UNITED OF OMAHA LIFE INSURANCE COMPANY
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Audited Financial Report

United of Omaha Life Insurance Company

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

Statutory Financial Statements as of December 31, 2014 and 2013, and for the Years Ended December 31, 2014, 2013, and 2012, Supplemental Schedules as of and for the Year Ended December 31, 2014, and Independent Auditors' Reports

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

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INDEPENDENT AUDITORS' REPORT

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

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

Management's Responsibility for the Statutory-Basis Financial Statements

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

Auditors' Responsibility

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

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

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

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

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

The effects on the statutory-basis financial statements of the variances between the statutory-basis of accounting described in Note 1 to the statutory-basis financial statements and accounting principles generally accepted in the United States of America; although not reasonably determinable, are presumed to be material.

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

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

Opinion on Statutory Basis of Accounting

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

Deloitte & Touche LLP

April 28, 2015

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

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

	2014	2013
ADMITTED ASSETS		
CASH AND INVESTED ASSETS:		
Bonds	$11,746,955,175	$11,184,111,389
Preferred stocks	28,000,000	28,000,000
Common stocks — unaffiliated	20,670,159	29,203,024
Common stocks — affiliated	117,308,804	106,178,570
Mortgage loans — net	1,777,134,195	1,892,703,470
Real estate occupied by the Company — net of accumulated depreciation of $87,705,746 and $84,881,122, respectively	52,312,315	54,271,243
Real estate held for production of income — net of accumulated depreciation of $87,182 in 2014	1,397,297	-
Real estate held for sale	1,461,223	1,959,554
Contract loans	182,395,740	182,973,714
Cash and cash equivalents	399,949,063	227,486,140
Short-term investments	99,300,000	43,500,000
Securities lending cash collateral	104,761,128	174,921,609
Other invested assets	356,588,161	431,540,488
Total cash and invested assets	14,888,233,260	14,356,849,201
INVESTMENT INCOME DUE AND ACCRUED	114,551,645	112,185,798
PREMIUMS DEFERRED AND UNCOLLECTED	277,145,655	274,914,959
REINSURANCE RECOVERABLE	55,878,074	36,647,682
NET DEFERRED TAX ASSETS	139,460,717	160,008,047
OTHER ASSETS	18,955,458	14,392,881
SEPARATE ACCOUNT ASSETS	3,292,463,596	3,167,474,869
TOTAL ADMITTED ASSETS	$18,786,688,405	$18,122,473,437
LIABILITIES AND SURPLUS		
LIABILITIES:		
Policy reserves:		
Aggregate reserve for life policies and contracts	$ 9,375,226,714	$ 9,791,046,286
Deposit-type contracts	2,315,764,065	2,275,677,084
Policy and contract claims — life	87,215,369	106,897,569
Policy and contract claims — health	660,916,680	604,571,357
Health and accident active life	62,121,447	48,973,647
Premiums paid in advance	27,306,977	27,856,251
Other	38,077,034	45,044,384
Total policy reserves	12,566,628,286	12,900,066,578
Interest maintenance reserve	22,527,035	23,406,182
Asset valuation reserve	158,406,341	171,328,141
General expenses and taxes due or accrued	43,454,582	41,220,665
Payable to parent, subsidiaries and affiliates — net	119,078,771	58,682,887
Borrowings	196,971,793	277,648,880
Funds held under coinsurance	785,642,194	77,519,444
Other liabilities	178,792,616	178,253,235
Separate account liabilities	3,292,463,596	3,167,474,869
Total liabilities	17,363,965,214	16,895,600,881
SURPLUS:		
Capital stock, $10 par value, 900,000 shares authorized, issued and outstanding	9,000,000	9,000,000
Gross paid-in and contributed surplus	582,558,051	582,558,051
Unassigned surplus	831,165,140	635,314,505
Total surplus	1,422,723,191	1,226,872,556
TOTAL LIABILITIES AND SURPLUS	$18,786,688,405	$18,122,473,437

See notes to statutory financial statements.

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

STATUTORY STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013, AND 2012

	2014	2013	2012
INCOME:			
Net premiums and annuity considerations	$ 2,712,909,931	$ 3,428,481,203	$ 3,407,541,955
Net investment income	722,385,875	700,983,421	692,319,580
Commissions and expense allowances on reinsurance ceded	99,216,506	44,226,675	42,709,044
Other income	39,194,399	62,236,531	40,326,542
Total income	3,573,706,711	4,235,927,830	4,182,897,121
BENEFITS AND EXPENSES:			
Policyholder benefits	2,692,216,254	2,675,274,158	2,657,471,996
Increase (decrease) in reserves	(391,205,938)	453,381,106	473,126,036
Commissions	363,125,588	384,986,663	416,394,028
Operating expenses	724,482,999	633,859,728	659,587,377
Total benefits and expenses	3,388,618,903	4,147,501,655	4,206,579,437
NET GAIN (LOSS) FROM OPERATIONS BEFORE FEDERAL INCOME TAX EXPENSE (BENEFITS) AND NET REALIZED CAPITAL LOSSES	185,087,808	88,426,175	(23,682,316)
FEDERAL INCOME TAX EXPENSE (BENEFITS)	2,241,026	355,210	(2,781,667)
NET GAIN (LOSS) FROM OPERATIONS BEFORE NET REALIZED CAPITAL LOSSES	182,846,782	88,070,965	(20,900,649)
NET REALIZED CAPITAL LOSSES — Net of tax benefits of $170,128, $1,779,421 and $250,475, and transfers to the interest maintenance reserve of $2,674,036, $2,229,455 and $7,293,489, respectively	(18,421,192)	(16,393,040)	(10,412,997)
NET INCOME (LOSS)	$ 164,425,590	$ 71,677,925	$ (31,313,646)

See notes to statutory financial statements.

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

STATUTORY STATEMENTS OF CHANGES IN SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013, AND 2012

	2014	2013	2012
CAPITAL STOCK	$ 9,000,000	$ 9,000,000	$ 9,000,000
GROSS PAID-IN AND CONTRIBUTED SURPLUS:			
Balance — beginning of year	582,558,051	522,558,051	472,558,051
Capital contribution	-	60,000,000	50,000,000
Balance — end of year	582,558,051	582,558,051	522,558,051
SPECIAL SURPLUS:			
Balance — beginning of year	-	-	52,443,304
Decrease in admitted deferred tax asset	-	-	(52,443,304)
Balance — end of year	-	-	-
UNASSIGNED SURPLUS:			
Balance — beginning of year	635,314,505	493,839,980	500,086,268
Net income (loss)	164,425,590	71,677,925	(31,313,646)
Change in:			
Net unrealized capital gains (losses) — net of taxes (benefits) of $(6,017,848), $18,337,774, and $9,726,328, respectively	(137,045,333)	24,983,654	(79,765,522)
Foreign exchange unrealized capital losses — net of tax benefits of $505,753, $331,674 and $36,738, respectively	(939,256)	(615,966)	(68,226)
Net deferred income taxes (benefits)	(89,224,373)	100,956,808	(65,595,050)
Nonadmitted assets	60,275,191	8,553,593	121,944,869
Reserve on account of change in valuation basis	(37,221,767)	(53,025,864)	(74,346,725)
Asset valuation reserve	12,921,800	(9,577,891)	(19,533,242)
Deferred gain (loss) on reinsurance	222,658,783	(1,477,734)	144,605,236
Prior year adjustment — actuarial reserves	-	-	(2,173,982)
Balance — end of year	831,165,140	635,314,505	493,839,980
TOTAL SURPLUS	$ 1,422,723,191	$ 1,226,872,556	$ 1,025,398,031

See notes to statutory financial statements.

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

STATUTORY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013, AND 2012

	2014	2013	2012
CASH FROM (USED FOR) OPERATIONS:			
Net premiums and annuity considerations	$ 3,667,470,932	$ 3,569,419,144	$ 3,497,281,715
Net investment income	698,093,182	666,684,046	674,547,196
Other income	132,733,984	105,800,541	82,923,768
Policyholder benefits	(2,765,829,922)	(2,897,810,293)	(2,693,727,481)
Net transfers to separate accounts	(194,927)	(410,234)	(251,856)
Commissions and operating expenses	(1,093,373,693)	(1,005,118,189)	(1,066,757,698)
Federal income taxes received from (paid to) parent	(3,550,980)	13,394,439	(35,696)
Net cash from operations	635,348,576	451,959,454	493,979,948
CASH FROM (USED FOR) INVESTMENTS:			
Proceeds from investments sold, matured or repaid:			
Bonds	1,540,100,992	1,483,617,574	1,703,455,650
Stocks	11,175,551	2,497,671	2,169,362
Mortgage loans	307,082,681	296,473,732	141,529,083
Real estate	12,642,647	-	-
Other invested assets	46,473,405	50,509,427	76,329,254
Net gains (losses) on cash, cash equivalents and short-term investments	(3,880)	1,250	(4,635)
Miscellaneous proceeds	1,208,196	-	31,252,852
Cost of investments acquired:			
Bonds	(2,220,824,891)	(2,075,905,454)	(1,933,553,076)
Stocks	(15,243,709)	-	(91,113,402)
Mortgage loans	(179,670,043)	(308,614,641)	(308,921,514)
Real estate	(1,197,454)	(1,251,714)	(316,383)
Other invested assets	(13,080,732)	(8,965,810)	(29,129,382)
Miscellaneous applications	(4,900,783)	(36,860,145)	-
Net increase in contract loans	(1,781,602)	(1,106,881)	(1,640,181)
Net cash used for investments	(518,019,622)	(599,604,991)	(409,942,372)
CASH FROM (USED FOR) FINANCING AND MISCELLANEOUS SOURCES:			
Capital and paid in surplus	-	60,000,000	50,000,000
Borrowed funds paid	(10,909,092)	(36,909,092)	(29,363,637)
Net increase in deposit-type contracts	40,086,982	207,625,849	28,300,146
Net increase (decrease) in payable to parent	60,395,884	57,461,347	(4,707,078)
Other cash provided (applied)	21,360,195	(707,166)	(22,301,931)
Net cash from financing and miscellaneous sources	110,933,969	287,470,938	21,927,500
NET CHANGE IN CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	228,262,923	139,825,401	105,965,076
CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS:			
Beginning of year	270,986,140	131,160,739	25,195,663
End of year	$ 499,249,063	$ 270,986,140	$ 131,160,739
NONCASH TRANSACTIONS:			
Capital contribution of securities to Omaha Reinsurance Company	$ 121,755,856	$ -	$ -
Omaha Reinsurance Company ceded premium settled through funds withheld	$ 970,875,425	$ 70,068,166	$ 98,054,384
Omaha Reinsurance Company ceded benefits settled through funds withheld	$ 51,162,080	$ 40,325,345	$ 22,306,688
Omaha Reinsurance Company ceded commissions settled through funds withheld	$ 22,032,933	$ 3,773,763	$ 154,393,815
Omaha Reinsurance Company ceded policy loans settled through funds withheld	$ 2,382,684	$ -	$ -
Mortgage loan conversions	$ -	$ 40,000,000	$ -
Stock and bond conversions	$ 67,277,374	$ 62,548,568	$ 49,916,917
Mortgage loan foreclosed to real estate	$ -	$ 1,959,554	$ -
Capital distribution — from affiliated LLC	$ 25,420,794	$ 17,877,233	$ -
Mortgage loans transferred to other invested assets	$ 766,323	$ 3,009,146	$ 19,506,394

See notes to statutory financial statements.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations — United of Omaha Life Insurance Company (the "Company") is a wholly owned subsidiary of Mutual of Omaha Insurance Company ("Mutual of Omaha"), a mutual health and accident and life insurance company domiciled in the state of Nebraska. The Company owns 100% of the outstanding common stock of Companion Life Insurance Company ("Companion"); United World Life Insurance Company ("United World"); Omaha Life Insurance Company; UM Holdings, L.L.C.; UM Holdings II, L.L.C.; UM Holdings III, L.L.C.; UM Holdings IV, L.L.C.; Omaha Reinsurance Company ("Omaha Re") and Mutual of Omaha Structured Settlement Company. UM Holdings II, L.L.C., UM Holdings III, L.L.C., and UM Holdings IV, L.L.C. were dissolved effective December 29, 2014.

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

Basis of Presentation — The accompanying statutory financial statements have been prepared in conformity with accounting practices prescribed or permitted by the State of Nebraska Department of Insurance. 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 State of Nebraska employed a prescribed accounting practice for synthetic guaranteed interest contracts (synthetic GICs) that differs from NAIC SAP in how reserves are determined. The following is a reconciliation of the Company's net income (loss) and capital and surplus between the prescribed accounting practices and NAIC SAP:

	2014	2013	2012
Net income (loss), Nebraska basis	$ 164,425,590	$ 71,677,925	$ (31,313,646)
Nebraska prescribed practice: synthetic GICs	126,369	(2,043,020)	5,291,800
Net income (loss), NAIC SAP	$ 164,551,959	$ 69,634,905	$ (26,021,846)
Statutory surplus, Nebraska basis	$ 1,422,723,191	$ 1,226,872,556	$ 1,025,398,031
Nebraska prescribed practice: synthetic GICs	9,683,584	9,557,216	11,600,236
Statutory surplus, NAIC SAP	$ 1,432,406,775	$ 1,236,429,772	$ 1,036,998,267

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 a NAIC SAP basis, an OTTI is recognized if it is probable that the reporting entity will be unable to collect all amounts due according to the contractual terms of the security in effect at the date of acquisition or since the last OTTI. An OTTI exists for GAAP if a security's fair value is less than amortized cost and if the Company has the intent to sell, it is more likely than not that the Company will be required to sell before the recovery of the amortized cost basis, or if the Company does not expect to recover the entire amortized cost of the security.

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

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

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

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

g. NAIC Statutory Statement of 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 as for GAAP.

h. NAIC SAP policy reserves for life insurance and annuities are based on mortality, lapse and interest assumptions prescribed or permitted by state statutes. For health insurance, mortality and interest are prescribed, and morbidity and lapse assumptions are Company estimates with statutory limitations. The effect on reserves, if any, due to a change in valuation basis is recorded directly to unassigned surplus rather than included in the determination of net gain (loss) from operations. GAAP policy reserves are based on the Company's estimates of morbidity, mortality, interest and withdrawals.

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

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

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

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

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

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

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

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

Use of Estimates — The preparation of 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 and recoverability of an asset relies on projections of future cash flows, operating results, and market data. Considerable judgment is required in making such projections. Accordingly, actual results may differ materially from projections used in estimating fair value and recoverability. As a result, the Company's asset valuations are susceptible to the risk inherent in making such projections.

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

Due to the nature of health and accident contracts and the risks involved, health and accident active life reserves are 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 stated at amortized cost; except for preferred stocks that are NAIC rated 4 through 6, which are stated at lower of amortized cost or fair value.

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

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

Contract loans are carried at unpaid principal balances.

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 in nonaccrual status either when it becomes probable that the borrower will not be able to make all principal and interest payments as scheduled or when it 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 to a below market rate, a forgiveness of principal or interest, an extended repayment period (maturity date) at a contractual interest rate lower than the current interest rate for new debt with similar risk, or capitalization and deferral of interest payments.

Real estate, excluding real estate held for sale, is valued at cost, less accumulated depreciation. 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 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 investments in limited partnerships, receivables for securities, and an approximately 80% ownership of Fulcrum Growth Partners, L.L.C. and Fulcrum Growth Partners III L.L.C (collectively "Fulcrum"). The Company currently recognizes 80% of the contributions and distributions of Fulcrum in its investment in Fulcrum and 72% of net income (losses) based on the partnership agreement provisions. Limited partnerships and the investment in Fulcrum are carried at their underlying GAAP equity, which approximates fair value, with a one quarter lag adjusted for all capital distributions, cash distributions, and impairment charges for the quarter with changes recorded in unrealized gains (losses) through surplus. Distributions of income from these investments are recorded in net investment income.

Fulcrum was established for the purpose of investing in nontraditional assets, including private equities, public equities, special situation real estate equities and mezzanine debt. Fulcrum is capitalized through the contributions of the Company and one other owner. The Company's investment in Fulcrum in the statements of admitted assets, liabilities and surplus and net investment income in the statutory statements of operations were as follows:

	2014	**2013**	**2012**
As of and for the year ended December 31:			
Investment in Fulcrum	$ 172,095,065	$ 181,293,395	$ 151,508,087
Net investment income	$ 32,100,581	$ 8,264,221	$ 5,393,235

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

	2014	2013	2012
Assets	$ 242,991,173	$ 252,167,685	$ 373,450,508
Liabilities	$ 116,010	$ 117,069	$ 121,049,805
Net income	$ 30,759,855	$ 50,373,731	$ 31,877,664

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

As of December 31, 2014 and December 31, 2013, derivatives included foreign currency swaps, swaptions and interest rate swaps. When derivative financial instruments meet specific criteria they may be designated as accounting hedges and accounted for on an amortized cost basis, in a manner consistent with the item hedged. Derivative financial instruments that are not designated as accounting hedges are accounted for on a fair value basis with changes recorded as a change in net unrealized capital gains (losses) within the statutory statement of changes in surplus. Net settlement amounts on interest rate swaps are recorded as adjustments to net investment income on an accrual basis over the life of the swap. Interest on currency swaps is included in net investment income.

The Company designates certain of its interest rate swaps as fair value hedges when they are highly effective in offsetting the risk of changes in the fair value of the hedged item. The Company uses interest rate swaps to hedge the risk of holding fixed rate assets against floating rate liabilities. The Company designates certain of its foreign currency swaps as cash flow hedges when they are highly effective in offsetting the exposure of variations in cash flows for the hedged item. The Company uses currency swaps to hedge the foreign currency risk on debt issues that are payable in a foreign currency.

For interest rate swaps, the Company is exposed to credit-related losses in the amount of the net interest differential in the event of nonperformance by the swap counterparty. For currency swaps and forwards, the Company is exposed to credit-related losses in the amount of the net currency differential in the event of nonperformance by the swap counterparty. Counterparty risk is continually monitored along with the criteria related to collateral requirements. Due to the investment grade rating of the counterparty, credit-related losses are considered to be unlikely. The Company has strict policies regarding the financial stability and credit standing of its counterparties. The Company attempts to limit its credit risk by dealing with creditworthy counterparties and obtaining collateral where appropriate.

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

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

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 three to fifteen years. Leasehold improvements are carried at cost less accumulated amortization. The Company provides for amortization of leasehold improvements using the straight-line method over the lesser of the useful life of the asset or the remaining original lease term, excluding options or renewal periods. Leasehold improvements are depreciated over eleven years. There were no write-offs of home office property no longer in use in 2014, 2013, or 2012. Depreciation and amortization expense was $4,472,260, $4,323,888, and $5,270,856 for the years ended December 31, 2014, 2013, and 2012, respectively.

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

Policy Reserves — Policy reserves, which provide amounts adequate to discharge estimated future obligations in excess of estimated future premiums on policies in force, include life and annuity reserves, active life reserves, disabled life reserves, unearned premium, and claim reserves.

Reserves for life policies are computed principally by using the Commissioners' Reserve Valuation Method or the Net Level Premium Method based upon the American Experience Mortality Table with interest rates from 3.00% to 3.50%, the 1941, 1958, 1980 and the 2001 Commissioners' Standard Ordinary Mortality Table with interest rates from 2.50% to 6.00%, and the Commissioners' Standard Group Mortality Table with interest rates from 5.00% to 6.00%. Reserves for annuity contracts and supplemental contracts with life contingencies are calculated using the Commissioners' Annuity Reserve Valuation Method or the Net Level Premium Method based primarily upon the 1937 Standard Annuity Table with interest rates ranging from 2.50% to 3.50%; the 1971 Individual Annuity Mortality Table with interest rates ranging from 3.50% to 9.25%; the 1983a Individual Annuity Mortality Table with interest rates ranging from 3.50% to 9.25%; the Annuity 2000 Mortality Table with interest rates ranging from 3.50% to 7.50%; the 1994 Variable Annuity Mortality Table with interest rates ranging from 3.75% to 6.25%; the 1971 and 1983 Group Annuity Mortality Table with interest rates ranging from 4.75% to 11.25%; or the 1994 Group Annuity Reserving Table with interest rates ranging from 3.50% to 7.00%.

Active life reserves for health contracts are based on statutory mortality, morbidity and interest assumptions. Such reserves are calculated on a net-level premium method or on a one or two-year preliminary term basis. Disabled life reserves are based on statutory mortality, morbidity and interest assumptions.

Reserves for deposit-type contracts are equal to deposits received and interest credited to the benefit of contract holders, less withdrawals that represent a return to the contract holder. Reserves for annuities certain and supplementary contracts in payout status are determined using a Net Level Premium method. Tabular interest on deposit-type contracts is calculated by formula as described in the NAIC instructions.

Policy and contract claims represent the amounts estimated for claims that have been reported but not settled and estimates for claims incurred but not reported. 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. Claim adjustment expenses are accrued and included in operating expenses.

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

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

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 than 50%) on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes 100 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 Reserve and Interest Maintenance Reserve — The Company establishes certain reserves as promulgated by the NAIC. The AVR is determined by formula and is based on the Company's investments in bonds, preferred stocks, common stocks, mortgage loans, real estate, short-term investments and other invested assets. This valuation reserve requires appropriation of surplus to provide for possible losses on these investments. Realized and unrealized capital gains (losses), other than those resulting from interest rate changes, are credited or charged to the AVR.

The IMR is used to defer realized capital gains 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 Annuity Considerations and Related Commissions — Life premiums are recognized as income over the premium-paying period of the policies. Health and accident premiums are recognized as income over the terms of the policies. Annuity considerations are recognized as income when received. Considerations received on deposit-type funds, which do not contain any life contingencies, are recorded directly to the related liability. Commissions and other expenses related to the acquisition of policies are charged to operations as incurred.

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

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

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

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

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

Fair Value — Financial assets and liabilities have been categorized into a three-level 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 where the Company has the intent to sell or lacks the intent and ability to retain the investment until recovery, OTTI are recognized when the fair value is less than the amortized cost basis. 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. When an OTTI is recognized the amount of the write-down is recorded as a realized capital loss in the statutory statements of operations.

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

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

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

Subsequent Events — Subsequent events have been evaluated through April 28, 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	$ 39,716,634	$ 9,598,730	$ -	$ 49,315,364
States, territories and possessions	35,923,108	3,693,890	121,004	39,495,994
Special revenue	57,628,379	3,917,920	-	61,546,299
Foreign corporate	2,234,300,162	185,855,869	4,942,094	2,415,213,937
U.S. and Canadian corporate	5,694,496,120	482,199,965	14,084,898	6,162,611,187
Commercial MBS	1,136,536,102	94,541,670	1,780,280	1,229,297,492
Residential MBS	871,743,967	58,542,757	2,090,103	928,196,621
Other ABS	1,676,610,703	64,899,542	4,373,754	1,737,136,491
Total bonds	11,746,955,175	903,250,343	27,392,133	12,622,813,385
Redeemable preferred stocks	28,000,000	2,253,240	-	30,253,240
Total	$ 11,774,955,175	$ 905,503,583	$ 27,392,133	$ 12,653,066,625

2013	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Government	$ 40,599,381	$ 8,389,371	$ -	$ 48,988,752
States, territories and possessions	35,918,197	336,150	961,794	35,292,553
Special revenue	45,877,934	-	3,485,591	42,392,344
Political subdivisions	402,116	-	2,928	399,188
Hybrids	498,464	68,694	-	567,158
Foreign corporate	2,066,816,239	120,977,429	30,120,045	2,157,673,623
U.S. and Canadian corporate	5,277,904,794	328,008,240	93,675,999	5,512,237,035
Commercial MBS	1,019,851,292	70,411,490	7,768,516	1,082,494,265
Residential MBS	999,112,257	53,307,262	8,958,394	1,043,461,125
Other ABS	1,697,130,715	65,539,497	11,363,692	1,751,306,520
Total bonds	11,184,111,389	647,038,133	156,336,959	11,674,812,563
Redeemable preferred stocks	28,000,000	21,600	890,800	27,130,800
Total	$ 11,212,111,389	$ 647,059,733	$ 157,227,759	$ 11,701,943,363

Bonds with an NAIC designation of 6 of $6,774,421 and $3,484,988 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 95.6% of the Company's total bond portfolio as of December 31, 2014 and 2013.

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	$ 531,317,279	$ 541,503,577
Due after one year through five years	2,011,870,162	2,160,521,877
Due after five years through ten years	2,591,662,758	2,802,545,804
Due after ten years	2,955,214,204	3,253,864,763
	8,090,064,403	8,758,436,021
MBS and other ABS	3,684,890,772	3,894,630,604
Total	$ 11,774,955,175	$ 12,653,066,625

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

2014	Less than One Year Estimated Fair Value	Less than One Year Gross Unrealized Losses	One Year or More Estimated Fair Value	One Year or More Gross Unrealized Losses	Total Estimated Fair Value	Total Gross Unrealized Losses
States, territories, and possessions	$ 295,404	$ 8,147	$ 6,720,300	$ 112,857	$ 7,015,704	$ 121,004
Foreign corporate	78,915,236	1,356,016	32,689,560	3,586,078	111,604,796	4,942,094
U.S. and Canadian corporate	389,554,277	10,270,708	160,266,845	3,814,190	549,821,122	14,084,898
Commercial MBS	75,292,952	1,718,629	1,788,825	61,651	77,081,777	1,780,280
Residential MBS	85,988,896	201,201	81,248,789	1,888,902	167,237,685	2,090,103
Other ABS	220,299,946	2,498,015	113,348,477	1,875,739	333,648,423	4,373,754
Total	$ 850,346,711	$ 16,052,716	$ 396,062,796	$ 11,339,417	$ 1,246,409,507	$ 27,392,133

2013	Less than One Year Estimated Fair Value	Less than One Year Gross Unrealized Losses	One Year or More Estimated Fair Value	One Year or More Gross Unrealized Losses	Total Estimated Fair Value	Total Gross Unrealized Losses
States, territories, and possessions	$ 19,956,403	$ 961,794	$ -	$ -	$ 19,956,403	$ 961,794
Special revenue	34,201,084	2,957,160	8,191,260	528,430	42,392,344	3,485,591
Political subdivisions	399,188	2,928	-	-	399,188	2,928
Foreign corporate	506,719,900	30,075,175	5,741,531	44,870	512,461,431	30,120,045
U.S. and Canadian corporate	1,263,430,284	70,927,939	176,180,636	22,748,060	1,439,610,920	93,675,999
Commercial MBS	200,421,989	4,912,133	24,010,559	2,856,383	224,432,548	7,768,516
Residential MBS	343,979,654	7,381,161	37,852,714	1,577,233	381,832,368	8,958,394
Other ABS	354,269,894	8,248,009	127,051,520	3,115,683	481,321,414	11,363,692
Total bonds	2,723,378,396	125,466,299	379,028,220	30,870,659	3,102,406,616	156,336,959
Redeemable preferred stocks	-	-	17,109,200	890,800	17,109,200	890,800
Total	$2,723,378,396	$125,466,299	$396,137,420	$31,761,459	$3,119,515,816	$157,227,759

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, 2013, and 2012 include losses of $1,267,020, $11,235,313, and $9,430,244, 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**
States, territories, and possessions	1	1	-	134	A1	100 %
Foreign corporate	4	3	1	96	Baa1	100
U.S. and Canadian corporate	35	32	-	106	A3	98
Commercial MBS	2	2	-	98	Ba1	19
Residential MBS	7	7	-	98	Aaa	100
Other ABS	16	16	-	98	A2	93
Total securities	65	61	1			

	Number of Securities					
Unrealized Losses < 12 Months	**Total**	**Less than 10% Amortized Cost**	**Greater than 20% Amortized Cost**	**Average Price ($)**	**Average Credit Rating**	**Percent Investment Grade**
States, territories, and possessions	1	1	-	74	Ba2	0 %
Foreign corporate	15	15	-	102	Baa1	89
U.S. and Canadian corporate	154	138	6	103	Baa2	87
Commercial MBS	9	7	1	93	A2	88
Residential MBS	6	6	-	101	Aaa	100
Other ABS	35	35	-	97	A1	99
Total securities	220	202	7			

The unrealized losses in the tables above were due to changes in interest rates, credit ratings, and credit spreads. Foreign corporate fixed maturities were comprised of securities from 13 industries, of which 53% were retail and distributors and 18% were oil and gas. U.S. and Canadian corporate fixed maturities were comprised of securities from 34 industries, of which 25% were oil and gas, 17% were pipelines and terminals and 12% were water utilities. The Company's MBS were comprised of both residential and commercial mortgage loans. The other ABS were comprised primarily of collateralized loan obligations, collateralized bond obligations and securitized trademarks and license agreements.

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

		Non-Agency				
	Agency	**2011 and Prior**	**2012**	**2013**	**2014**	**Total**
Commercial MBS	$ 10,510	$ 1,095,386	$ 653,749	$ 6,000	$ 14,635	$ 1,780,280
Residential MBS	2,075,923	-	-	-	14,180	2,090,103
Other ABS	4,373,754	-	-	-	-	4,373,754
	$ 6,460,187	$ 1,095,386	$ 653,749	$ 6,000	$ 28,815	$ 8,244,137

Within its investments in ABS in the home equity sector, the Company has an exposure to subprime and Alt-A mortgage loans, which it manages in several ways. The Company monitors its exposure level to ABS against its annual investment authorization level approved by the Board of Directors. Restrictions include exposure at the aggregate level to ABS, along with exposure to ratings classes, subsectors, issuers and specific assets. The Company also continually tracks securities backed by subprime mortgage loans for factors including credit performance, rating agency actions, prepayment trends, and de-levering. Loans with trends that may indicate underperformance are monitored closely for any further deterioration that may result in action by the Company. The Company's subprime and Alt-A mortgage loans as of December 31, 2014 and 2013 have a carrying value of $9,231,524 and $14,926,954, respectively, and the fair value of these loans exceeded the cost basis as of December 31, 2014.

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	2012
Proceeds from sales or disposals:			
Bonds	$ 167,697,486	$ 72,749,369	$ 146,897,792
Stocks	$ 11,175,551	$ 997,670	$ 2,169,362
Net realized capital gains (losses) on bonds and stocks:			
Bonds:			
Gross realized capital gains from sales or other disposals	$ 7,323,102	$ 6,959,904	$ 11,611,073
Gross realized capital losses from sales or other disposals	(9,553,243)	(450,063)	(734,372)
OTTI Losses	(1,267,020)	(11,235,313)	(9,430,244)
Net realized capital gains (losses)	$ (3,497,161)	$ (4,725,472)	$ 1,446,457
Stocks:			
Gross realized capital gains from sales or other disposals	$ 1,765,178	$ 35,656	$ 563,251
Gross realized capital losses from sales or other disposals	(61,322)	(12,345)	-
Net realized capital gains	$ 1,703,856	$ 23,311	$ 563,251

Bond income due and accrued of $655,606, related to bonds in default was excluded from investment income during the year ended December 31, 2014. There was no bond income due and accrued related to bonds in default excluded from net investment income during the year ended December 31, 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 one class and portfolio segment: commercial loans. During 2014, the minimum and maximum lending rates for mortgage loans were 1.82% and 4.98%, 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 77%. Mutual of Omaha and Companion participate in certain of the Company's mortgage loans.

Net realized capital losses for the years ended December 31, 2014, 2013, and 2012 include losses of $772,428, $3,547,111, and $1,766,872, respectively, resulting from impairments of mortgage loans.

Mortgage loan participations purchased from one loan originator comprise 52% of the portfolio in 2014 and 55% in 2013. The properties collateralizing mortgage loans are geographically dispersed throughout the United States, with the largest concentration in California with concentrations of 24% and 26% as of December 31, 2014 and 2013, respectively.

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

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

	Debt Service Coverage Ratios			
2014	**>1.20x**	**1.00x-1.20x**	**<1.00x**	**Total**
Loan-to-value ratios:				
Less than 65%	$ 1,229,631,523	$ 179,317,515	$ 83,700,365	$ 1,492,649,403
65% to 75%	189,272,297	29,059,124	4,330,104	222,661,525
76% to 80%	-	12,879,866	747,215	13,627,081
Greater than 80%	1,903,871	1,957,377	44,334,938	48,196,186
Total	$ 1,420,807,691	$ 223,213,882	$ 133,112,622	$ 1,777,134,195

	Debt Service Coverage Ratios			
2013	**>1.20x**	**1.00x-1.20x**	**<1.00x**	**Total**
Loan-to-value ratios:				
Less than 65%	$ 1,253,576,095	$ 157,284,904	$ 78,100,738	$ 1,488,961,737
65% to 75%	311,916,466	29,891,558	10,699,105	352,507,129
76% to 80%	-	7,269,920	-	7,269,920
Greater than 80%	-	2,005,006	41,959,679	43,964,685
Total	$ 1,565,492,561	$ 196,451,388	$ 130,759,522	$ 1,892,703,471

Non-Accrual and Past Due Loans — The Company's investment in loans that were 30–59 days past due were $268,129 and $326,338 as of December 31, 2014 and 2013, respectively. The Company's loans in current status were $1,775,204,966 and $1,892,377,132 as of December 31, 2014 and 2013, respectively.

The Company's investment in loans that were in nonaccrual status was $1,661,100 as of December 31, 2014. The Company had no loans in nonaccrual status as of December 31, 2013.

Impaired Loans — Activity related to impaired loans for the Company during 2014 and 2013 was as follows:

As of December 31,	**2014**	**2013**
Impaired mortgage loans	$ 17,550,656	$ 4,065,205
Allowance for credit losses	-	1,254,594

For the Year Ended December 31,	**2014**	**2013**
Average recorded investment	$ 11,938,228	$ 5,553,623
Interest income recognized	785,173	251,609
Interest received	740,390	252,091

Troubled Debt Restructured Loans — The Company's investment in TDR loans was $8,886,908 as of December 31, 2014. Of this amount, $7,452,806 was received by the Company through capital distributions from UM Holdings, L.L.C., UM Holdings II, L.L.C., and UM Holdings IV, L.L.C. The Company had no TDR loans as of December 31 2013. The Company's realized capital losses related to these loans were $640,579 as of December 31, 2014.

The Company modified three loans as a TDR with a balance of $1,434,102 during the year ended December 31, 2014. The Company did not have any mortgage loans that were restructured within the previous twelve months and subsequently defaulted on their restructured terms during the period. No additional funds were committed to debtors whose terms have been modified in the years ended December 31, 2014 and 2013.

Common Stock — Unaffiliated — Included within common stock — unaffiliated is FHLB capital stock of $20,643,530 which was classified as required and excess stock of $19,889,546 and $753,984, 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, 2013, and 2012 include losses of $4,622,785, $5,638,991, and $4,017,351, 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:

2014	Gross Restricted Assets	Total Admitted Restricted Assets	Percentage: Gross Restricted to Total Assets	Percentage: Admitted Restricted to Total Admitted Assets
Collateral held under security lending agreements	$104,761,128	$104,761,128	0.56 %	0.56 %
FHLB capital stock	20,643,530	20,643,530	0.11	0.11
On deposit with states	5,094,021	5,094,021	0.03	0.03
Pledged collateral to FHLB (including assets backing funding agreements)	663,313,792	663,313,792	3.52	3.53
Total	$793,812,471	$793,812,471	4.21 %	4.23 %

2013	Gross Restricted Assets	Total Admitted Restricted Assets	Percentage: Gross Restricted to Total Assets	Percentage: Admitted Restricted to Total Admitted Assets
Collateral held under security lending agreements	$174,921,609	$174,921,609	0.96 %	0.97 %
FHLB capital stock	29,170,374	29,170,374	0.16	0.16
On deposit with states	5,087,648	5,087,648	0.03	0.03
Pledged collateral to FHLB (including assets backing funding agreements)	767,797,921	767,797,921	4.20	4.24
Total	$976,977,552	$976,977,552	5.35 %	5.39 %

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

	2014	2013	2012
Bonds	$568,983,705	$565,524,008	$556,664,504
Preferred stocks	1,196,450	1,288,700	1,290,160
Common stocks — unaffiliated	209	406	313
Mortgage loans	101,478,588	110,468,382	113,409,883
Real estate	4,717,209	6,741,459	6,273,915
Contract loans	12,277,592	12,507,394	12,253,159
Cash and cash equivalents	917,402	217,416	11,550
Short-term investments	1,267,342	1,114,520	640,347
Other invested assets	54,630,115	29,821,169	28,575,663
	745,468,612	727,683,454	719,119,494
Amortization of interest maintenance reserve	3,553,182	4,070,391	3,367,451
Investment expenses	(26,635,919)	(30,770,424)	(30,167,365)
Net investment income	$722,385,875	$700,983,421	$692,319,580

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	$ 1,136,536,102	$ 94,541,670	$ 1,780,280	$ 1,229,297,492
Residential	871,743,967	58,542,757	2,090,103	928,196,621
	2,008,280,069	153,084,427	3,870,383	2,157,494,113
Other ABS	1,676,610,703	64,899,542	4,373,754	1,737,136,491
Total	$ 3,684,890,772	$ 217,983,969	$ 8,244,137	$ 3,894,630,604

2013	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
MBS:				
Commercial	$ 1,019,851,292	$ 70,411,490	$ 7,768,516	$ 1,082,494,265
Residential	999,112,257	53,307,262	8,958,394	1,043,461,125
	2,018,963,549	123,718,752	16,726,910	2,125,955,390
Other ABS	1,697,130,715	65,539,497	11,363,692	1,751,306,520
Total	$ 3,716,094,264	$ 189,258,249	$ 28,090,602	$ 3,877,261,910

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

2014	Less than One Year Estimated Fair Value	Less than One Year Gross Unrealized Losses	One Year or More Estimated Fair Value	One Year or More Gross Unrealized Losses	Total Estimated Fair Value	Total Gross Unrealized Losses
MBS:						
Commercial	$ 75,292,952	$ 1,718,629	$ 1,788,825	$ 61,651	$ 77,081,777	$ 1,780,280
Residential	85,988,896	201,201	81,248,789	1,888,902	167,237,685	2,090,103
	161,281,848	1,919,830	83,037,614	1,950,553	244,319,462	3,870,383
Other ABS	220,299,946	2,498,015	113,348,477	1,875,739	333,648,423	4,373,754
Total	$381,581,794	$ 4,417,845	$196,386,091	$3,826,292	$ 577,967,885	$ 8,244,137

2013	Less than One Year Estimated Fair Value	Less than One Year Gross Unrealized Losses	One Year or More Estimated Fair Value	One Year or More Gross Unrealized Losses	Total Estimated Fair Value	Total Gross Unrealized Losses
MBS:						
Commercial	$200,421,989	$ 4,912,133	$ 24,010,559	$2,856,383	$ 224,432,548	$ 7,768,516
Residential	343,979,654	7,381,161	37,852,714	1,577,233	381,832,368	8,958,394
	544,401,643	12,293,294	61,863,273	4,433,616	606,264,916	16,726,910
Other ABS	354,269,894	8,248,009	127,051,520	3,115,683	481,321,414	11,363,692
Total	$898,671,537	$20,541,303	$188,914,793	$7,549,299	$1,087,586,330	$28,090,602

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 at the Date of Impairment	Date of Financial Statement Where Reported
CUSIP:						
929766NA7	$ 773,106	$ 731,521	$ 41,585	$ 731,521	$ 83,859	3/31/2014
22545DAH0	4,496,030	4,468,194	27,836	4,468,194	2,539,772	9/30/2014
46630VAP7	1,049,345	241,920	807,425	241,920	241,920	9/30/2014
929766NA7	422,169	149,697	272,472	149,697	20,593	9/30/2014
46625MUG2	600,903	529,130	71,773	529,130	366,429	12/31/2014
929766NA7	146,317	100,388	45,929	100,388	14,055	12/31/2014
	$7,487,870	$6,220,850	$1,267,020	$6,220,850	$3,266,628	

2013	Amortized Cost Basis Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized OTTI	Amortized Cost Basis After OTTI	Fair Value at the Date of Impairment	Date of Financial Statement Where Reported
CUSIP:						
46625MUG2	$ 2,275,667	$ 1,525,888	$ 749,779	$ 1,525,888	$ 887,649	3/31/2013
929766NA7	1,555,086	1,465,277	89,809	1,465,277	221,567	3/31/2013
46630VAP7	4,901,774	3,901,068	1,000,706	3,901,068	1,120,000	3/31/2013
301965CH0	4,318,634	4,270,777	47,857	4,270,777	4,273,239	3/31/2013
760985FR7	369,481	365,166	4,315	365,166	366,076	3/31/2013
05947UFC7	3,895,721	1,484,334	2,411,386	1,484,334	1,574,400	6/30/2013
12558MAF9	2,251,264	2,211,380	39,883	2,211,380	1,750,180	6/30/2013
46630VAP7	3,867,282	3,455,518	411,764	3,455,518	1,108,296	6/30/2013
46632MAJ9	237,269	187,813	49,456	187,813	27,780	6/30/2013
524685AA2	25,821,752	25,189,138	632,614	25,189,138	24,618,678	6/30/2013
929766NA7	1,468,562	1,442,812	25,750	1,442,812	151,264	6/30/2013
07383FWM6	4,952,862	4,894,605	58,256	4,894,605	4,625,350	8/31/2013
05947UFC7	1,499,252	890,499	608,753	890,499	800,000	9/30/2013
46625MUG2	1,464,404	548,117	916,288	548,117	537,179	9/30/2013
46630VAP7	3,450,790	2,776,363	674,427	2,776,363	1,243,648	9/30/2013
46632MAJ9	38,803	-	38,803	-	-	9/30/2013
50180LAP5	4,827,084	4,466,278	360,805	4,466,278	3,616,574	9/30/2013
50180LAR1	2,316,203	2,062,869	253,335	2,062,869	1,532,082	9/30/2013
929766NA7	1,424,566	1,081,390	343,176	1,081,390	168,786	9/30/2013
05947UFC7	900,664	-	900,664	-	-	12/31/2013
46630VAP7	2,733,766	1,285,942	1,447,825	1,285,942	1,116,080	12/31/2013
	$74,570,886	$63,505,235	$11,065,651	$63,505,235	$49,738,827	

4. FAIR VALUE MEASUREMENTS

The categorization of fair value measurements determined on a recurring basis, by input level, as of December 31, is 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	$ -	$ 5,182,295	$ -	$ 5,182,295
Common stock	-	26,630	-	26,630
Cash equivalents	104,456,200	-	-	104,456,200
Securities lending cash collateral	104,761,128	-	-	104,761,128
Derivative cash collateral	9,527,000	-	-	9,527,000
Derivative assets:				
Swaptions	-	1,507,315	-	1,507,315
Foreign currency swaps	-	9,384,638	-	9,384,638
Derivative liabilities:				
Interest rate swaps	-	1,339,171	-	1,339,171
Total without separate accounts	218,744,328	17,440,049	-	236,184,377
Separate accounts	1,998,939,720	1,293,523,876	-	3,292,463,596
Total	$ 2,217,684,048	$ 1,310,963,925	$ -	$ 3,528,647,973

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	$ -	$ 3,380,643	$ -	$ 3,380,643
Common stock	-	32,650	-	32,650
Cash equivalents	101,233,935	-	-	101,233,935
Securities lending cash collateral	174,921,609	-	-	174,921,609
Derivative cash collateral	10,829,000	-	-	10,829,000
Derivative assets:				
Swaptions	-	13,080,350	-	13,080,350
Interest rate swaps	-	55,424	-	55,424
Foreign currency swaps	-	1,554,153	-	1,554,153
Derivative liabilities:				
Interest rate swaps	-	2,021,622	-	2,021,622
Foreign currency swaps	-	1,840,628	-	1,840,628
Total without separate accounts	286,984,544	21,965,470	-	308,950,014
Separate accounts	2,015,128,915	1,152,345,954	-	3,167,474,869
Total	$ 2,302,113,459	$ 1,174,311,424	$ -	$ 3,476,424,883

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

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

Level 1 Measurements

Cash Equivalents 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 and are primarily classified as Level 1.

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

Level 2 Measurements

Commercial MBS — These securities are principally valued using either the market approach or the income 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 Stock — These securities are principally valued using the market approach. The valuation of these securities is based principally on observable inputs including quoted prices in markets that are not considered active.

Derivative Assets and Liabilities

Swaptions and Interest Rate Swaps — These derivatives are principally valued using an income approach. Valuations are based on present value techniques, which utilize market observed inputs that may include implied volatility, swap yield curve, LIBOR basis curves, and repurchase rates.

Foreign Currency Swaps — These derivatives are principally valued using an income approach. Valuations are based on option pricing models, which utilize significant inputs that may include the swap yield curve, LIBOR basis curves, currency spot rates, and cross currency basis curves.

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

Level 3 Measurements

In general, investments classified within Level 3 use many of the same valuation techniques and inputs as described above. However, if key inputs are unobservable, or if the investments are illiquid and there is very limited trading activity, the investments are generally classified as Level 3. The use of independent non-binding broker quotations to value investments generally indicates there is a lack of liquidity or the general lack of transparency to develop the valuation estimates, causing these investments to be classified in Level 3. There were no investments fair valued on a recurring basis classified within Level 3 as of December 31, 2014 or 2013.

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

2014	Carrying Value	Estimated Fair Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Financial assets:						
Bonds	$11,746,955,175	$12,622,813,385	$ -	$12,048,482,820	$ 574,330,565	$ -
Preferred stocks	28,000,000	30,253,240	-	30,253,240	-	-
Common stocks — unaffiliated	20,670,159	20,670,159	-	26,630	-	20,643,530
Mortgage loans	1,777,134,195	1,878,845,500	-	-	1,878,845,500	-
Contract loans	182,395,740	182,395,740	-	-	-	182,395,740
Cash and cash equivalents	399,949,063	399,949,063	399,949,063	-	-	-
Short-term investments	99,300,000	99,300,000	-	99,300,000	-	-
Securities lending cash collateral	104,761,128	104,761,128	104,761,128	-	-	-
Derivative assets	10,891,954	10,891,954	-	10,891,954	-	-
Financial liabilities:						
Deposit-type contracts liabilities	2,315,764,065	2,300,280,565	-	-	2,300,280,565	-
Securities lending cash collateral	104,761,128	104,761,128	104,761,128	-	-	-
Derivative cash collateral	9,527,000	9,527,000	9,527,000	-	-	-
Derivative liabilities	1,339,171	1,339,171	-	1,339,171	-	-
Borrowings	92,210,665	95,120,078	-	95,120,078	-	-

2013	Carrying Value	Estimated Fair Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Financial assets:						
Bonds	$11,184,111,389	$11,674,812,563	$ -	$11,241,079,764	$ 433,732,799	$ -
Preferred stocks	28,000,000	27,130,800	-	27,130,800	-	-
Common stocks - unaffiliated	29,203,024	29,203,024	-	32,650	-	29,170,374
Mortgage loans	1,892,703,470	1,956,894,467	-	-	1,956,894,467	-
Contract loans	182,973,714	182,973,714	-	-	-	182,973,714
Cash and cash equivalents	227,486,140	227,486,140	227,486,140	-	-	-
Short-term investments	43,500,000	43,500,000	-	43,500,000	-	-
Securities lending cash collateral	174,921,609	174,921,609	174,921,609	-	-	-
Derivative assets	14,689,927	14,689,927	-	14,689,927	-	-
Financial liabilities:						
Deposit-type contracts liabilities	2,275,677,084	2,199,901,046	-	-	2,199,901,046	-
Securities lending cash collateral	174,921,609	174,921,609	174,921,609	-	-	-
Derivative cash collateral	10,829,000	10,829,000	10,829,000	-	-	-
Derivative liabilities	3,862,250	3,862,250	-	3,862,250	-	-
Borrowings	102,727,271	113,120,327	-	113,120,327	-	-

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

The fair values of cash equivalents, short-term investments, cash collateral and derivative financial instruments are estimated as discussed above.

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

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

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

Contract Loans — Contract loans are stated at the aggregate unpaid balance.

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

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

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

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	$ 754,794	Restrictions prevent sale to other entities
FHLB Class B stock	19,888,736	Restrictions prevent sale to other entities
Contract loans	182,395,740	Contract loans are often repaid by reducing policy benefits and due to their variable maturity dates.

5. DERIVATIVE FINANCIAL INSTRUMENTS

In 2014 and 2013, derivatives of $10,891,954 and $14,689,927, respectively, are included in other invested assets. In 2014 and 2013, derivatives of $1,339,171 and $3,862,250, respectively, are included in other liabilities. The following tables summarize the Company's derivative financial instruments as of December 31:

2014	Contract/ Notional Amount	Carrying Value	Credit Exposure	Estimated Fair Value
Interest-rate swaps	$ 39,780,076	$ (1,339,171)	$ 279,327	$ (1,339,171)
Foreign currency swaps	136,216,584	9,384,638	1,736,610	9,384,638
Swaptions	5,300,000,000	1,507,316	27,581,155	1,507,316
Total	$ 5,475,996,660	$ 9,552,783	$ 29,597,092	$ 9,552,783

2013	Contract/ Notional Amount	Carrying Value	Credit Exposure	Estimated Fair Value
Interest-rate swaps	$ 47,000,000	$ (1,966,198)	$ 380,167	$ (1,966,198)
Foreign currency swaps	63,802,134	(286,475)	725,654	(286,475)
Swaptions	3,650,000,000	13,080,350	24,225,098	13,080,350
Total	$ 3,760,802,134	$ 10,827,677	$ 25,330,919	$ 10,827,677

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

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

2013	**Unassigned Surplus**	**Net Realized Capital Losses**	**Net Investment Income**
Interest-rate swaps	$ (1,561,091)	$ (236,000)	$ (1,154,564)
Foreign currency swaps	323,472	-	410,125
Swaptions	3,152,850	-	-
Total	$ 1,915,231	$ (236,000)	$ (744,439)

2012	**Unassigned Surplus**	**Net Realized Capital Losses**	**Net Investment Income**
Interest-rate swaps	$ 1,211,288	$ -	$ (2,685,880)
Foreign currency swaps	(1,870,299)	-	236,741
Total	$ (659,011)	$ -	$ (2,449,139)

During 2014, the net gain recognized in unrealized gains during the reporting period, resulting from derivatives that no longer qualify for hedge accounting was $682,451.

Certain of the Company's derivative instruments contain provisions requiring collateral against the fair value subject to minimum transfer amounts. The aggregate fair value of all the derivative instruments with collateral features on December 31, 2014 was $9,404,522. The Company was holding $9,527,000 and $10,829,000 of cash collateral as of December 31, 2014 and 2013, respectively.

6. INCOME TAXES

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

Income taxes are allocated among the companies pursuant to a written agreement approved by the Board of Directors. Each company's provision for federal income taxes is based on separate return calculations with credit for net operating losses and capital losses allowed only as each company would utilize such losses on a separate return basis with limited exceptions. The Company's deferred tax liability does not include a deferred tax liability for the investment in subsidiaries.

No federal income taxes were paid for the years ended December 31, 2014, 2013, and 2012 that would be available for recoupment in the event the Company incurs future net losses. The Company incurred alternative minimum taxes of $3,231,201 and $1,164,906 for the years ended December 31, 2014 and 2013, respectively, that are available as credit carryforwards against future years' income taxes.

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

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

	2014	2013	2012
Current federal income tax expense (benefits)	$ 2,140,068	$ 305,948	$ (2,817,365)
Current foreign income tax expense	100,958	49,262	35,698
Federal income tax expense (benefits)	2,241,026	355,210	(2,781,667)
Federal income tax expense on net realized capital gains	170,128	1,779,421	250,475
Total federal and foreign income tax expense (benefits)	2,411,154	2,134,631	(2,531,192)
Change in net deferred income taxes	89,224,373	(100,956,808)	65,595,050
Total federal income tax expense (benefits) incurred	$ 91,635,527	$ (98,822,177)	$ 63,063,858

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

	2014	2013	2012
Net gain (loss) from operations before federal income tax expense (benefits) and net realized capital losses	$ 185,087,808	$ 88,426,175	$ (23,682,316)
Net realized capital losses before federal income tax expense (benefits) and transfers to IMR	(15,577,029)	(12,384,164)	(2,869,033)
Total pre-tax gain (loss)	169,510,779	76,042,011	(26,551,349)
Statutory tax rate	35 %	35 %	35 %
Expected federal income tax expense (benefits) incurred	59,328,772	26,614,704	(9,292,972)
Statutory valuation allowance	-	(107,450,580)	100,396,169
Affiliate reinsurance reserve transfer	50,676,044	-	(488,952)
Prior year tax expense (benefits)	(899)	357	(2,566,890)
Dividends received deduction	(2,478,888)	(1,424,412)	(879,147)
Amortization of IMR	(1,243,614)	(1,424,637)	(1,178,608)
Change in nonadmitted assets	(657,388)	853,646	4,028,618
Reserve changes in surplus	(13,027,618)	(18,559,052)	(26,021,354)
Other	(960,882)	2,567,797	(933,006)
Total federal income tax expense (benefits) incurred	$ 91,635,527	$ (98,822,177)	$ 63,063,858

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 tax jurisdictions.

Net operating loss carryforwards amounted to $17,296,456 as of December 31, 2014, all of which will expire at the end of 2026.

For the years ended December 31, 2014 and 2013, there was no income tax accrual for uncertain tax positions. 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	$ 302,500,204	$ 12,395,796	$ 314,896,000
Nonadmitted DTA	(62,763,361)	-	(62,763,361)
Net admitted DTA	239,736,843	12,395,796	252,132,639
DTL	(100,276,126)	(12,395,796)	(112,671,922)
Net DTA	$ 139,460,717	$ -	$ 139,460,717

	2013		
	Ordinary	Capital	Total
Gross DTA	$ 389,338,424	$ 6,720,984	$ 396,059,408
Nonadmitted DTA	(124,916,803)	-	(124,916,803)
Net admitted DTA	264,421,621	6,720,984	271,142,605
DTL	(104,413,574)	(6,720,984)	(111,134,558)
Net DTA	$ 160,008,047	$ -	$ 160,008,047

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	$ -	$ -	$ -
Adjusted gross DTA expected to be realized (lesser of 1 or 2)	139,460,717	-	139,460,717
1. Adjusted gross DTA expected to be realized following the balance sheet date	139,460,717	-	139,460,717
2. Adjusted gross DTA allowed per limitation threshold	192,465,283	-	192,465,283
Adjusted gross DTA that can be offset against DTL	100,276,126	12,395,796	112,671,922
DTA admitted as the result of application of SSAP 101	$ 239,736,843	$ 12,395,796	$ 252,132,639

	2013		
	Ordinary	Capital	Total
Federal income taxes paid in prior years recoverable through loss carrybacks	$ -	$ -	$ -
Adjusted gross DTA expected to be realized (lesser of 1 or 2)	160,008,047	-	160,008,047
1. Adjusted gross DTA expected to be realized following the balance sheet date	173,262,167	-	173,262,167
2. Adjusted gross DTA allowed per limitation threshold	160,008,047	-	160,008,047
Adjusted gross DTA that can be offset against DTL	104,413,574	6,720,984	111,134,558
DTA admitted as the result of application of SSAP 101	$ 264,421,621	$ 6,720,984	$ 271,142,605

The risk-based capital (RBC) ratio percentages used to determine recovery period and threshold limitation amounts were 738% and 677% as of December 31, 2014 and 2013, respectively. The amounts of adjusted capital and surplus used to determine recovery period and threshold limitations were $1,448,114,053 and $1,243,753,098 as of December 31, 2014 and 2013, respectively.

The Company has not utilized an income tax planning strategy for the realization of a DTA for 2014 and 2013.

As of December 31, 2012, net deferred tax assets were offset by valuation allowances of $107,450,580 related to unused net operating losses and charitable contribution carryovers. Based on the weight of available positive and negative evidence as of December 31, 2013, the Company recorded a decrease in the valuation allowance against its net deferred tax assets of $107,450,580.

The tax effects of temporary differences that give rise to significant portions of the DTA and DTL as of December 31, were as shown in the table below.

	2014	2013	Change
DTA:			
Ordinary:			
Policyholder reserves	$ 90,612,243	$ 133,751,206	$ (43,138,963)
Investments	2,865,107	2,898,721	(33,614)
Deferred acquisition cost	173,094,767	164,260,876	8,833,891
Compensation and benefit accrual	9,139,490	9,565,037	(425,547)
Other expense accruals	5,351,730	6,492,584	(1,140,854)
Receivables — nonadmitted	1,734,664	1,546,021	188,643
Other nonadmitted assets	6,583,142	6,114,397	468,745
Net operating loss carryforward	6,053,760	59,515,938	(53,462,178)
Alternative minimum tax credit carryforward	4,396,107	2,085,012	2,311,095
Other	2,669,194	3,108,632	(439,438)
Subtotal	302,500,204	389,338,424	(86,838,220)
Nonadmitted DTA	(62,763,361)	(124,916,803)	62,153,442
Admitted ordinary DTA	239,736,843	264,421,621	(24,684,778)
Capital:			
Investments	12,395,796	6,720,984	5,674,812
Admitted capital DTA	12,395,796	6,720,984	5,674,812
Admitted DTA	252,132,639	271,142,605	(19,009,966)
DTL:			
Ordinary:			
Investments	(16,746,356)	(15,785,831)	(960,525)
Fixed assets	(12,717,256)	(12,882,437)	165,181
Reserve basis adjustment	(18,873,940)	(22,048,658)	3,174,718
Advance commissions	(6,447,462)	(5,328,150)	(1,119,312)
Other	(4,058,901)	(5,179,558)	1,120,657
Subtotal	(58,843,915)	(61,224,634)	2,380,719
Capital:			
Investments	(52,233,325)	(48,315,242)	(3,918,083)
Real estate	(1,594,682)	(1,594,682)	-
Subtotal	(53,828,007)	(49,909,924)	(3,918,083)
DTL	(112,671,922)	(111,134,558)	(1,537,364)
Net admitted DTA	$ 139,460,717	$ 160,008,047	$ (20,547,330)

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	$ 314,896,000	$ 396,059,408	$ (81,163,408)
DTL	(112,671,922)	(111,134,558)	(1,537,364)
Net DTA	$ 202,224,078	$ 284,924,850	(82,700,772)
Tax effect of unrealized loss			(6,523,601)
Change in net deferred income taxes			$ (89,224,373)

	2013	2012	Change
DTA	$ 396,059,408	$ 301,146,374	$ 94,913,034
DTL	(111,134,558)	(99,172,232)	(11,962,326)
Net DTA	$ 284,924,850	$ 201,974,142	82,950,708
Tax effect of unrealized gains			18,006,100
Change in net deferred income taxes			$ 100,956,808

7. RELATED PARTY TRANSACTIONS

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

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

During 2013, the Company transferred mortgage loans to UM Holdings, L.L.C., UM Holdings II, L.L.C., and UM Holdings IV, L.L.C., at fair value, and recorded a loss of $1,116,385. The Company's contributions to and distributions from these subsidiaries in 2013 were as follows:

	Cash	Mortgage Loans	Other Invested Assets	Total
UM Holdings, L.L.C.:				
Distributions:				
June 11, 2013	$ 2,000,000	$ -	$ -	$ 2,000,000
September 26, 2013	700,000	-	-	700,000
	$ 2,700,000	$ -	$ -	$ 2,700,000
UM Holdings II, L.L.C.:				
Contributions:				
February 22, 2013	$ -	$ 145,684	$ -	$ 145,684
Distributions:				
March 13, 2013	$ 650,000	$ -	$ -	$ 650,000
June 11, 2013	2,500,000	-	-	2,500,000
September 26, 2013	600,000	-	-	600,000
December 13, 2013	900,000	-	-	900,000
	$ 4,650,000	$ -	$ -	$ 4,650,000
UM Holdings III, L.L.C.:				
Distributions:				
December 23, 2013	$ 2,100,000	$ -	$ 17,877,233	$ 19,977,233
UM Holdings IV, L.L.C.:				
Contributions:				
March 26, 2013	$ -	$ 329,118	$ -	$ 329,118
April 12, 2013	-	381,087	-	381,087
May 22, 2013	-	258,532	-	258,532
June 26, 2013	-	1,894,725	-	1,894,725
	$ -	$ 2,863,462	$ -	$ 2,863,462
Distributions:				
March 13, 2013	$ 1,900,000	$ -	$ -	$ 1,900,000
June 11, 2013	500,000	-	-	500,000
December 13, 2013	1,300,000	-	-	1,300,000
	$ 3,700,000	$ -	$ -	$ 3,700,000

During 2012, the Company transferred mortgage loans to UM Holdings, L.L.C., UM Holdings II, L.L.C., UM Holdings III, L.L.C., and UM Holdings IV, L.L.C. at fair value, and recorded a loss of $1,766,872. The Company's contributions to and distributions from these subsidiaries in 2012 were as follows:

	Cash	Mortgage Loans	Total
UM Holdings, L.L.C.:			
Contributions:			
March 28, 2012	$ -	$1,425,416	$ 1,425,416
June 27, 2012	-	3,187,603	3,187,603
July 9, 2012	-	911,588	911,588
August 22, 2012	-	841,060	841,060
September 27, 2012	-	2,162,869	2,162,869
	$ -	$ 8,528,536	$ 8,528,536
Distributions:			
March 15, 2012	$ 2,000,000	$ -	$ 2,000,000
June 18, 2012	5,500,000	-	5,500,000
September 27, 2012	4,000,000	-	4,000,000
December 19, 2012	500,000	-	500,000
	$ 12,000,000	$ -	$ 12,000,000
UM Holdings II, L.L.C.:			
Contributions:			
March 28, 2012	$ -	$2,427,614	$ 2,427,614
May 8, 2012	-	163,199	163,199
October 29, 2012	-	1,977,341	1,977,341
December 12, 2012	-	4,393,981	4,393,981
	$ -	$ 8,962,135	$ 8,962,135
Distributions:			
June 18, 2012	$ 1,500,000	$ -	$ 1,500,000
September 27, 2012	1,000,000	-	1,000,000
December 19, 2012	4,000,000	-	4,000,000
	$ 6,500,000	$ -	$ 6,500,000
UM Holdings III, L.L.C.:			
Distributions:			
March 15, 2012	$ 500,000	$ -	$ 500,000
UM Holdings IV, L.L.C.:			
Contributions:			
March 28, 2012	$ -	$ 2,015,723	$ 2,015,723
Distributions:			
September 27, 2012	$ 600,000	$ -	$ 600,000
December 19, 2012	1,000,000	-	1,000,000
	$ 1,600,000	$ -	$ 1,600,000

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

The Company had a promissory note agreement with its affiliate Omaha Financial Holdings, Inc. (OFHI), a wholly owned subsidiary of Mutual of Omaha, which terminated December 29, 2012. The Company received interest payments of $844,746 for the year ended December 31, 2012.

The Company entered into a line of credit agreement with OFHI that renews annually at an interest rate of 2.45% and allows OFHI to borrow up to $100,000,000 less any outstanding balances on promissory notes from the Company. The amount outstanding was $99,300,000 and $43,500,000 as of December 31, 2014 and 2013, respectively, and is included in short-term investments. The Company received interest payments of $1,267,396, $1,060,747, and $601,005 for the years ended December 31, 2014, 2013, and 2012, respectively.

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 reinsurance recoverable and premiums deferred and uncollected in the statement of admitted assets, liabilities and surplus and net cash from operations in the statement of cash flows.

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

On October 1, 2014, the Company made a capital contribution of $189,630 to UM Holdings IV, L.L.C.

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

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

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

On December 24, 2013, the Company received a cash capital contribution of $60,000,000 from Mutual of Omaha.

On August 31, 2013, the Company purchased EB Gateway, Inc., a former subsidiary of Mutual of Omaha Holdings, Inc., at a cost of $598,092, and merged the operations into the Company.

On September 27, 2013, the Company received a return of capital of $500,000 from Omaha Re.

On February 20, 2013, the Company received a return of capital of $1,000,000 from Omaha Re.

On December 17, 2012, the Company received a cash capital contribution of $50,000,000 from Mutual of Omaha.

On October 1, 2012, the Company made a capital contribution of $91,113,401 to Omaha Re, consisting of securities with a market value of $78,995,818 and cash of $12,117,583.

The Company is a member of a controlled group of companies and as such its results may not be indicative of those if it were to be operated on a stand-alone basis. Any amounts due to or from each affiliated company are presented on a net basis in the statutory statements of admitted assets, liabilities and surplus and represent settlements of premiums, claims, commissions, and expenses among Mutual of Omaha, Companion, United World, Omaha Re and Omaha Insurance Company.

Mutual of Omaha and certain of its direct and indirect subsidiaries, including the Company, share certain resources such as personnel, operational and administrative services, facilities, information and communication services, employee benefits administration, investment management, advertising and general management services. Most of the expenses related to these resources were paid by Mutual of Omaha and subject to allocation among Mutual of Omaha and its subsidiaries. Management believes the measures used to allocate expenses among companies provide a reasonable allocation that conforms to NAIC guidelines. Additionally, certain amounts are paid or collected by Mutual of Omaha on behalf of the Company and are generally settled within 30 days. Amounts due to the parent from the Company for these services were included in payable to parent, subsidiaries and affiliates and were $82,157,304 and $49,748,479 as of December 31, 2014 and 2013, respectively.

8. BORROWINGS

The Company and Mutual of Omaha on a joint basis have entered into certain unsecured revolving line of credit agreements that allow for maximum borrowings of $150,000,000 and are renewed annually. As of December 31, 2014 and 2013, the Company had no outstanding borrowings under these agreements. For the years ended December 31, 2014, 2013, and 2012, the Company incurred no interest expense on these agreements.

The Company and Mutual of Omaha have bilateral unsecured internal borrowing agreements for $250,000,000 as of December 31, 2014, and $150,000,000 as of December 31, 2013. The Company had no outstanding borrowings under these agreements as of December 31, 2014 and 2013. No interest expense was incurred for the years ended December 31, 2014 and 2013, respectively. Interest expense of $14,258 was incurred for the year ended December 31, 2012.

The Company has an agreement to sell and repurchase securities. Under this agreement, the Company obtains the use of funds for a period not to exceed 30 days. Maximum borrowings allowed under this agreement is $500,000,000. The Company had no outstanding borrowings under this agreement as of December 31, 2014 and 2013. For the years ended December 31, 2014, 2013, and 2012, the Company incurred no interest expense on this agreement.

The Company has an agreement with the FHLB under which the Company pledges bonds in return for extensions of credit. The Company held $3,202,760 and $4,971,723 of FHLB stock as part of the borrowing agreement as of December 31, 2014 and 2013, respectively. The Company and Mutual of Omaha jointly authorized maximum extension of credit under this agreement is $500,000,000. As of December 31, 2014, FHLB advances due in 2023 were $91,818,179 with $909,091 due monthly with 5% interest. The fixed rate advances are subject to prepayment penalty. The maximum amount borrowed under this agreement for the year ended December 31, 2014 was $235,590,907.

The Company has entered into funding agreement contracts with FHLB that are used as part of the Company's interest spread strategy. The Company held $17,440,770 and $24,198,651 of FHLB stock as part of these funding agreements as of December 31, 2014 and 2013, respectively. The liability for these funding agreements as of December 31, 2014 and 2013, was $500,000,000, and was included in deposit-type contracts. The maximum amount available on this liability under this agreement for the year ended December 31, 2014 was $500,000,000.

The Company had MBS pledged as collateral with carrying values of $663,313,792 and $767,797,921, respectively, and with fair values of $716,602,000 and $816,828,000 pledged under these agreements as of December 31, 2014 and 2013.

As of December 31, 2014, these contracts mature as follows:

2015	$ 132,000,000
2016	125,000,000
2017	168,000,000
2018	75,000,000
	$ 500,000,000

As of December 31, 2014 and 2013, collateral received in cash through securities lending agreements of $104,761,128 and $174,921,609, respectively, was included as a liability for funds held for securities on loan included in borrowings in the statutory financial statements. The Company had securities loaned to third parties of $136,516,000 and $164,995,000 as of December 31, 2014 and 2013, respectively which were on open terms whereby the related loaned security could be returned to the Company on the next business day requiring return of cash collateral. The Company cannot access the cash collateral unless the borrower fails to deliver the loaned securities.

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

	Amortized Cost	**Estimated Fair Value**
Open	$ -	$ -
30 days or less	46,796,388	46,796,388
31 to 60 days	-	-
61 to 90 days	7,247,651	7,247,651
91 to 120 days	16,907,934	16,907,934
121 to 180 days	-	-
181 to 365 days	27,366,799	27,366,799
1 to 2 years	6,442,356	6,442,356
Total collateral received	$ 104,761,128	$ 104,761,128

9. REINSURANCE

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

Effective January 1, 2013 the Company entered into a coinsurance reinsurance agreement with Mutual of Omaha ceding 100% of its Medicare supplement policies written on or after January 1, 2013.

Effective April 1, 2014, the Company amended the October 1, 2012 reinsurance agreement with Omaha Re in order to cover additional term life insurance policies, certain universal life policies with secondary guarantees, and to change certain other terms and conditions. The agreement provides coinsurance reinsurance to the Company on an indemnity basis for all liabilities arising from certain term and universal life insurance policies, net of third party reinsurance, and is accounted for on a funds-withheld basis. The significant financial impacts to the Company due to this amendment were as follows:

Ceded amounts:	
Statutory statement of operations:	
Net premium considerations	$846,007,649
Increase in reserves	851,828,814
Statutory statement of admitted assets, liabilities, and surplus:	
Aggregate reserve for life policies and contracts	851,828,814
Funds held under coinsurance increase	598,769,853
Deferred gain reflected in unassigned surplus	239,507,015

Deferred gains are amortized into operations as earnings emerge from the business reinsured. During 2014 and 2013, the Company amortized $16,848,232 and $1,477,733, respectively, into other income.

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

	2014	2013	2012
Premium considerations:			
Assumed:			
Affiliates	$ 25,997,137	$ 22,892,810	$ 20,659,527
Non-affiliates	417,935	567,445	1,074,529
	$ 26,415,072	$ 23,460,255	$ 21,734,056
Ceded:			
Affiliates	$ 1,148,557,498	$ 190,854,945	$ 156,112,318
Non-affiliates	112,498,089	112,804,294	104,576,776
	$ 1,261,055,587	$ 303,659,239	$ 260,689,094
Commissions and expense allowances on reinsurance ceded:			
Affiliates	$ 88,224,859	$ 27,071,336	$ 24,129,913
Non-affiliates	10,991,647	17,155,339	18,579,131
	$ 99,216,506	$ 44,226,675	$ 42,709,044
Policyholder benefits:			
Assumed:			
Affiliates	$ 19,061,199	$ 18,534,455	$ 19,075,553
Non-affiliates	571,160	380,457	853,032
	$ 19,632,359	$ 18,914,912	$ 19,928,585
Ceded:			
Affiliates	$ 142,298,873	$ 85,131,129	$ 25,304,720
Non-affiliates	109,925,898	97,682,027	112,678,117
	$ 252,224,771	$ 182,813,156	$ 137,982,837
Operating expenses (including change in loading):			
Ceded:			
Affiliates	$ (5,624,553)	$ 58,886,538	$ 350,909

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

	2014	2013
Aggregate reserve for policies and contracts:		
Assumed:		
Affiliates	$ 19,216,226	$ 18,169,134
Non-affiliates	899,775	1,020,632
	$ 20,116,001	$ 19,189,766
Ceded:		
Affiliates	$ 1,538,935,964	$ 550,921,635
Non-affiliates	340,674,002	339,972,293
	$ 1,879,609,966	$ 890,893,928
Policy and contract claims:		
Assumed:		
Affiliates	$ 4,264,641	$ 4,571,621
Ceded:		
Affiliates	$ 26,148,860	$ 10,286,876
Non-affiliates	26,061,568	22,183,699
	$ 52,210,428	$ 32,470,575
Premiums deferred and uncollected:		
Ceded:		
Affiliates	$ 87,289,063	$ 65,726,966
Non-affiliates	6,849,200	6,617,891
	$ 94,138,263	$ 72,344,857
Funds held under reinsurance treaties included in reinsurance recoverable (all related party)	$ 28,638,459	$ 26,160,685
Funds held under reinsurance treaties included in funds held under coinsurance (all related party)	$ 785,642,194	$ 77,519,444

10. EMPLOYEE BENEFIT PLANS

The Company participates in three plans sponsored by its parent, Mutual of Omaha. These plans are a qualified, non-contributory defined benefit pension plan, a 401(k) defined contribution plan, and a postretirement benefit plan that provides certain health care and life insurance benefits for retirees. Substantially all employees are eligible for the 401(k) Plan, while only employees hired before 1995 are eligible for the postretirement benefit plan. Effective January 1, 2005 the defined benefit plan was amended to freeze plan benefits for participants under 40 years of age. No benefits are available under the defined benefit plan for employees hired on or after January 1, 2005. The Company has no legal obligation for benefits under these plans. Mutual of Omaha allocates expense amounts for these plans to the Company based on various cost allocation ratios. The Company's share of net expense for these plans for the years ended December 31, were as follows:

	2014	2013	2012
Defined benefit pension plan	$ 18,058,836	$ 19,102,619	$ 23,061,053
401(k) profit sharing defined contribution plan	9,297,956	7,710,442	7,925,965
Postretirement benefit plan	2,452,319	2,054,528	5,094,748

Plan assets for the defined benefit pension plan included a group annuity contract issued by the Company with a balance of $692,614,214 and $729,770,804 as of December 31, 2014 and 2013, respectively. Plan assets for the postretirement benefit plan were invested in a group annuity contract issued by the Company with a balance of $16,681,617 and $20,598,620 as of December 31, 2014 and 2013, respectively. Plan assets for the 401(k) plan included a group annuity contract issued by the Company with a balance of $162,067,164 and $160,625,464 as of December 31, 2014 and 2013, respectively.

11. SURPLUS AND DIVIDEND RESTRICTIONS

The portion of unassigned surplus represented by each item below as of December 31, is shown in the following table.

	2014	2013	2012
Unrealized losses	$ (184,951,503)	$ (46,966,914)	$ (71,334,602)
Nonadmitted assets	(86,528,522)	(146,803,713)	(155,357,306)
AVR	(158,406,341)	(171,328,141)	(161,750,250)

The minimum statutory capital and surplus necessary to satisfy regulatory requirements was $392,402,924 as of December 31, 2014 (company action level RBC). Company action level RBC is the level at which a company is required to file a corrective action plan with its regulators. Company action level RBC is equal to 200% of the authorized control level RBC, which is the level at which regulatory action is taken.

Regulatory restrictions limit the amount of dividends available for distribution without prior approval of the Nebraska Department of Insurance. As of December 31, 2014, the maximum dividend allowed was $164,425,590.

12. COMMITMENTS AND CONTINGENCIES

The Company had unfunded investment commitments for bond investments, mortgage loans and other invested assets of $168,875,858 and $191,979,803 as of December 31, 2014 and 2013, respectively.

Securities with an amortized cost of $5,094,021 and $5,087,648 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 $2,921,163 and $5,472,742 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 $2,627,396 and $4,821,338 as of December 31, 2014 and 2013, respectively. Estimated assessments less premium tax credits shown as operating expenses are $293,767, $651,404, and $876,915 as of December 31, 2014, 2013, and 2012, respectively, and are included in the statutory statement of operations.

The Company has adopted resolutions to guarantee timely payment of certain liabilities incurred by Mutual of Omaha Structured Settlement Company. The liabilities subject to this guarantee as of December 31, 2014 are $203,537,423.

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

13. LEASES

The Company and Mutual of Omaha jointly enter into agreements for the rental of office space, equipment and computer software under noncancelable 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 allocated rental expense for the years ended December 31, 2014, 2013, and 2012, were $13,347,762, $13,617,891, and $14,620,056, respectively.

14. DIRECT PREMIUMS WRITTEN

The Company's direct accident and health premiums written by third-party administrators were $81,987,866, $80,271,228, and $90,445,557 during the years ended December 31, 2014, 2013, and 2012, respectively.

15. RETROSPECTIVELY RATED CONTRACTS

The Company estimates accrued retrospective premium adjustments for its group life and health insurance business based upon premium, claims, and expense experience for each retrospectively rated policy. This method may result in the calculation of an asset or liability for certain retrospectively rated policies.

The amount of net premiums earned by the Company that were subject to retrospective rating features were approximately $7,900,000, $7,700,000, and $5,200,000 for group life business and $500,000, $500,000, and $600,000 for group health business during the years ended December 31, 2014, 2013, and 2012, respectively. The net premiums represent 2.1%, 2.3%, and 1.7% of the total net premium for group life business and 0.1%, 0.1%, and 0.2% of the total net premium for group health business during the years ended December 31, 2014, 2013, and 2012, respectively.

16. LIABILITY FOR POLICY AND CONTRACT CLAIMS — HEALTH

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

	2014	2013
Health balance at January 1	$ 637,522,949	$ 584,563,367
Reinsurance recoverable	32,951,592	22,278,833
Net balance at January 1	604,571,357	562,284,534
Incurred related to:		
Current year	1,061,126,610	1,153,092,659
Prior years	(5,433,163)	(7,284,493)
Total incurred	1,055,693,447	1,145,808,166
Paid related to:		
Current year	801,971,118	903,952,699
Prior years	197,377,006	199,568,644
Total paid	999,348,124	1,103,521,343
Net balance at December 31	660,916,680	604,571,357
Reinsurance recoverable	37,114,164	32,951,592
Balance at December 31	$ 698,030,844	$ 637,522,949

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	$ 18,891,934	$ 17,364,052
Incurred claim adjustment expenses	42,401,382	43,644,932
Paid claim adjustment expenses	(39,774,880)	(42,117,050)
Total	$ 21,518,436	$ 18,891,934

17. AGGREGATE RESERVE FOR POLICIES AND CONTRACTS

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

Substandard reserves for plans introduced prior to 1989 were set equal to the excess of the reserve calculated using the appropriate substandard multiple mortality table over the reserve calculated using the standard mortality table, where both calculations use the same valuation interest rate and reserve method. Substandard reserves for plans introduced after 1988 were set equal to the unearned portion of the substandard premiums.

As of December 31, 2014 and 2013, the Company had insurance in force with a face value of $20,569,089,416 and $18,451,321,467, respectively, for which the gross premiums were less than the net premiums according to the valuation standards set by the state of Nebraska. Reserves to cover the above insurance totaled $118,021,312 and $148,448,528 as of December 31, 2014 and 2013, respectively.

The Company established a term conversion reserve for anticipated anti-selective mortality on term conversions during 2014 resulting in an increase in policy reserves and corresponding charge to surplus of $34,440,796. Additionally, mortality assumptions used to calculate certain life deficiency reserves were updated as of December 31, 2014, resulting in an increase in policy reserves and corresponding charge to surplus of $2,780,969.

The increase in 2013 and 2012 was also primarily caused by updated mortality assumptions related to life deficiency reserves. The impact of this change, $53,025,864 and $74,346,725 as of December 31, 2013 and 2012, respectively, was reported as an increase in policy reserves and corresponding charge to unassigned surplus.

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

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

2014	General Account	Separate Account Nonguaranteed	Total	% of Total
Annuity reserves and deposit funds liabilities — subject to discretionary withdrawal:				
With fair value adjustment	$1,274,705,344	$ -	$ 1,274,705,344	12.0 %
At book value less current surrender charge of 5% or more	217,861,088	-	217,861,088	2.0
At fair value	-	3,232,847,854	3,232,847,854	30.2
Total with adjustment or at fair value	1,492,566,432	3,232,847,854	4,725,414,286	44.2
At book value without adjustment (minimal or no charge)	1,919,163,444	-	1,919,163,444	18.0
Not subject to discretionary withdrawal	4,044,385,262	258,291	4,044,643,553	37.8
Gross total	7,456,115,138	3,233,106,145	10,689,221,283	100.0 %
Reinsurance ceded	33,095,685	-	33,095,685	
Net total	$7,423,019,453	$3,233,106,145	$10,656,125,598	

2013	General Account	Separate Account Nonguaranteed	Total	% of Total
Annuity reserves and deposit funds liabilities — subject to discretionary withdrawal:				
With fair value adjustment	$1,159,353,656	$ -	$ 1,159,353,656	11.2 %
At book value less current surrender charge of 5% or more	272,175,380	-	272,175,380	2.6
At fair value	-	3,107,797,883	3,107,797,883	29.9
Total with adjustment or at fair value	1,431,529,036	3,107,797,883	4,539,326,919	43.7
At book value without adjustment (minimal or no charge)	1,959,461,011	-	1,959,461,011	18.9
Not subject to discretionary withdrawal	3,890,496,167	257,073	3,890,753,240	37.4
Gross total	7,281,486,214	3,108,054,956	10,389,541,170	100.0 %
Reinsurance ceded	35,266,105	-	35,266,105	
Net total	$7,246,220,109	$3,108,054,956	$10,354,275,065	

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

There are no annuity reserves or deposit liabilities in guaranteed separate accounts as of December 31, 2014 and 2013.

The following information is obtained from the applicable Exhibit in the Company's December 31 Annual Statement and related Separate Accounts Annual Statement, both of which were filed with the State of Nebraska Department of Insurance, and are provided to reconcile annuity reserves and deposit-type funds to amounts reported in the statutory financial statements as of December 31:

2014	Amount
Life and accident and health annual statement:	
Exhibit 5, Annuities section — net total	$ 5,101,009,639
Exhibit 5, Supplementary Contracts with Life Contingencies Section — net total	6,245,748
Exhibit 7, Deposit-Type Contracts, Line 14, Column 1	2,315,764,066
Subtotal	7,423,019,453
Separate accounts annual statement:	
Exhibit 3, Line 0299999, Column 2	108,680,666
Page 3, Line 2, Column 3 — Other Contract Deposit Funds	3,124,425,479
Total	$ 10,656,125,598

2013	Amount
Life and accident and health annual statement:	
Exhibit 5, Annuities section — net total	$ 4,963,918,391
Exhibit 5, Supplementary Contracts with Life Contingencies Section — net total	6,624,634
Exhibit 7, Deposit-Type Contracts, Line 14, Column 1	2,275,677,084
Subtotal	7,246,220,109
Separate accounts annual statement:	
Exhibit 3, Line 0299999, Column 2	115,024,089
Page 3, Line 2, Column 3 — Other Contract Deposit Funds	2,993,030,867
Total	$ 10,354,275,065

19. PREMIUMS DEFERRED AND UNCOLLECTED

Deferred and uncollected life insurance premiums and annuity considerations as of December 31, are shown in the below table.

	2014		2013	
Type	Gross	Net of Loading	Gross	Net of Loading
Ordinary first year business	$ 72,269,820	$ 12,063,311	$ 63,400,088	$ 9,731,663
Ordinary renewal	306,000,345	259,526,431	285,335,812	246,096,595
Group life	16,086,860	15,123,099	15,451,648	14,443,702
Total	$ 394,357,025	$ 286,712,841	$ 364,187,548	$ 270,271,960

20. SEPARATE ACCOUNTS

Information regarding the nonguaranteed separate accounts of the Company was as follows:

	2014	2013
For the year ended December 31:		
Premiums and considerations	$ 4,839,940	$ 5,485,041
Deposits	1,568,865,857	1,478,056,159
Premiums, considerations and deposits	$1,573,705,797	$1,483,541,200
As of December 31:		
Reserves by valuation basis — fair value	$3,289,909,541	$3,165,195,543
Reserves by withdrawal characteristics — fair value	$3,289,909,541	$3,165,195,543
Transfers as reported in the statutory statements of operations of the separate accounts annual statement:		
Transfers to Separate Accounts	$ 4,839,940	$ 5,485,041
Transfers from Separate Accounts	19,032,178	21,442,601
Net transfers of the general account	(14,192,238)	(15,957,560)
Reinsurance	14,192,238	15,957,560
Net transfers as reported in the statutory statements of operations	$ -	$ -

The Company holds no guaranteed separate accounts or reserves in separate accounts for asset default risk in lieu of AVR.

21. RECONCILIATION TO ANNUAL STATEMENT

The Company is required to file an Annual Statement with the State of Nebraska Department of Insurance. Certain corrections caused differences between the reported amounts in the Annual Statement and these statutory financial statements for the year ended December 31, 2013, and are shown in the table below:

	Annual Statement	Difference	Audited Financial Statement
Statutory statement of operations:			
Operating expenses	$ 635,638,070	$ (1,778,342)	$ 633,859,728
Statutory statement of changes in surplus:			
Balance — beginning of year	$ 495,618,322	$ (1,778,342)	$ 493,839,980
Net income	69,899,583	1,778,342	71,677,925
Change in:			
Net deferred income taxes	101,579,228	(622,420)	100,956,808
Non-admitted assets	7,931,173	622,420	8,553,593
Statutory statement of cash flows:			
Cash from (used for) operations:			
Net premiums and annuity considerations	$ 3,434,519,695	$ 134,899,449	$ 3,569,419,144
Policyholder benefits	(2,867,507,293)	(30,303,000)	(2,897,810,293)
Cash from (used for) financing:			
Net increase in deposit-type contracts	264,090,849	(56,465,000)	207,625,849
Other cash provided (applied)	1,081,296	(1,788,462)	(707,166)
Cash and cash equivalents and short-term investments:			
Beginning of period	177,503,726	(46,342,987)	131,160,739
Noncash transaction:			
Omaha Reinsurance Company ceded premium settled through funds withheld	70,054,159	14,007	70,068,166

* * * * * *

SUPPLEMENTAL SCHEDULES

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INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors
United of Omaha Life 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

April 28, 2015

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

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

Investment income earned:	
U.S. government bonds	$ 36,174,111
Other bonds (unaffiliated)	532,809,594
Bonds of affiliates	-
Preferred stocks (unaffiliated)	1,196,450
Preferred stocks of affiliates	-
Common stocks (unaffiliated)	209
Common stocks of affiliates	-
Mortgage loans	101,478,588
Real estate	4,717,209
Contract loans	12,277,592
Cash on hand and on deposit	917,402
Short-term investments	1,267,342
Other invested assets	54,406,944
Derivative instruments	(280,399)
Aggregate write-ins for investment income	503,570
Gross investment income	$ 745,468,612
Real estate owned — book value less encumbrances	$ 55,170,835
Mortgage loans — book value:	
Farm mortgages	$ -
Residential mortgages	-
Commercial mortgages	1,777,134,195
Total mortgage loans	$ 1,777,134,195
Mortgage loans by standing — book value:	
Good standing	$ 1,777,134,195
Good standing with restructured terms	$ -
Interest overdue more than three months, not in foreclosure	$ -
Foreclosure in process	$ -
Other long-term assets — statement value	$ 341,370,130
Collateral loans	$ -

(Continued)

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

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

Bonds and stocks of subsidiaries and affiliates — book value:	
Bonds	$ -
Preferred stocks	$ -
Common stocks	$ 117,308,804
Bonds, cash equivalent bonds and short-term investments by class and maturity:	
Bonds by maturity — statement value:	
Due within one year or less	$ 1,396,583,667
Over 1 year and through 5 years	3,893,138,213
Over 5 years through 10 years	3,224,472,394
Over 10 years through 20 years	2,028,114,939
Over 20 years	1,404,024,170
Total by maturity	$ 11,946,333,383
Bonds, cash equivalent bonds and short-term investments by class — statement value:	
Class 1	$ 6,468,643,525
Class 2	4,935,409,731
Class 3	446,033,139
Class 4	72,392,743
Class 5	17,079,824
Class 6	6,774,421
Total by class	$ 11,946,333,383
Total bonds, cash equivalent bonds and short-term investments publicly traded	$ 4,729,985,182
Total bonds, cash equivalent bonds and short-term investments privately placed	$ 7,216,348,201
Preferred stocks — statement value	$ 28,000,000
Common stocks — market value	$ 137,978,963
Short-term investments — book value	$ 99,300,000
Options, caps and floors owned — statement value	$ 9,552,783
Options, caps and floors written and in force — statement value	$ -
Collar, swap and forward agreements open — current value	$ -
Cash on deposit	$ 295,492,863

(Continued)

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

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

Life insurance in force (in thousands):	
Industrial	$ -
Ordinary	$ 109,169,707
Credit life	$ -
Group life	$ 162,218,264
Amount of accidental death insurance in force under ordinary policies (in thousands)	$ 3,411,498
Life insurance with disability provisions in force (in thousands):	
Industrial	$ -
Ordinary	$ 8,903,091
Credit life	$ -
Group life	$ 152,359,579
Supplementary contracts in force:	
Ordinary — not involving life contingencies:	
Amount on deposit	$ 32,548,333
Income payable	$ 1,513,536
Ordinary — involving life contingencies — income payable	$ 824,344
Group — not involving life contingencies:	
Amount on deposit	$ -
Income payable	$ -
Group — involving life contingencies — income payable	$ 21,041
Annuities:	
Ordinary:	
Immediate — amount of income payable	$ 117,872,412
Deferred — fully paid account balance	$ 1,482,290,422
Deferred — not fully paid account balance	$ 852,463,675

(Continued)

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

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

Group:	
Amount of income payable	$ 209,939,764
Fully paid account balance	$ 246,737,285
Not fully paid account balance	$ 19,282,759
Accident and health insurance — premiums in force:	
Ordinary	$ 1,201,419,232
Group	$ 477,416,118
Credit	$ -
Deposit funds and dividend accumulations:	
Deposit funds — account balance	$ 2,283,182,307
Dividend accumulations — account balance	$ 33,426
Claim payments 2014:	
Group accident and health — year ended December 31, 2014:	
2014	$ 127,303,105
2013	$ 60,825,348
2012	$ 19,042,985
2011	$ 9,323,608
2010	$ 8,333,724
Prior	$ 27,108,789
Other accident and health — year ended December 31, 2014:	
2014	$ 674,668,011
2013	$ 73,838,985
2012	$ (415,283)
2011	$ (436,038)
2010	$ (232,529)
Prior	$ (12,584)

(Continued)

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

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

Claim payments 2014 (continued):

Other coverages that use developmental methods to calculate claim reserves:	
2014	$ -
2013	$ -
2012	$ -
2011	$ -
2010	$ -

(Concluded)

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage
1. Bonds:						
1.1 U.S. treasury securities	39,716,634	0.267	39,716,634	0	39,716,634	0.267
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)	20,140,877	0.135	20,140,877	0	20,140,877	0.135
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S. :						
1.41 States, territories and possessions general obligations	15,782,230	0.106	15,782,230	0	15,782,230	0.106
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	73,145,548	0.491	73,145,548	0	73,145,548	0.491
1.44 Industrial development and similar obligations	9,275,000	0.062	9,275,000	0	9,275,000	0.062
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA	558,252,136	3.750	558,252,136	0	558,252,136	3.750
1.512 Issued or guaranteed by FNMA and FHLMC	103,541,791	0.695	103,541,791	0	103,541,791	0.695
1.513 All other	100,944,166	0.678	100,944,166	0	100,944,166	0.678
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	874,742,721	5.875	874,742,721	0	874,742,721	5.875
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	18,679,758	0.125	18,679,758	0	18,679,758	0.125
1.523 All other	70,895,766	0.476	70,895,766	0	70,895,766	0.476
2. Other debt and other fixed income securities (excluding short-term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	6,725,634,428	45.174	6,725,634,428	6,442,356	6,732,076,784	45.217
2.2 Unaffiliated non-U.S. securities (including Canada)	3,136,204,120	21.065	3,136,204,120	0	3,136,204,120	21.065
2.3 Affiliated securities	0	0.000	0	0	0	0.000
3. Equity interests:						
3.1 Investments in mutual funds	0	0.000	0	0	0	0.000
3.2 Preferred stocks:						
3.21 Affiliated	0	0.000	0	0	0	0.000
3.22 Unaffiliated	28,000,000	0.188	28,000,000	0	28,000,000	0.188
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated	0	0.000	0	0	0	0.000
3.32 Unaffiliated	26,630	0.000	26,630	0	26,630	0.000
3.4 Other equity securities:						
3.41 Affiliated	117,308,803	0.788	117,308,803	0	117,308,803	0.788
3.42 Unaffiliated	20,643,530	0.139	20,643,530	0	20,643,530	0.139
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated	0	0.000	0	0	0	0.000
3.52 Unaffiliated	0	0.000	0	0	0	0.000
4. Mortgage loans:						
4.1 Construction and land development	0	0.000	0	0	0	0.000
4.2 Agricultural	14,000,000	0.094	14,000,000	0	14,000,000	0.094
4.3 Single family residential properties	0	0.000	0	0	0	0.000
4.4 Multifamily residential properties	0	0.000	0	0	0	0.000
4.5 Commercial loans	1,763,134,195	11.842	1,763,134,195	0	1,763,134,195	11.842
4.6 Mezzanine real estate loans	0	0.000	0	0	0	0.000
5. Real estate investments:						
5.1 Property occupied by company	52,312,315	0.351	52,312,315	0	52,312,315	0.351
5.2 Property held for production of income (including $ 1,397,297 of property acquired in satisfaction of debt)	1,397,297	0.009	1,397,297	0	1,397,297	0.009
5.3 Property held for sale (including $ 1,461,223 property acquired in satisfaction of debt)	1,461,223	0.010	1,461,223	0	1,461,223	0.010
6. Contract loans	182,395,740	1.225	182,395,740	0	182,395,740	1.225
7. Derivatives	10,891,954	0.073	10,891,954	0	10,891,954	0.073
8. Receivables for securities	4,326,078	0.029	4,326,078	0	4,326,078	0.029
9. Securities Lending (Line 10, Asset Page reinvested collateral)	104,761,128	0.704	104,761,128	XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	499,249,064	3.353	499,249,064	98,318,772	597,567,836	4.014
11. Other invested assets	341,370,130	2.293	341,370,130	0	341,370,130	2.293
12. Total invested assets	14,888,233,261	100.000	14,888,233,261	104,761,128	14,888,233,261	100.000

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SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

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

Of The United of Omaha Life Insurance Company

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

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

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

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

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 15,494,224,809

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

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	FULCRUM GROWTH PARTNERS III LLC	Non-Insurance Affiliate LLC	$ 137,231,458	0.9 %
2.02	OMAHA FINANCIAL HOLDINGS INC	Non-Insurance Affiliate Short Term Revolver	$ 99,300,000	0.6 %
2.03	COMPANION LIFE INSURANCE CO	Insurance Affiliate Stock	$ 57,261,673	0.4 %
2.04	KEY BANK	Short Term Money Market Account	$ 49,611,601	0.3 %
2.05	PNC BANK	Short Term Money Market Account	$ 49,443,266	0.3 %
2.06	UNITED WORLD LIFE INSURANCE	Insurance Affiliate Stock	$ 49,370,535	0.3 %
2.07	THE LINKS AT BENTONVILLE LP	Mortgage Loans	$ 40,586,380	0.3 %
2.08	FORTESS CREDIT OPPORTUNITIES 2014-5	Asset-backed Bonds	$ 40,000,000	0.3 %
2.09	HINES VAF II 12100 WILSHIRE LP	Mortgage Loans	$ 39,780,076	0.3 %
2.10	WAL-MART STORES INC	Corporate Bonds	$ 38,808,210	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	$ 6,468,643,525	41.7 %	3.07	P/RP-1	$ 28,000,000	0.2 %
3.02	NAIC-2	$ 4,935,409,731	31.9 %	3.08	P/RP-2	$ 0	0.0 %
3.03	NAIC-3	$ 446,033,139	2.9 %	3.09	P/RP-3	$ 0	0.0 %
3.04	NAIC-4	$ 72,392,743	0.5 %	3.10	P/RP-4	$ 0	0.0 %
3.05	NAIC-5	$ 17,079,824	0.1 %	3.11	P/RP-5	$ 0	0.0 %
3.06	NAIC-6	$ 6,774,421	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	$ 2,901,651,742	18.7 %
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	$ 2,881,651,742	18.6 %
5.02	Countries designated NAIC-2	$ 20,000,000	0.1 %
5.03	Countries designated NAIC-3 or below	$ 0	0.0 %

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

		1	2
	Countries designated NAIC - 1:		
6.01	Country 1: United Kingdom	$ 848,786,321	5.5 %
6.02	Country 2: Australia	$ 629,684,573	4.1 %
	Countries designated NAIC - 2:		
6.03	Country 1: Bahamas	$ 14,000,000	0.1 %
6.04	Country 2: Spain	$ 6,000,000	0.0 %
	Countries designated NAIC - 3 or below:		
6.05	Country 1:	$ 0	0.0 %
6.06	Country 2:	$ 0	0.0 %

		1	2
7.	Aggregate unhedged foreign currency exposure	$ 3,400,176	0.0 %

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

		1	2
8.01	Countries designated NAIC-1	$ 3,400,176	0.0 %
8.02	Countries designated NAIC-2	$ 0	0.0 %
8.03	Countries designated NAIC-3 or below	$ 0	0.0 %

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

		1	2
	Countries designated NAIC - 1:		
9.01	Country 1: United Kingdom	$ 3,400,176	0.0 %
9.02	Country 2:	$ 0	0.0 %
	Countries designated NAIC - 2:		
9.03	Country 1:	$ 0	0.0 %
9.04	Country 2:	$ 0	0.0 %
	Countries designated NAIC - 3 or below:		
9.05	Country 1:	$ 0	0.0 %
9.06	Country 2:	$ 0	0.0 %

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

	1 Issuer	2 NAIC Designation	3	4
10.01	FORTESS CREDIT OPPORTUNITIES - Cayman Islands	1	$ 40,000,000	0.3 %
10.02	CARIBBEAN UTILITIES CO LTD - Cayman Islands	1	$ 35,000,000	0.2 %
10.03	YORKSHIRE WATER SVCS BRADFORD - United Kingdom	1	$ 35,000,000	0.2 %
10.04	SAP IRELAND US FINL SVS LTD - Ireland	1	$ 34,000,000	0.2 %
10.05	SHELL INTERNATIONAL FINANCE BV - Netherlands	1	$ 32,501,989	0.2 %
10.06	HOWARD DE WALDEN ESTATES LTD - United Kingdom	1	$ 30,578,000	0.2 %
10.07	TRAFIGURA SEC FIN PLC - Ireland	1	$ 30,540,861	0.2 %
10.08	GPT RE LIMITED - Australia	1	$ 30,000,000	0.2 %
10.09	OLDENDORFF DRYBULK GMBH & CO - Germany	2	$ 30,000,000	0.2 %
10.10	JOHNSON MATTHEY PLC - United Kingdom	1	$ 30,000,000	0.2 %

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

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

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

		1	2
11.02	Total admitted assets held in Canadian investments	$ 570,499,668	3.7 %
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	FULCRUM GROWTH PARTNERS III LLC - Non-Insurance Affiliate Equity Partnerships	$ 137,231,458	0.9 %
13.03	COMPANION LIFE INSURANCE CO - Insurance Affiliate Stock	$ 57,261,673	0.4 %
13.04	UNITED WORLD LIFE INSURANCE - Insurance Affiliate Stock	$ 49,370,535	0.3 %
13.05	FULCRUM GROWTH PARTNERS I LLC - Non-Insurance Affiliate Equity Partnerships	$ 34,863,607	0.2 %
13.06	MCCARTHY CAPITAL FUND V LP - Equity Partnerships	$ 23,031,496	0.1 %
13.07	FEDERAL HOME LOAN BANK - Common Stock	$ 20,643,530	0.1 %
13.08	MARTINGALE ROAD LLC - Equity Partnerships	$ 18,567,259	0.1 %
13.09	MORGAN STANLEY PRIVATE MARKETS FUND IV LP - Equity Partnerships	$ 14,332,976	0.1 %
13.10	INTERMEDIA PARTNERS VII LP - Equity Partnerships	$ 11,746,951	0.1 %
13.11	MORGAN STANLEY AIP GLOBAL DIVERSIFIED FUND LP - Equity Partnerships	$ 11,422,869	0.1 %

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

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

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

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

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

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

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

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

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

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

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

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02	Commercial - THE LINKS AT BENTONVILLE LP	$ 40,586,380	0.3 %
16.03	Commercial - HINES VAF II 12100 WILSHIRE LP	$ 39,780,076	0.3 %
16.04	Commercial - THE IRVINE COMPANY LLC	$ 34,904,639	0.2 %
16.05	Commercial - SLG 220 NEWS OWNER LLC	$ 34,862,885	0.2 %
16.06	Commercial - WRI RETAIL POOL I, L.P.	$ 33,299,866	0.2 %
16.07	Commercial - SUNSET LAND COMPANY LLC	$ 27,941,668	0.2 %
16.08	Commercial - COLE OPERATING PARTNERSHIP III LP	$ 25,500,000	0.2 %
16.09	Commercial - GH CRESTWOOD OWNER A LLC	$ 24,500,000	0.2 %
16.10	Commercial - PROLOGIS-MACQUARIE FUND	$ 22,000,000	0.1 %
16.11	Commercial - KBSIII 500 WEST MADISON LLC	$ 19,941,900	0.1 %

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

		Loans	
16.12	Construction loans	$ 0	0.0 %
16.13	Mortgage loans over 90 days past due	$ 1,661,100	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	$ 8,886,908	0.1 %

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

		Residential		Commercial		Agricultural	
	Loan to Value	1	2	3	4	5	6
17.01	above 95%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.02	91 to 95%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.03	81 to 90%	$ 0	0.0 %	$ 48,196,187	0.3 %	$ 0	0.0 %
17.04	71 to 80%	$ 0	0.0 %	$ 56,111,316	0.4 %	$ 0	0.0 %
17.05	below 70%	$ 0	0.0 %	$ 1,658,826,692	10.7 %	$ 14,000,000	0.1 %

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

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

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

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

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

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

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

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

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

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

		At Year End		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)	$ 136,515,525	0.9 %	$ 221,761,048	$ 139,146,761	$ 113,234,336
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	$ 2,015,937	0.0 %	$ 1,067,794	$ 1,027,091	$ 1,890,292
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