MUTUAL OF OMAHA INSURANCE COMPANY
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Audited Financial Report

Mutual of Omaha Insurance Company

Statutory Financial Statements as of and for the
Years Ended December 31, 2014 and 2013,
Supplemental Schedules as of and for the
Year Ended December 31, 2014, and
Independent Auditors' Reports

MUTUAL OF OMAHA INSURANCE COMPANY

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statutory-basis financial statements of Mutual of Omaha Insurance Company (the "Company"), which comprise the statutory-basis statements of admitted assets, liabilities, and surplus as of December 31, 2014 and 2013, and the related statutory-basis statements of operations, changes in surplus, and cash flows for the years then ended and the related notes to the statutory-basis financial statements.

Management's Responsibility for the Statutory-Basis Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these statutory-basis financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statutory-basis financial statements are free of material misstatement.

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

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

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

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

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

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

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America paragraph, the statutory-basis financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Mutual of Omaha Insurance Company as of December 31, 2014 and 2013, or the results of its operations or its cash flows for the years then ended.

Opinion on Statutory Basis of Accounting

In our opinion, the statutory-basis financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and surplus of Mutual of Omaha Insurance Company as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended, in accordance with the accounting practices prescribed or permitted by the State of Nebraska Department of Insurance as described in Note 1 to the statutory-basis financial statements.

Deloitte & Touche LLP

May 19, 2015

MUTUAL OF OMAHA INSURANCE COMPANY

STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND SURPLUS AS OF DECEMBER 31, 2014 AND 2013

	2014	2013
ADMITTED ASSETS		
CASH AND INVESTED ASSETS:		
Bonds	$ 2,713,393,528	$2,383,677,078
Preferred stocks	43,198,115	41,707,507
Common stocks — unaffiliated	37,650,887	23,089,089
Common stocks — affiliated	2,148,507,247	1,905,194,897
Mortgage loans	247,888,670	239,557,790
Real estate occupied by the Company — net of accumulated depreciation of $10,293,163 and $9,585,881, respectively	16,006,390	12,657,816
Real estate held for production of income — net of accumulated depreciation of $27,848,315 and $26,632,670, respectively	19,628,319	23,404,435
Cash and cash equivalents	44,396,894	98,745,091
Short-term investments	156,600,000	243,600,000
Securities lending cash collateral	23,675,645	13,599,210
Other invested assets	176,925,617	210,846,466
Total cash and invested assets	5,627,871,312	5,196,079,379
INVESTMENT INCOME DUE AND ACCRUED	28,637,723	26,101,302
UNCOLLECTED PREMIUMS	104,392,039	23,380,881
RECEIVABLE FROM SUBSIDIARIES	147,467,803	87,683,811
FEDERAL INCOME TAXES RECOVERABLE	9,244,873	17,934,291
NET DEFERRED TAX ASSETS	98,822,363	98,505,443
REINSURANCE RECOVERABLE	4,901,190	3,698,938
OTHER ASSETS	405,428,771	341,975,006
TOTAL ADMITTED ASSETS	$ 6,426,766,074	$5,795,359,051
LIABILITIES AND SURPLUS		
LIABILITIES:		
Policy reserves:		
Policy and contract claims	$ 907,654,056	$ 822,171,544
Health and accident	1,775,995,442	1,595,841,533
Total policy reserves	2,683,649,498	2,418,013,077
Premiums paid in advance	44,401,302	40,359,170
Interest maintenance reserve	5,473,782	4,254,720
Asset valuation reserve	83,398,788	57,044,695
Drafts outstanding	19,472,610	37,134,640
Amounts held as agent or trustee	73,077,359	82,052,079
General expenses and taxes due or accrued	162,015,810	138,480,789
Payable for securities lending	23,675,645	13,599,210
Liability for benefits for employees and agents	431,177,505	209,615,171
Other liabilities	104,766,557	120,259,654
Total liabilities	3,631,108,856	3,120,813,207
SURPLUS:		
Surplus notes	719,367,590	584,255,605
Unassigned surplus	2,076,289,628	2,090,290,239
Total surplus	2,795,657,218	2,674,545,844
TOTAL LIABILITIES AND SURPLUS	$ 6,426,766,074	$5,795,359,051

See notes to statutory financial statements.

MUTUAL OF OMAHA INSURANCE COMPANY

STATUTORY STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
INCOME:		
Net health and accident premiums	$2,186,269,135	$2,071,247,791
Net investment income	146,954,072	166,165,569
Commissions and expense allowances on reinsurance ceded	25,503,854	23,400,889
Other income	29,911,241	47,723,366
Total income	2,388,638,302	2,308,537,615
BENEFITS AND EXPENSES:		
Health and accident benefits	1,615,254,669	1,519,236,003
Commissions	428,341,463	311,555,052
Operating expenses	285,182,555	318,170,803
Total benefits and expenses	2,328,778,687	2,148,961,858
NET GAIN FROM OPERATIONS BEFORE FEDERAL INCOME TAXES AND NET REALIZED CAPITAL LOSSES	59,859,615	159,575,757
FEDERAL INCOME TAXES	18,396,965	26,534,054
NET GAIN FROM OPERATIONS BEFORE NET REALIZED CAPITAL LOSSES	41,462,650	133,041,703
NET REALIZED CAPITAL LOSSES — Net of tax expense (benefits) of ($341,000) and $1,206,000 and transfers to the interest maintenance reserve of $1,310,827 and $706,975, respectively	(11,101,789)	(27,235,879)
NET INCOME	$ 30,360,861	$ 105,805,824

See notes to statutory financial statements.

MUTUAL OF OMAHA INSURANCE COMPANY

STATUTORY STATEMENTS OF CHANGES IN SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Surplus Note	Unassigned Surplus	Total Surplus
BALANCE — December 31, 2012	$ 584,085,572	$ 1,821,940,146	$ 2,406,025,718
Net income	-	105,805,824	105,805,824
Change in:			
Net unrealized capital gains — net of tax expense of $2,276,432	-	162,217,644	162,217,644
Net deferred income taxes	-	(89,090,461)	(89,090,461)
Nonadmitted assets	-	(14,463,445)	(14,463,445)
Asset valuation reserve	-	(19,180,202)	(19,180,202)
Surplus note	170,033	-	170,033
Cumulative effect of changes in accounting principles net of tax benefits of $15,585,048	-	(47,096,553)	(47,096,553)
Benefit plans amounts not yet recognized in net period cost	-	253,049,350	253,049,350
Detriment of consolidated tax filing	-	(82,954,278)	(82,954,278)
Unrealized loss — deferred gain on affiliate exchanges	-	55,627	55,627
Other — net	-	6,587	6,587
BALANCE — December 31, 2013	584,255,605	2,090,290,239	2,674,545,844
Net income		30,360,861	30,360,861
Change in:			
Net unrealized capital gains — net of tax expense of $1,152,348	-	221,672,272	221,672,272
Net deferred income taxes	-	86,420,666	86,420,666
Nonadmitted assets	-	(83,261,409)	(83,261,409)
Asset valuation reserve	-	(26,354,093)	(26,354,093)
Surplus note	135,111,985	-	135,111,985
Benefit plans amounts not yet recognized in net period cost	-	(210,681,625)	(210,681,625)
Detriment of consolidated tax filing	-	(10,874,083)	(10,874,083)
Unrealized loss — deferred gain on affiliate exchanges	-	(628,378)	(628,378)
Prior period adjustment — policy reserves	-	(20,654,822)	(20,654,822)
BALANCE — December 31, 2014	$ 719,367,590	$ 2,076,289,628	$ 2,795,657,218

See notes to statutory financial statements.

MUTUAL OF OMAHA INSURANCE COMPANY

STATUTORY STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FROM (USED FOR) OPERATIONS:		
Net health and accident premiums	$ 2,109,273,966	$ 2,061,494,630
Net investment income	146,345,857	154,863,002
Other income	55,110,580	70,446,670
Benefit and loss related payments	(1,371,329,366)	(1,364,283,589)
Commissions and operating expenses	(673,999,142)	(636,282,779)
Dividends paid to policyholders	(30,827)	(33,797)
Federal income taxes paid	(60,744,075)	(74,142,812)
Net cash from operations	204,626,993	212,061,325
CASH FROM (USED FOR) INVESTMENTS:		
Proceeds from investments sold, matured or repaid:		
Bonds	188,851,325	261,559,660
Stocks	4,260,089	7,849,898
Mortgage loans	8,430,420	34,594,997
Real estate	117,081	27,735
Other invested assets	56,498,976	65,646,907
Net loss on cash, cash equivalents and short-term investments	(8)	(396)
Miscellaneous proceeds	61	-
Cost of investments acquired:		
Bonds	(510,409,777)	(501,677,110)
Stocks	(37,833,236)	(82,183,361)
Mortgage loans	(16,955,682)	(27,271,907)
Real estate	(2,074,231)	(3,775,084)
Other invested assets	(43,063,526)	(26,927,196)
Miscellaneous applications	(705,214)	(99,143)
Net cash used for investments	(352,883,722)	(272,255,000)
CASH FROM (USED FOR) FINANCING AND MISCELLANEOUS SOURCES:		
Surplus note	135,111,985	170,033
Net increase in receivable from subsidiaries and affiliates	(59,783,992)	(71,502,889)
Other cash provided (applied)	(89,419,461)	(4,473,341)
Net cash used for financing and miscellaneous sources	(14,091,468)	(75,806,197)
Change in nonadmitted short-term investments	21,000,000	(700,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	(141,348,197)	(136,699,872)
CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS:		
Beginning of year	342,345,091	479,044,963
End of year	$ 200,996,894	$ 342,345,091
NONCASH TRANSACTIONS:		
Dividend from subsidiary received as transferred bonds	$ -	$ 2,668,116
Change in nonadmitted short-term investment	$ (21,000,000)	$ 700,000
Bond conversion	$ -	$ 1,461,956
Stock conversion	$ -	$ (1,458,931)
Stock transfer from amounts withheld by company as trustee liability	$ -	$ 5,173,734
Joint partnership distribution received as stock	$ 29,857	$ 134,694
Transfer of real estate from property held for production of income to HO occupied	$ 3,009,934	$ -

See notes to statutory financial statements.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations — Mutual of Omaha Insurance Company (the "Company") is a mutual health and accident and life insurance company domiciled in the state of Nebraska. The Company owns 100% of the outstanding common stock of the following entities: United of Omaha Life Insurance Company ("United of Omaha"); The Omaha Indemnity Company; Mutual of Omaha Holdings, Inc.; Omaha Financial Holdings, Inc.; East Campus Realty, L.L.C. (ECR) and Turner Park North, L.L.C.

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

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

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

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

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

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

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

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

f. NAIC Statement of Statutory Accounting Principles No. 101 requires an amount to be recorded for deferred taxes as a component of surplus; however, there are limitations as to the amount of deferred tax assets (DTA) that may be reported as admitted assets that are not applicable under GAAP. Federal income tax provision is required on a current basis for the statutory statements of operations, the same for GAAP.

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

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

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

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

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

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

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

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

o. Gains on "economic transactions" with related parties are recognized and deferred in surplus under NAIC SAP rather than deferred until the assets are sold to third parties as required under GAAP.

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

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

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

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

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

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

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

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

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

The Company calculates specific reserves on loans identified individually as impaired. Loans evaluated individually are considered impaired when, based on current information and events, it is probable that the Company will be unable to collect principal or interest amounts according to the contractual terms of the loan agreement. For loans that are either on nonaccrual status (accrual of interest has stopped), classified as a troubled debt restructuring (TDR), or for which other circumstances indicate that collectability is not probable, individual impairment evaluations are performed quarterly. Factors considered by management in determining impairment include payment status, financial position of the borrower, and the probability of collecting scheduled principal and interest payments when due. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis based on the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the fair value of the collateral less cost to sell, if the loan is collateral dependent. Interest income earned on impaired loans is accrued on the principal amount of the loan based on the loan's contractual interest rate.

Loan losses are charged against the allowance for loan losses when the uncollectibility of a loan balance is confirmed. Loans are reviewed on an individual basis to identify charge-offs. Charge-offs, net of recoveries, are deducted from the allowance. Mortgage loans are considered past due if the required principal and interest payments have not been received when contractually due. All mortgage loans are placed on nonaccrual either when it becomes probable that the borrower will not be able to make all principal and interest payments as scheduled or when payment is 90 days past due. Mortgage loans are returned to accrual status when all the principal and interest amounts contractually due have been brought current and future payments are reasonably assured.

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

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

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

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

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

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

As a result of conditions in the commercial real estate market, impairment testing for real estate owned by ECR was performed as of December 31, 2014 and 2013 with revised expected cash flows. An impairment of $3,400,000 was included in net realized capital losses in the statutory statements of operations for the year ended December 31,2014, representing the difference between the carrying value and the estimated fair value for the asset component where a fair value measurement was required. Fair value was determined based on independent appraisals, comparable sales data, discounted cash flows, and certain assumptions regarding the use of the properties as prepared by management. There was no impairment for the year ended December 31, 2013. As of December 31, 2014 and 2013, the Company’s investment in ECR was $23,138,665 and $14,672,768, respectively.

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

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

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

Company-Owned Life Insurance — Company-owned life insurance represents individual life insurance policies on the lives of certain officers and other key employees who have provided positive consent allowing the Company to be the beneficiary of such policies and is carried at cash surrender value derived from an underlying portfolio of investments. The cash surrender values of the policies included in other assets were $377,895,748 and $317,217,627 as of December 31, 2014 and 2013, respectively. The Company paid premiums of $49,999,480 in 2014, no premiums were paid in 2013. The gain in surrender value of the policies included in other income was $10,678,641 and $21,113,249 for the years ended December 31, 2014 and 2013, respectively.

Property — Property is carried at cost less accumulated depreciation and amortization and is included in other assets. The Company provides for depreciation of property using the straight-line method over the estimated useful lives of the assets. Furniture and fixtures are generally depreciated over two to twenty years. Leasehold improvements are carried at cost less accumulated amortization. The Company provides for amortization of leasehold improvements using the straight-line method over the lesser of the useful life of the asset or the remaining original lease term, excluding options or renewal periods. Leasehold improvements are depreciated over two to eleven years. Depreciation and amortization expense was $2,544,597 and $2,798,100 for the years ended December 31, 2014 and 2013, respectively.

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

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

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

The Company anticipates investment income as a factor in premium deficiency reserve calculations. As of December 31, 2014 and 2013, the Company had $18,429,000 and $19,428,000, respectively, of premium deficiency reserves related to its individual and discretionary group major medical lines of business. Liabilities for losses are based on projections of aggregated and policy level cash flows reflective of contractual limits of liability.

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

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

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

In the determination of the amount of the DTA that can be recognized and admitted, the amount of the income tax benefit from current year losses and credits that can be carried back to prior years is first determined. NAIC SAP then requires that DTAs be limited to an amount that is expected to be realized in the future based on a qualitative analysis of the Company's temporary differences, past financial history and future earnings projections. The amount of the admitted DTA is further limited to the lesser of 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). The admitted DTA is also offset by the amount of the DTL.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subsequent Events — Subsequent events have been evaluated through May 19, 2015, the date these financial statements were available to be issued.

Accounting Pronouncements — Effective December 31, 2014, the Company adopted revisions to Statement of Statutory Accounting Principles ("SSAP") 1, Disclosure of Accounting Policies, Risks & Uncertainties, and Other Disclosures ("SSAP 1") and SSAP 4, Assets and Nonadmitted Assets ("SSAP 4"). These revisions clarify that the terms 'admitted asset' and 'restricted asset' are not interchangeable, and that it is possible for both admitted assets and nonadmitted assets to be restricted. In addition, the revisions clarify that all restricted assets, whether admitted or nonadmitted, are subject to the restricted asset disclosure requirements in SSAP 1. See Note 2, Investments, for the required disclosures.

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:

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

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

Bonds with an NAIC designation of 6 of $2,671,183 and $2,703,838 as of December 31, 2014 and 2013, 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 96.0% and 95.9% of the Company's total bond portfolio as of December 31, 2014 and 2013, respectively.

Information regarding the Company's investments in structured notes as of December 31, 2014 was as follows:

CUSIP	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage-Referenced Security
38141GFA7	$ 5,012,500	$ 5,000,000	$ 5,008,295	No

The carrying value and estimated fair value of bonds and redeemable preferred stock as of December 31, 2014, by contractual maturity, are shown below. Actual maturities may differ as a result of prepayments by the issuer. MBS and other ABS provide for periodic payments throughout their lives so they are listed in a separate category.

	Carrying Value	Estimated Fair Value
Due in one year or less	$ 70,174,661	$ 71,970,689
Due after one year through five years	246,972,176	269,613,491
Due after five years through ten years	334,653,440	369,649,416
Due after ten years	1,194,110,962	1,356,507,903
	1,845,911,239	2,067,741,499
MBS and other ABS	889,867,226	983,271,611
Total	$2,735,778,465	$3,051,013,110

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

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

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

As described in Note 1, the Company regularly reviews its investment portfolio for factors that may indicate that a decline in fair value of an investment is other-than-temporary. Net realized capital losses for the years ended December 31, 2014 and 2013 include losses of $284,028 and $8,368,086, respectively, resulting from other-than-temporary declines in the fair value of bonds or changes in expected cash flows, and are not included in the table above.

Information and concentrations related to bonds in an unrealized loss position are included below. The tables below include the number of securities in an unrealized loss position for greater than and less than twelve months, the number with an unrealized loss of less than 10% or more than 20% of amortized cost, the average price, the average credit rating, and the percentage of these securities that were investment grade based on NAIC designations as of December 31, 2014.

	Number of Securities					
Unrealized Losses > 12 months	**Total**	**Less Than 10% Amortized Cost**	**Greater Than 20% Amortized Cost**	**Average Price ($)**	**Average Credit Rating**	**Percent Investment Grade**
Hybrid	1	1	-	91	Baa2	100 %
Foreign corporate	1	-	1	96	Baa2	100
U.S. and Canadian corporate	8	7	-	113	A3	100
Commercial MBS	2	2	-	94	Baa1	100
Residential MBS	2	2	-	98	Aaa	100
Other ABS	3	2	1	49	Ba1	0
	17	14	2			
Redeemable preferred stock	10	7	-	97	A3	100
Total securities	27	21	2			

	Number of Securities					
Unrealized Losses < 12 months	**Total**	**Less Than 10% Amortized Cost**	**Greater Than 20% Amortized Cost**	**Average Price ($)**	**Average Credit Rating**	**Percent Investment Grade**
States, territories and possessions	1	1	-	74	Ba2	0 %
Hybrid	2	2	-	92	Baa1	100
Foreign corporate	2	2	-	99	Baa1	100
U.S. and Canadian corporate	19	18	-	104	Baa1	97
Commercial MBS	2	2	-	99	Aa3	100
Residential MBS	2	2	-	97	Aaa	100
Other ABS	5	5	-	92	A2	100
	33	32				
Redeemable preferred stock	3	3	-	98	Baa2	73
Total securities	36	35	-			

The unrealized losses in the tables above were due to changes in interest rates, credit ratings, and credit spreads. U.S. and Canadian corporate fixed maturities were comprised of securities from 17 industries, of which 34% were pipelines and terminals, 18% were utilities and 12% were oil and gas. The Company's MBS were comprised of both commercial and residential mortgage loans. The other ABS were principally related to collateralized bond obligations and aircraft equipment.

Gross unrealized losses as of December 31, 2014 for agency and non-agency MBS and other ABS by vintage were as follows:

	Agency	Non Agency 2005 and Prior	Total
Commercial MBS	$ 18	$ 759,959	$ 759,977
Residential MBS	176,684	3,551	180,235
Other ABS	915,528	-	915,528
Total	$ 1,092,230	$ 763,510	$ 1,855,740

Within its investments in other ABS in the home equity sector, the Company has an exposure to subprime and Alt-A mortgage loans, which it manages in several ways. The Company monitors its exposure level to other ABS against its annual investment authorization level approved by the Board of Directors. Restrictions include exposure at the aggregate level to other ABS, along with exposure to ratings classes, subsectors, issuers and specific assets. The Company also continually tracks securities backed by subprime mortgage loans for factors including credit performance, rating agency actions, prepayment trends and de-levering. Loans with trends that may indicate underperformance are monitored closely for any further deterioration that may result in action by the Company. The Company's subprime and Alt-A mortgage loans as of December 31, 2014 and 2013 have a carrying value of $988,461 and $2,205,826, respectively, and a fair value of $995,489 and $2,240,251, respectively.

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

	2014	2013
Proceeds from sales or disposals:		
Bonds	$ 7,896,774	$ 7,764,385
Stocks	$ 3,304,780	$ 4,159,264
Net realized capital gains (losses) on bonds and stocks:		
Bonds:		
Gross realized capital gains from sales or other disposals	$ 2,418,260	$ 391,351
Gross realized capital losses from sales or other disposals	(2,015,164)	(14,921)
Losses from writedowns	(284,028)	(8,368,086)
Net realized capital gains (losses)	$ 119,068	$ (7,991,656)
Stocks:		
Gross realized capital gains from sales or other disposals	$ 60,326	$ 788,459
Gross realized capital losses from sales or other disposals	(8,708)	(1,986,661)
OTTI losses from affiliates	-	(10,601,908)
Net realized capital gains (losses)	$ 51,618	$ (11,800,110)

There was no bond income due and accrued related to bonds in default excluded from net investment income during the years ended December 31, 2014 and 2013.

Stock — The Company held $20,813,178 of perpetual preferred stock with an estimated fair value of $20,846,655 as of December 31, 2014. The Company held $21,553,737 of perpetual preferred stock with an estimated fair value of $19,195,747 as of December 31, 2013. Aging of unrealized losses on the Company's investments in perpetual preferred stock as of December 31, was as follows:

	Less Than One Year		One Year or More		Total	
2014	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
Perpetual preferred stocks	$ 940,649	$ 16,267	$8,798,380	$616,391	$ 9,739,029	$ 632,658

	Less Than One Year		One Year or More		Total	
2013	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
Perpetual preferred stocks	$15,751,772	$2,435,376	$ -	$ -	$15,751,772	$2,435,376

Information and concentrations related to perpetual preferred stock in an unrealized loss position are included below. The tables below include the number of stocks held in an unrealized loss position, the number with an unrealized loss of less than 10% or more than 20% of amortized cost, the average price, the average credit rating, and the percentage of these securities that were investment grade based on NAIC designations as of December 31, 2014.

	Number of Stocks Held					
Unrealized Losses > 12 months	Total	Less Than 10% Amortized Cost	Greater Than 20% Amortized Cost	Average Price ($)	Average Credit Rating	Percent Investment Grade
Perpetual Preferred Stock	13	13	-	93	Baa2	90 %

	Number of Stocks Held					
Unrealized Losses < 12 months	Total	Less Than 10% Amortized Cost	Greater Than 20% Amortized Cost	Average Price ($)	Average Credit Rating	Percent Investment Grade
Perpetual Preferred Stock	3	3	-	100	Baa2	100 %

None of the common stocks — unaffiliated held by the Company were in an unrealized loss position as of December 31, 2014 and 2013.

Mortgage Loans — The Company invests in mortgage loans collateralized principally by commercial real estate throughout the United States. All of the Company's mortgage loans are managed as two classes and portfolio segments: commercial and residential loans. During 2014, the minimum and maximum lending rates for mortgage loans were 3.68% and 4.50%, respectively. The maximum percentage of any one loan to the value of the collateral security at the time of the loan, exclusive of insured, guaranteed or purchase money mortgages, acquired during 2014 was 82%.

There were no net realized capital losses for the year ended December 31, 2014 related to impairments on mortgage loans. Net realized capital losses for the years ended December 31, 2013 include losses of $74,159 resulting from impairments of mortgage loans.

Mortgage loan participations purchased from one loan originator comprise 55% and 60% of the portfolio as of December 31, 2014 and 2013, respectively. The properties collateralizing mortgage loans are geographically dispersed throughout the United States, with the largest concentration in California which comprises approximately 25% and 23% of the portfolio as of December 31, 2014 and 2013, respectively.

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

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

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

	Debt Service Coverage Ratios			
2013	**>1.20x**	**1.00x-1.20x**	**<1.00x**	**Total**
Loan-to-value ratios:				
Less than 65%	$ 134,738,667	$ 18,487,205	$ 17,731,049	$ 170,956,921
66% to 75%	60,141,089	2,511,742	-	62,652,831
76% to 80%	-	5,179,818	-	5,179,818
Greater than 80%	413,001	-	-	413,001
Total	$ 195,292,757	$ 26,178,765	$ 17,731,049	$ 239,202,571

Non-Accrual and Past Due Loans — The Company did not have any loans that were past due as of December 31,2014. The Company's recorded investment in commercial loans that were greater than 180 days past due was $413,001 as of December 31, 2013. The Company's recorded investment in commercial loans in current status was $246,998,354 and $238,789,570 as of December 31, 2014 and 2013, respectively. The Company's investment in residential loans in current status was $890,316 and $355,219 as of December 31, 2014and 2013, respectively.

No loans greater than 90 days past due are in accrual status as of December 31, 2014 and 2013.

Impaired Loans — The Company had no commercial or residential impaired loans as of December 31, 2014. The carrying amount, related allowance for credit losses, and average recorded investment in impaired commercial mortgage loans as of and for the year ended December 31, 2013 was $413,001, $74,159, and $365,370, respectively. The Company had no impaired residential mortgages as of December 31, 2013. The Company did not recognize interest income on a cash or accrual basis for impaired loans during 2014 and 2013.

Restructured Loans — The Company had no restructured loans as of December 31, 2014 and 2013.

Common Stock - unaffiliated — Included within common stock – unaffiliated is FHLB capital stock of $13,315,392 which was classified as required and excess stock of $484,313 and $12,831,079, respectively. As of December 31, 2014, the FHLB membership stock is not eligible for redemption.

Limited Partnerships — Net realized capital losses for the years ended December 31, 2014 and 2013 include losses of $11,493,992 and $5,823,465, respectively, resulting from other-than-temporary declines in fair value of limited partnerships due to market conditions.

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

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

			Percentage	
2013	**Gross Restricted Assets**	**Total Admitted Restricted Assets**	**Gross Restricted to Total Assets**	**Admitted Restricted to Total Admitted Assets**
Collateral held under security lending agreements	13,599,210	13,599,210	0.22%	0.24%
FHLB capital stock	1,984,155	1,984,155	0.03%	0.03%
On deposit with states	3,259,211	3,259,211	0.05%	0.06%
Pledged collateral not captured in other categories	54,635,890	54,635,890	0.89%	0.94%
Other restricted assets	6,979,326	6,979,326	0.11%	0.12%
Total	$ 80,457,792	$ 80,457,792	1.31%	1.39%

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

	2014	2013
Bonds	$ 143,977,954	$ 136,268,287
Preferred stocks	2,479,777	2,071,641
Common stocks — unaffiliated	865,766	1,119,671
Common stocks — affiliated	-	3,000,000
Mortgage loans	14,624,116	14,974,755
Real estate	9,090,794	10,638,128
Cash and cash equivalents and short-term investments	9,223,534	9,717,736
Other invested assets	17,898,050	37,003,454
	198,159,991	214,793,672
Amortization of interest maintenance reserve	91,764	100,080
Investment expenses	(51,297,683)	(48,728,183)
Net investment income	$ 146,954,072	$ 166,165,569

3. STRUCTURED SECURITIES

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

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

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

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

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

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

OTTI are recognized based on the Company's intent to sell, inability to hold to maturity, and when the present value of future cash flows is expected to be less than the amortized cost of the security. There were no OTTI on loan-backed and structured securities related to intent to sell or inability to hold to maturity during 2014 or 2013. All of the Company's OTTI on loan-backed and structured securities during 2014 and 2013 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:

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

2013	Amortized Cost Basis Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized OTTI	Amortized Cost Basis After OTTI	Fair Value on Date of Impairment	Date of Financial Statement Where Reported
CUSIP:						
22546BAK6	$ 4,238,167	$ 3,320,384	$ 917,783	$ 3,320,384	$ 510,101	03/31/2013
61750WBB8	5,259,116	4,224,675	1,034,441	4,224,675	1,301,415	03/31/2013
22546BAK6	3,334,762	3,134,749	200,013	3,134,749	510,858	06/30/2013
46625MUF4	3,416,538	3,394,181	22,357	3,394,181	991,600	06/30/2013
61750WBB8	4,235,483	3,950,520	284,963	3,950,520	1,024,769	06/30/2013
22546BAK6	3,041,526	335,188	2,706,339	335,188	336,835	09/30/2013
46625MUF4	3,394,075	2,954,511	439,564	2,954,511	1,097,192	09/30/2013
61750WBB8	3,930,028	2,461,352	1,468,676	2,461,352	1,146,060	09/30/2013
61750WBB8	2,255,294	961,344	1,293,950	961,344	961,344	12/31/2013
Total	$33,104,989	$24,736,904	$8,368,086	$24,736,904	$7,880,174	

4. FAIR VALUE MEASUREMENTS

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

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

2013	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Commercial MBS	$ -	$ 5,233,041	$ -	$ 5,233,041
Common stocks — unaffiliated	9,678,546	19,514	11,406,874	21,104,934
Cash equivalents	7,091,756	-	-	7,091,756
Securities lending cash collateral	13,599,210	-	-	13,599,210
Total	$ 30,369,512	$ 5,252,555	$ 11,406,874	$ 47,028,941

Transfers between Levels 1 and 2 — Transfers in and/or out of any level are assumed to occur at the beginning of the period. During the years ended December 31, 2014 and 2013, there were no transfers between Level 1 and Level 2.

Transfers into and out of Level 3 — Assets and liabilities are transferred into or out of Level 3 when a significant input can no longer be corroborated or can be corroborated with market observable data. This occurs when market activity decreases or increases related to certain securities and transparency to the underlying inputs is no longer available or can be observed with current pricing. During the years ended December 31, 2014 and 2013, there were no transfers into or out of Level 3.

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

Level 1 Measurements:

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

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

Level 2 Measurements:

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

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

Level 3 Measurements:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company's financial instruments for which it is not practicable to measure fair value as of December 31, 2014 and the reasons it is not practicable were as follows:

Type or Class of Financial Instruments	Carrying Value	Explanation
Common stock–unaffiliated:		
FHLB Class A stock	$ 13,267,759	Restrictions prevent sale to other entities
FHLB Class B stock	47,633	Restrictions prevent sale to other entities

5. INCOME TAXES

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

The Company also has an enforceable right to use consolidated net operating loss, capital loss, and charitable contribution carryovers, if any, against future net income subject to federal income taxes. The annual cost or benefit of this tax sharing agreement between the Company and its subsidiaries is charged or credited to surplus. Amounts due from subsidiaries as of December 31, 2014 and 2013 were $7,240,707 and $3,370,897, respectively, and were included in federal income taxes recoverable.

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

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

Consolidated federal income taxes incurred during the years ended December 31, which were available for recoupment in the event that the Company incurs future net losses, were as follows:

	Ordinary	Capital	Total
2014	$ 71,572,513	$ 20,512,104	$ 92,084,617
2013	66,688,844	22,244,902	88,933,746
2012	55,057,887	10,887,821	65,945,708
	$ 193,319,244	$ 53,644,827	$ 246,964,071

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

	2014	2013
Current federal income tax expense	$ 18,414,088	$ 26,103,644
Current foreign income tax expense (benefit)	(17,123)	430,410
Federal income tax expense	18,396,965	26,534,054
Federal income tax expense (benefit) on net realized capital losses	(341,000)	1,206,000
Total federal and foreign income tax expense	18,055,965	27,740,054
Change in net deferred income taxes	(86,420,666)	89,090,461
Total federal income tax expense (benefit) incurred	$ (68,364,701)	$ 116,830,515

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

	2014	2013
Net gain from operations before federal income taxes and net realized capital losses	$ 59,859,615	$ 159,575,757
Net realized capital losses before federal income taxes and transfers to IMR	(10,131,962)	(25,322,904)
Total pre-tax income	49,727,653	134,252,853
Statutory tax rate	35 %	35 %
Expected federal income taxes incurred	17,404,679	46,988,499
Prior year tax expense	3,071,827	1,072,335
Nonadmitted assets	1,398,140	(947,661)
Amortization of IMR	(32,117)	(35,028)
Dividends from affiliates	-	(1,050,000)
Pension liability adjustment	(73,738,569)	84,925,226
Tax credits	(1,746,000)	(2,462,410)
Life insurance cash value	(3,737,524)	(8,155,924)
Reserve adjustments to surplus	(7,225,861)	-
Loss from disregarded entities	(6,718,627)	(6,359,859)
Other	2,959,351	2,855,337
Total federal income tax expense (benefit) incurred	$ (68,364,701)	$ 116,830,515

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The statute of limitations has closed on all years through 2010. Therefore, the years after 2010 remain subject to audit by federal and state jurisdictions.

The Company did not have an accrual for uncertain tax positions as of December 31, 2014. The Company's income tax accrual for uncertain tax positions was $349,453 as of December 31, 2013. As of December 31, 2014, there were no positions for which management believes it is reasonably possible that the total amounts of tax contingencies will significantly increase within 12 months of the reporting date. As of December 31, 2014 and 2013, the Company had no statutory valuation allowance reducing its deferred tax asset.

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

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

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

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

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

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

The risk-based capital (RBC) ratio percentages used to determine recovery period and threshold limitation amounts were 868% and 888% as of December 31, 2014 and 2013, respectively. The amounts of adjusted capital and surplus used to determine recovery period and threshold limitations were $2,945,115,693 and $2,809,982,663 as of December 31, 2014 and 2013, respectively.

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

	Ordinary	Capital	Total
2014			
Gross DTA	381,404,057	18,263,854	399,667,911
Percentage of total gross DTA attributable to tax planning strategies	2.92 %	0.49 %	3.41 %
Net admitted gross DTA	113,760,071	5,207,476	118,967,547
Percentage of net admitted gross DTA attributable to tax planning strategies	11.81 %	1.98 %	13.79 %
2013			
Gross DTA	283,868,116	23,763,821	307,631,937
Percentage of total gross DTA attributable to tax planning strategies	0.23 %	1.26 %	1.49 %
Net admitted gross DTA	104,191,678	9,995,989	114,187,667
Percentage of net admitted gross DTA attributable to tax planning strategies	0.72 %	3.94 %	4.66 %
Change			
Gross DTA	97,535,941	(5,499,967)	92,035,974
Percentage of total gross DTA attributable to tax planning strategies	2.69 %	(0.77)%	1.92 %
Net admitted gross DTA	9,568,393	(4,788,513)	4,779,880
Percentage of net admitted gross DTA attributable to tax planning strategies	11.09 %	(1.96)%	9.13 %

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

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

	2014	2013	Change
DTA:			
Ordinary:			
Policy reserves	$ 63,849,999	$ 54,934,705	$ 8,915,294
Deferred acquisition costs	54,978,381	49,050,968	5,927,413
Expense accruals and other prepaid income	89,601,759	79,909,717	9,692,042
Pension liability	93,190,711	21,528,173	71,662,538
Nonadmitted assets	31,867,435	36,512,542	(4,645,107)
Bonds and other invested assets	34,023,060	31,636,645	2,386,415
Depreciation and amortization	6,241,585	3,732,880	2,508,705
Other	7,651,127	6,562,486	1,088,641
Subtotal	381,404,057	283,868,116	97,535,941
Nonadmitted DTA	(267,643,986)	(179,676,438)	(87,967,548)
Admitted ordinary DTA	113,760,071	104,191,678	9,568,393
Capital:			
Investments	18,263,854	23,763,821	(5,499,967)
Subtotal	18,263,854	23,763,821	(5,499,967)
Nonadmitted	(13,056,378)	(13,767,832)	711,454
Admitted capital DTA	5,207,476	9,995,989	(4,788,513)
Admitted DTA	118,967,547	114,187,667	4,779,880
DTL:			
Ordinary:			
Unrealized gains	(2,450,535)	(2,154,129)	(296,406)
Other	(14,440,882)	(10,527,033)	(3,913,849)
Subtotal	(16,891,417)	(12,681,162)	(4,210,255)
Capital:			
Investments	(3,253,767)	(3,001,062)	(252,705)
Subtotal	(3,253,767)	(3,001,062)	(252,705)
DTL	(20,145,184)	(15,682,224)	(4,462,960)
Net admitted DTA	$ 98,822,363	$ 98,505,443	$ 316,920

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

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

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

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

United of Omaha released valuation allowances related to unused net operating losses and charitable contribution carryovers in 2013 based on future taxable income. Prior to 2013, the Company recognized income tax benefits related to United of Omaha's taxable losses, which could not be utilized on separate company basis, as credits to surplus. As a result of the release of the valuation allowance by United of Omaha, the Company included a liability of $46,251,818 in other liabilities on the statutory statement of admitted assets, liabilities and surplus as of December 31, 2013, through a charge to detriment of consolidated tax filing in the statutory statement of changes in surplus, to eliminate the tax benefit impact of United of Omaha's carryforwards previously credited to surplus. The liability as of December 31, 2014 is $6,053,760.

6. RELATED PARTY TRANSACTIONS

The table below reflects amounts (including nonadmitted amounts), related to lending agreements with related parties as of December 31, 2014, which are included in short-term investments in the statutory statements of admitted assets, liabilities and surplus. Interest income is included in net investment income in the statutory statements of operations. Interest only payments are required monthly.

Borrowing Company	Maximum Borrowing	Interest Rate	Amount Outstanding	Interest Income 2014	Interest Income 2013
East Campus Realty, L.L.C.	N/A	4.00%	$157,000,000	$7,203,871	$7,433,629
Omaha Financial Holdings, Inc.	100,000,000	2.45%	12,500,000	1,814,954	1,881,113
East Campus Realty, L.L.C.	5,000,000	0.23%	2,000,000	4,514	644

The above lending agreements are unsecured revolving credit agreements except for the borrowing outstanding by ECR of $157,000,000, which is a promissory note secured by a deed of trust covering ECR's urban mixed-use development and an assignment of leases and rents at the development. The Company nonadmitted $14,900,000 of the outstanding balance of this promissory note at December 31, 2014 as required by NAIC SAP.

The Company also has the following unsecured demand, revolving credit lending agreements available to related parties. There were no amounts outstanding under these agreements as of December 31, 2014 and 2013. On March 6, 2015, the Company updated the maximum borrowing amount with Omaha Reinsurance Company to $10,000,000.

Borrowing Company	Maximum Borrowing
United of Omaha Life Insurance Company	$250,000,000
Companion Life Insurance Company	23,000,000
United World Life Insurance Company	10,000,000
Omaha Reinsurance Company	5,000,000
Omaha Insurance Company	5,000,000
The Omaha Indemnity Company	3,000,000

The Company has the following unsecured demand, revolving credit borrowing agreements available from related parties. The rate for borrowings under these agreements in 2014 and 2013 was 0.23% and 0.28%, respectively. The Company had no outstanding borrowings under these agreements as of December 31, 2014.

Lending Company	Maximum Borrowing
United of Omaha Life Insurance Company	$250,000,000
Companion Life Insurance Company	23,000,000
United World Life Insurance Company	10,000,000
Omaha Life Insurance Company	7,000,000

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

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

	2014	2013
East Campus Realty, L.L.C.	$ 27,000,000	$ -
Omaha Insurance Company	20,000,000	-
Turner Park North, L.L.C.	2,650,000	6,150,000
United of Omaha Life Insurance Company	-	60,000,000
Mutual of Omaha Holdings, Inc.	-	3,200,000

During 2013, the Company received cash dividends of $298,528 from The Omaha Indemnity Company.

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

During 2014 and 2013, the Company received a cash return of capital of $500,000 and $598,092, respectively, from Mutual of Omaha Holdings, Inc.

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

	2014	2013
Admitted assets	$ 18,786,688,405	$ 18,122,473,437
Liabilities	17,363,965,214	16,895,600,881
Net income	164,425,590	71,677,925

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

During 2014, the Company changed the process for settling affiliate reinsurance balances. Prior to 2014, such balances were settled on an estimated basis in the current month. Beginning in 2014, balances are settled within 30 days following month end. This change had an impact on uncollected premium, policy and contract claims, other liabilities, and net cash from operations.

Prior to 2014, the Company reported affiliate ceded expense allowances as an increase to operating expenses. Beginning in 2014, the Company reported such allowances as commissions in the statement of operations. The change was made on a prospective basis effective with 2014 and had no impact to net income.

Pursuant to New York Circular Letter No. 33 (1979), the New York State Department of Financial Services required that the parent company of a New York domiciled insurer that files a consolidated income tax return maintain an escrow for any income taxes paid by the New York domiciled insurer to the parent company that are in excess of the consolidated income tax liability for any year. Included in cash equivalents as of December 31, 2014 and 2013, is an escrow account for the benefit of Companion Life Insurance Company, a wholly owned subsidiary of United of Omaha, in the amount of $2,186,050 and $6,982,690, respectively, at Mutual of Omaha Bank, a wholly owned subsidiary of Omaha Financial Holdings Inc., for income taxes applicable to 2011.

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

Most of the expenses related to these resources were paid by the Company and subject to allocation among the Company and such subsidiaries. Management believes the measures used to allocate expenses among companies are within industry guidelines and practices. There were no amounts payable to subsidiaries related to these services as of December 31, 2014 and $895,660 was payable as of December 31, 2013. Amounts due to the Company for these services of $94,560,377 and $54,303,637 as of December 31, 2014 and 2013, respectively, are netted by subsidiary with other intercompany transactions and included in receivable from or payable to subsidiaries based on the net balance with each entity. Other amounts receivable from or payable to subsidiaries represent settlements of premiums, claims, and commissions among the Company and its affiliates.

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

	2014	**2013**
Mutual of Omaha Marketing Corporation	$ 1,214,605	$ 1,128,348
The Omaha Indemnity Company	36,845	34,103
	$ 1,251,450	$ 1,162,451

7. BORROWINGS

The Company and United of Omaha on a joint basis have entered into certain unsecured revolving line of credit agreements that allow for maximum borrowings of $150,000,000 and are renewed annually. As of December 31, 2014 and 2013, the Company had no outstanding borrowings under these agreements. The Company incurred no interest expense on the lines of credit during the years ended December 31, 2014 and 2013.

The Company has agreements with third parties to sell and repurchase securities. Under these agreements, the Company obtains the use of funds for a period not to exceed 30 days. Maximum borrowings allowed under these agreements are $100,000,000. As of December 31, 2014 and 2013, there were no outstanding borrowings under these agreements. The Company incurred no interest expense on these agreements during the years ended December 31, 2014 and 2013.

As of December 31, 2014 and 2013, cash collateral received through securities lending agreements of $23,675,645 and $13,599,210, respectively, was invested in cash equivalents and short-term securities with a corresponding liability for funds held for securities on loan included in borrowings in the statutory statements of admitted assets, liabilities and surplus. The Company had securities loaned to third parties of $39,773,268 and $13,605,201 as of December 31, 2014 and 2013, respectively. The securities loaned as of December 31, 2014 and 2013, 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 Company has an agreement with the FHLB under which the Company pledges bonds in return for extensions of credit. The Company held $13,315,392 and $1,984,155 of FHLB stock as part of the borrowing agreement as of December 31, 2014 and 2013, respectively. The Company and United of Omaha jointly authorized maximum extension of credit under this agreement is $500,000,000. As of December 31, 2014, there was no FHLB advances due. The maximum amount borrowed under this agreement for the year ended December 31, 2014 was $305,500,000.

The Company had MBS pledged as collateral with carrying values of $313,501,691 and $54,635,890, respectively, and with fair values of $355,795,502 and $57,687,925 pledged under these agreements as of December 31, 2014 and 2013.

The amortized cost and estimated fair values of the Company's collateral as of December 31, 2014, were as follows:

	Amortized Cost	Estimated Fair Value
Open	$ -	$ -
30 days or less	10,575,819	10,575,819
31 to 60 days	-	-
61 to 90 days	1,637,943	1,637,943
91 to 120 days	3,821,133	3,821,133
121 to 180 days	-	-
181 to 365 days	6,184,800	6,184,800
1 to 2 years	1,455,950	1,455,950
Sub-total	23,675,645	23,675,645
Securities received	-	-
Total collateral received	$ 23,675,645	$ 23,675,645

8. REINSURANCE

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

As noted above, the Company changed the process for settling affiliate reinsurance balances and reporting affiliate ceded expense allowances in 2014. These changes can be seen in the below table.

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

	2014	2013
Health and accident premiums:		
Assumed:		
Affiliates	$ 708,736,477	$ 621,619,836
Non-affiliates	483,704,828	506,316,405
	$1,192,441,305	$1,127,936,241
Ceded — non-affiliates	$ 55,805,532	$ 44,845,092
Health and accident benefits:		
Assumed:		
Affiliates	$ 463,835,125	$ 402,524,988
Non-affiliates	372,682,950	390,200,251
	$ 836,518,075	$ 792,725,239
Ceded — non-affiliates	$ 17,007,698	$ 17,196,725
Commissions:		
Assumed:		
Affiliates	$ 185,946,298	$ 69,459,536
Non-affiliates	123,569,119	138,180,052
	$ 309,515,417	$ 207,639,588
Operating expenses:		
Assumed:		
Affiliates	$ -	$ 107,058,036
Non-affiliates	1,213,894	1,121,449
	$ 1,213,894	$ 108,179,485
Health and accident policy reserves:		
Assumed:		
Affiliates	$ 202,291,088	$ 160,305,151
Non-affiliates	151,696,052	151,433,295
	$ 353,987,140	$ 311,738,446
Ceded — non-affiliates	$ 158,589,391	$ 134,899,685
Policy and contract claims:		
Assumed:		
Affiliates	$ 95,634,844	$ 42,362,623
Non-affiliates	82,775,159	80,993,965
	$ 178,410,003	$ 123,356,588
Ceded — non-affiliates	$ 8,947,588	$ 8,890,995

Subsequent to the issuance of the Company's statutory financial statements for the period ended December 31, 2013, certain amounts included in Note 8, Reinsurance, have been revised to correct an error related to the affiliates and non-affiliates assumed reinsurance activity for operating expenses. This correction resulted in an increase in assumed affiliates operating expenses of $15,590,157 and a decrease in assumed non-affiliates operating expenses of $182,063,641 in the table above. This correction did not have an impact to the statutory financial statements for any period presented.

9. EMPLOYEE BENEFIT PLANS

The Company is both the sponsor and administrator of a noncontributory defined benefit plan ("Pension Plan") covering all United States employees meeting certain minimum requirements. Retirement benefits are based upon years of credited service and final average earnings history. Effective January 1, 2005, the Pension Plan was amended to freeze plan benefits for participants under 40 years of age. No benefits are available under the Pension Plan included in pension benefits below for employees hired on or after January 1, 2005. The Company also sponsors and administers a supplemental defined benefit plan covering certain current and former employees. During 2013, the liabilities related to this plan were reclassified from deferred compensation to pension benefits within the tables below for 2013. The Company also provides certain postretirement medical and life insurance benefits (other benefits) to retired employees hired before January 1, 1995. Other benefits are based upon hire date, age, and years of service. The Company uses the accrual method of accounting for other benefits.

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

Projected Benefit Obligations and Plan Assets — The Company has no pension or other benefit plans in which projected benefit obligations are overfunded as of December 31, 2014 and 2013. The changes in the projected benefit obligation and plan assets for the Company's underfunded plans as of December 31, the measurement date, were as follows:

	Pension Benefits		Other Benefits	
	2014	2013	2014	2013
Change in benefit obligation:				
Benefit obligation at beginning of year	$ 1,084,721,436	$ 1,178,552,874	$ 73,275,499	$ 87,853,974
Reclassification of supplemental plan	-	28,194,286	-	-
Service cost	11,408,448	12,759,322	172,327	162,329
Interest cost	55,419,113	49,938,348	3,620,473	3,237,326
Actuarial (gain) loss	208,446,839	(141,521,924)	11,450,459	(14,204,467)
Benefits paid	(46,940,123)	(43,201,470)	(9,764,676)	(8,605,104)
Recognition of nonvested benefits	-	-	-	4,831,441
Settlements	(73,648,766)	-	-	-
Benefit obligation at end of year	$ 1,239,406,947	$ 1,084,721,436	$ 78,754,082	$ 73,275,499
Change in plan assets:				
Fair value of plan assets at beginning of year	$ 992,031,583	$ 864,469,863	$ 20,598,620	$ 24,265,864
Actual return on plan assets	49,944,156	127,481,046	237,034	271,233
Employer contribution	1,008,027	43,282,144	-	-
Benefits paid	(46,940,123)	(43,201,470)	(4,154,037)	(3,938,477)
Settlements	(73,648,766)	-	-	-
Fair value of plan assets at end of year	$ 922,394,877	$ 992,031,583	$ 16,681,617	$ 20,598,620

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

	Pension Benefits		Other Benefits	
	2014	2013	2014	2013
Overfunded:				
Prepaid benefit costs	$ 109,010,069	$ 132,239,995	$ -	$ -
Total assets (nonadmitted)	$ 109,010,069	$ 132,239,995	$ -	$ -
Underfunded:				
Accrued benefit cost	$ 28,383,234	$ 26,759,779	$ 47,533,617	$ 49,350,834
Liability for pension benefits	288,628,836	65,930,074	14,538,848	3,326,045
Total liabilities recognized	$ 317,012,070	$ 92,689,853	$ 62,072,465	$ 52,676,879
Components of net periodic benefit cost				
Service cost	$ 11,408,448	$ 12,759,322	$ 172,327	$ 162,329
Interest cost	55,419,113	49,938,348	3,620,473	3,237,326
Expected return on plan assets	(71,525,538)	(64,732,280)	(823,945)	(970,635)
Amount of recognized gains and losses	15,817,362	42,180,203	-	-
Amount of prior service cost recognized	(5,879,457)	(5,879,457)	596,330	596,330
Loss recognized due to settlement	20,621,480	-	-	-
Total net periodic benefit cost	$ 25,861,408	$ 34,266,136	$ 3,565,185	$ 3,025,350

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

	Pension Benefits		Other Benefits	
	2014	2013	2014	2013
Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost:				
Items not yet recognized in net periodic cost at the beginning of the year	$ 198,170,069	$ 436,392,571	$ 3,326,045	$ 13,321,452
Net prior service cost arising during the year	-	-	-	4,831,441
Amortization of prior service credit (cost)	5,879,457	5,879,457	(596,330)	(596,330)
Net loss (gain) arising during the year	230,028,221	(201,921,756)	11,809,133	(14,230,518)
Amortization of actuarial loss	(36,438,842)	(42,180,203)	-	-
Items not yet recognized in net periodic cost at the end of the year	$ 397,638,905	$ 198,170,069	$ 14,538,848	$ 3,326,045

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

	Pension Benefits		Other Benefits	
	2014	2013	2014	2013
Amounts in unassigned funds (surplus) expected to be recognized in net periodic benefit cost during the next year:				
Amortization of prior service (cost) credit	$ (5,879,457)	$ (5,879,457)	$ 596,330	$ 596,330
Amortization of actuarial loss	36,693,583	13,436,858	355,223	-
Amounts in unassigned funds (surplus) that have not yet been recognized in net periodic benefit cost:				
Net prior service cost (credit)	(7,145,427)	(13,024,884)	3,466,430	4,062,760
Net recognized (gains) and losses	404,784,332	211,194,953	11,072,418	(736,715)

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

	2015	2016	2017	2018	2019	2020–2024
Pension benefits	$ 53,164	$ 56,319	$ 61,318	$ 63,633	$ 65,830	$ 361,862
Other postretirement benefits	$ 6,858	$ 6,884	$ 6,854	$ 6,848	$ 6,777	$ 31,927

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

	2014	2013
United group annuity contract:		
General asset account	$ 482,972,593	$ 470,815,800
Separate account K	67,951,965	62,024,397
Separate account II	93,468,865	140,060,512
Equity securities — domestic	48,220,791	56,870,095
Equity securities — foreign	134,778,719	162,980,907
Limited partnerships	95,001,944	99,279,872
	$ 922,394,877	$ 992,031,583

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

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

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

2014	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Pension:				
Separate account K equity securities	$ -	$ 67,951,965	$ -	$ 67,951,965
Separate account II equity securities	93,468,865	-	-	93,468,865
Equity securities — domestic	48,220,791	-	-	48,220,791
Equity securities — foreign	27,214,407	107,564,312	-	134,778,719
Limited partnerships	-	-	95,001,944	95,001,944
Total	$ 168,904,063	$ 175,516,277	$ 95,001,944	$ 439,422,284
2013				
Pension:				
Separate account K equity securities	$ -	$ 62,024,397	$ -	$ 62,024,397
Separate account II equity securities	140,060,512	-	-	140,060,512
Equity securities — domestic	56,870,095	-	-	56,870,095
Equity securities — foreign	28,592,152	134,388,755	-	162,980,907
Limited partnerships	-	-	99,279,872	99,279,872
Total	$ 225,522,759	$ 196,413,152	$ 99,279,872	$ 521,215,783

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

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

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

Voluntary contributions may be made to the defined benefit plan pursuant to the maximum funding limits under the Employee Retirement Income Security Act of 1974, as amended. The Company does not expect to make contributions to the Pension Plan or postretirement plan in 2015.

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

	Pension Benefits		Other Benefits	
	2014	2013	2014	2013
Projected benefit obligation				
Discount rate	4.30 %	5.20 %	4.30 %	5.20 %
Rate of increase in compensation levels	3.38	4.36	N/A	N/A
Net periodic pension cost				
Discount rate	5.20 %	4.25 %	5.20 %	4.25 %
Rate of increase in compensation levels	4.36	4.36	N/A	N/A
Expected long-term rate of return on plan assets	7.50	7.50	4.00	4.00

The assumed health care cost trend rates used in measuring the accumulated postretirement benefit obligation in 2014 and 2013 vary from 6.90% and 7.10%, respectively, gradually declining to 4.50% in 2083 and 2094, respectively, and remaining at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rate by one percentage point in each year would increase the Company's postretirement benefit obligation as of December 31, 2014, by approximately $6,639,676 and the net periodic postretirement benefit costs for 2014 by approximately $326,667. Decreasing the assumed health care cost trend rate by one percentage point in each year would decrease the Company's accumulated postretirement benefit obligation as of December 31, 2014, by approximately $5,509,405 and the net periodic postretirement benefit costs for 2014 by approximately $290,121. At December 31, 2014, The Company adopted a newly published mortality tables to estimate the value of its projected benefit obligations for its pension benefits and other benefits.

Actuarial assumptions used may differ materially from actual results due to, among other factors, changing market and economic conditions and changes in participant demographics and result in actuarial gains and losses included in the projected benefit obligation. Actuarial gains and losses in 2014 and 2013 are primarily the result of changes in the discount rate and the adoption of the new mortality table in 2014.

Savings and Investment Plans — The Company sponsors a savings and investment plan under which the Company matches a portion of employee contributions. The expense for this plan was $2,453,989 and $2,912,591 in 2014 and 2013, respectively. The Company also provides deferred compensation benefits for certain key executive officers. As of December 31, 2014 and 2013, the liability for deferred compensation benefits included in liability for benefits for employees and agents in the statutory statements of admitted assets, liabilities, and surplus was $36,949,721 and $35,955,711, respectively.

10. SURPLUS

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

	2014	2013
Unrealized gains	$ 815,537,117	$ 593,864,845
Nonadmitted assets	(422,339,079)	(339,077,670)
AVR	(83,398,788)	(57,044,695)

The minimum statutory capital and surplus necessary to satisfy regulatory requirements was $678,449,664 as of December 31, 2014 (company action level risk-based capital (RBC)). The minimum statutory capital and surplus necessary to satisfy regulatory requirements was $632,937,364 as of December 31, 2013 (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.

11. SURPLUS NOTES

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

On October 12, 2010, the Company issued a 6.95%, $300,000,000 surplus note due October 15, 2040, at a discount of $10,095,000 with interest due semiannually. The notes were underwritten by Goldman, Sachs & Co. and J.P. Morgan Securities LLC and are administered by US Bank, NA as registrar and paying agent. On June 15, 2006, the Company issued a 6.80%, $300,000,000 surplus note due June 15, 2036, at a discount of $3,630,000 with interest due semiannually. The notes are carried at amortized cost. On April 7, 2009, the Company purchased $3,120,000 of the surplus note principal at a cost of $2,137,200 plus accrued interest of $69,541 and reduced surplus accordingly. The notes were underwritten by Goldman, Sachs & Co. and Merrill Lynch & Co., and are administered by U.S. Bank, NA as registrar and paying agent. On July 17, 2014, the Company repurchased $133,270,000 of the 2010 note and $36,420,000 of the 2006 note principal at a cost of $179,222,829 and 47,351,827, plus accrued interest of $2,367,023 and $220,139, respectively, and reduced surplus accordingly. The loss of $61,971,000 related to these repurchases is included in operating expenses on the statutory statements of operations. Interest of $37,755,590 and $41,037,840 paid in 2014 and 2013, respectively, as approved by the Nebraska Department of Insurance is included in net investment income.

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

12. COMMITMENTS AND CONTINGENCIES

The Company has a parental guarantee to Omaha Re to be drawn upon in the event that Omaha Re's total adjusted capital falls below 125% of its company action level RBC. As of December 31, 2014, Omaha Re's adjusted capital of $275,790,979 was $234,880,881 above the guarantee trigger, and the maximum amount of future payments the Company could be required to make under the guarantee is $532,533,456.

The Company has unfunded investment commitments for bonds, mortgage lending, and limited partnerships of $95,889,888 and $78,635,336 as of December 31, 2014 and 2013, respectively.

Securities with an amortized cost of $3,263,041 and $3,259,211 as of December 31, 2014 and 2013, respectively, were on deposit with government agencies as required by the laws in various jurisdictions in which the Company conducts business.

As a condition of doing business, all states and jurisdictions have adopted laws requiring membership in life and health insurance guaranty funds. Member companies are subject to assessments each year based on life, health or annuity premiums collected in the state. The Company estimated its costs related to past insolvencies and had a liability for guaranty fund assessments of $1,380,872 and $1,661,190 as of December 31, 2014 and 2013, respectively. The Company estimated premium tax credits that it will receive related to amounts paid to guaranty funds of $1,282,904 and $1,509,602 as of December 31, 2014 and 2013, respectively.

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

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

13. LEASES

The Company and United of Omaha jointly enter into agreements for the rental of office space, equipment and computer software under noncancellable operating leases. Future required minimum rental payments under leases as of December 31, 2014, were:

2015	$ 8,909,641
2016	5,997,585
2017	3,402,897
2018	1,777,820
2019	644,799
Thereafter	128,918
Total	$ 20,861,660

The Company's rental expense for the years ended December 31, 2014 and 2013, was $6,680,040 and $7,009,054, respectively.

14. DIRECT PREMIUMS WRITTEN

The Company's direct written accident and health premiums administered by third-parties were $191,251,565 and $162,544,542 during the years ended December 31, 2014 and 2013, respectively.

15. RETROSPECTIVELY RATED CONTRACTS

The Company estimates accrued retrospective premium adjustments for its group health business based upon premium, claims and expense experience for each retrospectively rated policy. This method may result in the calculation of an asset or liability for certain retrospectively rated policies. The amount of net premiums earned by the Company that were subject to retrospective rating features were approximately $503,259 and $254,015 during the years ended December 31, 2014 and 2013, respectively. These net premiums represented 0.5% and 0.2% of the total net premium for group business during the years ended December 31, 2014 and 2013, respectively.

16. LIABILITY FOR POLICY AND CONTRACT CLAIMS

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

	2014	2013
Balance at January 1	$ 869,441,072	$ 842,132,676
Reinsurance recoverable	47,269,528	42,278,873
Net balance at January 1	822,171,544	799,853,803
Incurred related to:		
Current year	1,471,175,455	1,400,710,053
Prior years	(15,429,773)	(15,629,471)
Total incurred	1,455,745,682	1,385,080,582
Paid related to:		
Current year	1,073,581,948	1,062,301,263
Prior years	296,681,222	300,461,578
Total paid	1,370,263,170	1,362,762,841
Net balance at December 31	907,654,056	822,171,544
Reinsurance recoverable	43,594,815	47,269,528
Balance at December 31	$ 951,248,871	$ 869,441,072

During 2014 and 2013, incurred claims related to prior years were negative primarily due to favorable experience within certain health and accident coverages and expected margin releases.

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

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

	2014	2013
Prior year accrual	$ 21,558,957	$ 19,655,872
Incurred claim adjustment expenses	23,709,126	33,416,464
Paid claim adjustment expenses	(23,395,444)	(31,513,379)
	$ 21,872,639	$ 21,558,957

17. ELECTRONIC DATA PROCESSING EQUIPMENT AND SOFTWARE

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

	2014	2013
EDP equipment	$ 82,833,330	$ 79,250,331
Operating system software	18,824,084	18,818,284
Nonoperating system software	218,259,183	198,351,988
Accumulated depreciation	(264,162,211)	(250,721,034)
Assets nonadmitted	(42,626,860)	(33,588,530)
	$ 13,127,526	$ 12,111,039

Depreciation expense related to EDP equipment and operating and nonoperating software totaled $23,093,635 and $22,920,437 for the years ended December 31, 2014 and 2013, respectively.

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

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

For the Years Ended December 31,	**2014**	**2013**
Statutory net income	$ 30,360,861	$ 105,805,824
Earnings of subsidiaries	201,060,226	307,100,940
Valuation of investments	6,454,383	(4,795,864)
Deferred policy acquisition costs	91,385,186	87,149,535
Deferred income taxes	30,176,160	(106,316,889)
Surplus notes	1,441,113	(229,803)
Detriment of consolidated tax filings	(51,072,141)	(36,702,460)
Policy reserves	(14,089,753)	7,449,644
Other	(4,014,270)	(213,570)
GAAP net income	$ 291,701,765	$ 359,247,357

As of December 31,	**2014**	**2013**
Statutory surplus	$2,795,657,218	$2,674,545,844
Subsidiary equity	1,743,864,840	1,625,868,171
Valuation of investments	321,445,610	140,903,462
Deferred policy acquisition costs	879,220,732	787,835,546
Deferred income taxes	(581,818,085)	(533,411,075)
Statutory asset valuation reserve	83,398,788	57,044,695
Statutory interest maintenance reserve	5,473,782	4,254,720
Nonadmitted assets	422,339,078	339,077,670
Surplus notes	(719,367,590)	(584,255,605)
Policy reserves	157,370,240	150,814,677
Subsidiary FIT liability	6,053,760	46,251,818
Other	26,222,272	25,288,250
GAAP equity	$5,139,860,645	$4,734,218,173

* * * * * *

SUPPLEMENTAL SCHEDULES

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INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

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

Our 2014 audit was conducted for the purpose of forming an opinion on the 2014 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, 2014, are presented for purposes of additional analysis and are not a required part of the 2014 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 2014 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 2014 statutory-basis financial statements as a whole.

Deloitte & Touche LLP

May 19, 2015

MUTUAL OF OMAHA INSURANCE COMPANY

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014

Investment income earned:	
U.S. government bonds	$ 20,233,563
Other bonds (unaffiliated)	123,744,391
Bonds of affiliates	-
Preferred stocks (unaffiliated)	2,479,777
Preferred stocks of affiliates	-
Common stocks (unaffiliated)	865,766
Common stocks of affiliates	-
Mortgage loans	14,624,116
Real estate	9,090,794
Contract loans	-
Cash, Cash Equivalent, and Short-term investments	9,223,534
Other invested assets	17,725,581
Derivative instruments	-
Aggregate write-ins for investment income	172,469
Gross investment income	$ 198,159,991
Real estate owned — book value less encumbrances	$ 35,634,709
Mortgage loans — book value:	
Farm mortgages	$ -
Residential mortgages	890,316
Commercial mortgages	246,998,354
Total mortgage loans	$ 247,888,670
Mortgage loans by standing — book value:	
Good standing	$ 247,888,670
Good standing with restructured terms	$ -
Interest overdue more than three months — not in foreclosure	$ -
Foreclosure in process	$ -
Other long-term assets — statement value	$ 174,031,414
Collateral loans	$ -

(Continued)

MUTUAL OF OMAHA INSURANCE COMPANY

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014

Bonds and stocks of subsidiaries and affiliates — book value:	
Bonds	$ -
Preferred stocks	$ -
Common stocks	$2,148,507,247
Bonds, cash equivalent bonds and short-term investments by class and maturity — bonds by maturity — statement value:	
Due within one year or less	$ 156,350,539
Over 1 year and through 5 years	531,817,315
Over 5 years through 10 years	593,364,302
Over 10 years through 20 years	622,300,276
Over 20 years	824,089,967
Total by maturity	$2,727,922,399
Bonds, cash equivalent bonds and short-term investments by class — statement value:	
Class 1	$1,591,773,930
Class 2	1,026,655,236
Class 3	85,499,504
Class 4	6,917,216
Class 5	14,405,330
Class 6	2,671,183
Total by class	$2,727,922,399
Total bonds publicly traded	$1,386,642,564
Total bonds privately traded	$1,341,279,835
Preferred stocks — statement value	$ 43,198,115
Common stocks — market value	$2,186,158,134
Short-term investments — book value	$ 156,600,000
Options, caps, and floors owned — statement value	$ -
Options, caps, and floors written and in force — statement value	$ -
Collar, swap and forward agreements open — current value	$ -
Cash on deposit	$ 44,368,022

(Continued)

MUTUAL OF OMAHA INSURANCE COMPANY

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014

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

(Continued)

MUTUAL OF OMAHA INSURANCE COMPANY

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014

Group:	
Amount of income payable	$ -
Fully paid — account balance	$ -
Not fully paid — account balance	$ -
Accident and health insurance — premiums in force:	
Ordinary	$1,971,069,226
Group	$ 249,804,772
Credit	$ -
Deposit funds and dividend accumulations:	
Deposit funds — account balance	$ -
Dividend accumulations — account balance	$ -
Claim payments 2014 — group accident and health — year ended December 31, 2014:	
2014	$ 69,853,518
2013	$ 31,214,216
2012	$ 7,479,877
2011	$ 3,631,102
2010	$ 2,231,507
2009	$ 15,904,694

(Continued)

MUTUAL OF OMAHA INSURANCE COMPANY

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014

Claim payments 2014 — other accident and health — year ended December 31, 2014:	
2014	$1,003,728,430
2013	$ 168,598,188
2012	$ 20,858,150
2011	$ 12,319,641
2010	$ 8,390,822
2009	$ 26,053,025
Other coverages that use developmental methods to calculate claim reserves:	
2014	$ -
2013	$ -
2012	$ -
2011	$ -
2010	$ -
2009	$ -

(Concluded)

SUMMARY INVESTMENT SCHEDULE

	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1	2	3	4	5	6
Investment Categories	Amount	Percentage	Amount	Securities Lending Reinvested Collateral Amount	Total (Col. 3 + 4) Amount	Percentage
1. Bonds:						
1.1 U.S. treasury securities	1,243,954	0.022	1,243,954	0	1,243,954	0.022
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies	0	0.000	0	0	0	0.000
1.22 Issued by U.S. government sponsored agencies	0	0.000	0	0	0	0.000
1.3 Non-U.S. government (including Canada, excluding mortgaged-backed securities)	0	0.000	0	0	0	0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S. :						
1.41 States, territories and possessions general obligations	2,685,106	0.048	2,685,106	0	2,685,106	0.048
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	0	0.000	0	0	0	0.000
1.43 Revenue and assessment obligations	28,265,990	0.502	28,265,990	0	28,265,990	0.502
1.44 Industrial development and similar obligations	0	0.000	0	0	0	0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA	239,351,026	4.253	239,351,026	0	239,351,026	4.253
1.512 Issued or guaranteed by FNMA and FHLMC	13,514,158	0.240	13,514,158	0	13,514,158	0.240
1.513 All other	24,005,973	0.427	24,005,973	0	24,005,973	0.427
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	315,315,137	5.603	315,315,137	0	315,315,137	5.603
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	2,089,732	0.037	2,089,732	0	2,089,732	0.037
1.523 All other	47,051,201	0.836	47,051,201	0	47,051,201	0.836
2. Other debt and other fixed income securities (excluding short-term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	1,515,016,637	26.920	1,515,016,637	1,455,950	1,516,472,587	26.946
2.2 Unaffiliated non-U.S. securities (including Canada)	524,854,614	9.326	524,854,614	0	524,854,614	9.326
2.3 Affiliated securities	0	0.000	0	0	0	0.000
3. Equity interests:						
3.1 Investments in mutual funds	11,965,328	0.213	11,965,328	0	11,965,328	0.213
3.2 Preferred stocks:						
3.21 Affiliated	0	0.000	0	0	0	0.000
3.22 Unaffiliated	43,198,115	0.768	43,198,115	0	43,198,115	0.768
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated	0	0.000	0	0	0	0.000
3.32 Unaffiliated	15,916	0.000	15,916	0	15,916	0.000
3.4 Other equity securities:						
3.41 Affiliated	2,148,507,247	38.176	2,148,507,247	0	2,148,507,247	38.176
3.42 Unaffiliated	25,669,643	0.456	25,669,643	0	25,669,643	0.456
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated	0	0.000	0	0	0	0.000
3.52 Unaffiliated	0	0.000	0	0	0	0.000
4. Mortgage loans:						
4.1 Construction and land development	0	0.000	0	0	0	0.000
4.2 Agricultural	0	0.000	0	0	0	0.000
4.3 Single family residential properties	890,316	0.016	890,316	0	890,316	0.016
4.4 Multifamily residential properties	0	0.000	0	0	0	0.000
4.5 Commercial loans	246,998,354	4.389	246,998,354	0	246,998,354	4.389
4.6 Mezzanine real estate loans	0	0.000	0	0	0	0.000
5. Real estate investments:						
5.1 Property occupied by company	16,006,390	0.284	16,006,390	0	16,006,390	0.284
5.2 Property held for production of income (including $ 0 of property acquired in satisfaction of debt)	19,628,319	0.349	19,628,319	0	19,628,319	0.349
5.3 Property held for sale (including $ 0 property acquired in satisfaction of debt)	0	0.000	0	0	0	0.000
6. Contract loans	0	0.000	0	0	0	0.000
7. Derivatives	0	0.000	0	0	0	0.000
8. Receivables for securities	2,894,203	0.051	2,894,203	0	2,894,203	0.051
9. Securities Lending (Line 10, Asset Page reinvested collateral)	23,675,646	0.421	23,675,645	XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	200,996,894	3.571	200,996,894	22,219,696	223,216,590	3.966
11. Other invested assets	174,031,414	3.092	174,031,414	0	174,031,414	3.092
12. Total invested assets	5,627,871,312	100.000	5,627,871,312	23,675,646	5,627,871,312	100.000

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2014
(To Be Filed by April 1)

Of The Mutual of Omaha Insurance Company

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

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

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

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

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 6,426,766,074

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

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	UNITED OF OMAHA LIFE INSURANCE	Insurance Affiliate Stock	$ 1,422,723,191	22.1 %
2.02	OMAHA FINANCIAL HOLDINGS INC	Non-Insurance Affiliate Stock, Short Term Revolver	$ 701,923,483	10.9 %
2.03	EAST CAMPUS REALTY	Non-Insurance Affiliate LLC, Short Term Mortgage Loan, Short Term Revolver	$ 167,238,665	2.6 %
2.04	PROLOGIS-MACQUARIE FUND	Mortgage Loans	$ 33,000,000	0.5 %
2.05	MUTUAL OF OMAHA HOLDINGS INC	Non-Insurance Affiliate Stock	$ 23,858,413	0.4 %
2.06	SOUTH CAROLINA ELEC & GAS CO	Corporate Bonds	$ 19,814,102	0.3 %
2.07	PACIFICORP	Corporate Bonds	$ 18,806,318	0.3 %
2.08	CUMMINS INC	Corporate Bonds	$ 18,049,766	0.3 %
2.09	UNITED WATER WORKS INC	Corporate Bonds	$ 17,500,000	0.3 %
2.10	ALLETE INC	Corporate Bonds	$ 17,000,000	0.3 %

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

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC-1	$ 1,591,773,930	24.8 %	3.07	P/RP-1	$ 13,320,206	0.2 %
3.02	NAIC-2	$ 1,026,655,236	16.0 %	3.08	P/RP-2	$ 28,439,550	0.4 %
3.03	NAIC-3	$ 85,499,504	1.3 %	3.09	P/RP-3	$ 1,438,358	0.0 %
3.04	NAIC-4	$ 6,917,216	0.1 %	3.10	P/RP-4	$ 0	0.0 %
3.05	NAIC-5	$ 14,405,330	0.2 %	3.11	P/RP-5	$ 0	0.0 %
3.06	NAIC-6	$ 2,671,183	0.0 %	3.12	P/RP-6	$ 0	0.0 %

4. Assets held in foreign investments:

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

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

4.02	Total admitted assets held in foreign investments	$ 459,049,695	7.1 %
4.03	Foreign-currency-denominated investments	$ 0	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$ 0	0.0 %

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

		1	2
5.01	Countries designated NAIC-1	$ 449,049,695	7.0 %
5.02	Countries designated NAIC-2	$ 10,000,000	0.2 %
5.03	Countries designated NAIC-3 or below	$ 0	0.0 %

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

		1	2
	Countries designated NAIC - 1:		
6.01	Country 1: United Kingdom	$ 141,016,950	2.2 %
6.02	Country 2: Australia	$ 84,824,399	1.3 %
	Countries designated NAIC - 2:		
6.03	Country 1: Bahamas	$ 6,000,000	0.1 %
6.04	Country 2: Spain	$ 4,000,000	0.1 %
	Countries designated NAIC - 3 or below:		
6.05	Country 1:	$ 0	0.0 %
6.06	Country 2:	$ 0	0.0 %

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

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

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

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

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

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

	1 Issuer	2 NAIC Designation	3	4
10.01	COMPASS GROUP PLC - United Kingdom	1	$ 15,000,000	0.2 %
10.02	BASF SE - Germany	1	$ 14,051,302	0.2 %
10.03	VITOL FINANCE LTD - Bermuda	2	$ 10,000,000	0.2 %
10.04	OILTANKING FINANCE BV - Germany	2	$ 10,000,000	0.2 %
10.05	ORICA FINANCE LIMITED - Australia	2	$ 9,500,000	0.1 %
10.06	BBA AVIATION PLC - United Kingdom	2	$ 9,130,357	0.1 %
10.07	WOLSELEY CAPITAL INC - United Kingdom	2	$ 9,000,000	0.1 %
10.08	TRAPEZA CDO V LTD - Cayman Islands	1	$ 8,877,589	0.1 %
10.09	SANDVIK TREASURY AB - Sweden	2	$ 8,749,052	0.1 %
10.10	UNITED DRUG FINANCE LIMITED - Ireland	2	$ 8,385,952	0.1 %

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

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

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

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

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

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

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

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

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

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

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

	1 Issuer	2	3
13.02	UNITED OF OMAHA LIFE INSURANCE - Insurance Affiliate Stock	$ 1,422,723,191	22.1 %
13.03	OMAHA FINANCIAL HOLDINGS INC - Non-Insurance Affiliate Stock	$ 689,423,483	10.7 %
13.04	MUTUAL OF OMAHA HOLDINGS INC - Non-Insurance Affiliate Stock	$ 23,858,413	0.4 %
13.05	EAST CAMPUS REALTY - Non-Insurance Affiliate Equity Partnerships	$ 23,138,665	0.4 %
13.06	U S INDUSTRIAL REIT III - Equity Partnerships	$ 13,750,305	0.2 %
13.07	FEDERAL HOME LOAN BANK - Common Stock	$ 13,315,391	0.2 %
13.08	OMAHA INDEMNITY CO - Insurance Affiliate Stock	$ 12,502,160	0.2 %
13.09	ARES US REAL ESTATE FUND VII LP - Equity Partnerships	$ 12,388,494	0.2 %
13.10	PRUDENTIAL CAPITAL PARTNERS III LP - Equity Partnerships	$ 11,199,909	0.2 %
13.11	RIDGEWOOD ENERGY GULF OF MEXICO OIL&GAS - Equity Partnerships	$ 10,623,077	0.2 %

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

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

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

	1		2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	169,519,519	2.6 %
	Largest three investments held in nonaffiliated, privately placed equities:			
14.03	U S INDUSTRIAL REIT III - Equity Partnerships	$	13,750,305	0.2 %
14.04	ARES US REAL ESTATE FUND VII LP - Equity Partnerships	$	12,388,494	0.2 %
14.05	PRUDENTIAL CAPITAL PARTNERS III - Equity Partnerships	$	11,199,909	0.2 %

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

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

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

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

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

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

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

	1 Type (Residential, Commercial, Agricultural)		2	3
16.02	Commercial - PROLOGIS-MACQUARIE FUND	$	33,000,000	0.5 %
16.03	Commercial - SUNSET LAND COMPANY LLC	$	9,804,094	0.2 %
16.04	Commercial - WRAF HOUSING, LLC	$	8,390,293	0.1 %
16.05	Commercial - FRIENDLY VILLAGE MOBILEHOME PARK LLC	$	8,297,174	0.1 %
16.06	Commercial - CHRISTIANA TOWN CENTER LLC	$	8,291,420	0.1 %
16.07	Commercial - LUND 159 DODGE LLC	$	5,058,454	0.1 %
16.08	Commercial - US PREMIER OFFICE EQUITIES LP	$	4,892,199	0.1 %
16.09	Commercial - ECHO SETTLER'S RIDGE ASSOCIATES LP	$	4,367,468	0.1 %
16.10	Commercial - FURNITURE ROW COLO LLC	$	4,000,000	0.1 %
16.11	Commercial - BERKSHIRE MALL LLC	$	3,975,518	0.1 %

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

		Loans	
16.12	Construction loans	$ 2,522,524	0.0 %
16.13	Mortgage loans over 90 days past due	$ 0	0.0 %
16.14	Mortgage loans in the process of foreclosure	$ 0	0.0 %
16.15	Mortgage loans foreclosed	$ 0	0.0 %
16.16	Restructured mortgage loans	$ 0	0.0 %

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

		Residential		Commercial		Agricultural	
	Loan to Value	1	2	3	4	5	6
17.01	above 95%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.02	91 to 95%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.03	81 to 90%	$ 142,518	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.04	71 to 80%	$ 348,275	0.0 %	$ 11,175,005	0.2 %	$ 0	0.0 %
17.05	below 70%	$ 399,523	0.0 %	$ 235,823,349	3.7 %	$ 0	0.0 %

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

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

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

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

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

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

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

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

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

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

		At Year End		At End of Each Quarter		
				1st Quarter	2nd Quarter	3rd Quarter
		1	2	3	4	5
20.01	Securities lending agreements (do not include assets held as collateral for such transactions)	$ 39,773,268	0.6 %	$ 28,345,040	$ 36,203,611	$ 18,849,014
20.02	Repurchase agreements	$ 0	0.0 %	$ 0	$ 0	$ 0
20.03	Reverse repurchase agreements	$ 0	0.0 %	$ 0	$ 0	$ 0
20.04	Dollar repurchase agreements	$ 0	0.0 %	$ 0	$ 0	$ 0
20.05	Dollar reverse repurchase agreements	$ 0	0.0 %	$ 0	$ 0	$ 0

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

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

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

		At Year End		At End of Each Quarter		
				1st Quarter	2nd Quarter	3rd Quarter
		1	2	3	4	5
22.01	Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
22.02	Income generation	$ 0	0.0 %	$ 0	$ 0	$ 0
22.03	Replications	$ 0	0.0 %	$ 0	$ 0	$ 0
22.04	Other	$ 0	0.0 %	$ 0	$ 0	$ 0

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

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