</td>
<td>11,923,916</td>
<td>(73,181,690)</td>
</tr>
<tr>
<td>Nonadmitted assets</td>
<td>(21,023,789)</td>
<td>(49,069,005)</td>
<td>11,798,073</td>
</tr>
<tr>
<td>Reserve on account of change in valuation basis</td>
<td>(33,613,143)</td>
<td>14,941,344</td>
<td>(19,268,784)</td>
</tr>
<tr>
<td>Asset valuation reserve</td>
<td>(12,905,159)</td>
<td>(12,140,395)</td>
<td>(23,365,237)</td>
</tr>
<tr>
<td>Deferred gains on reinsurance</td>
<td>39,791,845</td>
<td>36,441,130</td>
<td>97,352,906</td>
</tr>
<tr>
<td>Aggregate write-ins</td>
<td>(1,046,671)</td>
<td>314,716</td>
<td>(314,716)</td>
</tr>
<tr>
<td>Other</td>
<td>(668,434)</td>
<td>(323,650)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance — end of year</strong></td>
<td>1,169,266,283</td>
<td>1,047,811,742</td>
<td>1,013,844,564</td>
</tr>
<tr>
<td><strong>TOTAL SURPLUS</strong></td>
<td>$1,761,937,972</td>
<td>$1,639,369,793</td>
<td>$1,605,717,331</td>
</tr>
</tbody>
</table>

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, 2019, 2018, AND 2017

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FROM (USED FOR) OPERATIONS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net premiums and annuity considerations</td>
<td>$4,844,089,462</td>
<td>$4,282,292,919</td>
<td>$4,177,933,878</td>
</tr>
<tr>
<td>Net investment income</td>
<td>842,311,440</td>
<td>807,987,632</td>
<td>724,568,323</td>
</tr>
<tr>
<td>Other income</td>
<td>91,639,002</td>
<td>122,056,560</td>
<td>117,651,763</td>
</tr>
<tr>
<td>Policyholder benefits</td>
<td>(2,815,656,312)</td>
<td>(2,800,367,252)</td>
<td>(2,587,650,749)</td>
</tr>
<tr>
<td>Net transfers from (to) separate accounts</td>
<td>(440,679)</td>
<td>108,562</td>
<td>(250,778)</td>
</tr>
<tr>
<td>Commissions and operating expenses</td>
<td>(1,415,433,122)</td>
<td>(1,333,376,724)</td>
<td>(1,299,484,952)</td>
</tr>
<tr>
<td>Federal income taxes paid to parent</td>
<td>(100,878,509)</td>
<td>(4,996,144)</td>
<td>(38,400,728)</td>
</tr>
<tr>
<td><strong>Net cash from operations</strong></td>
<td>$1,445,631,282</td>
<td>$1,073,705,553</td>
<td>$1,094,366,757</td>
</tr>
<tr>
<td><strong>CASH FROM (USED FOR) INVESTMENTS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from investments sold, matured, or repaid:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>3,153,457,286</td>
<td>2,529,842,025</td>
<td>2,216,635,328</td>
</tr>
<tr>
<td>Stocks</td>
<td>59,923,471</td>
<td>28,086,363</td>
<td>87,552,402</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>195,013,770</td>
<td>361,598,800</td>
<td>281,412,466</td>
</tr>
<tr>
<td>Real estate</td>
<td>124,086</td>
<td>553,862</td>
<td>2,467,580</td>
</tr>
<tr>
<td>Other invested assets</td>
<td>5,488,820</td>
<td>14,357,589</td>
<td>20,769,186</td>
</tr>
<tr>
<td>Net (losses) gains on cash, cash equivalents, and short-term investments</td>
<td>(3,289)</td>
<td>(2,324,353)</td>
<td>1,511</td>
</tr>
<tr>
<td>Miscellaneous proceeds</td>
<td>32,181,697</td>
<td>12,582,448</td>
<td>12,069,281</td>
</tr>
<tr>
<td><strong>Cost of investments acquired:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>(4,741,509,608)</td>
<td>(3,581,231,248)</td>
<td>(3,143,397,015)</td>
</tr>
<tr>
<td>Stocks</td>
<td>(110,464,339)</td>
<td>(49,626,033)</td>
<td>(131,753,600)</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>(628,178,294)</td>
<td>(579,208,080)</td>
<td>(398,750,389)</td>
</tr>
<tr>
<td>Real estate</td>
<td>(1,383,224)</td>
<td>(3,105,474)</td>
<td>(4,023,089)</td>
</tr>
<tr>
<td>Other invested assets</td>
<td>(116,467,568)</td>
<td>(31,112,425)</td>
<td>(66,420,347)</td>
</tr>
<tr>
<td>Miscellaneous applications</td>
<td>(7,295,657)</td>
<td>(13,507,335)</td>
<td>(5,338,686)</td>
</tr>
<tr>
<td>Net increase in contract loans</td>
<td>(10,938,343)</td>
<td>(5,407,940)</td>
<td>(5,032,540)</td>
</tr>
<tr>
<td><strong>Net cash used for investments</strong></td>
<td>(2,170,051,192)</td>
<td>(1,318,501,801)</td>
<td>(1,133,807,912)</td>
</tr>
<tr>
<td><strong>CASH FROM (USED FOR) FINANCING AND MISCELLANEOUS SOURCES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowed funds received (paid)</td>
<td>357,579,208</td>
<td>(10,909,092)</td>
<td>(10,909,092)</td>
</tr>
<tr>
<td>Net increase in deposit-type contracts</td>
<td>345,290,203</td>
<td>360,383,185</td>
<td>136,060,529</td>
</tr>
<tr>
<td>Net increase (decrease) in payable to parent</td>
<td>18,502,875</td>
<td>(33,787,918)</td>
<td>15,654,831</td>
</tr>
<tr>
<td>Other cash provided (applied)</td>
<td>26,875,625</td>
<td>103,467,534</td>
<td>(102,459,357)</td>
</tr>
<tr>
<td><strong>Net cash from financing and miscellaneous sources</strong></td>
<td>748,247,911</td>
<td>419,153,709</td>
<td>38,346,911</td>
</tr>
<tr>
<td><strong>NET CHANGE IN CASH, CASH EQUIVALENTS, AND SHORT-TERM INVESTMENTS</strong></td>
<td>23,828,001</td>
<td>174,357,461</td>
<td>(1,094,244)</td>
</tr>
<tr>
<td><strong>CASH, CASH EQUIVALENTS, AND SHORT-TERM INVESTMENTS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of year</td>
<td>274,735,458</td>
<td>100,377,997</td>
<td>101,472,241</td>
</tr>
<tr>
<td>End of year</td>
<td>$298,563,459</td>
<td>$274,735,458</td>
<td>$100,377,997</td>
</tr>
</tbody>
</table>

(Continued)
<table>
<thead>
<tr>
<th>NON-CASH TRANSACTIONS:</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium ceded to a third party settled through funds withheld</td>
<td>$943,100,893</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Omaha Reinsurance Company (&quot;Omaha Re&quot;) ceded premium settled through funds withheld</td>
<td>$242,867,892</td>
<td>$237,516,657</td>
<td>$233,352,638</td>
</tr>
<tr>
<td>Omaha Re ceded benefits settled through funds withheld</td>
<td>$120,806,756</td>
<td>$112,846,665</td>
<td>$90,400,213</td>
</tr>
<tr>
<td>Benefits ceded to a third-party settled through funds withheld</td>
<td>$102,884,117</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Stock and bond conversions</td>
<td>$72,148,820</td>
<td>$81,973,392</td>
<td>$303,780,926</td>
</tr>
<tr>
<td>Omaha Re ceded interest settled through funds withheld</td>
<td>$56,631,399</td>
<td>$49,973,771</td>
<td>$51,139,021</td>
</tr>
<tr>
<td>Omaha Re ceded commissions settled through funds withheld</td>
<td>$52,637,302</td>
<td>$43,678,127</td>
<td>$68,629,690</td>
</tr>
<tr>
<td>Companion Life Insurance Company (&quot;Companion&quot;) assumed premium settled through funds withheld</td>
<td>$33,760,882</td>
<td>$32,943,199</td>
<td>$29,095,959</td>
</tr>
<tr>
<td>Interest ceded to a third party settled through funds withheld</td>
<td>$31,349,854</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Companion assumed benefits settled through funds withheld</td>
<td>$23,887,018</td>
<td>$25,224,878</td>
<td>$21,466,803</td>
</tr>
<tr>
<td>Deposit-type contracts ceded to a third party settled through funds withheld</td>
<td>$23,597,931</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Third party surplus relief amortization</td>
<td>$16,400,000</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Funds withheld listed as current amounts receivable</td>
<td>$12,105,897</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Schedule B mortgage disposed to Schedule B mortgage acquired</td>
<td>$11,511,193</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Omaha Re ceded policy loans settled through funds withheld</td>
<td>$5,937,525</td>
<td>$5,131,107</td>
<td>$4,664,187</td>
</tr>
<tr>
<td>Companion assumed commissions settled through funds withheld</td>
<td>$4,373,791</td>
<td>$4,677,831</td>
<td>$4,185,231</td>
</tr>
<tr>
<td>Companion assumed interest settled through funds withheld</td>
<td>$1,996,039</td>
<td>$1,866,445</td>
<td>$1,708,376</td>
</tr>
<tr>
<td>Bonds transferred for reinsurance transaction</td>
<td>$</td>
<td>$873,121,169</td>
<td>$</td>
</tr>
<tr>
<td>Capital contribution through payable to subsidiary</td>
<td>$</td>
<td>$</td>
<td>$27,000,000</td>
</tr>
<tr>
<td>Funds withheld listed as current amounts payable</td>
<td>$</td>
<td>$</td>
<td>$14,456,754</td>
</tr>
</tbody>
</table>

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 life and accident company, domiciled in the State of Nebraska and 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; United World Life Insurance Company (“United World”); Medicare Advantage Insurance Company of Omaha; UM Holdings, LLC.; Omaha Re and Mutual of Omaha Structured Settlement Company.

   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, and the U.S. Virgin Islands. Principal products and services provided include individual and group health insurance, individual and group life insurance, annuities, and retirement plans. The Company holds separate accounts assets which represent funds held for the benefit of contract holders under specific life and annuity contracts. The separate accounts funds are legally insulated from the general account.

   **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 Company does not utilize any permitted practices.

   The NDOI prescribes an accounting practice for synthetic guaranteed interest contracts (“synthetic GICs, Nebraska Regulations Title 210, Chapter 80”), 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:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income, Nebraska basis</td>
<td>$136,209,532</td>
<td>$55,373,839</td>
<td>$61,729,846</td>
</tr>
<tr>
<td>Nebraska prescribed practice: synthetic GICs</td>
<td>($6,930,318)</td>
<td>($513,285)</td>
<td>147,409</td>
</tr>
<tr>
<td>Net income, NAIC SAP</td>
<td>$129,279,214</td>
<td>$54,860,554</td>
<td>$61,877,255</td>
</tr>
<tr>
<td>Statutory surplus, Nebraska basis</td>
<td>$1,761,937,972</td>
<td>$1,639,369,793</td>
<td>$1,605,717,331</td>
</tr>
<tr>
<td>Nebraska prescribed practice: synthetic GICs</td>
<td>$339,404</td>
<td>$7,269,722</td>
<td>7,783,006</td>
</tr>
<tr>
<td>Statutory surplus, NAIC SAP</td>
<td>$1,762,277,376</td>
<td>$1,646,639,515</td>
<td>$1,613,500,337</td>
</tr>
</tbody>
</table>

   The prescribed practice is reflected in net income as an increase in reserves and in statutory surplus as a reserve for life policies and contracts.
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 fair value. Exchange Traded Funds, eligible for bond reporting by the NAIC Securities Valuation Office ("SVO Identified Funds-ETFs"), are carried at fair value and classified as bonds, while under GAAP, they are carried at fair value and classified as equity.

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. Under GAAP, certain investments in preferred stocks and other equity investments without readily determinable fair values, for which the Company has elected a measurement alternative, are carried at cost adjusted for price changes in observable transactions in the same or similar instruments of the same issuer and for impairments.

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 a 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 capital 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 capital 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 ("DTA") that may be reported as admitted assets that are not applicable under GAAP. Federal income tax provision is required on a current basis for the statutory statements of operations, the same 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 withdrawal assumptions.

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 statements of operations.

o. For loss contingencies, when no amount within management’s estimate of the 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-type 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 carried at amortized cost using the effective yield method, except for bonds with an NAIC designation of 6, which are carried 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. SVO Identified investments, captured within the scope of Statement of Statutory Accounting Principles (“SSAP”) No. 26R Bonds, are eligible for bond reporting. The Company has elected to value SVO Identified investments at fair value.

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 securities valued based on an index, and the retrospective method for all other securities.

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

Common stocks of unaffiliated companies are carried 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 amortized cost, or the fair value of the loan determined by the present value of expected future cash flows discounted at the loan’s effective interest rate, the 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 in 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 uncollectible. 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 carried 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% of the fair value of the domestic securities, 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.

The Company has repurchase agreements whereby unrelated parties, primarily major brokerage firms, borrow securities from the Company. The Company requires a minimum of 95% of the fair value of the securities 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 repurchase agreement securities continue to be reported as bonds. Cash collateral received is invested in short term securities and is included in short-term investments with a corresponding liability for funds held for securities on loan included in collateral from lending activities. Further under these agreements, the Company obtains the use of funds for a period not to exceed 30 days. Maximum borrowings allowed under these agreements are $500,000,000.

Other invested assets include investments in limited partnerships, receivables for securities, and an ownership of Fulcrum Growth Partners, L.L.C. and Fulcrum Growth Partners III L.L.C (collectively “Fulcrum”). During 2018, Fulcrum Growth Partners, L.L.C. was dissolved. As of December 31, 2019, the Company continues to own approximately 80% of Fulcrum Growth Partners III, L.L.C. The Company recognizes 80% of the contributions and distributions of Fulcrum, and 72% of net income (losses) in its investment in Fulcrum based on the partnership agreement provisions. 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 that has significant participation in Fulcrum’s operations. Contributions are no longer accepted by Fulcrum. 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 net unrealized capital gains (losses) within the statutory statements of changes in surplus. Distributions of income from these investments are recorded in net investment income.

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:

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in Fulcrum</td>
<td>$51,473,742</td>
<td>$57,909,309</td>
<td>$59,535,910</td>
</tr>
<tr>
<td>Net investment income</td>
<td>$5,486,049</td>
<td>$4,113,058</td>
<td>$1,627,704</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year Ended September 30</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>$76,082,436</td>
<td>$81,868,498</td>
<td>$84,546,074</td>
</tr>
<tr>
<td>Liabilities</td>
<td>$106,837</td>
<td>$109,879</td>
<td>$137,768</td>
</tr>
<tr>
<td>Net income</td>
<td>$9,344,569</td>
<td>$6,514,507</td>
<td>$795,751</td>
</tr>
</tbody>
</table>

- 13 -
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. The Company writes certain of the options purchased on indexed universal life for Companion.

Derivatives include foreign currency swaps, swaptions, interest rate swaps, warrants, 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 universal life products to mitigate interest rate fluctuations. The Company received warrants in the course of bond restructuring that once exercised can be converted to common stock. The Company does not consider either derivative type 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.
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 insurance and annuity reserves, active life and unearned premium 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 Commissioners’ Reserve Valuation Method, a net level premium method, or other modified reserve methods. Interest rates range from 3.00% to 6.00% for the years ended December 31, 2019 and 2018. Reserves for individual fixed annuities and life contingent supplementary contracts are calculated using the Commissioners’ Annuity Reserve Valuation Method, a net level premium method, with appropriate statutory interest and mortality assumptions. Interest rates range from 3.50% to 9.25% for the years ended December 31, 2019 and 2018. Group annuity reserves are valued using a net single premium method with appropriate statutory interest and mortality assumptions. Interest rates range from 2.25% to 11.25% for the years ended December 31, 2019 and 2018.

Active life reserves for health contracts provide amounts adequate to discharge estimated future obligations in excess of estimated future net 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.

Unearned premium reserves are for premiums that have been paid but have not been earned.

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 non-life contingent supplementary contracts in payout status without life contingencies are calculated 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, and disabled life reserves. 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. Disabled life reserves are determined within statutory interest assumption limitations. Continuance assumptions are based on either industry experience or a blend of Company and industry experience that comply with statutory guidelines. 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, and manage capital. 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 collectibility and length of time overdue on a quarterly basis. 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. Amounts that are overdue are nonadmitted as required. 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 U.S. 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 (“DTL”).

Deferred taxes are recognized to the extent there are differences between the statutory and tax basis 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 separately determined components: i) an amount of taxes paid in prior years which may be recovered through loss carryback of temporary differences that are expected to reverse within three-years from the reporting date; ii) 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 iii) an amount where the adjusted gross DTA equals 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 federal income tax expense. The liability for uncertain tax positions and the associated interest liability, if any, are included in current federal income tax payable on the statutory statements of admitted assets, liabilities, 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. Losses in excess of gains are recorded as an asset and nonadmitted.

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 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 is 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 is 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 in the statutory statements of operations.
The Company recognizes OTTI of stocks for declines in value that is 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.

**Accounting Pronouncements** — During 2019, the NAIC issued revisions to SSAP 100R *Fair Value* which remove requirements to disclose amounts transferred between Levels 1 and 2 of the fair value hierarchy and the reasons for those transfers. The revisions also remove the requirement to disclose the Company’s policy for determining when transfers between the levels of the hierarchy are recognized. See Note 4 for changes to these disclosures.

During 2018, the NAIC issued revisions to SSAP 51R *Life Contracts*, SSAP 52 *Deposit-Type Contracts*, and SSAP 61R *Life, Deposit-Type and Accident Health Reinsurance* that enhance existing annuity actuarial reserve and deposit-type liability disclosures by withdrawal characteristics. See Note 17 for the required disclosures.

During 2016, the NAIC issued revisions to SSAP 51 *Life Contracts* and SSAP No. 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 were 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.

During 2019, the NAIC issued revisions to SSAP 61R *Life, Deposit-Type and Accident and Health Reinsurance* that require additional disclosures about the transfer of risk within reinsurance agreements and are effective for the Company in 2020. The Company is currently evaluating the impact of this guidance on its financial statements.
2. INVESTMENTS

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

<table>
<thead>
<tr>
<th>Type</th>
<th>2019 Carrying Value</th>
<th>2019 Gross Unrealized Capital Gains</th>
<th>2019 Gross Unrealized Capital Losses</th>
<th>2019 Estimated Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. government</td>
<td>$40,435,884</td>
<td>$3,458,394</td>
<td>$7,234</td>
<td>$43,887,044</td>
</tr>
<tr>
<td>States, territories, and possessions</td>
<td>30,046,850</td>
<td>2,141,397</td>
<td>57,927</td>
<td>32,130,320</td>
</tr>
<tr>
<td>Special revenue</td>
<td>183,305,841</td>
<td>8,561,443</td>
<td>472,728</td>
<td>191,394,556</td>
</tr>
<tr>
<td>U.S. and Canadian corporate</td>
<td>9,318,505,523</td>
<td>874,163,742</td>
<td>10,341,230</td>
<td>10,182,328,035</td>
</tr>
<tr>
<td>Foreign corporate</td>
<td>2,785,909,445</td>
<td>197,037,414</td>
<td>1,158,640</td>
<td>2,981,788,219</td>
</tr>
<tr>
<td>Commercial MBS</td>
<td>838,482,031</td>
<td>57,102,726</td>
<td>929,596,098</td>
<td></td>
</tr>
<tr>
<td>Residential MBS</td>
<td>1,131,040,252</td>
<td>60,890,773</td>
<td>1,189,466,048</td>
<td></td>
</tr>
<tr>
<td>Other ABS</td>
<td>2,196,117,620</td>
<td>40,339,961</td>
<td>2,232,469,048</td>
<td></td>
</tr>
<tr>
<td>Political subdivision</td>
<td>10,246,781</td>
<td>-</td>
<td>10,074,881</td>
<td></td>
</tr>
<tr>
<td>Hybrid</td>
<td>34,589,653</td>
<td>2,127,075</td>
<td>36,716,728</td>
<td></td>
</tr>
<tr>
<td><strong>Total bonds</strong></td>
<td>16,568,679,880</td>
<td>1,245,822,925</td>
<td>21,651,115</td>
<td>17,792,851,690</td>
</tr>
<tr>
<td>Redeemable preferred stocks</td>
<td>31,800,000</td>
<td>1,972,699</td>
<td>33,772,699</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$16,600,479,880</td>
<td>$1,247,795,624</td>
<td>$21,651,115</td>
<td>$17,826,624,389</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type</th>
<th>2018 Carrying Value</th>
<th>2018 Gross Unrealized Capital Gains</th>
<th>2018 Gross Unrealized Capital Losses</th>
<th>2018 Estimated Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. government</td>
<td>$65,364,160</td>
<td>$3,621,846</td>
<td>$462,446</td>
<td>$68,523,560</td>
</tr>
<tr>
<td>States, territories, and possessions</td>
<td>19,259,650</td>
<td>1,277,675</td>
<td>144,692</td>
<td>20,392,633</td>
</tr>
<tr>
<td>Special revenue</td>
<td>145,102,014</td>
<td>2,731,645</td>
<td>1,343,376</td>
<td>146,490,283</td>
</tr>
<tr>
<td>U.S. and Canadian corporate</td>
<td>8,295,178,092</td>
<td>173,325,131</td>
<td>242,555,998</td>
<td>8,225,947,225</td>
</tr>
<tr>
<td>Foreign corporate</td>
<td>2,719,283,383</td>
<td>46,107,294</td>
<td>2,698,602,304</td>
<td></td>
</tr>
<tr>
<td>Commercial MBS</td>
<td>724,362,250</td>
<td>31,990,376</td>
<td>753,879,394</td>
<td></td>
</tr>
<tr>
<td>Residential MBS</td>
<td>910,605,277</td>
<td>25,046,066</td>
<td>924,163,940</td>
<td></td>
</tr>
<tr>
<td>Other ABS</td>
<td>2,011,754,995</td>
<td>22,407,022</td>
<td>2,026,023,665</td>
<td></td>
</tr>
<tr>
<td>SVO Identified Funds — ETFs</td>
<td>33,912,288</td>
<td>-</td>
<td>33,912,288</td>
<td></td>
</tr>
<tr>
<td>Hybrid</td>
<td>1,888,740</td>
<td>-</td>
<td>1,805,146</td>
<td></td>
</tr>
<tr>
<td><strong>Total bonds</strong></td>
<td>14,926,710,849</td>
<td>306,507,055</td>
<td>333,477,466</td>
<td>14,899,740,438</td>
</tr>
<tr>
<td>Redeemable preferred stocks</td>
<td>31,800,000</td>
<td>890,517</td>
<td>32,690,517</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$14,958,510,849</td>
<td>$307,397,572</td>
<td>$333,477,466</td>
<td>$14,932,430,955</td>
</tr>
</tbody>
</table>

Bonds with an NAIC designation of 6 of $246,781 and $214,000 as of December 31, 2019 and 2018, respectively, were carried at the lower of amortized cost or fair value.

The Company’s bond portfolio was primarily comprised of investment grade securities. Based upon designations by the NAIC, investment grade bonds comprised 96.9% and 96.6% of the Company’s total bond portfolio as of December 31, 2019 and 2018, respectively. A portion of the Commercial and Residential MBS portfolios is backed by collateral guaranteed or insured by a government agency. As of December 31, 2019 and 2018, 68.2% and 75.7%, respectively, of the Residential MBS portfolio was guaranteed by a government agency. As of December 31, 2019 and 2018, 56.0% and 60.5%, respectively, of the Commercial MBS portfolio was guaranteed by a government agency.
Information regarding the Company’s prepayment penalties and acceleration fees in bonds including loan-backed and structured securities as of December 31, 2019, was as follows:

<table>
<thead>
<tr>
<th></th>
<th>General Account</th>
<th>Separate Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of CUSIPs</td>
<td>42</td>
<td>-</td>
</tr>
<tr>
<td>Aggregate amount of investment income</td>
<td>$19,300,290</td>
<td>$ -</td>
</tr>
</tbody>
</table>

The carrying value and estimated fair value of bonds and redeemable preferred stocks as of December 31, 2019, 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.

<table>
<thead>
<tr>
<th></th>
<th>Carrying Value</th>
<th>Estimated Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due in one-year or less</td>
<td>$555,331,987</td>
<td>$562,358,758</td>
</tr>
<tr>
<td>Due after one-year through five-years</td>
<td>2,372,606,037</td>
<td>2,471,122,167</td>
</tr>
<tr>
<td>Due after five-years through ten-years</td>
<td>3,255,020,155</td>
<td>3,514,284,528</td>
</tr>
<tr>
<td>Due after ten-years</td>
<td>6,251,881,798</td>
<td>6,964,327,029</td>
</tr>
<tr>
<td></td>
<td></td>
<td>12,434,839,977</td>
</tr>
<tr>
<td>MBS and other ABS</td>
<td>4,165,639,903</td>
<td>4,314,531,907</td>
</tr>
<tr>
<td></td>
<td>$16,600,479,880</td>
<td>$17,826,624,389</td>
</tr>
</tbody>
</table>
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, 2019, 57 securities were in an unrealized capital loss position one-year or more with an average credit rating of Aa2 and were 95.7% investment grade. As of December 31, 2019, 396 securities were in an unrealized capital loss position less than one-year with an average credit rating of A1 and were 95.8% investment grade.

Net realized capital losses for the years ended December 31, 2019 and 2018 include losses of $3,035,223 and $15,423,584, 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 capital losses for MBS and other ABS as of December 31, 2019, by vintage, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017 and</th>
<th>2018</th>
<th>2019</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agency</td>
<td>Prior</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial MBS</td>
<td>$ 31,242</td>
<td>-</td>
<td>$ -</td>
<td>$ 2,957,417</td>
</tr>
<tr>
<td>Residential MBS</td>
<td>1,601,908</td>
<td>18,750</td>
<td>-</td>
<td>843,606</td>
</tr>
<tr>
<td>Other ABS</td>
<td>-</td>
<td>-</td>
<td>1,764,749</td>
<td>2,223,783</td>
</tr>
<tr>
<td></td>
<td>$ 1,633,150</td>
<td>$ 18,750</td>
<td>$ 1,764,749</td>
<td>$ 6,024,806</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sales or disposals:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>$ 2,395,682,814</td>
<td>$ 2,619,745,812</td>
<td>$ 575,410,591</td>
</tr>
<tr>
<td>Stocks</td>
<td>$ 19,695,300</td>
<td>$ 19,143,330</td>
<td>$ 9,826,036</td>
</tr>
<tr>
<td>Net realized capital gains (losses) on bonds and stocks:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross realized capital gains from sales or other disposals</td>
<td>$ 58,901,081</td>
<td>$ 13,105,999</td>
<td>$ 24,010,230</td>
</tr>
<tr>
<td>Gross realized capital losses from sales or other disposals</td>
<td>(17,872,614)</td>
<td>(97,943,103)</td>
<td>(2,386,794)</td>
</tr>
<tr>
<td>OTTI losses</td>
<td>(3,035,223)</td>
<td>(15,423,583)</td>
<td>(13,604,142)</td>
</tr>
<tr>
<td>Net realized capital gains (losses)</td>
<td>$ 37,993,244</td>
<td>$ (100,260,687)</td>
<td>$ 8,019,294</td>
</tr>
<tr>
<td>Stocks:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross realized capital gains from sales or other disposals</td>
<td>$ 6,082,104</td>
<td>$ 2,076,264</td>
<td>$ 2,689,073</td>
</tr>
<tr>
<td>Gross realized capital losses from sales or other disposals</td>
<td>-</td>
<td>(212,936)</td>
<td>(58,412)</td>
</tr>
<tr>
<td>Net realized capital gains</td>
<td>$ 6,082,104</td>
<td>$ 1,863,328</td>
<td>$ 2,630,661</td>
</tr>
</tbody>
</table>

These amounts shown above for 2018 contain securities transferred upon closing of the deferred annuity reinsurance agreement with a third-party reinsurer discussed in Note 9. The net realized losses shown above resulted in no IMR liability to be recognized as of December 31, 2019 and 2018.

Bond income due and accrued of $3,551,485 and $2,214,973 related to bonds in default was excluded from investment income during the years ended December 31, 2019 and 2018, respectively.

Preferred Stocks — The Company held perpetual preferred stocks invested in a single issuer with carrying amount of $100,000,000 as of December 31, 2019 and 2018, and estimated fair value of $132,254,227 as of December 31, 2019 and 2018.

Common Stocks-Unaffiliated — Included within common stocks-unaffiliated as of December 31, 2019 and 2018 is Federal Home Loan Bank (“FHLB”) capital stocks of $57,522,200 and $38,862,300, respectively. As of December 31, 2019 and 2018, $54,259,300 and $36,593,200, respectively, were classified as required stocks and the remaining $3,262,900 and $2,269,100 respectively, were classified as excess stocks as required by FHLB.
**Mortgage Loans** — The Company invests in mortgage loans collateralized principally by commercial real estate throughout the U.S. All of the Company’s mortgage loans are managed as one class and portfolio segment: commercial loans. During 2019, the minimum and maximum lending rates for mortgage loans were 3.15% and 5.14%, 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 was 84%. Mutual of Omaha and Companion participate in certain of the Company’s mortgage loans.

Net realized capital losses for the years ended December 31, 2019, 2018, and 2017 include losses of $3,895,595, $7,482,134, and $47,918, respectively, resulting from impairments of mortgage loans.

The Company’s mortgage loan portfolio includes 46 and 47 loan originators as of December 31, 2019 and 2018, respectively. Mortgage loan participations purchased from one loan originator comprise of approximately 13% and 18% of the portfolio as of December 31, 2019 and 2018, respectively. The properties collateralizing mortgage loans are geographically dispersed throughout the U.S., with the largest concentration in California of approximately 20% and 18% of the portfolio as of December 31, 2019 and 2018, respectively.

The Company participates or is a co-lender in mortgage loan agreements with other lenders for commercial mortgage loans. These amounts were $835,673,376 and $938,303,796 as of December 31, 2019 and 2018, 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 recorded investment (defined as the aggregate unpaid principal balance adjusted for unamortized premium or discount) in mortgage loans, by credit quality profile, as of December 31, was as follows:

<table>
<thead>
<tr>
<th>Loan-to-value ratios:</th>
<th>&gt;1.20x</th>
<th>1.00x-1.20x</th>
<th>&lt;1.00x</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 65%</td>
<td>$2,421,572,315</td>
<td>$120,712,309</td>
<td>$30,307,671</td>
<td>$2,572,592,295</td>
</tr>
<tr>
<td>65% to 75%</td>
<td>177,976,956</td>
<td>6,859,218</td>
<td>477,674</td>
<td>185,313,848</td>
</tr>
<tr>
<td>76% to 80%</td>
<td>1,710,525</td>
<td>-</td>
<td>-</td>
<td>1,710,525</td>
</tr>
<tr>
<td>Greater than 80%</td>
<td>1,045,030</td>
<td>-</td>
<td>-</td>
<td>1,045,030</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,602,304,826</strong></td>
<td><strong>$127,571,527</strong></td>
<td><strong>$30,785,345</strong></td>
<td><strong>$2,760,661,698</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Loan-to-value ratios:</th>
<th>&gt;1.20x</th>
<th>1.00x-1.20x</th>
<th>&lt;1.00x</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 65%</td>
<td>$1,968,568,430</td>
<td>$118,800,123</td>
<td>$35,710,180</td>
<td>$2,123,078,733</td>
</tr>
<tr>
<td>65% to 75%</td>
<td>170,220,263</td>
<td>22,452,687</td>
<td>1,288,197</td>
<td>193,961,147</td>
</tr>
<tr>
<td>76% to 80%</td>
<td>1,752,744</td>
<td>-</td>
<td>-</td>
<td>1,752,744</td>
</tr>
<tr>
<td>Greater than 80%</td>
<td>1,046,815</td>
<td>10,556,400</td>
<td>-</td>
<td>11,603,215</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,141,588,252</strong></td>
<td><strong>$151,809,210</strong></td>
<td><strong>$36,998,377</strong></td>
<td><strong>$2,330,395,839</strong></td>
</tr>
</tbody>
</table>

**Debt Service Coverage Ratios**

Non-Accrual and Past Due Loans — The Company’s recorded investment in past due loans by age as of December 2019 and 2018, was as follows:

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>30–59 days past due</td>
<td>$870,100</td>
</tr>
<tr>
<td>60–89 days past due</td>
<td>175,135</td>
</tr>
<tr>
<td>Greater than 180 days past due</td>
<td>275,625</td>
</tr>
<tr>
<td><strong>Total past due</strong></td>
<td><strong>1,145,725</strong></td>
</tr>
</tbody>
</table>

The recorded investment for loans where the interest rate was reduced was $133,502,397 and $55,646,780 as of December 31, 2019 and 2018, respectively. For the year ended December 31, 2019, the number of loans impacted and the average interest rate reduction was 25 loans and 0.64%, respectively. For the year ended December 31, 2018, the number of loans impacted and the average interest rate reduction was 82 loans and 1.26%, respectively.

The Company had no loans in non-accrual status as of December 31, 2019 and 2018.
Impaired Loans — Information related to impaired loans for the Company during 2019 and 2018, was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of December 31,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impaired loans</td>
<td>$4,830,398</td>
<td>$15,799,702</td>
</tr>
<tr>
<td>For the Years Ended December 31,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average recorded investment</td>
<td>$15,559,487</td>
<td>$12,488,794</td>
</tr>
<tr>
<td>Interest income recognized</td>
<td>1,153,619</td>
<td>686,904</td>
</tr>
<tr>
<td>Interest received</td>
<td>1,268,939</td>
<td>694,364</td>
</tr>
</tbody>
</table>

The Company was not subject to a participant or co-lender mortgage loan agreement for which the Company is restricted from unilaterally foreclosing on the mortgage loan as of December 31, 2019 and 2018.

The Company had no allowance for credit losses as of December 31, 2019 and 2018.

Restructured Loans — The recorded investment in loans modified in a TDR were $1,160,973 and $5,860,011 during the years ended December 31, 2019 and 2018, respectively. There were no realized capital losses in a TDR for the year ended December 31, 2019 and 2018.

The Company had one TDR as of December 31, 2019. The Company had no TDRs as of December 31, 2018. 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, 2019 and 2018.

Limited Partnerships — Net realized capital losses for the years ended December 31, 2019, 2018, and 2017 include losses of $1,413,391, $3,095,485, and $5,475,171, 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:

<table>
<thead>
<tr>
<th></th>
<th>Gross Restricted Assets</th>
<th>Total Admitted Restricted Assets</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in $)</td>
<td>(in $)</td>
<td></td>
</tr>
<tr>
<td><strong>2019</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collateral held under security lending agreements</td>
<td>$781,284,350</td>
<td>$781,284,350</td>
<td>2.96 %</td>
</tr>
<tr>
<td>Letter stock or securities restricted as to sale-excluding FHLB capital stock</td>
<td>100,000,000</td>
<td>100,000,000</td>
<td>0.38</td>
</tr>
<tr>
<td>FHLB capital stocks</td>
<td>57,522,200</td>
<td>57,522,200</td>
<td>0.22</td>
</tr>
<tr>
<td>On deposit with states</td>
<td>3,412,018</td>
<td>3,412,018</td>
<td>0.01</td>
</tr>
<tr>
<td>Pledged collateral to FHLB (including assets backing funding agreements)</td>
<td>2,188,413,868</td>
<td>2,188,413,868</td>
<td>8.28</td>
</tr>
<tr>
<td>Derivative cash collateral</td>
<td>750,000</td>
<td>750,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$3,131,382,436</td>
<td>$3,131,382,436</td>
<td>11.85 %</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Gross Restricted Assets</th>
<th>Total Admitted Restricted Assets</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in $)</td>
<td>(in $)</td>
<td></td>
</tr>
<tr>
<td><strong>2018</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collateral held under security lending agreements</td>
<td>$528,473,119</td>
<td>$528,473,119</td>
<td>2.28 %</td>
</tr>
<tr>
<td>Letter stock or securities restricted as to sale-excluding FHLB capital stock</td>
<td>100,000,000</td>
<td>100,000,000</td>
<td>0.43</td>
</tr>
<tr>
<td>FHLB capital stocks</td>
<td>38,245,400</td>
<td>38,245,400</td>
<td>0.17</td>
</tr>
<tr>
<td>On deposit with states</td>
<td>3,029,232</td>
<td>3,029,232</td>
<td>0.01</td>
</tr>
<tr>
<td>Pledged collateral to FHLB (including assets backing funding agreements)</td>
<td>1,158,770,791</td>
<td>1,158,770,791</td>
<td>4.99</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,828,518,542</td>
<td>$1,828,518,542</td>
<td>7.88 %</td>
</tr>
</tbody>
</table>
**Net Investment Income and Amortization of IMR** — The sources of net investment income for the years ended December 31, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>$ 696,650,291</td>
<td>$ 665,125,392</td>
<td>$ 640,541,119</td>
</tr>
<tr>
<td>Preferred stocks</td>
<td>1,625,095</td>
<td>1,089,251</td>
<td>1,168,478</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>112,280,641</td>
<td>101,626,624</td>
<td>95,715,164</td>
</tr>
<tr>
<td>Real estate</td>
<td>17,873,544</td>
<td>14,280,408</td>
<td>15,078,888</td>
</tr>
<tr>
<td>Contract loans</td>
<td>12,432,023</td>
<td>12,075,968</td>
<td>11,913,709</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>5,881,948</td>
<td>2,053,668</td>
<td>2,549,409</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>3,528,100</td>
<td>1,980,086</td>
<td>184,866</td>
</tr>
<tr>
<td>Other invested assets</td>
<td>27,324,195</td>
<td>29,799,584</td>
<td>7,356,608</td>
</tr>
<tr>
<td>Derivative instruments</td>
<td>14,080,187</td>
<td>10,468,974</td>
<td>5,899,394</td>
</tr>
<tr>
<td>Other</td>
<td>2,017,064</td>
<td>1,961,974</td>
<td>1,098,371</td>
</tr>
</tbody>
</table>

**Gross investment income**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>893,693,088</td>
<td>840,461,929</td>
<td>781,506,006</td>
</tr>
</tbody>
</table>

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization of IMR</td>
<td>4,248,625</td>
<td>2,403,210</td>
<td>3,389,236</td>
</tr>
<tr>
<td>Investment expenses</td>
<td>(44,605,460)</td>
<td>(39,281,850)</td>
<td>(42,462,446)</td>
</tr>
</tbody>
</table>

**Net investment income and amortization of IMR**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 853,336,253</td>
<td>$ 803,583,289</td>
<td>$ 742,432,796</td>
</tr>
</tbody>
</table>
3. **STRUCTURED SECURITIES**

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

<table>
<thead>
<tr>
<th></th>
<th>Gross Carrying Value</th>
<th>Gross Unrealized Capital Gains</th>
<th>Gross Unrealized Capital Losses</th>
<th>Estimated Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MBS:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td>$ 838,482,031</td>
<td>$ 57,102,726</td>
<td>$ 2,988,659</td>
<td>$ 892,596,098</td>
</tr>
<tr>
<td>Residential</td>
<td>1,131,040,252</td>
<td>60,890,773</td>
<td>2,464,264</td>
<td>1,189,466,761</td>
</tr>
<tr>
<td>Total</td>
<td>1,969,522,283</td>
<td>117,993,499</td>
<td>5,452,923</td>
<td>2,082,062,859</td>
</tr>
<tr>
<td>Other ABS</td>
<td>2,196,117,620</td>
<td>40,339,961</td>
<td>3,988,533</td>
<td>2,232,469,048</td>
</tr>
<tr>
<td>Total</td>
<td>$ 4,165,639,903</td>
<td>$ 158,333,460</td>
<td>$ 9,441,456</td>
<td>$ 4,314,531,907</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Gross Carrying Value</th>
<th>Gross Unrealized Capital Gains</th>
<th>Gross Unrealized Capital Losses</th>
<th>Estimated Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2018</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MBS:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td>$ 724,362,250</td>
<td>$ 31,990,376</td>
<td>$ 2,473,232</td>
<td>$ 753,879,394</td>
</tr>
<tr>
<td>Residential</td>
<td>910,605,277</td>
<td>25,046,066</td>
<td>11,487,403</td>
<td>924,163,940</td>
</tr>
<tr>
<td>Total</td>
<td>1,634,967,527</td>
<td>57,036,442</td>
<td>13,960,635</td>
<td>1,678,043,334</td>
</tr>
<tr>
<td>Other ABS</td>
<td>2,011,754,995</td>
<td>22,407,022</td>
<td>8,138,352</td>
<td>2,026,023,665</td>
</tr>
<tr>
<td>Total</td>
<td>$ 3,646,722,522</td>
<td>$ 79,443,464</td>
<td>$ 22,098,987</td>
<td>$ 3,704,066,999</td>
</tr>
</tbody>
</table>
Aging of unrealized capital losses on the Company’s structured securities as of December 31, was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Less than One Year</th>
<th></th>
<th>One Year or More</th>
<th></th>
<th>Total</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Estimated Fair Value</td>
<td>Gross Unrealized Capital Losses</td>
<td>Estimated Fair Value</td>
<td>Gross Unrealized Capital Losses</td>
<td>Estimated Fair Value</td>
<td>Gross Unrealized Capital Losses</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MBS:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td>$162,854,434</td>
<td>$2,987,160</td>
<td>$152,205</td>
<td>$1,499</td>
<td>$163,006,639</td>
<td>$2,988,659</td>
</tr>
<tr>
<td>Residential</td>
<td>183,424,921</td>
<td>1,876,031</td>
<td>21,388,657</td>
<td>589,732</td>
<td>204,813,578</td>
<td>2,464,264</td>
</tr>
<tr>
<td>Other ABS</td>
<td>346,279,355</td>
<td>4,863,191</td>
<td>21,540,862</td>
<td>5,330,808</td>
<td>367,820,217</td>
<td>5,452,923</td>
</tr>
<tr>
<td>Total</td>
<td>$838,299,719</td>
<td>$6,678,732</td>
<td>$306,987,148</td>
<td>$10,106,298</td>
<td>$1,145,286,867</td>
<td>$9,441,456</td>
</tr>
</tbody>
</table>

|                  | Less than One Year |                      | One Year or More |                      | Total |                      |
|                  | Estimated Fair Value | Gross Unrealized Capital Losses | Estimated Fair Value | Gross Unrealized Capital Losses | Estimated Fair Value | Gross Unrealized Capital Losses |
| 2018             |                   |                      |                  |                      |                   |                      |
| MBS:             |                   |                      |                  |                      |                   |                      |
| Commercial       | $123,792,864      | $1,124,997           | $45,393,023      | $1,348,235           | $169,185,887      | $2,473,232           |
| Residential      | 231,524,535       | 4,205,811            | 230,435,975      | 7,281,592            | 461,960,510       | 11,487,403           |
| Other ABS        | 355,317,399       | 5,330,808            | 275,828,998      | 8,629,827            | 631,146,397       | 13,960,635           |
| Total            | $1,165,515,054    | $11,992,689          | $378,346,030     | $10,106,298          | $1,543,861,084    | $22,098,987          |

OTTI is 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 was no OTTI on loan-backed and structured securities related to the intent to sell or inability to hold to maturity during 2019 or 2018. All of the Company’s OTTI on loan-backed and structured securities during 2019 and 2018 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:

<table>
<thead>
<tr>
<th>CUSIP</th>
<th>Amortized Cost Basis Before Current Period</th>
<th>Present Value of Projected Cash Flows</th>
<th>Recognized OTTI</th>
<th>Amortized Cost Basis After OTTI</th>
<th>Fair Value at the Date of Impairment</th>
<th>Date of Financial Statement Where Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>03235TAA5</td>
<td>$5,724,223</td>
<td>$2,689,000</td>
<td>$3,035,223</td>
<td>$2,689,000</td>
<td>$2,689,971</td>
<td>12/31/2019</td>
</tr>
<tr>
<td>05952AAN4</td>
<td>$1,031,353</td>
<td>$497,532</td>
<td>$533,821</td>
<td>$497,532</td>
<td>$245,386</td>
<td>6/30/2018</td>
</tr>
<tr>
<td>03235TAA5</td>
<td>7,074,158</td>
<td>6,013,034</td>
<td>1,061,124</td>
<td>6,013,034</td>
<td>6,013,034</td>
<td>9/30/2018</td>
</tr>
<tr>
<td>524685AA2</td>
<td>16,359,577</td>
<td>13,539,050</td>
<td>2,820,527</td>
<td>13,539,050</td>
<td>13,086,022</td>
<td>9/30/2018</td>
</tr>
<tr>
<td>70469HAA7</td>
<td>547,116</td>
<td>547,116</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9/30/2018</td>
</tr>
<tr>
<td>05952AAN4</td>
<td>25,012,204</td>
<td>20,049,616</td>
<td>4,962,588</td>
<td>20,049,616</td>
<td>19,344,442</td>
<td>9/30/2018</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th></th>
<th>Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State and political subdivisions securities</td>
<td>$ -</td>
<td>$ 246,781</td>
<td>-</td>
<td>$ 246,781</td>
</tr>
<tr>
<td>Common stocks — unaffiliated</td>
<td>7,340,282</td>
<td>57,522,200</td>
<td>800,000</td>
<td>65,662,482</td>
</tr>
<tr>
<td>Securities lending cash collateral</td>
<td>781,284,350</td>
<td>-</td>
<td>-</td>
<td>781,284,350</td>
</tr>
<tr>
<td>Derivative assets</td>
<td>-</td>
<td>8,621,078</td>
<td>-</td>
<td>8,621,078</td>
</tr>
<tr>
<td>Derivative cash collateral held</td>
<td>750,000</td>
<td>-</td>
<td>-</td>
<td>750,000</td>
</tr>
<tr>
<td>Total without separate accounts</td>
<td>789,374,632</td>
<td>66,390,059</td>
<td>800,000</td>
<td>856,564,691</td>
</tr>
<tr>
<td>Separate accounts</td>
<td>2,429,462,724</td>
<td>1,739,628,893</td>
<td>-</td>
<td>4,169,091,617</td>
</tr>
<tr>
<td>Total</td>
<td>$ 3,218,837,356</td>
<td>$ 1,806,018,952</td>
<td>$ 800,000</td>
<td>$ 5,025,656,308</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State and political subdivisions securities</td>
<td>$ -</td>
<td>$ 214,000</td>
<td>-</td>
<td>$ 214,000</td>
</tr>
<tr>
<td>SVO Identified Funds — ETFs</td>
<td>33,912,288</td>
<td>-</td>
<td>-</td>
<td>33,912,288</td>
</tr>
<tr>
<td>Common stocks — unaffiliated</td>
<td>8,083,173</td>
<td>38,245,400</td>
<td>-</td>
<td>46,328,573</td>
</tr>
<tr>
<td>Securities lending cash collateral</td>
<td>528,473,119</td>
<td>-</td>
<td>-</td>
<td>528,473,119</td>
</tr>
<tr>
<td>Derivative assets</td>
<td>-</td>
<td>748,733</td>
<td>-</td>
<td>748,733</td>
</tr>
<tr>
<td>Total without separate accounts</td>
<td>570,468,580</td>
<td>39,208,133</td>
<td>-</td>
<td>609,676,713</td>
</tr>
<tr>
<td>Separate accounts</td>
<td>2,049,129,619</td>
<td>1,455,676,509</td>
<td>-</td>
<td>3,504,806,128</td>
</tr>
<tr>
<td>Total</td>
<td>$ 2,619,598,199</td>
<td>$ 1,494,884,642</td>
<td>-</td>
<td>$ 4,114,482,841</td>
</tr>
</tbody>
</table>

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**

**SVO Identified Funds-ETFs and Common Stocks-Unaffiliated** — These securities are principally valued using the market approach. The valuation of these securities is based principally on observable inputs including quoted prices in active markets.

**Derivative Cash Collateral Held 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. The 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.
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-Unaffiliated — These FHLB capital stocks are only redeemable at par, so the fair value is presumed to be par.

Derivative Assets — These derivatives include swaptions, foreign currency swaps, and call spread options, and are principally valued using an income approach. The valuation of these securities is 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.

Common Stocks-Unaffiliated — These securities are only redeemable at par, so the fair value is presumed to be par, no current observable market data available.

Net Transfers into and out of Level 3 — Assets and liabilities are transferred into or out of Level 3 when a significant input can no longer be corroborated or can be corroborated with market observable data. This occurs when market activity decreases or increases related to certain securities and transparency to the underlying inputs is no longer available or can be observed with current pricing. During the years ended December 31, 2019 and 2018, there was one transfer into Level 3 and one transfer out of Level 3, respectively.
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, 2019 and 2018, were as follows:

<table>
<thead>
<tr>
<th>Balance</th>
<th>Capital Gains (Losses)</th>
<th>Net Transfers Into Level 3</th>
<th>Net Transfers Out of Level 3</th>
<th>Balance December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1, 2019</td>
<td>Included in Realized Capital Gains (Losses)</td>
<td>Included in Surplus Purchases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stocks — unaffiliated</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Balance</th>
<th>Capital Gains (Losses)</th>
<th>Net Transfers Into Level 3</th>
<th>Net Transfers Out of Level 3</th>
<th>Balance December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1, 2018</td>
<td>Included in Realized Capital Gains (Losses)</td>
<td>Included in Surplus Purchases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial MBS</td>
<td>$ 276,405</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Other ABS</td>
<td>516,565 (496,634)</td>
<td>151,921</td>
<td>- (171,852)</td>
<td>-</td>
</tr>
</tbody>
</table>

Total | $ 792,970 (496,634) | 151,921 | - (171,852) | $ - | $(276,405) |

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

<table>
<thead>
<tr>
<th>Carrying Value</th>
<th>Estimated Fair Value</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Not Practicable (Carrying Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>$ 16,568,679,880</td>
<td>$ 17,792,851,690</td>
<td>$ -</td>
<td>$ 16,223,778,973</td>
<td>$ 1,569,072,717</td>
</tr>
<tr>
<td>Preferred stocks</td>
<td>131,800,000</td>
<td>133,772,699</td>
<td>-</td>
<td>33,772,699</td>
<td>-</td>
</tr>
<tr>
<td>Common stocks — unaffiliated</td>
<td>66,622,482</td>
<td>65,662,482</td>
<td>7,340,282</td>
<td>57,522,000</td>
<td>800,000</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>2,760,661,698</td>
<td>2,878,001,778</td>
<td>-</td>
<td>10,731,265</td>
<td>-</td>
</tr>
<tr>
<td>Other invested assets — surplus not</td>
<td>9,938,667</td>
<td>10,731,265</td>
<td>-</td>
<td>10,731,265</td>
<td>-</td>
</tr>
<tr>
<td>Contract loans</td>
<td>199,228,072</td>
<td>199,228,072</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>(41,220,204)</td>
<td>(41,220,204)</td>
<td>(41,220,204)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>339,783,663</td>
<td>339,783,370</td>
<td>-</td>
<td>339,783,370</td>
<td>-</td>
</tr>
<tr>
<td>Securities lending cash collateral</td>
<td>781,284,350</td>
<td>781,284,350</td>
<td>-</td>
<td>781,284,350</td>
<td>-</td>
</tr>
<tr>
<td>Derivative assets</td>
<td>45,844,398</td>
<td>49,491,154</td>
<td>-</td>
<td>49,491,154</td>
<td>-</td>
</tr>
<tr>
<td>Derivative cash collateral</td>
<td>750,000</td>
<td>750,000</td>
<td>750,000</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Financial liabilities:

<table>
<thead>
<tr>
<th>Carrying Value</th>
<th>Estimated Fair Value</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Not Practicable (Carrying Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit-type contracts</td>
<td>3,497,181,918</td>
<td>3,471,921,509</td>
<td>-</td>
<td>-</td>
<td>3,471,921,509</td>
</tr>
<tr>
<td>Securities lending cash collateral</td>
<td>781,284,350</td>
<td>781,284,350</td>
<td>781,284,350</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Derivative cash collateral</td>
<td>51,275,000</td>
<td>51,275,000</td>
<td>51,275,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Derivative liabilities</td>
<td>15,922,684</td>
<td>14,210,906</td>
<td>14,210,906</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Borrowings</td>
<td>406,439,064</td>
<td>408,416,514</td>
<td>369,006,893</td>
<td>39,409,621</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Carrying Value</th>
<th>Estimated Fair Value</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Not Practicable (Carrying Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>$ 14,926,710,849</td>
<td>$ 14,899,740,438</td>
<td>$ 33,912,288</td>
<td>$ 13,712,353,748</td>
<td>$ 1,153,474,402</td>
</tr>
<tr>
<td>Preferred stocks</td>
<td>131,800,000</td>
<td>132,690,517</td>
<td>$ -</td>
<td>$ 32,690,517</td>
<td>-</td>
</tr>
<tr>
<td>Common stocks — unaffiliated</td>
<td>46,328,573</td>
<td>46,328,573</td>
<td>8,083,171</td>
<td>38,245,400</td>
<td>-</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>2,330,395,839</td>
<td>2,351,077,429</td>
<td>-</td>
<td>-</td>
<td>2,351,077,429</td>
</tr>
<tr>
<td>Contract loans</td>
<td>189,110,087</td>
<td>189,110,087</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>161,953,369</td>
<td>161,949,603</td>
<td>161,949,603</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>112,782,089</td>
<td>112,780,000</td>
<td>-</td>
<td>112,780,000</td>
<td>-</td>
</tr>
<tr>
<td>Securities lending cash collateral</td>
<td>528,473,119</td>
<td>528,473,119</td>
<td>528,473,119</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Derivative assets</td>
<td>49,245,040</td>
<td>43,769,506</td>
<td>-</td>
<td>43,769,406</td>
<td>-</td>
</tr>
</tbody>
</table>

Financial liabilities:

<table>
<thead>
<tr>
<th>Carrying Value</th>
<th>Estimated Fair Value</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Not Practicable (Carrying Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit-type contracts</td>
<td>3,175,489,647</td>
<td>3,015,559,500</td>
<td>-</td>
<td>-</td>
<td>3,015,559,500</td>
</tr>
<tr>
<td>Securities lending cash collateral</td>
<td>528,473,119</td>
<td>528,473,119</td>
<td>528,473,119</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Derivative cash collateral</td>
<td>35,785,000</td>
<td>35,785,000</td>
<td>35,785,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Derivative liabilities</td>
<td>8,674,118</td>
<td>15,853,812</td>
<td>15,853,812</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Borrowings</td>
<td>48,396,567</td>
<td>50,530,805</td>
<td>8,547</td>
<td>50,522,258</td>
<td>-</td>
</tr>
</tbody>
</table>
The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

The fair values of cash collateral, common stocks-unaffiliated, 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. It is not practicable to measure the value in certain private preferred stock and the carrying value approximates the 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.

**Other Invested Assets-Surplus Notes** — The fair values for other invested assets-surplus notes are based on quoted market prices.

**Contract Loans** — Contract loans are carried 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 and Cash Equivalents** — The fair value for cash equivalents includes a 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 issues that incorporate the credit quality and industry sector of the issuer. The carrying amount for cash and other cash equivalents approximates fair value.

**Short-Term Investments** — The fair values for short-term investments includes public bonds and short-term revolvers. The public bonds 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 issues that incorporate the credit quality and industry sector of the issuer. The carrying amount of short-term revolvers 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 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 their carrying values.
5. DERIVATIVE FINANCIAL INSTRUMENTS

The following tables summarize the Company’s derivative financial instruments as of December 31:

<table>
<thead>
<tr>
<th>2019</th>
<th>Contracts</th>
<th>Notional</th>
<th>Credit Exposure</th>
<th>Carrying Value</th>
<th>Estimated Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Amount</td>
<td></td>
<td>Assets</td>
<td>Liabilities</td>
</tr>
<tr>
<td>Foreign currency swaps</td>
<td>N/A</td>
<td>$1,003,689,708</td>
<td>$16,264,249</td>
<td>$37,223,320</td>
<td>$15,922,684</td>
</tr>
<tr>
<td>Call spread options</td>
<td>N/A</td>
<td>99,790,810</td>
<td></td>
<td>8,621,078</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>N/A</td>
<td>$1,103,480,518</td>
<td>$16,264,249</td>
<td>$45,844,398</td>
<td>$15,922,684</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2018</th>
<th>Contracts</th>
<th>Notional</th>
<th>Credit Exposure</th>
<th>Carrying Value</th>
<th>Estimated Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Amount</td>
<td></td>
<td>Assets</td>
<td>Liabilities</td>
</tr>
<tr>
<td>Foreign currency swaps</td>
<td>N/A</td>
<td>$902,050,765</td>
<td>$14,782,628</td>
<td>$48,496,307</td>
<td>$8,674,118</td>
</tr>
<tr>
<td>Call spread options</td>
<td>N/A</td>
<td>59,838,587</td>
<td></td>
<td>748,733</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>N/A</td>
<td>$961,889,352</td>
<td>$14,782,628</td>
<td>$49,245,040</td>
<td>$8,674,118</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>2019</th>
<th>Unassigned Surplus</th>
<th>Net Realized Capital Gains</th>
<th>Net Investment Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency swaps</td>
<td>$(18,521,552)</td>
<td>$1,924,824</td>
<td>$14,083,188</td>
</tr>
<tr>
<td>Call spread options</td>
<td>5,763,061</td>
<td>56,449</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$(12,758,491)</td>
<td>$1,981,273</td>
<td>$14,083,188</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2018</th>
<th>Unassigned Surplus</th>
<th>Net Realized Capital Gains</th>
<th>Net Investment Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency swaps</td>
<td>$66,600,871</td>
<td>$3,249,290</td>
<td>$10,468,974</td>
</tr>
<tr>
<td>Call spread options</td>
<td>(3,477,216)</td>
<td>1,641,810</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$63,123,655</td>
<td>$4,891,100</td>
<td>$10,468,974</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2017</th>
<th>Unassigned Surplus</th>
<th>Net Realized Capital Losses</th>
<th>Net Investment Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency swaps</td>
<td>$(62,400,110)</td>
<td>$403,937</td>
<td>$5,899,395</td>
</tr>
<tr>
<td>Swaptions</td>
<td>3,444,375</td>
<td>(3,444,375)</td>
<td>-</td>
</tr>
<tr>
<td>Call spread options</td>
<td>940,642</td>
<td>766,678</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$(58,015,093)</td>
<td>$(2,273,760)</td>
<td>$5,899,395</td>
</tr>
</tbody>
</table>

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 were an asset of $35,280,249 and $27,915,593 on December 31, 2019 and 2018, respectively. The Company pledged $750,000 of cash collateral as of December 31, 2019. The Company did not pledge cash collateral as of December 31, 2018. The Company was holding $51,275,000 and $35,785,000 of cash collateral as of December 31, 2019 and 2018, respectively.
6.  INCOME TAXES

The Company is part of an affiliated group of corporations that files a consolidated U.S. Corporate Income Tax Return. At December 31, 2019, the Company’s federal income tax return was consolidated with the following affiliates: Mutual of Omaha; Mutual of Omaha Holdings, Inc. and its subsidiaries; Mutual of Omaha Medicare Advantage Company; Omaha Financial Holdings, Inc. and certain of its subsidiaries including Mutual of Omaha Bank, Mutual Community Development Company, OMAFIN, Inc., and Synergy One Lending, Inc.; Omaha Health Insurance Company; Omaha Supplemental Insurance Company; Companion, Medicare Advantage Insurance Company of Omaha; Mutual of Omaha Structured Settlement Company; Omaha Re; and United World. The Company also files state income tax returns in certain jurisdictions.

Income taxes are allocated between the companies pursuant to a written agreement approved by the Board of Directors. Mutual of Omaha, parent of the affiliated group, has an enforceable right to use the consolidated net operating loss, capital loss and charitable contribution carryover, if any, against future net income subject to federal income taxes. Each company’s provision for federal income taxes is based on separate return calculations whereby the subsidiary has an enforceable right to recoup federal income taxes paid in prior years, if any, in the event of future net losses from Mutual of Omaha.

On December 22, 2017, the Tax Cuts and Jobs Act (“Act”) was signed into law. The Act included numerous changes, including a permanent reduction in the federal corporate income tax rate from 35% to 21%, effective January 1, 2018. In 2018, certain adjustments were made to the Company’s taxable income in conjunction with finalizing its U.S. federal income tax return for the period ended December 31, 2017. The Company also carried back capital losses incurred in 2018 that offset capital gains incurred in earlier tax years. These items resulted in an increase of $2,605,358 and $24,585,780 to the Company’s net income and surplus for the years ended December 31, 2019 and 2018, respectively. As of December 31, 2018, the accounting for the material financial reporting impacts of the Act was complete.

The Company’s DTL does not include an amount for the unrealized capital gains (losses) for its investment in subsidiaries.

There were no deposits admitted under Section 6603 of the Internal Revenue Code.
Federal and foreign income tax (benefit) incurred for the years ended December 31, consisted of the following major components:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current federal income tax</td>
<td>$97,586,868</td>
<td>$10,606,830</td>
<td>$42,992,987</td>
</tr>
<tr>
<td>Current foreign income tax</td>
<td>420,000</td>
<td>90,000</td>
<td>130,234</td>
</tr>
<tr>
<td><strong>Federal and foreign income tax</strong></td>
<td><strong>98,006,868</strong></td>
<td><strong>10,696,830</strong></td>
<td><strong>43,123,221</strong></td>
</tr>
<tr>
<td>Federal income tax (benefit) on net realized capital loss</td>
<td>3,225,985</td>
<td>(15,765,832)</td>
<td>3,961,385</td>
</tr>
<tr>
<td>Total federal and foreign income tax (benefit)</td>
<td>101,232,853</td>
<td>(5,069,002)</td>
<td>47,084,606</td>
</tr>
<tr>
<td>Change in net deferred income tax (benefit)</td>
<td>(45,468,745)</td>
<td>(11,923,916)</td>
<td>73,181,690</td>
</tr>
<tr>
<td><strong>Total federal and foreign income tax (benefit) incurred</strong></td>
<td><strong>$55,764,108</strong></td>
<td><strong>($16,992,918)</strong></td>
<td><strong>$120,266,296</strong></td>
</tr>
</tbody>
</table>
Reconciliations between federal income taxes (benefit) based on the federal corporate income tax rate and the effective income tax rate for the years ended December 31, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net gain from operations before federal income tax and net realized capital loss</td>
<td>$228,231,647</td>
<td>$82,089,410</td>
<td>$116,698,754</td>
</tr>
<tr>
<td>Net realized capital gain (loss) before federal income tax (benefit) and transfers to (from) IMR</td>
<td>41,687,002</td>
<td>(105,431,703)</td>
<td>3,546,061</td>
</tr>
<tr>
<td>Total pre-tax gain (loss)</td>
<td>269,918,649</td>
<td>(23,342,293)</td>
<td>120,244,815</td>
</tr>
<tr>
<td>Statutory tax rate</td>
<td>21 %</td>
<td>21 %</td>
<td>35 %</td>
</tr>
<tr>
<td>Expected federal income tax (benefit) incurred</td>
<td>56,682,916</td>
<td>(4,901,882)</td>
<td>42,085,686</td>
</tr>
<tr>
<td>Affiliate reinsurance reserve transfers</td>
<td>-</td>
<td>-</td>
<td>9,270</td>
</tr>
<tr>
<td>Prior year tax expenses (benefits)</td>
<td>1,391,673</td>
<td>(900,113)</td>
<td>10,376</td>
</tr>
<tr>
<td>Dividends received deductions</td>
<td>(1,473,445)</td>
<td>(1,419,300)</td>
<td>(1,153,030)</td>
</tr>
<tr>
<td>Amortization of IMR</td>
<td>(3,537,164)</td>
<td>3,400,320</td>
<td>(1,186,233)</td>
</tr>
<tr>
<td>Change in nonadmitted assets</td>
<td>(62,497)</td>
<td>(22,649)</td>
<td>(6,793,528)</td>
</tr>
<tr>
<td>Reserve changes in surplus</td>
<td>(7,199,131)</td>
<td>3,069,716</td>
<td>(6,744,074)</td>
</tr>
<tr>
<td>Adjustments to ceding commission</td>
<td>8,356,287</td>
<td>7,652,637</td>
<td>(10,505,950)</td>
</tr>
<tr>
<td>LIHTC investments net of amortization</td>
<td>3,186,447</td>
<td>(281,853)</td>
<td>39,648</td>
</tr>
<tr>
<td>Other</td>
<td>1,024,380</td>
<td>995,986</td>
<td>2,682,801</td>
</tr>
<tr>
<td>Federal income tax at effective tax rate before 2017 tax legislation</td>
<td>58,369,466</td>
<td>7,592,862</td>
<td>18,444,966</td>
</tr>
<tr>
<td>Impact of 2017 tax legislation</td>
<td>(2,605,358)</td>
<td>(24,585,780)</td>
<td>101,821,330</td>
</tr>
<tr>
<td>Total federal income tax (benefit) at effective tax rate after 2017 tax legislation</td>
<td>$55,764,108</td>
<td>$(16,992,918)</td>
<td>$120,266,296</td>
</tr>
</tbody>
</table>

The Company invests in low-income housing tax credits ("LIHTC") limited partnerships from which federal credits are scheduled to be received through 2031. The federal LIHTC programs provide tax credits over a ten-year period, after which the required holding period extends five-years.

The Company files income tax returns in the U.S. federal jurisdiction and certain state jurisdictions. Generally, the current and three preceding calendar years remain subject to examination. The Internal Revenue Service has initiated audits of Mutual of Omaha and its subsidiaries' federal income tax returns for calendar years 2014 through 2018 related to losses incurred and carried back to earlier tax years. At this time, no material adjustments are expected as a result of this examination.

Net operating losses incurred after December 31, 2017 cannot be carried back to prior years, but carry forward indefinitely where such carryforward is limited to a deduction equal to 80% of the taxable income in any one year. There were no net operating loss carryforwards as of December 31, 2019.
For the years ended December 31, 2019 and 2018, there was no income tax accrual for uncertain tax positions. As of December 31, 2019, there were no positions for which management believes it is reasonably possible that the total amounts of tax contingencies will significantly increase within twelve-months of the reporting date. As of December 31, 2019 and 2018, the Company had no statutory valuation allowance reducing its DTA.

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

<table>
<thead>
<tr>
<th></th>
<th>Ordinary</th>
<th>Capital</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross DTA</td>
<td>$347,425,342</td>
<td>$10,037,974</td>
<td>$357,463,316</td>
</tr>
<tr>
<td>Nonadmitted DTA</td>
<td>(114,897,147)</td>
<td>-</td>
<td>(114,897,147)</td>
</tr>
<tr>
<td>Net admitted DTA</td>
<td>232,528,195</td>
<td>10,037,974</td>
<td>242,566,169</td>
</tr>
<tr>
<td>DTL</td>
<td>(111,841,447)</td>
<td>(38,733,197)</td>
<td>(150,574,644)</td>
</tr>
<tr>
<td>Net DTA (DTL)</td>
<td>$120,686,748</td>
<td>$28,695,223</td>
<td>$91,991,525</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Ordinary</th>
<th>Capital</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross DTA</td>
<td>$310,982,908</td>
<td>$11,962,443</td>
<td>$322,945,351</td>
</tr>
<tr>
<td>Nonadmitted DTA</td>
<td>(78,538,337)</td>
<td>-</td>
<td>(78,538,337)</td>
</tr>
<tr>
<td>Net admitted DTA</td>
<td>232,444,571</td>
<td>11,962,443</td>
<td>244,407,014</td>
</tr>
<tr>
<td>DTL</td>
<td>(147,614,437)</td>
<td>(11,962,443)</td>
<td>(159,576,880)</td>
</tr>
<tr>
<td>Net DTA (DTL)</td>
<td>$84,830,134</td>
<td>-</td>
<td>$84,830,134</td>
</tr>
</tbody>
</table>
The Company has admitted DTAs as of December 31, as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ordinary</td>
<td>Capital</td>
</tr>
<tr>
<td>Federal income tax paid in prior</td>
<td>$1,675,313</td>
<td></td>
</tr>
<tr>
<td>years recoverable through loss</td>
<td>$1,675,313</td>
<td></td>
</tr>
<tr>
<td>carrybacks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted gross DTA expected to be</td>
<td>90,316,212</td>
<td></td>
</tr>
<tr>
<td>realized (lesser of 1 or 2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Adjusted gross DTA expected to be</td>
<td>90,316,212</td>
<td></td>
</tr>
<tr>
<td>realized following the balance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>sheet date</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Adjusted gross DTA allowed per</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>limitation threshold</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted gross DTA that can be</td>
<td>142,211,983</td>
<td>8,362,661</td>
</tr>
<tr>
<td>offset against DTL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DTA admitted as the result of</td>
<td>$232,528,195</td>
<td>$10,037,974</td>
</tr>
<tr>
<td>application of SSAP 101</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2018</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>Ordinary</td>
<td>Capital</td>
</tr>
<tr>
<td>Federal income tax paid in prior</td>
<td>$3,519,842</td>
<td></td>
</tr>
<tr>
<td>years recoverable through loss</td>
<td>$3,519,842</td>
<td></td>
</tr>
<tr>
<td>carrybacks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted gross DTA expected to be</td>
<td>81,310,292</td>
<td></td>
</tr>
<tr>
<td>realized (lesser of 1 or 2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Adjusted gross DTA expected to be</td>
<td>81,310,292</td>
<td></td>
</tr>
<tr>
<td>realized following the balance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>sheet date</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Adjusted gross DTA allowed per</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>limitation threshold</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted gross DTA that can be</td>
<td>151,134,279</td>
<td>8,442,601</td>
</tr>
<tr>
<td>offset against DTL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DTA admitted as the result of</td>
<td>$232,444,571</td>
<td>$11,962,443</td>
</tr>
<tr>
<td>application of SSAP 101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The authorized control level risk-based capital (“RBC”) ratio percentages used to determine recovery period and threshold limitation amounts were 845% and 833% as of December 31, 2019 and 2018, respectively. The amounts of adjusted capital and surplus used to determine recovery period and threshold limitations were $1,847,545,661 and $1,719,662,559 as of December 31, 2019 and 2018, respectively.

The Company has not utilized an income tax planning strategy for the realization of the DTA for 2019 and 2018.
The tax effects of temporary differences that give rise to significant portions of the DTA and DTL as of December 31, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DTA:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy reserves</td>
<td>$172,185,325</td>
<td>$154,661,686</td>
<td>$17,523,639</td>
</tr>
<tr>
<td>Investments</td>
<td>4,979</td>
<td>8,329</td>
<td>(3,350)</td>
</tr>
<tr>
<td>Deferred acquisition costs</td>
<td>155,098,032</td>
<td>135,600,585</td>
<td>19,497,447</td>
</tr>
<tr>
<td>Compensation and benefit accruals</td>
<td>5,235,966</td>
<td>5,804,707</td>
<td>(568,741)</td>
</tr>
<tr>
<td>Other expense accruals</td>
<td>858,478</td>
<td>836,882</td>
<td>21,596</td>
</tr>
<tr>
<td>Receivables — nonadmitted</td>
<td>1,588,011</td>
<td>873,975</td>
<td>714,036</td>
</tr>
<tr>
<td>Other nonadmitted assets</td>
<td>12,075,083</td>
<td>12,726,621</td>
<td>(651,538)</td>
</tr>
<tr>
<td>Other</td>
<td>379,468</td>
<td>470,123</td>
<td>(90,655)</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>347,425,342</td>
<td>310,982,908</td>
<td>36,442,434</td>
</tr>
<tr>
<td>Nonadmitted DTA</td>
<td>(114,897,147)</td>
<td>(78,538,337)</td>
<td>(36,358,810)</td>
</tr>
<tr>
<td>Admitted ordinary DTA</td>
<td>232,528,195</td>
<td>232,444,571</td>
<td>83,624</td>
</tr>
<tr>
<td>Capital:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>10,037,974</td>
<td>11,962,443</td>
<td>(1,924,469)</td>
</tr>
<tr>
<td>Admitted capital DTA</td>
<td>10,037,974</td>
<td>11,962,443</td>
<td>(1,924,469)</td>
</tr>
<tr>
<td>Admitted DTA</td>
<td>242,566,169</td>
<td>244,407,014</td>
<td>(1,840,845)</td>
</tr>
<tr>
<td><strong>DTL:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>(15,307,626)</td>
<td>(12,962,000)</td>
<td>(2,345,626)</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>(6,426,769)</td>
<td>(6,669,896)</td>
<td>243,127</td>
</tr>
<tr>
<td>Reserve basis adjustments</td>
<td>(79,248,162)</td>
<td>(94,097,501)</td>
<td>14,849,339</td>
</tr>
<tr>
<td>Advanced commissions</td>
<td>(10,593,500)</td>
<td>(10,787,909)</td>
<td>194,409</td>
</tr>
<tr>
<td>Other</td>
<td>(265,390)</td>
<td>(3,783,662)</td>
<td>3,518,272</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>(111,841,447)</td>
<td>(128,300,968)</td>
<td>16,459,521</td>
</tr>
<tr>
<td>Capital:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>(37,776,387)</td>
<td>(30,319,103)</td>
<td>(7,457,284)</td>
</tr>
<tr>
<td>Real estate</td>
<td>(956,810)</td>
<td>(956,809)</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>(38,733,197)</td>
<td>(31,275,912)</td>
<td>(7,457,285)</td>
</tr>
<tr>
<td><strong>DTL</strong></td>
<td>(150,574,644)</td>
<td>(159,576,880)</td>
<td>9,002,236</td>
</tr>
<tr>
<td><strong>Net admitted DTA</strong></td>
<td>$91,991,525</td>
<td>$84,830,134</td>
<td>$7,161,391</td>
</tr>
</tbody>
</table>
The change in net deferred income tax, exclusive of nonadmitted assets reported separately in surplus in the annual statement, during the years ended December 31, was comprised of the following:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>DTA</td>
<td>$357,463,316</td>
<td>$322,945,351</td>
<td>$34,517,965</td>
</tr>
<tr>
<td>DTL</td>
<td>(150,574,644)</td>
<td>(159,576,880)</td>
<td>9,002,236</td>
</tr>
<tr>
<td>Net DTA</td>
<td>$206,888,672</td>
<td>$163,368,471</td>
<td>43,520,201</td>
</tr>
</tbody>
</table>

Tax effect of unrealized capital gains (losses)  

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net deferred income tax</td>
<td>$45,468,745</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>DTA</td>
<td>$322,945,351</td>
<td>$324,652,311</td>
<td>($1,706,960)</td>
</tr>
<tr>
<td>DTL</td>
<td>(159,576,880)</td>
<td>(171,920,313)</td>
<td>12,343,433</td>
</tr>
<tr>
<td>Net DTA</td>
<td>$163,368,471</td>
<td>$152,731,998</td>
<td>10,636,473</td>
</tr>
</tbody>
</table>

Tax effect of unrealized capital gain  

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net deferred income tax</td>
<td>$11,923,916</td>
</tr>
</tbody>
</table>

7. RELATED PARTY INFORMATION

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

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admitted</td>
<td>Nonadmitted</td>
<td>Admitted</td>
</tr>
<tr>
<td>Fulcrum Growth Partners III, L.L.C.</td>
<td>$51,473,742</td>
<td>$ -</td>
</tr>
<tr>
<td>Mutual of Omaha Opportunities Fund, L.P.</td>
<td>13,746,178</td>
<td>-</td>
</tr>
<tr>
<td>Earnest SLR Trust</td>
<td>14,939,163</td>
<td>174,073</td>
</tr>
<tr>
<td>Legacy Benefits Ins Settlement</td>
<td>6,225,067</td>
<td>-</td>
</tr>
<tr>
<td>MHEG OZ Fund I, L.P.</td>
<td>15,785,212</td>
<td>-</td>
</tr>
<tr>
<td>Boston Financial Opp Zone Fund I</td>
<td>10,777,629</td>
<td>-</td>
</tr>
<tr>
<td>Synergy One Lending, Inc. Revolver</td>
<td>221,050,000</td>
<td>-</td>
</tr>
</tbody>
</table>

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 an excess of loss asset 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 excess of loss asset 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 2019, this decreased net income by $1,349,114 and decreased surplus $26,193,459. In 2018, this decreased net income by $29,674,893 and decreased surplus $43,429,033. The differences primarily relate to reserve valuations under New York Regulation 147. The Company’s investment in Companion was $52,581,602 and $56,281,529 at December 31, 2019 and 2018, respectively. The investment would
have been $78,774,872 and $99,710,562 at December 2019 and 2018, respectively, without the prescribed practices. The RBC of Companion would not have triggered a regulatory event if the prescribed practice was or was not used.

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 and 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 $500,000,000 from the Company. The interest rate for borrowing under this agreement in 2019 was from 1.65% to 2.43%. The amounts outstanding was $115,500,000 and $88,000,000 as of December 31, 2019 and 2018, respectively, and was included in short-term investments.

Effective March 29, 2019, the Company entered into a $250,000,000 unsecured revolving credit agreement with Mutual of Omaha. As of December 31, 2019, the Company had no outstanding borrowings under this agreement.

Other revolving lines of credit agreements, with maximum borrowings of $200,000,000, were terminated May 3, 2019.

The Company has a revolving line of credit borrowing agreement with Medicare Advantage Insurance Company of Omaha that allows for borrowings from the Company up to $30,000,000. As of December 31, 2019, the Company had no outstanding borrowings under this agreement.

The Company has a line of credit agreement to provide financing to its mortgage origination affiliate, Synergy One Lending, Inc., for an amount not to exceed $400,000,000. As of December 31, 2019, the amount outstanding under this agreement was $221,050,000, and was included in short-term investments.
The Company had the following transactions with its affiliates:

<table>
<thead>
<tr>
<th>Capital Contributions</th>
<th>Return of Capital</th>
<th>Affiliate</th>
<th>Description of Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>January 28, 2019</td>
<td>$ 5,000,000</td>
<td>-</td>
<td>Medicare Advantage Insurance Company of Omaha</td>
</tr>
<tr>
<td>October 30, 2019</td>
<td>15,000,000</td>
<td>-</td>
<td>Medicare Advantage Insurance Company of Omaha</td>
</tr>
<tr>
<td>December 26, 2019</td>
<td>15,000,000</td>
<td>-</td>
<td>Medicare Advantage Insurance Company of Omaha</td>
</tr>
<tr>
<td>Total</td>
<td>$ 35,000,000</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>February 16, 2018</td>
<td>$ 5,300,000</td>
<td>-</td>
<td>Omaha Re</td>
</tr>
<tr>
<td>May 29, 2018</td>
<td>10,700,000</td>
<td>-</td>
<td>Omaha Re</td>
</tr>
<tr>
<td>December 7, 2018</td>
<td>8,000,000</td>
<td>-</td>
<td>Medicare Advantage Insurance Company of Omaha</td>
</tr>
<tr>
<td>Total</td>
<td>$ 24,000,000</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 21, 2017</td>
<td>-</td>
<td>$ 5,000,000</td>
<td>Omaha Re</td>
</tr>
<tr>
<td>August 21, 2017</td>
<td>-</td>
<td>6,500,000</td>
<td>Omaha Re</td>
</tr>
<tr>
<td>December 22, 2017</td>
<td>5,000,000</td>
<td>-</td>
<td>Omaha Re</td>
</tr>
<tr>
<td>December 27, 2017</td>
<td>-</td>
<td>46,423,966</td>
<td>Omaha Re</td>
</tr>
<tr>
<td>December 27, 2017</td>
<td>-</td>
<td>81,381,102</td>
<td>Omaha Re</td>
</tr>
<tr>
<td>* December 31, 2017</td>
<td>27,000,000</td>
<td>-</td>
<td>Companion</td>
</tr>
<tr>
<td>Total</td>
<td>$ 32,000,000</td>
<td>-</td>
<td>139,305,068</td>
</tr>
</tbody>
</table>

* The Company recorded the capital contribution as a payable to Companion as of December 31, 2017, and settled it with cash on February 15, 2018.

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 $66,017,177 and $59,446,053 as of December 31, 2019 and 2018, respectively.

8. BORROWINGS

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

<table>
<thead>
<tr>
<th>Interest Rates</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Home Loan Bank line of credit</td>
<td>1.79%</td>
<td>$ 368,488,300</td>
</tr>
<tr>
<td>Federal Home Loan Bank advances due in 2023</td>
<td>5.03%</td>
<td>37,432,171</td>
</tr>
<tr>
<td>Federal Home Loan Bank line of credit — accrued interest due in 2020 and 2019, respectively</td>
<td>variable</td>
<td>518,593</td>
</tr>
<tr>
<td>Securities lending</td>
<td>N/A</td>
<td>781,284,350</td>
</tr>
<tr>
<td></td>
<td>$ 1,187,204,821</td>
<td>$ 576,861,139</td>
</tr>
</tbody>
</table>
The Company has a borrowing agreement with the FHLB under which the Company pledges FHLB approved collateral in return for extensions of credit. The Company and Mutual of Omaha have been authorized by their Boards of Directors to obtain extensions of credit under their agreements with the FHLB on a combined basis in the amount not to exceed $1,100,000,000, of that amount not to exceed $400,000,000 to provide financing to its mortgage origination affiliate, and with a maximum of $800,000,000 available for funding agreement contracts. The maximum amount borrowed by the Company under this agreement, excluding funding agreement contracts, was $410,970,110 at month-end during the year ended December 31, 2019. The Company held $19,357,291 and $2,266,077 of FHLB stocks as part of this borrowing agreement as of December 31, 2019 and 2018, respectively.

The liability for funding agreement contracts was $800,000,000 and $765,000,000 as of December 31, 2019 and 2018, respectively, and was included in deposit-type contracts. As of December 31, 2019, the related accrued interest was $1,461,169 and is due in 2020. The related accrued interest as of December 31, 2018 was $1,571,823 and was paid in 2019. The Company held $38,164,909 and $35,979,323 of FHLB stocks as part of these contracts as of December 31, 2019 and 2018, respectively.

As of December 31, 2019, the funding agreement contracts mature as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$260,000,000</td>
</tr>
<tr>
<td>2021</td>
<td>433,000,000</td>
</tr>
<tr>
<td>2022</td>
<td>22,000,000</td>
</tr>
<tr>
<td>2023</td>
<td>85,000,000</td>
</tr>
<tr>
<td></td>
<td><strong>$800,000,000</strong></td>
</tr>
</tbody>
</table>

The Company had pledged FHLB approved collateral with carrying values of $2,188,413,868 and $1,158,770,791, respectively, and with fair values of $2,316,254,156 and $1,182,693,192 pledged under these agreements as of December 31, 2019 and 2018, respectively.

The Company had securities loaned to third parties of $780,782,535 and $520,034,872 as of December 31, 2019 and 2018, respectively. The Company received cash collateral of $781,284,350 and $528,473,119 through these security lending and repurchase agreements as of December 31, 2019 and 2018, 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, 2019 and 2018 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, 2019, were as follows:

<table>
<thead>
<tr>
<th>Amortized Cost</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 days or less</td>
<td>$329,025,346</td>
</tr>
<tr>
<td>31 to 60 days</td>
<td>26,987,715</td>
</tr>
<tr>
<td>61 to 90 days</td>
<td>119,412,475</td>
</tr>
<tr>
<td>91 to 120 days</td>
<td>28,015,769</td>
</tr>
<tr>
<td>121 to 180 days</td>
<td>26,194,021</td>
</tr>
<tr>
<td>181 to 365 days</td>
<td>148,345,693</td>
</tr>
<tr>
<td>1 to 2 years</td>
<td>103,303,331</td>
</tr>
<tr>
<td>Total collateral received</td>
<td>$781,284,350</td>
</tr>
</tbody>
</table>

The Company has an agreement to sell and repurchase securities. The board of directors of the Company have authorized it to enter into reverse repurchase transactions not to exceed $500,000,000. The Company had no outstanding borrowings under this agreement as of December 31, 2019 and 2018.

There are no other revolving credit agreements other than those disclosed in Note 7.

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.

During 2019, The Company entered into a 100% coinsurance agreement with a third-party reinsurer which reinsured certain inforce deferred annuities on a funds withheld basis. The Company continues to own the securities and cash in the custodial account, which is subject to an investment management agreement under which the reinsurer has discretionary investment authority. The reinsurer is responsible for maintaining the balance in the funds withheld account in an amount equal to the reinsured reserves and is permitted to withdraw assets from the funds withheld account that exceed the reinsured reserves. To further secure its obligations under the arrangement, the reinsurer has placed certain assets with the value equal to 5% of the reinsured statutory reserves into a trust, with the Company as the sole beneficiary.

The Company’s significant financial impacts of the reinsurance arrangement upon execution were as follows:

**Statutory statements of operations:**
- Decrease in premiums and annuity considerations: $939,301,000
- Decrease in reserves: 939,301,000

**Statutory statements of admitted assets, liabilities, and surplus:**
- Decrease in reserve for life policies and contracts: $939,301,000
- Increase in cash and cash equivalents: 79,344,000
- Decrease in deposit-type contracts: 26,740,000
- Increase in unassigned surplus: 79,344,000
- Increase in funds withheld liability with unauthorized reinsurers: 966,041,000
During 2018, the Company entered into a 100% coinsurance agreement with a third-party reinsurer which reinsured certain inforce deferred annuities. Assets backing the ceded reserves were placed into a trust with the Company as the beneficiary.

The Company’s significant financial impacts of the reinsurance arrangement for the year ended December 31, 2018, were as follows:

<table>
<thead>
<tr>
<th>Statutory statements of operations:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Decrease in premiums and annuity considerations $1,111,410,000</td>
<td>Decrease in reserves $1,130,005,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Statutory statements of admitted assets, liabilities, and surplus:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in reserve for life policies and contracts $1,130,005,000</td>
<td>Decrease in bonds $927,316,000</td>
</tr>
<tr>
<td>Decrease in cash and cash equivalents $208,094,000</td>
<td>Decrease in deposit-type contracts $16,374,000</td>
</tr>
<tr>
<td>Increase in unassigned surplus $46,569,000</td>
<td></td>
</tr>
</tbody>
</table>

Assets were transferred to the reinsurer as part of the reinsurance agreement, requiring the sale of certain securities which resulted in realized losses of $54,195,000 prior to any transfers to the IMR.

During 2010, the Company entered into a reinsurance agreement with Omaha Re to cede certain term and universal life policies issues by the Company. The agreement covers policies issued from January 1, 2003 through September 30, 2013. A second reinsurance agreement with Omaha Re was executed in 2016 and amended in 2017, ceding certain term life insurance policies issued from October 1, 2013 through December 31, 2017. The 2017 amendment allows for policies issued through December 31, 2019 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. There were no amendments to the agreement with Omaha Re during 2019 and 2018.

The current agreement complies with 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 agreement with Omaha Re for the year ended December 31, 2017 were as follows:

<table>
<thead>
<tr>
<th>Statutory statements of operations:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in premiums and annuity considerations $4,341,942</td>
<td>Decrease in reserves $4,341,942</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Statutory statements of admitted assets, liabilities, and surplus:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in reserve for life policies and contracts $4,341,942</td>
<td>Increase in funds held under reinsurance $123,006,964</td>
</tr>
<tr>
<td>Increase in unassigned surplus $127,369,906</td>
<td></td>
</tr>
</tbody>
</table>
Deferred gains are amortized into operations as earnings emerge from the business reinsured. During 2019, 2018, and 2017, the Company amortized $39,551,984, $10,127,989, and $30,017,000, respectively.

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

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Premium considerations:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assumed:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliates</td>
<td>$34,301,657</td>
<td>$33,289,733</td>
<td>$29,188,457</td>
</tr>
<tr>
<td>Non-affiliates</td>
<td>195,364</td>
<td>246,255</td>
<td>313,795</td>
</tr>
<tr>
<td></td>
<td>$34,497,021</td>
<td>$33,535,988</td>
<td>$29,502,252</td>
</tr>
<tr>
<td>Ceded:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliates</td>
<td>$556,957,249</td>
<td>$532,350,807</td>
<td>$506,783,451</td>
</tr>
<tr>
<td>Non-affiliates</td>
<td>1,347,698,154</td>
<td>1,470,672,821</td>
<td>318,378,426</td>
</tr>
<tr>
<td></td>
<td>$1,904,655,403</td>
<td>$2,003,023,628</td>
<td>$825,161,877</td>
</tr>
<tr>
<td><strong>Commissions and expense allowances:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>on reinsurance ceded:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliates</td>
<td>$101,743,654</td>
<td>$105,897,303</td>
<td>$107,237,758</td>
</tr>
<tr>
<td>Non-affiliates</td>
<td>52,273,515</td>
<td>25,021,249</td>
<td>42,779,763</td>
</tr>
<tr>
<td></td>
<td>$154,017,169</td>
<td>$130,918,552</td>
<td>$150,017,521</td>
</tr>
<tr>
<td><strong>Policyholder benefits:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assumed:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliates</td>
<td>$20,256,280</td>
<td>$26,131,256</td>
<td>$21,465,374</td>
</tr>
<tr>
<td>Non-affiliates</td>
<td>215,670</td>
<td>1,478,487</td>
<td>1,962,291</td>
</tr>
<tr>
<td></td>
<td>$20,471,950</td>
<td>$27,609,743</td>
<td>$23,427,665</td>
</tr>
<tr>
<td>Ceded:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliates</td>
<td>$333,074,969</td>
<td>$304,256,715</td>
<td>$259,034,823</td>
</tr>
<tr>
<td>Non-affiliates</td>
<td>614,569,478</td>
<td>378,643,782</td>
<td>310,790,274</td>
</tr>
<tr>
<td></td>
<td>$947,644,447</td>
<td>$682,900,497</td>
<td>$569,825,097</td>
</tr>
<tr>
<td><strong>Operating expenses (including change in loading):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ceded:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliates</td>
<td>$11,833,391</td>
<td>$12,408,538</td>
<td>$16,727,781</td>
</tr>
<tr>
<td></td>
<td>$6,245,452</td>
<td>$12,408,538</td>
<td>$16,727,781</td>
</tr>
</tbody>
</table>
A summary of the impact of reinsurance operations on the statements of admitted assets, liabilities, and surplus as of December 31, was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserves for policies and contracts:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assumed:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliates</td>
<td>$27,266,958</td>
<td>$33,169,582</td>
</tr>
<tr>
<td>Non-affiliates</td>
<td>378,138</td>
<td>224,722</td>
</tr>
<tr>
<td></td>
<td>$27,645,096</td>
<td>$33,394,304</td>
</tr>
<tr>
<td>Ceded:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliates</td>
<td>$2,961,273,037</td>
<td>$2,686,525,134</td>
</tr>
<tr>
<td>Non-affiliates</td>
<td>2,216,355,792</td>
<td>1,458,015,231</td>
</tr>
<tr>
<td></td>
<td>$5,177,628,829</td>
<td>$4,144,540,365</td>
</tr>
<tr>
<td>Policy and contract claims:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assumed:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliates</td>
<td>$3,381,083</td>
<td>$6,544,993</td>
</tr>
<tr>
<td>Ceded:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliates</td>
<td>$64,800,326</td>
<td>$61,152,278</td>
</tr>
<tr>
<td>Non-affiliates</td>
<td>129,568,202</td>
<td>129,956,690</td>
</tr>
<tr>
<td></td>
<td>$194,368,528</td>
<td>$191,108,968</td>
</tr>
<tr>
<td>Premiums deferred and uncollected:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ceded:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliates</td>
<td>$185,461,615</td>
<td>$196,991,542</td>
</tr>
<tr>
<td>Non-affiliates</td>
<td>182,109,078</td>
<td>118,550,366</td>
</tr>
<tr>
<td></td>
<td>$367,570,693</td>
<td>$315,541,908</td>
</tr>
<tr>
<td>Funds held under reinsurance treaties included in reinsurance recoverable (all related party)</td>
<td>$60,133,018</td>
<td>$52,625,953</td>
</tr>
<tr>
<td>Funds held under reinsurance treaties included in funds held under coinsurance (all related party)</td>
<td>$1,351,996,792</td>
<td>$1,217,543,252</td>
</tr>
<tr>
<td>Funds held under reinsurance treaties included in funds held under coinsurance (third party)</td>
<td>$898,155,475</td>
<td>-</td>
</tr>
</tbody>
</table>

10. EMPLOYEE BENEFIT PLANS

The Company participates in 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, all sponsored by its parent, Mutual of Omaha. Effective January 1, 2005, the defined-benefit pension plan was amended to freeze plan benefits for participants.
under forty 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) defined-contribution plan while only employees hired before 1995 were eligible for the postretirement benefit plan. The Company has no legal obligation for benefits under these plans. During 2019, Mutual of Omaha allocated expense amounts for the defined-benefit pension and defined-contribution 401(k) plans to the Company based on various cost allocation methods. During 2018 and 2017, Mutual of Omaha also allocated expense amounts for the postretirement benefit plan. It ceased allocating postretirement benefit plan expenses in 2019.

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

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined-benefit pension plan</td>
<td>$242,907</td>
<td>$11,868,838</td>
<td>$14,009,810</td>
</tr>
<tr>
<td>401(k) defined-contribution plan</td>
<td>18,858,498</td>
<td>16,880,150</td>
<td>15,912,697</td>
</tr>
<tr>
<td>Postretirement benefit plan</td>
<td>-</td>
<td>794,725</td>
<td>641,215</td>
</tr>
</tbody>
</table>

There are certain plan assets where Mutual’s retirement liabilities are invested in assets of the Company. Plan assets for the defined benefit pension plan included a group annuity contract issued by the Company with a balance of $812,081,295 and $663,862,549 as of December 31, 2019 and 2018, respectively. Plan assets for the postretirement benefit plan were invested in a group annuity contract issued by the Company with a balance of $8,794,800 and $10,102,349 as of December 31, 2019 and 2018, respectively. Plan assets for the 401(k) plan included a group annuity contract issued by the Company with a balance of $158,018,627 and $158,480,600 as of December 31, 2019 and 2018, respectively.

11. SURPLUS AND DIVIDEND RESTRICTIONS

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

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized capital loss</td>
<td>$(189,517,177)</td>
<td>$(158,758,792)</td>
<td>$(136,940,976)</td>
</tr>
<tr>
<td>Nonadmitted assets</td>
<td>(196,676,901)</td>
<td>(175,653,112)</td>
<td>(126,584,107)</td>
</tr>
<tr>
<td>AVR</td>
<td>(170,816,392)</td>
<td>(157,911,233)</td>
<td>(145,770,838)</td>
</tr>
</tbody>
</table>

The minimum statutory capital and surplus necessary to satisfy regulatory requirements was $437,378,598 as of December 31, 2019 (“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, 2019, the maximum dividend allowed was $175,293,797.

12. COMMITMENTS AND CONTINGENCIES

The Company had unfunded investment commitments for bonds, mortgage loans, preferred stock, and other invested assets of $654,607,680 and $232,274,333 as of December 31, 2019 and 2018, 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 $7,300,548 and $8,427,098 as of December 31, 2019 and 2018, respectively. The Company estimated its premium tax credits that it will receive related to guaranty funds of $16,338,980 and $18,551,371 as of December 31, 2019 and 2018, respectively.

The Company recognizes discounted and undiscounted amounts relating to Penn Treaty Network America and its subsidiaries (together “Penn Treaty”). As of December 31, 2019, the discounted and undiscounted liabilities and receivables were $6,340,902 and $16,915,607, and $5,511,663 and $14,158,896, respectively. As of December 31, 2018, the discounted and undiscounted liabilities and receivables were $7,193,373 and $17,768,075, and $6,359,242 and $15,182,743, respectively. There are 50 jurisdictions for liabilities and 39 jurisdictions for premium tax credits by insolvency as of December 31, 2019. Amounts used for the Penn Treaty accruals are the discounted amounts, using a 4.25% discount rate, reported by the National Organization of Life and Health Insurance Guaranty Association.

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, 2019 are $1,150,886,854.

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, 2019, were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$11,028,437</td>
</tr>
<tr>
<td>2021</td>
<td>8,928,650</td>
</tr>
<tr>
<td>2022</td>
<td>6,614,271</td>
</tr>
<tr>
<td>2023</td>
<td>5,360,438</td>
</tr>
<tr>
<td>2024</td>
<td>3,653,555</td>
</tr>
<tr>
<td>Thereafter</td>
<td>7,777,646</td>
</tr>
<tr>
<td>Total</td>
<td>$43,362,997</td>
</tr>
</tbody>
</table>

The Company’s allocated rental expense for the years ended December 31, 2019, 2018, and 2017, were $30,538,444, $24,982,375, and $20,635,411, respectively.

14. DIRECT PREMIUM WRITTEN

The Company’s direct life, health, and annuity premium written by third-party administrators was $100,054,148, $101,201,193, and $99,184,513 during the years ended December 31, 2019, 2018, and 2017, respectively.
15. 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:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health balance at January 1</td>
<td>$ 874,579,246</td>
<td>$ 821,173,025</td>
</tr>
<tr>
<td>Reinsurance recoverable</td>
<td>65,460,174</td>
<td>58,498,125</td>
</tr>
<tr>
<td>Net balance at January 1</td>
<td>809,119,072</td>
<td>762,674,900</td>
</tr>
<tr>
<td>Incurred related to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current year</td>
<td>1,043,387,781</td>
<td>965,053,391</td>
</tr>
<tr>
<td>Prior years</td>
<td>(43,183,324)</td>
<td>(23,587,323)</td>
</tr>
<tr>
<td>Total incurred</td>
<td>1,000,204,457</td>
<td>941,466,068</td>
</tr>
<tr>
<td>Paid related to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current year</td>
<td>690,526,635</td>
<td>659,598,492</td>
</tr>
<tr>
<td>Prior years</td>
<td>244,297,158</td>
<td>235,423,404</td>
</tr>
<tr>
<td>Total paid</td>
<td>934,823,793</td>
<td>895,021,896</td>
</tr>
<tr>
<td>Net balance at December 31</td>
<td>874,499,736</td>
<td>809,119,072</td>
</tr>
<tr>
<td>Reinsurance recoverable</td>
<td>69,138,786</td>
<td>65,460,174</td>
</tr>
<tr>
<td>Balance at December 31</td>
<td>$ 943,638,522</td>
<td>$ 874,579,246</td>
</tr>
</tbody>
</table>

During 2019, runout on prior year incurrrals was favorable on both an interest adjusted and non-interest adjusted basis primarily due to updated claim termination rates for group long term disability with a smaller impact due to favorable runout on group ancillary and medicare supplement products. During 2018, incurred claims were favorable for prior years primarily due to favorable claim runout for both group and individual health coverages on a non-interest adjusted basis primarily driven by medicare supplement and long term disability. The reserves are reviewed and revised to reflect current conditions and claim trends and any resulting adjustments are reflected in operating results in the year the revisions are made.

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:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior year accrual</td>
<td>$29,602,779</td>
<td>$27,083,496</td>
</tr>
<tr>
<td>Incurred claim adjustment expenses</td>
<td>56,564,862</td>
<td>49,675,676</td>
</tr>
<tr>
<td>Paid claim adjustment expenses</td>
<td>(54,663,665)</td>
<td>(47,156,393)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$31,503,976</strong></td>
<td><strong>$29,602,779</strong></td>
</tr>
</tbody>
</table>

16. RESERVES FOR LIFE, ANNUITY, AND DEPOSIT-TYPE POLICIES AND 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 of insurance introduced prior to 1989, substandard reserves for policies with a substandard underwriting class were set equal to the excess of the reserves calculated using the appropriate substandard multiple mortality table over the reserves 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, 2019 and 2018, the Company had insurance in force with a face value of $32,992,677,360 and $52,496,314,830, 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 $151,817,162 and $151,057,423 as of December 31, 2019 and 2018, respectively. During 2019, the Company changed its methodology for determining deficiency reserve mortality. This change resulted in fewer deficient policies with a similar amount of deficiency reserves in aggregate.

The interpretation of an unusual cash value (“UCV”) calculation for a return of premium (“ROP”) endowment benefit on certain term plans were updated resulting in an increase in policy reserves and a corresponding increase in reserves for life policies and contracts of $12,693,456 in 2019.

Mortality assumptions used for calculating certain life deficiency reserves were updated resulting in a decrease in reserves and an increase to surplus of $1,195,486 in 2018.

Scheduled premiums used in the UCV calculation for ROP on certain short guarantee term plans were updated from guaranteed to current resulting in an increase in reserves and a corresponding charge to surplus of $10,324,480 in 2019.

Mortality assumptions used for calculating reserves for anticipated anti-selection mortality on term conversions were updated resulting in a decrease in reserve for policies and contracts and a corresponding increase to surplus of $1,535,794 in 2019. Mortality assumptions used for calculating reserves for anticipated anti-selection mortality on term conversions were updated resulting in an increase in reserve for policies and contracts and a corresponding charge to surplus of $9,866,473 and $16,466,357 in 2018 and 2017, respectively.
Group term life premium deficiency reserves established in 2015 for business assumed from Companion were released resulting in a decrease in reserve for life policies and contracts and a corresponding increase in surplus of $7,161,203 in 2019.

Valuation interest rates on certain policies and issue years were increased from lower than maximum to the maximum allowed rates resulting in a decrease in reserve for life policies and contracts and a corresponding increase in surplus of $23,612,331 in 2018.

The Company changed the effective dates for individual life policy reprices from issue date estimates to application signed dates during 2017 resulting in an increase in policy reserves and corresponding charge to income of $2,800,000.

17. ANALYSIS OF LIFE AND ANNUITY RESERVES AND DEPOSIT-TYPE LIABILITIES BY WITHDRAWAL CHARACTERISTICS

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

<table>
<thead>
<tr>
<th>2019</th>
<th>General Account</th>
<th>Separate Account Non-Guaranteed</th>
<th>Total</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annuity reserves and deposit funds liabilities — subject to discretionary withdrawal:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>With fair value adjustment</td>
<td>$1,779,321,823</td>
<td>$ -</td>
<td>$ 1,779,321,823</td>
<td>11.7%</td>
</tr>
<tr>
<td>At book value less current surrender charge of 5% or more</td>
<td>131,749,752</td>
<td>-</td>
<td>131,749,752</td>
<td>0.8%</td>
</tr>
<tr>
<td>At fair value</td>
<td>-</td>
<td>4,100,880,045</td>
<td>4,100,880,045</td>
<td>26.9%</td>
</tr>
<tr>
<td>Total with adjustment or at fair value</td>
<td>1,911,071,575</td>
<td>4,100,880,045</td>
<td>6,011,951,620</td>
<td>39.4%</td>
</tr>
<tr>
<td>At book value without adjustment (minimal or no charge)</td>
<td>1,686,736,683</td>
<td>-</td>
<td>1,686,736,683</td>
<td>11.1%</td>
</tr>
<tr>
<td>Not subject to discretionary withdrawal</td>
<td>7,546,000,550</td>
<td>325,451</td>
<td>7,546,326,001</td>
<td>49.5%</td>
</tr>
<tr>
<td>Gross total</td>
<td>11,143,808,808</td>
<td>4,101,205,496</td>
<td>15,245,014,304</td>
<td>100.0%</td>
</tr>
<tr>
<td>Reinsurance ceded</td>
<td>1,919,729,115</td>
<td>-</td>
<td>1,919,729,115</td>
<td>100.0%</td>
</tr>
<tr>
<td>Net total</td>
<td>$ 9,224,079,693</td>
<td>$ 4,101,205,496</td>
<td>$ 13,325,285,189</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2018</th>
<th>General Account</th>
<th>Separate Account Non-Guaranteed</th>
<th>Total</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annuity reserves and deposit funds liabilities — subject to discretionary withdrawal:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>With fair value adjustment</td>
<td>$1,470,585,044</td>
<td>$ -</td>
<td>$ 1,470,585,044</td>
<td>10.8%</td>
</tr>
<tr>
<td>At book value less current surrender charge of 5% or more</td>
<td>127,503,690</td>
<td>-</td>
<td>127,503,690</td>
<td>0.9%</td>
</tr>
<tr>
<td>At fair value</td>
<td>-</td>
<td>3,447,267,810</td>
<td>3,447,267,810</td>
<td>25.3%</td>
</tr>
<tr>
<td>Total with adjustment or at fair value</td>
<td>1,598,088,734</td>
<td>3,447,267,810</td>
<td>5,045,356,544</td>
<td>37.0%</td>
</tr>
<tr>
<td>At book value without adjustment (minimal or no charge)</td>
<td>1,844,768,772</td>
<td>-</td>
<td>1,844,768,772</td>
<td>13.6%</td>
</tr>
<tr>
<td>Not subject to discretionary withdrawal</td>
<td>6,729,406,251</td>
<td>284,080</td>
<td>6,729,690,331</td>
<td>49.4%</td>
</tr>
<tr>
<td>Gross total</td>
<td>10,171,979,677</td>
<td>3,447,551,890</td>
<td>13,619,531,567</td>
<td>100.0%</td>
</tr>
<tr>
<td>Reinsurance ceded</td>
<td>1,151,502,438</td>
<td>-</td>
<td>1,151,502,438</td>
<td>100.0%</td>
</tr>
<tr>
<td>Net total</td>
<td>$ 9,020,477,239</td>
<td>$ 3,447,551,890</td>
<td>$ 12,468,029,129</td>
<td></td>
</tr>
</tbody>
</table>
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-type liabilities in guaranteed separate accounts as of December 31, 2019 and 2018.

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.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life and accident and health annual statement:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exhibit 5, Annuities section — net total</td>
<td>$ 5,722,331,816</td>
<td>$ 5,840,051,132</td>
</tr>
<tr>
<td>Exhibit 5, Supplementary Contracts with Life Contingencies section — net total</td>
<td>4,565,959</td>
<td>4,936,461</td>
</tr>
<tr>
<td>Exhibit 7, Deposit-Type Contracts, Line 14 — net total</td>
<td>3,497,181,918</td>
<td>3,175,489,647</td>
</tr>
<tr>
<td>Subtotal</td>
<td>9,224,079,693</td>
<td>9,020,477,240</td>
</tr>
<tr>
<td>Separate accounts annual statement:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exhibit 3, Annuities section — net total</td>
<td>94,945,845</td>
<td>86,179,515</td>
</tr>
<tr>
<td>Exhibit 4, Deposit-Type Contracts, Line 9 — net total</td>
<td>4,006,259,651</td>
<td>3,361,372,374</td>
</tr>
<tr>
<td>Total</td>
<td>$ 13,325,285,189</td>
<td>$ 12,468,029,129</td>
</tr>
</tbody>
</table>
The withdrawal characteristics of the Company’s life policy reserves as of December 31, 2019 were as follows:

<table>
<thead>
<tr>
<th>Subject to discretionary withdrawal, surrender values, or policy loans:</th>
<th>General Account</th>
<th>Separate Account - Guaranteed and Non-Guaranteed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term policies with cash value</td>
<td>$59,590,806</td>
<td>$196,744,887</td>
</tr>
<tr>
<td>Universal life</td>
<td>541,347,667</td>
<td>583,996,106</td>
</tr>
<tr>
<td>Universal life with secondary guarantees</td>
<td>$1,194,100,960</td>
<td>2,731,743,090</td>
</tr>
<tr>
<td>Indexed universal life with secondary guarantees</td>
<td>62,652,546</td>
<td>112,649,480</td>
</tr>
<tr>
<td>Other permanent cash value life insurance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Variable universal life</td>
<td>12,509,257</td>
<td>18,443,926</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Not subject to discretionary withdrawal or no cash values:</th>
<th>General Account</th>
<th>Separate Account - Guaranteed and Non-Guaranteed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term policies without cash value</td>
<td>N/A</td>
<td>1,588,114,246</td>
</tr>
<tr>
<td>Accidental death benefits</td>
<td>N/A</td>
<td>6,381,099</td>
</tr>
<tr>
<td>Disability — active lives</td>
<td>N/A</td>
<td>19,933,754</td>
</tr>
<tr>
<td>Disability — disabled lives</td>
<td>N/A</td>
<td>118,545,044</td>
</tr>
<tr>
<td>Miscellaneous reserves</td>
<td>N/A</td>
<td>254,791,662</td>
</tr>
</tbody>
</table>

| Gross total | 2,203,209,327 | 8,632,648,716 |
| Reinsurance ceded | 464,164,730 | 2,764,842,147 |

| Net total | $1,739,044,597 | 5,867,806,569 |

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 life reserves to amounts reported in the statutory financial statements as of December 31, 2019.

**Life and accident and health annual statement:**
- Exhibit 5, Life Insurance section — net total $5,572,590,724
- Exhibit 5, Accidental Death Benefits section — net total 6,241,927
- Exhibit 5, Disability — Active Lives section — net total 7,088,034
- Exhibit 5, Disability — Disabled Lives section — net total 117,478,491
- Exhibit 5, Disability — Miscellaneous Reserves section — net total 164,407,393

**Subtotal**

5,867,806,569

**Separate accounts annual statement:**
- Exhibit 3, Life Insurance section — net total 59,043,135

**Total** $5,926,849,704
18. PREMIUMS DEFERRED AND UNCOLLECTED

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

<table>
<thead>
<tr>
<th>Type</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross</td>
<td>Loading</td>
</tr>
<tr>
<td>Ordinary first year</td>
<td>$104,082,472</td>
<td>$6,943,785</td>
</tr>
<tr>
<td>business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary renewal</td>
<td>471,961,912</td>
<td>349,515,371</td>
</tr>
<tr>
<td>Group life</td>
<td>(94,579,274)</td>
<td>(95,398,626)</td>
</tr>
<tr>
<td>Group annuity</td>
<td>(228,045)</td>
<td>(228,045)</td>
</tr>
<tr>
<td>Total</td>
<td>$481,237,065</td>
<td>$260,832,485</td>
</tr>
</tbody>
</table>

19. SEPARATE ACCOUNTS

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

For the years ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premiums and considerations</td>
<td>$3,645,545</td>
<td>$3,925,321</td>
</tr>
<tr>
<td>Deposits</td>
<td>1,743,680,478</td>
<td>1,503,758,451</td>
</tr>
<tr>
<td>Premiums, considerations, and deposits</td>
<td>$1,747,326,023</td>
<td>$1,507,683,772</td>
</tr>
</tbody>
</table>

As of December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserves by valuation basis — fair value</td>
<td>$4,160,248,632</td>
<td>$3,497,357,200</td>
</tr>
<tr>
<td>Reserves with discretionary withdrawal characteristics — fair value</td>
<td>$4,160,248,632</td>
<td>$3,497,357,200</td>
</tr>
</tbody>
</table>

Transfers as reported in the statutory statements of operations of the separate accounts annual statement:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers to separate accounts</td>
<td>$3,645,545</td>
<td>$4,147,095</td>
</tr>
<tr>
<td>Transfers from separate accounts</td>
<td>15,936,702</td>
<td>15,289,352</td>
</tr>
<tr>
<td>Net transfers of the general account</td>
<td>(12,291,157)</td>
<td>(11,142,257)</td>
</tr>
<tr>
<td>Reinsurance of separate account business</td>
<td>12,291,157</td>
<td>11,142,257</td>
</tr>
<tr>
<td>Net transfers as reported in the statutory statements of operations</td>
<td>$-</td>
<td>$-</td>
</tr>
</tbody>
</table>
The Company holds no guaranteed separate accounts or reserves in separate accounts for asset default risk in lieu of AVR as of December 31, 2019 and 2018.

20. SUBSEQUENT EVENTS

The Company is monitoring the COVID-19 developments and is in process of evaluating the key impacts to financial reporting and operations. As events and responses continue to rapidly evolve, it is not possible to reasonably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods. The Company has enacted its business contingency plan and believes it has the ability to sustain its operations, meeting the obligations to policyholders and claimants.

The Company is not aware of any additional events occurring subsequent to December 31, 2019 through April 24, 2020, the date these statutory financial statements were available to be issued.

******
SUPPLEMENTAL SCHEDULES
INDEPENDENT AUDITORS’ REPORT ON ADDITIONAL INFORMATION

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

Our 2019 audit was conducted for the purpose of forming an opinion on the 2019 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, 2019, are presented for purposes of additional analysis and are not a required part of the 2019 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 2019 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 2019 statutory-basis financial statements as a whole.

Deloitte & Touche LLP

April 24, 2020
**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, 2019**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income earned:</td>
<td></td>
</tr>
<tr>
<td>U.S. government bonds</td>
<td>$22,781,715</td>
</tr>
<tr>
<td>Other bonds (unaffiliated)</td>
<td>$672,037,623</td>
</tr>
<tr>
<td>Bonds of affiliates</td>
<td>$1,830,953</td>
</tr>
<tr>
<td>Preferred stocks (unaffiliated)</td>
<td>$1,625,095</td>
</tr>
<tr>
<td>Preferred stocks of affiliates</td>
<td>-</td>
</tr>
<tr>
<td>Common stocks (unaffiliated)</td>
<td>$132</td>
</tr>
<tr>
<td>Common stocks of affiliates</td>
<td>-</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>$112,280,641</td>
</tr>
<tr>
<td>Real estate</td>
<td>$17,873,544</td>
</tr>
<tr>
<td>Contract loans</td>
<td>$12,432,023</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$5,881,948</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>$3,528,100</td>
</tr>
<tr>
<td>Other invested assets</td>
<td>$27,324,195</td>
</tr>
<tr>
<td>Derivative instruments</td>
<td>$14,080,187</td>
</tr>
<tr>
<td>Aggregate write-ins for investment income</td>
<td>$2,016,933</td>
</tr>
<tr>
<td><strong>Gross investment income</strong></td>
<td>$893,693,089</td>
</tr>
<tr>
<td>Real estate owned — book value less encumbrances</td>
<td>$45,973,508</td>
</tr>
<tr>
<td>Mortgage loans — book value:</td>
<td></td>
</tr>
<tr>
<td>Farm mortgages</td>
<td>$-</td>
</tr>
<tr>
<td>Residential mortgages</td>
<td>-</td>
</tr>
<tr>
<td>Commercial mortgages</td>
<td>$2,760,661,698</td>
</tr>
<tr>
<td><strong>Total mortgage loans</strong></td>
<td>$2,760,661,698</td>
</tr>
<tr>
<td>Mortgage loans by standing — book value:</td>
<td></td>
</tr>
<tr>
<td>Good standing</td>
<td>$2,754,588,532</td>
</tr>
<tr>
<td>Good standing with restructured terms</td>
<td>$6,073,166</td>
</tr>
<tr>
<td>Interest overdue more than three months, not in foreclosure</td>
<td>$-</td>
</tr>
<tr>
<td>Foreclosure in process</td>
<td>$-</td>
</tr>
<tr>
<td>Other long-term assets — statement value</td>
<td>$272,495,947</td>
</tr>
<tr>
<td>Collateral loans</td>
<td>$-</td>
</tr>
</tbody>
</table>

(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, 2019

<table>
<thead>
<tr>
<th>Financial Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds and stocks of subsidiaries and affiliates — book value</td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>$21,164,230</td>
</tr>
<tr>
<td>Preferred stocks</td>
<td>$-</td>
</tr>
<tr>
<td>Common stocks</td>
<td>$109,819,530</td>
</tr>
<tr>
<td>Bonds and Short-term Investments by NAIC designation and maturity</td>
<td></td>
</tr>
<tr>
<td>Bonds by maturity — statement value</td>
<td></td>
</tr>
<tr>
<td>Due within one year or less</td>
<td>$1,899,429,942</td>
</tr>
<tr>
<td>Over 1 year and through 5 years</td>
<td>$4,346,591,662</td>
</tr>
<tr>
<td>Over 5 years through 10 years</td>
<td>$4,085,516,750</td>
</tr>
<tr>
<td>Over 10 years through 20 years</td>
<td>$2,995,966,080</td>
</tr>
<tr>
<td>Over 20 years</td>
<td>$3,580,959,110</td>
</tr>
<tr>
<td>No maturity date</td>
<td>$-</td>
</tr>
<tr>
<td>Total by maturity</td>
<td>$16,908,463,544</td>
</tr>
<tr>
<td>Bonds and Short-term Investments by NAIC designation — statement value</td>
<td></td>
</tr>
<tr>
<td>NAIC 1</td>
<td>$8,897,828,055</td>
</tr>
<tr>
<td>NAIC 2</td>
<td>$7,493,321,702</td>
</tr>
<tr>
<td>NAIC 3</td>
<td>$379,689,382</td>
</tr>
<tr>
<td>NAIC 4</td>
<td>$127,769,437</td>
</tr>
<tr>
<td>NAIC 5</td>
<td>$9,608,187</td>
</tr>
<tr>
<td>NAIC 6</td>
<td>$246,781</td>
</tr>
<tr>
<td>Total by NAIC designation</td>
<td>$16,908,463,544</td>
</tr>
<tr>
<td>Total bonds publicly traded</td>
<td>$6,370,896,737</td>
</tr>
<tr>
<td>Total bonds privately placed</td>
<td>$10,537,566,807</td>
</tr>
<tr>
<td>Preferred stocks — statement value</td>
<td>$131,800,000</td>
</tr>
<tr>
<td>Common stocks</td>
<td>$175,482,012</td>
</tr>
<tr>
<td>Short-term investments — book value</td>
<td>$339,783,663</td>
</tr>
<tr>
<td>Options, caps, and floors owned — statement value</td>
<td>$-</td>
</tr>
<tr>
<td>Options, caps, and floors written and in force — statement value</td>
<td></td>
</tr>
<tr>
<td>Collar, swap, and forward agreements open — current value</td>
<td>$29,921,715</td>
</tr>
<tr>
<td>Cash on deposit</td>
<td>$(68,515,530)</td>
</tr>
</tbody>
</table>

(Continued)
<table>
<thead>
<tr>
<th></th>
<th>Amount on deposit (in thousands)</th>
<th>Income payable (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life insurance in force</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary</td>
<td>$ 194,898,603</td>
<td></td>
</tr>
<tr>
<td>Credit life</td>
<td>$ -</td>
<td></td>
</tr>
<tr>
<td>Group life</td>
<td>$ 235,748,335</td>
<td></td>
</tr>
<tr>
<td>Amount of accidental death insurance in force under ordinary policies</td>
<td>$ 5,213,773</td>
<td></td>
</tr>
<tr>
<td>Life insurance with disability provisions in force</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary</td>
<td>$ 11,491,005</td>
<td></td>
</tr>
<tr>
<td>Credit life</td>
<td>$ -</td>
<td></td>
</tr>
<tr>
<td>Group life</td>
<td>$ 224,800,115</td>
<td></td>
</tr>
<tr>
<td>Supplementary contracts in force:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary — not involving life contingencies:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount on deposit</td>
<td>$ 50,312,430</td>
<td></td>
</tr>
<tr>
<td>Income payable</td>
<td>$ 1,245,600</td>
<td></td>
</tr>
<tr>
<td>Ordinary — involving life contingencies:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount on deposit</td>
<td>$ 4,435,285</td>
<td></td>
</tr>
<tr>
<td>Income payable</td>
<td>$ 596,960</td>
<td></td>
</tr>
<tr>
<td>Group — not involving life contingencies:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount on deposit</td>
<td>$ -</td>
<td></td>
</tr>
<tr>
<td>Income payable</td>
<td>$ -</td>
<td></td>
</tr>
<tr>
<td>Group — involving life contingencies:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount on deposit</td>
<td>$ 130,674</td>
<td></td>
</tr>
<tr>
<td>Income payable</td>
<td>$ 16,694</td>
<td></td>
</tr>
</tbody>
</table>

(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, 2019**

### Annuities:
- **Ordinary:**
  - Immediate — amount of income payable $126,676,823
  - Deferred — fully paid account balance $1,397,444,688
  - Deferred — not fully paid account balance $717,269,167

- **Group:**
  - Amount of income payable $354,018,084
  - Fully paid account balance $659,675,576
  - Not fully paid account balance $17,134,281

### Accident and health insurance — Premiums in force:
- **Other**
  - $994,829,935
- **Group**
  - $899,670,348
- **Credit**
  - $-

### Deposit funds and dividend accumulations:
- **Deposit funds — account balance**
  - $3,483,713,370
- **Dividend accumulations — account balance**
  - $6,139

### Claim payments 2019:
- **Group accident and health — year ended December 31, 2019:**
  - 2019 $269,325,818
  - 2018 $99,007,131
  - 2017 $27,825,851
  - 2016 $14,782,997
  - 2015 $11,918,761
  - 2014 & prior $45,434,750

(Continued)
Other accident and health — year ended December 31, 2019 (continued):

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$421,200,817</td>
</tr>
<tr>
<td>2018</td>
<td>$45,992,255</td>
</tr>
<tr>
<td>2017</td>
<td>$(374,078)</td>
</tr>
<tr>
<td>2016</td>
<td>$(137,313)</td>
</tr>
<tr>
<td>2015</td>
<td>$(52,203)</td>
</tr>
<tr>
<td>2014 &amp; prior</td>
<td>$(100,992)</td>
</tr>
</tbody>
</table>

Claim payments 2019:
Other coverages that use developmental methods to calculate claim reserves:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$-</td>
</tr>
<tr>
<td>2018</td>
<td>$-</td>
</tr>
<tr>
<td>2017</td>
<td>$-</td>
</tr>
<tr>
<td>2016</td>
<td>$-</td>
</tr>
<tr>
<td>2015</td>
<td>$-</td>
</tr>
<tr>
<td>2014 &amp; prior</td>
<td>$-</td>
</tr>
</tbody>
</table>

(Concluded)
<table>
<thead>
<tr>
<th>Investment Categories</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Investment Holdings</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Long-Term Bonds (Schedule D, Part 1):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.01 U.S. governments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.02 All other governments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.03 U.S. states, territories and possessions, etc. guaranteed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.06 Industrial and miscellaneous</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total invested assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other invested assets (Page 2, Line 11)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securities Lending (Schedule DL, Part 1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables for securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Derivatives (Schedule DB)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Contract loans</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total cash, cash equivalents and short-term investments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.01 Cash (Schedule E, Part 1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.02 Cash equivalents (Schedule E, Part 2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.03 Short-term investments (Schedule DA)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total cash, cash equivalents and short-term investments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Common stocks (Schedule D, Part 2, Section 2):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.02 Industrial and miscellaneous Other (Unaffiliated)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.03 Parent, subsidiaries and affiliates Publicly traded</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.04 Parent, subsidiaries and affiliates Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.05 Mutual funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.06 Unit investment trusts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.07 Closed-end funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.08 Total common stocks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Mortgage loans (Schedule B):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.01 Farm mortgages</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.02 Residential mortgages</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.03 Commercial mortgages</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.04 Mezzanine real estate loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.05 Total mortgage loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Real estate (Schedule A):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.01 Properties occupied by company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.02 Properties held for production of income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.03 Properties held for sale</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.04 Total real estate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash, cash equivalents and short-term investments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.01 Cash (Schedule E, Part 1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.02 Cash equivalents (Schedule E, Part 2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.03 Short-term investments (Schedule DA)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.04 Total cash, cash equivalents and short-term investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Contract loans</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Derivatives (Schedule DB)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other invested assets (Schedule BA)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Receivables for securities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Securities Lending (Schedule DL, Part 1)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other invested assets (Page 2, Line 11)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total invested assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE United of Omaha Life Insurance Company

SUMMARY INVESTMENT SCHEDULE

- 66 -
**SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES**

For The Year Ended December 31, 2019
(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.

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

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Description of Exposure</th>
<th>Amount</th>
<th>Percentage of Total Admitted Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.01</td>
<td>Freddie Mac MBS, CMO</td>
<td>$433,934,818</td>
<td>2.0%</td>
</tr>
<tr>
<td>2.02</td>
<td>Federal National Mortgage Bonds, MBS, CMO</td>
<td>$345,017,483</td>
<td>1.6%</td>
</tr>
<tr>
<td>2.03</td>
<td>Omaha Financial Holdings (Synergy One) Revolver Short Term Revolver</td>
<td>$221,050,000</td>
<td>1.0%</td>
</tr>
<tr>
<td>2.04</td>
<td>Mutual Reversal Preferred Stock</td>
<td>$115,500,000</td>
<td>0.5%</td>
</tr>
<tr>
<td>2.05</td>
<td>ESSENCE GROUP HOLDING CORP Preferred Stock</td>
<td>$100,000,000</td>
<td>0.5%</td>
</tr>
<tr>
<td>2.06</td>
<td>Federal Home Loan Banks Bonds, Equity</td>
<td>$70,022,200</td>
<td>0.3%</td>
</tr>
<tr>
<td>2.07</td>
<td>Rin Ltd. MBS</td>
<td>$58,985,663</td>
<td>0.3%</td>
</tr>
<tr>
<td>2.08</td>
<td>Verizon Communications Inc. Bonds</td>
<td>$58,865,023</td>
<td>0.3%</td>
</tr>
<tr>
<td>2.09</td>
<td>MCCARTHY GP LLC Sch BA-Joint Venture</td>
<td>$57,170,208</td>
<td>0.3%</td>
</tr>
<tr>
<td>2.10</td>
<td>The Goldman Sachs Group, Inc. Bonds</td>
<td>$55,958,129</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>NAIC</th>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.01</td>
<td>NAIC-1 MBS</td>
<td>$8,897,828,055</td>
<td>40.3%</td>
</tr>
<tr>
<td>3.02</td>
<td>NAIC-2 Preferred Stock</td>
<td>$7,481,321,702</td>
<td>35.9%</td>
</tr>
<tr>
<td>3.03</td>
<td>NAIC-3 MBS</td>
<td>$379,690,382</td>
<td>1.7%</td>
</tr>
<tr>
<td>3.04</td>
<td>NAIC-4 Preferred Stock</td>
<td>$127,769,437</td>
<td>0.6%</td>
</tr>
<tr>
<td>3.05</td>
<td>NAIC-5 Preferred Stock</td>
<td>$9,608,188</td>
<td>0.0%</td>
</tr>
<tr>
<td>3.06</td>
<td>NAIC-6 Preferred Stock</td>
<td>$246,761</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

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.

4.03 Foreign-currency-denominated investments.

4.04 Insurance liabilities denominated in that same foreign currency.
5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

<table>
<thead>
<tr>
<th>NAIC Designation</th>
<th>Countries</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAIC-1</td>
<td>$3,421,935,229</td>
<td>15.5%</td>
<td></td>
</tr>
<tr>
<td>NAIC-2</td>
<td>$32,717,550</td>
<td>0.1%</td>
<td></td>
</tr>
<tr>
<td>NAIC-3 or below</td>
<td>$14,637,454</td>
<td>0.1%</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>NAIC Designation</th>
<th>Country</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAIC-1</td>
<td>United Kingdom</td>
<td>$1,081,857,478</td>
<td>4.9%</td>
</tr>
<tr>
<td>NAIC-2</td>
<td>Israel</td>
<td>$10,034,877</td>
<td>0.0%</td>
</tr>
<tr>
<td>NAIC-3 or below</td>
<td>Bahamas</td>
<td>$13,987,582</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

7. Aggregate unhedged foreign currency exposure

<table>
<thead>
<tr>
<th>NAIC Designation</th>
<th>Countries</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAIC-1</td>
<td>$0</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>NAIC-2</td>
<td>$0</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>NAIC-3 or below</td>
<td>$0</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>NAIC Designation</th>
<th>Country</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAIC-1</td>
<td>$0</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>NAIC-2</td>
<td>$0</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>NAIC-3 or below</td>
<td>$0</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Issuer</th>
<th>NAIC Designation</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rin Ltd</td>
<td>1FE</td>
<td>$59,995,663</td>
<td>0.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LondonMetric Property Plc</td>
<td>2FE</td>
<td>$38,451,100</td>
<td>0.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Avolon Aerospace AOE 161 Limited</td>
<td>1PL</td>
<td>$37,880,257</td>
<td>0.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equinor ASA</td>
<td>1FE</td>
<td>$37,570,435</td>
<td>0.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Caribbean Utilities Company, Ltd.</td>
<td>2FE, 1</td>
<td>$36,710,290</td>
<td>0.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>S&amp;P Ireland US-Financial Services Designated Activity Company</td>
<td>1</td>
<td>$34,000,000</td>
<td>0.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RIN II Ltd</td>
<td>1FE</td>
<td>$33,950,000</td>
<td>0.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodman US Finance Four, LLC</td>
<td>2FE</td>
<td>$33,149,701</td>
<td>0.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oldendorff Drybulk Seili &amp; Co. KG</td>
<td>2</td>
<td>$30,000,000</td>
<td>0.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stockland Trust Management Limited</td>
<td>1FE</td>
<td>$30,000,000</td>
<td>0.1%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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.

11.02 Total admitted assets held in Canadian investments $675,625,068 3.1 %
11.03 Canadian currency-denominated investments $0 0.0 %
11.04 Canadian-denominated insurance liabilities $0 0.0 %
11.05 Unhedged Canadian currency exposure $36 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.

12.02 Aggregate statement value of investments with contractual sales restrictions $0 0.0 %

Largest three investments with contractual sales restrictions:

12.03 $0 0.0 %
12.04 $0 0.0 %
12.05 $0 0.0 %

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

13.01 Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets?  
- Yes [ ]  No [ X ]  
If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

13.02 ESSENCE GROUP HOLDINGS CORP $100,000,000 0.5 %
13.03 Federal Home Loan Banks $57,522,200 0.3 %
13.04 MCCARTHY GP LLC $57,170,208 0.3 %
13.05 Companion Life Insurance Company $52,581,602 0.3 %
13.06 FULCRUM GROWTH PARTNERS $51,473,742 0.2 %
13.07 United World Life Insurance Company $46,065,117 0.2 %
13.08 WISEST HOUSING EQUITY GROUP $37,325,845 0.2 %
13.09 KSL CAPITAL PARTNERS $25,444,524 0.1 %
13.10 Mutual of Omaha Opportunities Fund, L.P. $13,746,178 0.1 %
13.11 MORGAN STANLEY $13,466,933 0.1 %

- 69 -
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.

14.02 Aggregate statement value of investments held in nonaffiliated, privately placed equities

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>0</td>
<td>0.0 %</td>
</tr>
</tbody>
</table>

Largest three investments held in nonaffiliated, privately placed equities:

14.03 $ 0 0.0 %
14.04 $ 0 0.0 %
14.05 $ 0 0.0 %

Ten largest fund managers:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Manager</td>
<td>Total Invested</td>
<td>Diversified</td>
<td>Nondiversified</td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>14.06</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>14.07</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>14.08</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>14.09</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>14.10</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>14.11</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>14.12</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>14.13</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>14.14</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>14.15</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

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.

15.02 Aggregate statement value of investments held in general partnership interests

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>0</td>
<td>0.0 %</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Type (Residential, Commercial, Agricultural)</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.02 Commercial - KEV REALTY CORPORATION</td>
<td>$36,492,026</td>
<td>0.2%</td>
<td></td>
</tr>
<tr>
<td>16.03 Commercial - THE Links at Bentonville LP</td>
<td>$30,982,001</td>
<td>0.1%</td>
<td></td>
</tr>
<tr>
<td>16.04 Commercial - SUNSET LAND COMPANY LLC</td>
<td>$25,266,517</td>
<td>0.1%</td>
<td></td>
</tr>
<tr>
<td>16.05 Commercial - VIRGINIA INDUSTRIAL PROPERTIES LLC</td>
<td>$25,062,112</td>
<td>0.1%</td>
<td></td>
</tr>
<tr>
<td>16.06 Commercial - BRE PARK 100-200 INTERCHANGE BLVD LLC</td>
<td>$24,983,705</td>
<td>0.1%</td>
<td></td>
</tr>
<tr>
<td>16.07 Commercial - INDUSTRIAL PROPERTY FUND VII LLC</td>
<td>$23,977,583</td>
<td>0.1%</td>
<td></td>
</tr>
<tr>
<td>16.08 Commercial - JRI RETAIL POOL 1, L.P.</td>
<td>$23,892,982</td>
<td>0.1%</td>
<td></td>
</tr>
<tr>
<td>16.09 Commercial - BEL GARDENA LLC</td>
<td>$23,000,000</td>
<td>0.1%</td>
<td></td>
</tr>
<tr>
<td>16.10 Commercial - NEX CENTERT 11 LLC</td>
<td>$19,287,927</td>
<td>0.1%</td>
<td></td>
</tr>
<tr>
<td>16.11 Commercial - CANYON PARK OWNER LLC</td>
<td>$19,046,824</td>
<td>0.1%</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.12 Construction loans</td>
<td>$0</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>16.13 Mortgage loans over 90 days past due</td>
<td>$0</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>16.14 Mortgage loans in the process of foreclosure</td>
<td>$0</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>16.15 Mortgage loans foreclosed</td>
<td>$0</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>16.16 Restructured mortgage loans</td>
<td>$6,073,165</td>
<td>0.0%</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Loan to Value</th>
<th>Residential</th>
<th>Commercial</th>
<th>Agricultural</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.01 above 95%</td>
<td>$0</td>
<td>0%</td>
<td>$0</td>
</tr>
<tr>
<td>17.02 91 to 95%</td>
<td>$0</td>
<td>0%</td>
<td>$0</td>
</tr>
<tr>
<td>17.03 81 to 90%</td>
<td>$1,045,030</td>
<td>0.0%</td>
<td>$0</td>
</tr>
<tr>
<td>17.04 71 to 80%</td>
<td>$26,459,085</td>
<td>0.1%</td>
<td>$0</td>
</tr>
<tr>
<td>17.05 below 70%</td>
<td>$2,733,157,583</td>
<td>12.4%</td>
<td>$0</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Description</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.02</td>
<td>$0</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>18.03</td>
<td>$0</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>18.04</td>
<td>$0</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>18.05</td>
<td>$0</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>18.06</td>
<td>$0</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

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 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.

<table>
<thead>
<tr>
<th>Description</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>19.02 Aggregate statement value of investments held in mezzanine real estate loans:</td>
<td>$0</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>19.03</td>
<td>$0</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>19.04</td>
<td>$0</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>19.05</td>
<td>$0</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>
20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

<table>
<thead>
<tr>
<th>At Year End</th>
<th>1st Quarter</th>
<th>2nd Quarter</th>
<th>3rd Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.01 Securities lending agreements (do not include assets held as collateral for such transactions)</td>
<td>$599,221,653</td>
<td>2.7%</td>
<td>$905,650,073</td>
</tr>
<tr>
<td>20.02 Repurchase agreements</td>
<td>$88,270,217</td>
<td>0.4%</td>
<td>$135,345,357</td>
</tr>
<tr>
<td>20.03 Reverse repurchase agreements</td>
<td>$0</td>
<td>0.0%</td>
<td>$0</td>
</tr>
<tr>
<td>20.04 Dollar repurchase agreements</td>
<td>$0</td>
<td>0.0%</td>
<td>$0</td>
</tr>
<tr>
<td>20.05 Dollar reverse repurchase agreements</td>
<td>$0</td>
<td>0.0%</td>
<td>$0</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Owned</th>
<th>Written</th>
</tr>
</thead>
<tbody>
<tr>
<td>21.01 Hedging</td>
<td>$8,621,078</td>
</tr>
<tr>
<td>21.02 Income generation</td>
<td>$0</td>
</tr>
<tr>
<td>21.03 Other</td>
<td>$0</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>At Year End</th>
<th>1st Quarter</th>
<th>2nd Quarter</th>
<th>3rd Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>22.01 Hedging</td>
<td>$16,264,249</td>
<td>0.1%</td>
<td>$15,115,113</td>
</tr>
<tr>
<td>22.02 Income generation</td>
<td>$0</td>
<td>0.0%</td>
<td>$0</td>
</tr>
<tr>
<td>22.03 Replications</td>
<td>$0</td>
<td>0.0%</td>
<td>$0</td>
</tr>
<tr>
<td>22.04 Other</td>
<td>$0</td>
<td>0.0%</td>
<td>$0</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>At Year End</th>
<th>1st Quarter</th>
<th>2nd Quarter</th>
<th>3rd Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>23.01 Hedging</td>
<td>$0</td>
<td>0.0%</td>
<td>$0</td>
</tr>
<tr>
<td>23.02 Income generation</td>
<td>$0</td>
<td>0.0%</td>
<td>$0</td>
</tr>
<tr>
<td>23.03 Replications</td>
<td>$0</td>
<td>0.0%</td>
<td>$0</td>
</tr>
<tr>
<td>23.04 Other</td>
<td>$0</td>
<td>0.0%</td>
<td>$0</td>
</tr>
</tbody>
</table>