Mutual of Omaha Insurance Company

Statutory Financial Statements as of and for the Years Ended December 31, 2019 and 2018, Supplemental Schedules as of and for the Year Ended December 31, 2019, and Independent Auditors' Reports

MUTUAL OF OMAHA INSURANCE COMPANY

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statutory-basis financial statements of Mutual of Omaha Insurance Company (the "Company"), which comprise the statutory-basis statements of admitted assets, liabilities, and surplus as of December 31, 2019 and 2018, and the related statutory-basis statements of operations, changes in surplus, and cash flows for the years then ended and the related notes to the statutory-basis financial statements.

Management's Responsibility for the Statutory-Basis Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these statutory-basis financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statutory-basis financial statements are free 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 Mutual of Omaha Insurance Company using the accounting practices prescribed or permitted by the State of Nebraska Department of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of Nebraska Department of Insurance.

The effects on the statutory-basis financial statements of the variances between the statutory-basis of accounting described in Note 1 to the statutory-basis financial statements and accounting principles generally accepted in the United States of America; 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 Mutual of Omaha Insurance Company as of December 31, 2019 and 2018, or the results of its operations or its cash flows for the years then ended.

Opinion on Statutory Basis of Accounting

In our opinion, the statutory-basis financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and surplus of Mutual of Omaha Insurance Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended, in accordance with the accounting practices prescribed or permitted by the State of Nebraska Department of Insurance as described in Note 1 to the statutory-basis financial statements.

Deloitte & Touche LLP

May 21, 2020

MUTUAL OF OMAHA INSURANCE COMPANY

STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND SURPLUS
AS OF DECEMBER 31, 2019 AND 2018

	2019	2018
ADMITTED ASSETS		
CASH AND INVESTED ASSETS:		
Bonds	$ 3,890,579,678	$ 3,468,601,105
Preferred stocks	7,780,966	11,725,280
Common stocks — unaffiliated	61,309,587	36,596,788
Common stocks — affiliated	2,923,954,030	2,641,320,464
Mortgage loans — net	274,346,238	261,832,753
Real estate occupied by the Company — net of accumulated depreciation of $47,495,168 and $45,497,607, respectively	30,298,243	32,526,906
Investment real estate — net of accumulated depreciation of $506,615 and $0, respectively	7,108,873	-
Cash and cash equivalents	70,919,695	53,736,398
Short-term investments	61,233,017	148,650,000
Securities lending cash collateral	300,136,330	149,354,470
Other invested assets	334,551,173	267,959,918
Total cash and invested assets	7,962,217,830	7,072,304,082
INVESTMENT INCOME DUE AND ACCRUED	39,794,396	37,327,145
UNCOLLECTED PREMIUMS	203,621,757	174,026,791
RECEIVABLE FROM SUBSIDIARIES	158,446,623	135,905,499
FEDERAL INCOME TAXES RECOVERABLE	142,333,578	139,133,521
NET DEFERRED TAX ASSETS	73,446,665	71,617,931
OTHER ASSETS	527,550,644	453,704,707
TOTAL ADMITTED ASSETS	$ 9,107,411,493	$ 8,084,019,676
LIABILITIES AND SURPLUS		
LIABILITIES:		
Reserves for policies and contracts	$ 2,847,420,955	$ 2,590,420,721
Policy and contract claims	1,241,488,586	1,178,387,848
Premiums paid in advance	52,724,108	46,548,437
Asset valuation reserve	216,519,228	196,488,329
Drafts outstanding	22,798,139	24,757,165
Amounts held as agent or trustee	86,187,179	80,935,247
General expenses and taxes due or accrued	164,472,442	157,230,251
Payable for securities lending	300,136,330	149,354,470
Liability for benefits for employees and agents	352,995,914	268,256,284
Borrowings	499,275,086	88,000,000
Other liabilities	183,409,317	130,923,037
Total liabilities	5,967,427,284	4,911,301,789
SURPLUS:		
Surplus notes	710,436,567	710,274,242
Special surplus	142,187	-
Unassigned surplus	2,429,405,455	2,462,443,645
Total surplus	3,139,984,209	3,172,717,887
TOTAL LIABILITIES AND SURPLUS	$ 9,107,411,493	$ 8,084,019,676

See notes to statutory financial statements.

MUTUAL OF OMAHA INSURANCE COMPANY

STATUTORY STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
INCOME:		
Net health and accident premiums	$ 3,538,507,101	$ 3,282,629,595
Net investment income	174,488,122	174,049,850
Commissions and expense allowances on reinsurance ceded	26,914,692	26,512,047
Other income	89,521,095	16,824,129
Total income	3,829,431,010	3,500,015,621
BENEFITS AND EXPENSES:		
Policyholder benefits	2,934,722,767	2,682,578,630
Commissions	760,304,112	722,078,771
Operating expenses	258,550,196	282,669,011
Total benefits and expenses	3,953,577,075	3,687,326,412
NET LOSS FROM OPERATIONS BEFORE FEDERAL INCOME TAX EXPENSE (BENEFIT) AND NET REALIZED CAPITAL GAIN (LOSS)	(124,146,065)	(187,310,791)
FEDERAL INCOME TAX EXPENSE (BENEFIT)	653,157	(23,857,749)
NET LOSS FROM OPERATIONS BEFORE NET REALIZED CAPITAL GAIN (LOSS)	(124,799,222)	(163,453,042)
NET REALIZED CAPITAL GAIN (LOSS) — Net of federal income tax expense (benefit) of ($2,084,124) and $2,516,933 and transfers to the interest maintenance reserve of ($7,840,277) and $9,468,461, respectively	(5,842,936)	6,034,261
NET LOSS	$ (130,642,158)	$ (157,418,781)

See notes to statutory financial statements.

MUTUAL OF OMAHA INSURANCE COMPANY

STATUTORY STATEMENTS OF CHANGES IN SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Surplus Notes	Unassigned Surplus	Special Surplus	Total Surplus
BALANCE — December 31, 2017	$ 710,086,436	$ 2,479,554,333	$ -	$ 3,189,640,769
Net loss	-	(157,418,781)	-	(157,418,781)
Change in:				
Net unrealized capital gain — net of income tax of $86,308	-	47,962,985	-	47,962,985
Foreign exchange unrealized capital gain — net of income tax of $748,838	-	2,817,060	-	2,817,060
Net deferred income tax	-	14,346,759	-	14,346,759
Nonadmitted assets	-	(38,658,843)	-	(38,658,843)
Asset valuation reserve	-	(17,050,763)	-	(17,050,763)
Surplus notes	187,806	-	-	187,806
Benefit plans amounts not yet recognized in net periodic benefit cost	-	56,108,050	-	56,108,050
Savings of consolidated tax filings	-	80,094,206	-	80,094,206
Unrealized loss — deferred gain on affiliate exchanges	-	(5,331,595)	-	(5,331,595)
Other misc gain in surplus	-	22,566	-	22,566
Prior period adjustment — policy reserves	-	(2,332)	-	(2,332)
BALANCE — December 31, 2018	710,274,242	2,462,443,645	-	3,172,717,887
Net loss	-	(130,642,158)	-	(130,642,158)
Change in:				
Net unrealized capital gain — net of income tax benefit of $6,397,030	-	136,501,584	-	136,501,584
Net deferred income tax	-	54,288,438	-	54,288,438
Nonadmitted assets	-	(41,986,806)	-	(41,986,806)
Asset valuation reserve	-	(20,030,899)	-	(20,030,899)
Surplus notes	162,325	-	-	162,325
Benefit plans amounts not yet recognized in periodic benefit cost	-	(72,777,310)	-	(72,777,310)
Savings of consolidated tax filings	-	46,846,839	-	46,846,839
Affordable care act payable	-	(142,187)	142,187	-
Unrealized loss — deferred gain on affiliate exchanges	-	(5,095,691)	-	(5,095,691)
BALANCE — December 31, 2019	$ 710,436,567	$ 2,429,405,455	$ 142,187	$ 3,139,984,209

See notes to statutory financial statements.

MUTUAL OF OMAHA INSURANCE COMPANY

STATUTORY STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FROM (USED FOR) OPERATIONS:		
Net health and accident premiums	$ 3,514,856,352	$ 3,262,903,972
Net investment income	173,790,856	175,951,621
Other income	46,084,112	43,207,229
Benefit and loss related payments	(2,615,523,534)	(2,351,088,682)
Commissions and operating expenses	(997,635,524)	(1,022,680,899)
Dividends paid to policyholders	(20,488)	(22,407)
Federal income taxes (paid) refunded	50,374,887	(5,688,741)
Net cash from operations	171,926,661	102,582,093
CASH FROM (USED FOR) INVESTMENTS:		
Proceeds from investments sold, matured or repaid:		
Bonds	407,444,696	601,971,123
Stocks	8,950,662	103,334,348
Mortgage loans	29,949,405	14,878,271
Real estate	5,127,265	480,278
Other invested assets	12,151,292	4,583,468
Miscellaneous proceeds	21,492,501	10,074,264
Cost of investments acquired:		
Bonds	(821,754,946)	(531,959,337)
Stocks	(144,697,128)	(158,382,484)
Mortgage loans	(43,350,000)	(25,878,850)
Real estate	(4,896,163)	(1,334,019)
Other invested assets	(126,153,153)	(46,903,525)
Miscellaneous applications	(2,523,835)	-
Net cash used for investments	(658,259,404)	(29,136,463)
CASH FROM (USED FOR) FINANCING AND MISCELLANEOUS SOURCES:		
Surplus notes	162,325	187,806
Borrowed funds	410,835,328	-
Payment on borrowed funds	-	(8,000,000)
Contributions to postretirement plans	-	(84,000,000)
Other cash received	5,101,404	22,158,298
Net cash from (used for) financing and miscellaneous sources	416,099,057	(69,653,896)

(Continued)

STATUTORY STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
NET CHANGE IN CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	$ (70,233,686)	$ 3,791,734
CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS:		
Beginning of year	202,386,398	198,594,664
End of year	$ 132,152,712	$ 202,386,398
NON-CASH TRANSACTIONS:		
Change in Securities lending	$ 150,781,861	$ 84,894,447
Stock conversions	$ 18,795,779	$ 26,114,817
Return of capital - property	$ 7,110,984	$ -
Bond conversions	$ 5,484,640	$ 23,049,801
Stock conversions to bonds	$ -	$ 27,621,982

See notes to statutory financial statements. (Concluded)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations — Mutual of Omaha Insurance Company (the "Company") is a mutual health and accident and life insurance company, domiciled in the State of Nebraska. The following are wholly owned subsidiaries of the Company as of December 31, 2019: United of Omaha Life Insurance Company ("United of Omaha"); Mutual of Omaha Holdings, Inc.; Omaha Financial Holdings, Inc.; East Campus Realty, LLC ("ECR"); Turner Park North, LLC; Omaha Health Insurance Company, Omaha Supplemental Insurance Company and Mutual of Omaha Medicare Advantage Company ("Medicare Advantage Company").

The Company provides a wide array of financial products and services to a broad range of institutional and individual customers and is licensed in 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Principal products and services provided include individual and group health insurance.

Basis of Presentation — The accompanying statutory financial statements have been prepared in conformity with accounting practices prescribed or permitted by the State of Nebraska Department of Insurance ("NDOI"). 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 NDOI has the right to permit other specific practices that may deviate from NAIC SAP. The Company does not follow any practices that deviate from NAIC SAP except the impacts on its results of operations and surplus from the prescribed practices followed by its subsidiary United of Omaha as discussed in Note 7.

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 generally carried at fair value. Exchange Traded Funds, eligible for bond reporting by the NAIC Securities Valuation Office ("SVO Identified Funds-ETF"), are carried at fair value and classified as bonds, while under GAAP, they are carried at fair value and classified as equity.

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

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

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

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

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

g. NAIC SAP requires an amount to be recorded for deferred taxes as a component of surplus; however, there are limitations as to the amount of deferred tax assets ("DTA") that may be reported as admitted assets that are not applicable under GAAP. Federal income tax provision is required on a current basis for the statutory statements of operations, the same for GAAP.

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

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

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

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

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

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

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

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

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

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

The process of determining the fair value and recoverability of an asset relies on projections of future cash flows, operating results, and market conditions. Projections are inherently uncertain and, accordingly, actual future cash flows may differ materially from projected cash flows. As a result, the Company's asset valuations are susceptible to the risk inherent in making such projections.

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

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

Investments — Investments are reported according to valuation procedures prescribed by the NAIC. Bonds are carried at amortized cost using the effective yield method, except for bonds with an NAIC designation of 6, which are carried at lower of amortized cost or fair value. The use of fair value may cause some of the loan-backed securities previously designated as NAIC 6 to be reassigned to a different designation. SVO Identified Funds-ETFs, captured within the scope of Statement of Statutory Accounting Principles ("SSAP") No. 26R *Bonds,* are eligible for bond reporting. The Company has elected to value SVO Identified Funds-ETFs at fair value.

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

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

Common stocks of unaffiliated companies are carried at fair value and common stocks of affiliated insurance companies are carried at the underlying statutory equity value while affiliated non-insurance companies are carried at the GAAP equity value. Changes in the carrying values are recorded as a change in net unrealized capital gains (losses), a component of surplus. Dividends are reported in net investment income.

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

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

Loans are reviewed on an individual basis to identify charge-offs. Charge-offs, net of recoveries, are deducted from the allowance. Mortgage loans are considered past due if the required principal and interest payments have not been received when contractually due. All mortgage loans are placed on non-accrual status when payments are determined to be uncollectible. Mortgage loans are returned to accrual status when all the principal and interest amounts contractually due have been brought current and future payments are reasonably assured.

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

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

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

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

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

Other invested assets include the Company's investment in ECR, and investments in derivatives, low-income housing tax credits ("LIHTC"), limited partnerships and receivables for securities. ECR is a limited liability company established for the operation of real estate in Omaha, Nebraska. Mutual of Omaha is the sole member. The investment in ECR is carried at the underlying GAAP equity. Changes are recorded in net unrealized capital gains (losses) within the Statutory Statements of Changes in Surplus. Distributions of income from this investment are recorded in net investment income. During 2018, the Company recognized a $1,991,776 impairment of its investment in ECR as a result of real estate investment impairments ECR recognized in 2017 subsequent to the Company's issuance of its 2017 financial statements. As of December 31, 2019 and 2018, the Company's investment in ECR was $59,370,317 and $2,871,417, respectively. Investments in LIHTCs are carried at amortized cost. As of December 31, 2019 and 2018, the Company's investment in LIHTCs was $47,146,256 and $45,874,108, respectively.

The Company's derivatives include foreign currency 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 statements of changes in surplus. Interest on currency swaps is included in net investment income.

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

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

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

The Company has repurchase agreements whereby unrelated parties, primarily major brokerage firms, borrow securities from the Company. The Company requires a minimum of 95% of the fair value of the domestic, 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 repo securities continue to be reported as bonds. Cash collateral received is invested in short term securities and is included in short-term investments with a corresponding liability for funds held for securities on loan included in collateral from lending activities. Further under these agreements, the Company obtains the use of funds for a period not to exceed 30 days. Maximum borrowings allowed under these agreements are $100,000,000.

Company-Owned Life Insurance — Company-owned life insurance represents individual life insurance policies on the lives of certain officers and other key employees who have provided positive consent allowing the Company to be the beneficiary of such policies and is carried at cash surrender value derived from an underlying portfolio of investments. The cash surrender values of the policies included in other assets were $489,311,725 and $419,276,537 as of December 31, 2019 and 2018, respectively. The Company paid no premiums in 2019 and 2018. The underlying investment characteristics at December 31, 2019 were 59% bonds and 41% common stocks. The underlying investment characteristics at December 31, 2018 were 62% bonds and 38% common stocks. A gain of $70,035,188 and a loss of $15,701,731 in the surrender value of the policies was included in other income for the years ended December 31, 2019 and 2018, respectively. The company-owned life insurance policies are in compliance with Internal Revenue Code Section 7702.

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 one to twenty-years. Leasehold improvements are carried at cost less accumulated amortization. The Company provides for amortization of leasehold improvements using the straight-line method over the lesser of the useful life of the asset or the remaining original lease term, excluding options or renewal periods. Leasehold improvements are depreciated over one- to seven-years. There was $3,298,986 and $9,058,853 in fully depreciated write-offs of home office property no longer in use at December 31, 2019 and 2018, respectively. Depreciation and amortization expense was $2,805,538 and $2,930,869 for the years ended December 31, 2019 and 2018, respectively.

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

Policy Reserves — Policy reserves include active life reserves and unearned premium reserves. Active life reserves provide amounts adequate to discharge estimated future obligations in excess of estimated future net premiums on policies in force. Such reserves are based on statutory mortality and interest assumptions. Morbidity assumptions are either industry experience or a blend of industry and Company experience. Voluntary lapse assumptions, when applicable, are based on Company experience with statutory limitations. Such reserves are calculated on a net level premium method or on a one- or two-year preliminary term basis. Unearned premium reserves include premiums that have been collected but have not been earned.

Claim Reserves — Claim reserves include the amounts estimated for claims that have been reported but not settled, estimates for claims incurred but not reported, and disabled life reserves. Such reserves are estimated based upon the Company's and affiliates' historical experience and other actuarial assumptions that consider the effects of current developments, anticipated trends, and risk management programs. Disabled life reserves are determined within statutory interest assumption limitations. Continuance assumptions are based on either industry experience or a blend of Company and industry experience that comply with statutory guidelines. Revisions of these estimates are reflected in operations in the year they are made.

The Company anticipates investment income as a factor in premium deficiency reserve calculations. As of December 31, 2019 and 2018, the Company had $11,540,021 and $11,731,155, respectively, of premium deficiency reserves related to its individual and discretionary group major medical lines of business. Liabilities for losses are based on projections of aggregated and policy-level cash flows reflective of contractual limits of liability.

Reinsurance — In the normal course of business, the Company assumes and cedes insurance business from its affiliates and unrelated third parties in order to limit its maximum loss, provide greater diversification of risk, minimize exposures on larger risks and expand certain business lines and manage capital. The ceding of insurance business does not discharge an insurer from its primary legal liability to a policyholder. The Company remains liable to the extent that a reinsurer is unable to meet its obligations. Amounts recoverable from reinsurers are reviewed for collectibility and length of time overdue on a quarterly basis. 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. Commission and expense allowances on reinsurance assumed are included in commissions expenses on the statutory statements of operations.

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

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

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

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

In the determination of the amount of the DTA that can be recognized and admitted, the NAIC SAP requires that DTAs be limited to an amount that is expected to be realized in the future based on a qualitative analysis of the Company's temporary differences, past financial history and future earnings projections. The net admitted DTA shall not exceed the excess of the adjusted gross DTA over the gross DTL. The adjusted gross DTA shall be admitted based upon three separately determined components: i) an amount of taxes paid in prior years which may be recovered through loss carrybacks from temporary differences that are expected to reverse within three years from the reporting date; ii) an amount that is limited to the lesser of future deductible temporary differences and carryforward amounts that are expected to be realized within three-years from the reporting date, or 15% of adjusted capital and surplus (defined as capital and surplus net of the admitted DTA, electronic data processing equipment and operating software) and iii) an amount where the adjusted gross DTA equals DTL.

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

Asset Valuation Reserve and Interest Maintenance Reserve — The Company establishes certain reserves under NAIC guidelines. 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, included in other liabilities on the statutory statements of admitted assets, liabilities, and surplus, is used to defer realized capital gains (losses), net of tax, on sales of bonds and certain other investments that result from interest rate changes. These gains (losses) are then amortized into investment income over what would have been the remaining years to maturity of the underlying investments. Losses in excess of gains are recorded as an asset and nonadmitted.

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

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

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

Legal/regulatory risk is the risk that changes in the legal or regulatory environment in which an insurer operates will occur and create additional costs or expenses not anticipated by the insurer in pricing its products. The Company monitors economic and regulatory developments that have the potential to impact its business.

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

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

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

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

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

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

Level 3 — Fair value is based on significant unobservable inputs for the asset or liability. These inputs reflect assumptions about what market participants would use in pricing the asset or liability. Prices are determined using valuation methodologies such as option pricing models, discounted cash flow models and other similar techniques. Fair value for certain investments in qualifying investment funds is approximated by using the fund's net asset value ("NAV") per share.

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

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

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

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

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

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

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

Discontinued Operations — On August 13, 2019, the Company announced an agreement to sell Mutual of Omaha Bank ("Bank"), a wholly owned subsidiary of Omaha Financial Holdings, Inc. ("OFHI"), to a third party. The carrying amount and fair value of OFHI's investment in the Bank immediately prior to the classification as held for sale were $906,633,746 and $983,518,791, respectively. Regulatory approvals were received in November and December 2019.

On January 2, 2020, the sale was substantially completed and all of the Bank's stock was transferred to a third party. Closing date consideration received included cash of $850,221,000 and approximately 3 million shares of the purchaser's common stock with a closing date fair value of $141,211,000, which is subject to certain sale restrictions. Cash consideration is subject to adjustment during the second quarter of 2020. Subsequent to the sale, OFHI transferred the stock and cash to Mutual as a dividend and return of investment.

In conjunction with the sale of the Bank, the Company entered into a Transition Services Agreement ("TSA") with the purchaser under which the Company will provide certain services to the Bank in accordance with its previous Intercompany Services Agreement. The TSA terminates on January 2, 2021, subject to the purchaser's ninety-day extension option.

The Company is the lessor in a long-term sublease agreement with the Bank relating to a previous sale-leaseback transaction.

The effects of discontinued operations on assets, liabilities, surplus and income as of and for the year ended December 31, 2019 were as follows:

		Amount Attributable to Discontinued operations
Assets	Common stock	$ 901,929,092
Liabililities	Asset valuation reserve	95,236,795
Surplus	Unassigned funds (surplus)	806,692,297
	Change in net unrealized capital gains (losses) less capital gain tax of $0	58,430,984
	Change in asset valuation reserve	(95,236,795)
Income	Net income	-

Subsequent Events — The Company has evaluated events subsequent to December 31, 2019, through May 21, 2020 the date these statutory financial statements were available to be issued.

In addition to the sale of the Bank in January 2020, as discussed above in discontinued operations, the Company is monitoring the COVID-19 developments and is in process of evaluating the key impacts to financial reporting and operations. As events and responses continue to rapidly evolve, it is not possible to reasonably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods. The Company has enacted its business contingency plan and believes it has the ability to sustain its operations, meeting the obligations to policyholders and claimants.

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

2019	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government	$ 5,003,166	$ 36,254	$ 4,596	$ 5,034,824
States, territories, and possessions	2,136,215	595,442	3,580	2,728,077
Special revenue	46,301,744	2,331,219	75,909	48,557,054
U.S. and Canadian corporate	2,381,069,445	324,455,449	4,568,429	2,700,956,465
Foreign corporate	476,244,341	37,985,780	154,651	514,075,470
Commercial MBS	283,923,656	34,962,969	7,159	318,879,466
Residential MBS	305,269,326	18,939,236	775,119	323,433,443
Other ABS	306,049,860	7,368,840	541,780	312,876,920
Political Subdivision	5,740,344	-	109,200	5,631,144
SVO Identified Funds — ETFs	1,091,733	-	-	1,091,733
Hybrid	77,749,848	4,380,455	148,467	81,981,836
Total bonds	3,890,579,678	431,055,644	6,388,890	4,315,246,432
Redeemable preferred stocks	7,780,966	762,999	-	8,543,965
Total	$ 3,898,360,644	$ 431,818,643	$ 6,388,890	$ 4,323,790,397

2018	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government	$ 1,187,954	$ 3,069	$ 11,459	$ 1,179,564
States, territories, and possessions	2,781,277	425,115	21,350	3,185,042
Special revenue	29,045,363	395,805	90,195	29,350,973
U.S. and Canadian corporate	2,192,498,633	92,056,749	69,058,130	2,215,497,252
Foreign corporate	496,967,606	8,726,283	9,844,861	495,849,028
Commercial MBS	308,680,151	19,278,660	1,039,093	326,919,718
Residential MBS	203,494,753	13,631,434	2,013,430	215,112,757
Other ABS	153,466,959	3,263,468	1,120,814	155,609,613
SVO Identified Funds — ETFs	810,705	-	-	810,705
Hybrid	79,667,704	623,367	3,881,815	76,409,256
Total bonds	3,468,601,105	138,403,950	87,081,147	3,519,923,908
Redeemable preferred stocks	11,725,280	281,375	277,050	11,729,605
Total	$ 3,480,326,385	$ 138,685,325	$ 87,358,197	$ 3,531,653,513

Bonds with an NAIC designation of 6 with carrying amounts of $740,344 and $642,000 as of December 31, 2019 and 2018, respectively, were carried at the lower of amortized cost or fair value.

The Company's bond portfolio was primarily comprised of investment grade securities. Based upon designations by the NAIC, investment grade bonds comprised 98.6% and 98.3% of the carrying value of the Company's total bond portfolio as of December 31, 2019 and 2018, respectively. A portion of the Commercial and Residential MBS portfolios is backed by collateral guaranteed or insured by a government agency. As of December 31, 2019 and 2018, 67.6% and 89.0%, respectively, of the carrying value of Residential MBS portfolio was guaranteed by a government agency. As of December 31, 2019 and 2018, 75.0% and 73.9%, respectively, of the carrying value of Commercial MBS portfolio was guaranteed by a government agency.

The aggregate amount of prepayment penalties and acceleration fees in bonds including loan-backed and structured securities recognized in investment income as of December 31, 2019 and 2018 was $5,135,430 and $900,996, from 17 and 9 CUSIPs, respectively.

The carrying value and estimated fair value of bonds and redeemable preferred stocks as of December 31, 2019, by contractual maturity, are shown below. Actual maturities may differ as a result of prepayments by the issuer. MBS and other ABS, which provide for periodic payments throughout their lives are listed separately.

	Carrying Value	**Estimated Fair Value**
Due in one-year or less	$ 76,765,771	$ 78,372,214
Due after one-year through five-years	312,539,436	329,567,792
Due after five-years through ten-years	628,841,231	693,144,667
Due after ten-years	1,984,971,364	2,267,515,895
	3,003,117,802	3,368,600,568
MBS and other ABS	895,242,842	955,189,829
Total	$ 3,898,360,644	$ 4,323,790,397

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

	Less Than One-Year		One-Year or More		Total	
2019	**Estimated Fair Value**	**Gross Unrealized Capital Losses**	**Estimated Fair Value**	**Gross Unrealized Capital Losses**	**Estimated Fair Value**	**Gross Unrealized Capital Losses**
U.S. government	$ 1,459,219	$ 4,453	$ 725,000	$ 143	$ 2,184,219	$ 4,596
States, territories and possessions	352,913	3,580	-	-	352,913	3,580
Special revenue	10,191,275	75,909	-	-	10,191,275	75,909
U.S. and Canadian corporate	129,719,094	3,359,017	22,880,926	1,209,412	152,600,020	4,568,429
Foreign corporate	11,770,211	154,651	-	-	11,770,211	154,651
Commercial MBS	268,886	7,159	-	-	268,886	7,159
Residential MBS	81,315,930	774,870	10,784	249	81,326,714	775,119
Other ABS	107,801,475	536,387	2,855,095	5,393	110,656,570	541,780
Political Subdivision	4,890,800	109,200	-	-	4,890,800	109,200
Hybrids	8,672,199	55,524	3,078,379	92,943	11,750,578	148,467
Total	$ 356,442,002	$ 5,080,750	$ 29,550,184	$ 1,308,140	$ 385,992,186	$ 6,388,890

	Less Than One-Year		One-Year or More		Total	
2018	**Estimated Fair Value**	**Gross Unrealized Capital Losses**	**Estimated Fair Value**	**Gross Unrealized Capital Losses**	**Estimated Fair Value**	**Gross Unrealized Capital Losses**
U.S. government	$ -	$ -	$ 913,870	$ 11,459	$ 913,870	$ 11,459
States, territories and possessions	981,142	21,350	-	-	981,142	21,350
Special revenue	10,860,535	90,195	-	-	10,860,535	90,195
U.S. and Canadian corporate	928,509,937	49,492,135	180,981,654	19,565,995	1,109,491,591	69,058,130
Foreign corporate	192,220,638	6,078,513	58,658,738	3,766,349	250,879,376	9,844,862
Commercial MBS	20,182,853	1,039,093	-	-	20,182,853	1,039,093
Residential MBS	10,066,356	2,011,636	421,434	1,794	10,487,790	2,013,430
Other ABS	65,737,516	855,648	9,829,872	265,166	75,567,388	1,120,814
Hybrids	47,648,284	3,389,717	6,990,040	492,097	54,638,324	3,881,814
Total bonds	1,276,207,261	62,978,287	257,795,608	24,102,860	1,534,002,869	87,081,147
Redeemable preferred stocks	2,973,449	277,050	-	-	2,973,449	277,050
Total	$ 1,279,180,710	$ 63,255,337	$ 257,795,608	$ 24,102,860	$ 1,536,976,318	$ 87,358,197

There were no unrealized capital losses on redeemable preferred stocks as of December 31, 2019.

As described in Note 1, the Company regularly reviews its investment portfolio for factors that may indicate that a decline in fair value of an investment is other-than-temporary. As of December 31, 2019, 13 securities were in an unrealized capital loss position one-year or more with an average credit rating of Baa2 and were 80% investment grade. As of December 31, 2019, 75 securities were in an unrealized capital loss position less than one-year with an average credit rating of A1 and 97% were investment grade.

Gross unrealized capital losses as of December 31, 2019 for MBS and other ABS, by vintage, were as follows:

		Non-Agency			
	Agency	**2017 and Prior**	**2018**	**2019**	**Total**
Commercial MBS	$ 7,159	$ -	$ -	$ -	$ 7,159
Residential MBS	244,665	249	-	530,205	775,119
Other ABS	-	5,365	29	536,386	541,780
Total	$251,824	$ 5,614	$ 29	$1,066,591	$1,324,058

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

	2019	2018
Proceeds from sales or disposals:		
Bonds	$294,932,996	$544,513,436
Stocks	$ 5,856,162	$ 72,706,664
Net realized capital gains (losses) on bonds and stocks:		
Bonds:		
Gross realized capital gains from sales or other disposals	$ 13,497,057	$ 14,042,482
Gross realized capital losses from sales or other disposals	(4,715,522)	(24,149,415)
OTTI losses	(3,106,290)	(2,463,651)
Net realized capital gains (losses)	$ 5,675,245	$(12,570,584)
Stocks:		
Gross realized capital gains from sales or other disposals	$ 319,905	$ 14,651,679
Gross realized capital losses from sales or other disposals	(49,310)	(2,752,818)
Net realized capital gains	$ 270,595	$ 11,898,861

The net realized gains shown above resulted in the recognition of IMR of $6,557,319 as of December 31, 2019. There was no IMR liability as of December 31, 2018. Bond income due and accrued of $242,433 and $679,499, related to bonds in default was excluded from investment income during the years ended December 31, 2019 and 2018, respectively.

Common Stocks - Unaffiliated — Included within common stocks — unaffiliated as of December 31, 2019 and 2018 is Federal Home Loan Bank ("FHLB") capital stocks of $17,250,100 and $550,000 respectively. As of December 31, 2019 and 2018, $17,250,100 and $500,000, respectively, were classified as required stocks. As of December 31, 2018, the remaining $50,000 was classified as excess stocks.

Mortgage Loans — The Company invests in mortgage loans collateralized principally by commercial real estate throughout the U.S. The Company's investments in mortgage loans are held through a participation agreement with United of Omaha. All of the Company's mortgage loans are managed as two classes and portfolio segments: commercial and residential. During 2019, the minimum and maximum lending rates for mortgage loans were 4.19% and 4.53% respectively. The maximum percentage of any one commercial loan to the value of the collateral security at the time of the loan, exclusive of insured, guaranteed or purchase money mortgages was 66%. The maximum percentage of any one residential loan to the value of the collateral security at the time of the loan, exclusive of insured, guaranteed or purchase money mortgages was 79%.

Net realized capital losses for the years ended December 31, 2019 and 2018 included losses of $720,054 and $1,427,627, respectively, resulting from impairments of mortgage loans.

The Company's mortgage loan portfolio includes 24 loan originators as of December 31, 2019 and 21 loan originators as of December 31, 2018. Mortgage loan participations purchased from one loan originator comprise 22% and 26% of the portfolio book value as of December 31, 2019 and 2018, respectively.

The properties collateralizing mortgage loans are geographically dispersed throughout the U.S., with the largest concentration in California of approximately 27% and 26% of the portfolio book value as of December 31, 2019 and 2018, respectively.

The Company participates or is a co-lender in mortgage loan agreements with other lenders for commercial mortgage loans. The recorded investment (defined as the aggregate unpaid principal balance adjusted for unamortized premium or discount) in such loans was $109,390,928 and $122,182,253 as of December 31, 2019 and 2018, respectively.

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

The recorded investment (defined as the aggregate unpaid principal balance adjusted for unamortized premium or discount) in commercial mortgage loans by credit quality profile, as of December 31, was as follows:

	Debt Service Coverage Ratios			
2019	**>1.20x**	**1.00x-1.20x**	**<1.00x**	**Total**
Loan-to-value ratios:				
Less than 65%	$ 246,325,132	$ 11,797,225	$ 8,963,729	$ 267,086,086
66% to 75%	3,481,168	-	-	3,481,168
Greater than 75%	-	-	-	-
Total	$ 249,806,300	$ 11,797,225	$ 8,963,729	$ 270,567,254

	Debt Service Coverage Ratios			
2018	**>1.20x**	**1.00x-1.20x**	**<1.00x**	**Total**
Loan-to-value ratios:				
Less than 65%	$ 213,535,392	$ 12,927,852	$ 9,453,163	$ 235,916,407
66% to 75%	15,253,718	3,608,089	-	18,861,807
Greater than 75%	-	2,111,280	-	2,111,280
Total	$ 228,789,110	$ 18,647,221	$ 9,453,163	$ 256,889,494

Non-Accrual and Past Due Loans — All of the Company's loans were in current status as of December 31, 2019 and 2018. There was no recorded investment for loans where the interest rate was reduced as of December 31, 2019. The recorded investment for loans where the interest rate was reduced was $7,073,611 as of December 31, 2018. The number of loans impacted and the average interest rate reduction was 11 loans and 1.46%, respectively, for the year ended December 31, 2018. The Company had no loans in non-accrual status as of December 31, 2019 and 2018.

Impaired Loans — The Company had no residential mortgage loans impaired as of December 31, 2019 and 2018 and no related allowance for credit losses.

The Company had commercial mortgage loan impairments as of December 31, 2019 and 2018 as shown in the table below.

As of December 31,	**2019**	**2018**
Impaired mortgage loans	$ -	$ 2,111,280

For the Years Ended December 31,	**2019**	**2018**
Average recorded investment	$ 1,672,854	$ 844,237
Interest income recognized	154,635	57,502
Interest received	44,020	57,631

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

Restructured Loans — The Company had no TDRs as of December 31, 2019 and 2018.

Limited Partnerships — Net realized capital losses for the years ended December 31, 2019 and 2018 include losses of $1,023,837 and $3,380,038, respectively, resulting from other-than-temporary declines in fair value of limited partnerships due to market conditions.

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

			Percentage	
2019	**Gross Restricted Assets**	**Total Admitted Restricted Assets**	**Gross Restricted to Total Assets**	**Admitted Restricted to Total Admitted Assets**
Collateral held under security lending agreements	$ 300,136,330	$ 300,136,330	3.17 %	3.30 %
FHLB capital stocks	17,250,100	17,250,100	0.18	0.19
On deposit with states	3,544,297	3,544,297	0.04	0.04
Pledged collateral to FHLB (including assets backing funding agreements)	404,945,587	404,945,587	4.28	4.45
Total	$ 725,876,314	$ 725,876,314	7.67 %	7.98 %

			Percentage	
2018	**Gross Restricted Assets**	**Total Admitted Restricted Assets**	**Gross Restricted to Total Assets**	**Admitted Restricted to Total Admitted Assets**
Collateral held under security lending agreements	$ 149,354,470	$ 149,354,470	1.78 %	1.85 %
FHLB capital stocks	550,000	550,000	0.01	0.01
On deposit with states	2,847,286	2,847,286	0.03	0.04
Pledged collateral to FHLB (including assets backing funding agreements)	80,582,927	80,582,927	0.96	1.00
Total	$ 233,334,683	$ 233,334,683	2.78 %	2.89 %

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

	2019	2018
Bonds	$ 177,029,850	$ 174,527,702
Preferred stocks	467,750	591,608
Common stocks — unaffiliated	933,685	815,901
Mortgage loans	14,637,255	12,818,985
Real estate	11,354,916	10,493,991
Cash and cash equivalents and short-term investments	5,147,392	5,587,304
Other	23,002,276	24,925,251
Gross investment income	232,573,124	229,760,742
Amortization of IMR	369,401	401,376
Investment expenses	(58,454,403)	(56,112,268)
Net investment income	$ 174,488,122	$ 174,049,850

3. STRUCTURED SECURITIES

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

2019	Carrying Value	Gross Unrealized Capital Gains	Gross Unrealized Capital Losses	Estimated Fair Value
MBS:				
Commercial	$ 283,923,656	$ 34,962,969	$ 7,159	$ 318,879,466
Residential	305,269,326	18,939,236	775,119	323,433,443
	589,192,982	53,902,205	782,278	642,312,909
Other ABS	306,049,860	7,368,840	541,780	312,876,920
Total	$ 895,242,842	$ 61,271,045	$ 1,324,058	$ 955,189,829

2018	Carrying Value	Gross Unrealized Capital Gains	Gross Unrealized Capital Losses	Estimated Fair Value
MBS:				
Commercial	$ 308,680,151	$ 19,278,660	$ 1,039,093	$ 326,919,718
Residential	203,494,753	13,631,434	2,013,430	215,112,757
	512,174,904	32,910,094	3,052,523	542,032,475
Other ABS	153,466,959	3,263,468	1,120,814	155,609,613
Total	$ 665,641,863	$ 36,173,562	$ 4,173,337	$ 697,642,088

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

	Less than One-Year		One-Year or More		Total	
2019	**Estimated Fair Value**	**Gross Unrealized Capital Losses**	**Estimated Fair Value**	**Gross Unrealized Capital Losses**	**Estimated Fair Value**	**Gross Unrealized Capital Losses**
MBS:						
Commercial	$ 268,886	$ 7,159	$ -	$ -	$ 268,886	$ 7,159
Residential	81,315,930	774,870	10,784	249	81,326,714	775,119
	81,584,816	782,029	10,784	249	81,595,600	782,278
Other ABS	107,801,475	536,387	2,855,095	5,393	110,656,570	541,780
Total	$ 189,386,291	$ 1,318,416	$ 2,865,879	$ 5,642	$ 192,252,170	$ 1,324,058

	Less than One-Year		One-Year or More		Total	
2018	**Estimated Fair Value**	**Gross Unrealized Capital Losses**	**Estimated Fair Value**	**Gross Unrealized Capital Losses**	**Estimated Fair Value**	**Gross Unrealized Capital Losses**
MBS:						
Commercial	$ 20,182,853	$ 1,039,093	$ -	$ -	$ 20,182,853	$ 1,039,093
Residential	10,066,356	2,011,636	421,434	1,794	10,487,790	2,013,430
	30,249,209	3,050,729	421,434	1,794	30,670,643	3,052,523
Other ABS	65,737,516	855,648	9,829,872	265,166	75,567,388	1,120,814
Total	$ 95,986,725	$ 3,906,377	$ 10,251,306	$ 266,960	$ 106,238,031	$ 4,173,337

OTTI is recognized based on the Company's intent to sell, inability to hold to maturity, and when the present value of future cash flows is expected to be less than the amortized cost of the security. There were no OTTI on loan-backed and structured securities related to the intent to sell or inability to hold to maturity during 2019 or 2018. All of the Company's OTTI on loan-backed and structured securities during 2019 and 2018 were based on the present value of future cash flows expected to be less than the amortized cost of the security as shown in the following tables:

2019	**Amortized Cost Basis Before Current Period OTTI**	**Present Value of Projected Cash Flows**	**Recognized OTTI**	**Amortized Cost Basis After OTTI**	**Fair Value at Date of Impairment**	**Date of Financial Statement Where Reported**
CUSIP:						
03235TAA5	$ 5,724,223	$ 2,689,000	$ 3,035,223	$ 2,689,000	$ 2,688,971	12/31/2019
46625MDA4	71,068	-	71,068	-	-	3/31/2019
Total	$ 5,795,291	$ 2,689,000	$ 3,106,291	$ 2,689,000	$ 2,688,971	

2018	**Amortized Cost Basis Before Current Period OTTI**	**Present Value of Projected Cash Flows**	**Recognized OTTI**	**Amortized Cost Basis After OTTI**	**Fair Value at Date of Impairment**	**Date of Financial Statement Where Reported**
CUSIP:						
03235TAA5	$ 7,074,158	$ 6,013,034	$ 1,061,124	$ 6,013,034	$ 6,013,034	9/30/2018
46625MDA4	3,979,040	3,910,710	68,330	3,910,710	3,910,710	3/31/2018
Total	$ 11,053,198	$ 9,923,744	$ 1,129,454	$ 9,923,744	$ 9,923,744	

4. FAIR VALUE MEASUREMENTS

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

2019	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	NAV	Total
State and political subdivisions securities	$ -	$ 740,344	$ -	$ 740,344
SVO Identified Funds — ETFs	1,091,733	-	-	1,091,733
Common stocks — unaffiliated	23,234,332	17,250,100	20,825,155	61,309,587
Securities lending cash collateral	300,136,330	-	-	300,136,330
Total assets	$ 324,462,395	$ 17,990,444	$ 20,825,155	$ 363,277,994

2018	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	NAV	Total
State and political subdivisions securities	$ -	$ 642,000	$ -	$ 642,000
SVO Identified Funds — ETFs	810,705	-	-	810,705
Common stocks — unaffiliated	18,019,040	550,000	18,027,748	36,596,788
Securities lending cash collateral	149,354,470	-	-	149,354,470
Total assets	$ 168,184,215	$ 1,192,000	$ 18,027,748	$ 187,403,963

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

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

Level 1 Measurements

SVO Identified Funds-ETFs and Common Stocks - Unaffiliated - The valuation of these securities is based on unadjusted quoted prices in active markets that are accessible for identical assets.

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

Level 2 Measurements

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

Common Stocks-Unaffiliated — These FHLB capital stocks are only redeemable at par, so the fair value is presumed to be par.

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 measured at fair value on a recurring basis classified within Level 3 as of December 31, 2019 and 2018.

NAV

Common Stocks-Unaffiliated — These securities consist of open-ended real estate trusts and are principally valued using the net asset values provided by the asset managers.

There were no changes in assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended December 31, 2019. During the year ended December 31, 2018, $15,541,850 was transferred out of Level 3.

Fair Value of Financial Instruments — There were no financial instruments for which it was not practicable to determine a fair value for the years ended December 31, 2019 and 2018. The carrying values, estimated fair values, and fair value hierarchy level of the Company's financial instruments as of December 31, were as follows:

2019	Carrying Value	Estimated Fair Value	Level 1	Level 2	Level 3	NAV
Financial assets:						
Bonds	$ 3,890,579,678	$ 4,315,246,432	$ 1,091,733	$ 4,017,467,981	$ 296,686,718	$ -
Preferred stocks	7,780,966	8,543,966	-	8,543,966	-	-
Common stocks — unaffiliated	61,309,587	61,309,587	23,234,332	17,250,100	-	20,825,155
Mortgage loans	274,346,238	290,607,523	-	-	290,607,523	-
Other invested assets — Surplus Notes	4,039,752	4,354,470	-	4,354,470	-	-
Cash and cash equivalents	70,919,695	70,914,743	68,584,441	2,330,302	-	-
Short-term investments	61,233,017	61,232,423	-	61,232,423	-	-
Securities lending cash collateral	300,136,330	300,136,330	300,136,330	-	-	-
Derivative assets	3,870,495	4,071,812	-	4,071,812	-	-
Financial liabilities:						
Borrowings	499,275,086	499,275,086	383,775,086	115,500,000	-	-
Payable for securities lending	300,136,330	300,136,330	300,136,330	-	-	-
Derivative cash collateral	3,020,000	3,020,000	3,020,000	-	-	-
Derivative liabilities	1,888,934	2,188,558	-	2,188,558	-	-

2018	Carrying Value	Estimated Fair Value	Level 1	Level 2	Level 3	NAV
Financial assets:						
Bonds	$ 3,468,601,105	$ 3,519,923,908	$ 810,705	$ 3,329,225,262	$ 189,887,941	$ -
Preferred stocks	11,725,280	11,729,605	-	11,729,605	-	-
Common stocks — unaffiliated	36,596,788	36,596,788	18,019,040	550,000	-	18,027,748
Mortgage loans	261,832,753	268,877,254	-	-	268,877,254	-
Other invested assets — Surplus Notes	4,098,249	4,250,890	-	4,250,890	-	-
Cash and cash equivalents	53,736,398	53,734,505	53,734,505	-	-	-
Short-term investments	148,650,000	148,650,000	-	148,650,000	-	-
Securities lending cash collateral	149,354,470	149,354,470	149,354,470	-	-	-
Derivative assets	4,425,617	3,347,907	-	3,347,907	-	-
Financial liabilities:						
Borrowings	88,000,000	88,000,000	-	88,000,000	-	-
Payable for securities lending	149,354,470	149,354,470	149,354,470	-	-	-
Derivative cash collateral	1,200,000	1,200,000	1,200,000	-	-	-
Derivative liabilities	983,774	2,246,789	-	2,246,789	-	-

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

The fair values of securities lending cash collateral, derivative financial instruments, common stock-unaffiliated, and payable for securities lending are estimated as discussed above.

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

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

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

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

Cash & Cash Equivalents — The fair value for cash equivalents includes a bond with less than a year to maturity, are valued using a discounted cash flow methodology using standard market observable inputs, and inputs derived from, or corroborated by, market observable data, including the market yield curve, duration, call provisions, observable prices, and spreads for similar publicly traded issues that incorporate the credit quality and industry sector of the issuer. The carrying amount for cash and other cash equivalents approximates fair value.

Short-term Investments — The fair values for short-term investments includes public bonds and short-term revolvers. The public bonds are valued using a discounted cash flow methodology using standard market observable inputs, and inputs derived from, or corroborated by, market observable data, including the market yield curve, duration, call provisions, observable prices, and spreads for similar publicly traded issues that incorporate the credit quality and industry sector of the issuer. The carrying amount of short-term revolvers approximates fair value.

Borrowings — The carrying amounts for borrowings, approximates their fair value due to their short-term nature.

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

Derivative Assets and Liabilities — These derivatives consist of foreign currency swaps and are principally valued using an income approach. The valuation of these securities 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.

5. DERIVATIVE FINANCIAL INSTRUMENTS

The following table summarizes the Company's derivative financial instruments as of December 31:

				Carrying Value		Estimated Fair Value	
2019	**Contracts**	**Notional Amount**	**Credit Exposure**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Foreign currency swaps	N/A	$ 114,723,049	$ 1,693,460	$ 3,870,495	$ 1,888,934	$ 4,071,812	$ 2,188,558
Total	N/A	$ 114,723,049	$ 1,693,460	$ 3,870,495	$ 1,888,934	$ 4,071,812	$ 2,188,558

				Carrying Value		Estimated Fair Value	
2018	**Contracts**	**Notional Amount**	**Credit Exposure**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Foreign currency swaps	N/A	$ 119,065,549	$ 1,849,323	$ 4,425,617	$ 983,774	$ 3,347,907	$ 2,246,789
Total	N/A	$ 119,065,549	$ 1,849,323	$ 4,425,617	$ 983,774	$ 3,347,907	$ 2,246,789

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

2019	Unrealized Capital Gains (Losses)	Net Investment Income
Foreign currency swaps	$ (1,460,282)	$ 1,664,741

2018	Unrealized Capital Gains (Losses)	Net Investment Income
Foreign currency swaps	$ 10,101,642	$ 1,474,474

Certain of the Company's derivative instruments contain provisions requiring collateral against the fair value subject to minimum transfer amounts. The aggregate fair value of all the derivative instruments with collateral features was a asset of $1,883,254 and $1,101,118 as of December 31, 2019 and 2018, respectively. The Company was holding $3,020,000 of cash collateral as of December 31, 2019. The Company pledged $1,200,000 of cash collateral as of December 31, 2018.

6. INCOME TAXES

The Company is the parent corporation of an affiliated group of corporations that file a consolidated U.S. Corporate Income Tax Return. The Company's federal income tax return is consolidated with the following affiliates: Companion Life Insurance Company ("Companion"), United of Omaha, United World Life Insurance Company ("United World"), Medicare Advantage Insurance Company of Omaha, Omaha Supplemental Insurance Company, Medicare Advantage Company, Omaha Reinsurance Company, Mutual of Omaha Structured Settlement Company, Mutual of Omaha Holdings, Inc. and its subsidiaries, Omaha Financial Holdings, Inc. and certain of its subsidiaries including Mutual of Omaha Bank, Mutual Community Development Company, OMAFIN, Inc., and Synergy One Lending, Inc., and Omaha Health Insurance Company. The Company also files state income tax returns in certain jurisdictions.

Income taxes are allocated between its subsidiaries pursuant to a written agreement approved by the Board of Directors. Each subsidiary's provision for federal income taxes is based on separate return calculations with a limited exception. The annual cost or benefit of the tax sharing agreement between the Company and its subsidiaries is charged or credited to surplus. Amounts due to subsidiaries as of December 31, 2019 was $1,260,845 and amounts due from subsidiaries as of December 31, 2018 was $9,407,992. These amounts were included in federal income taxes recoverable.

On December 22, 2017, the Tax Cuts and Jobs Act ("Act") was signed into law. The Act included numerous changes, including a permanent reduction in the federal corporate income tax rate from 35% to 21%, effective January 1, 2018. In 2018, certain adjustments were made to the Company's taxable income in conjunction with finalizing its U.S. federal income tax return for the period ended December 31, 2017. The Company also carried back capital losses incurred in 2018 that offset capital gains incurred in earlier tax years. These items resulted in an increase of $1,454,930 and $27,643,992 to the Company's net income and surplus for the years ended December 31, 2019 and 2018, respectively. As of December 31, 2018, the accounting for the material financial reporting impacts of the Act was complete.

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

Federal income tax (benefit) incurred for the years ended December 31, consisted of the following major components:

	2019	2018
Current federal income tax (benefit)	$ 653,157	$ (23,857,749)
Federal income tax (expense) benefit on net realized capital gain (loss)	2,084,124	(2,516,933)
Federal income tax (benefit)	2,737,281	(26,374,682)
Change in net deferred income tax benefit	(54,288,438)	(14,346,759)
Total federal income tax benefit incurred	$ (51,551,157)	$ (40,721,441)

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

	2019	2018
Net loss from operations before federal income tax benefit and net realized capital gain (loss)	$ (124,146,065)	$ (187,310,791)
Net realized capital gain (loss) before federal income tax (benefit) and transfers to IMR	4,081,465	(5,951,133)
Total pre-tax loss	(120,064,600)	(193,261,924)
Statutory tax rate	21 %	21 %
Expected federal income tax benefit incurred	(25,213,566)	(40,585,004)
Prior year tax expenses	(684,771)	20,896,735
Change in nonadmitted assets	3,350,838	(1,804,259)
Amortization of IMR	(77,574)	(84,289)
Pension liability adjustments	(15,283,235)	11,782,691
Life insurance cash values	(14,707,389)	3,297,364
Losses from disregarded entities	(2,090,638)	(2,382,772)
Dividends received deductions	(901,198)	-
Tax credit investment and realization	7,076,584	-
Net interest income reported in federal income tax	(2,255,288)	-
Other	690,010	(4,197,915)
Federal income tax benefit at effective tax rate before 2017 tax legislation	(50,096,227)	(13,077,449)
Impact of 2017 tax legislation	(1,454,930)	(27,643,992)
Total federal income tax (benefit) at effective tax rate after 2017 tax legislation	$ (51,551,157)	$ (40,721,441)

The Company invests in LIHTC limited partnerships from which federal credits are scheduled to be received through 2031. The federal LIHTC programs provide tax credits over a ten-year period, after which the required holding period extends five-years. The amount of LIHTC and other tax benefits recognized during 2019 and 2018 are $9,164,443 and $8,831,601, respectively.

The statute of limitations remains open for the current and preceding three calendar years. The Internal Revenue Service has initiated audits of Mutual of Omaha and its subsidiaries' federal income tax returns for calendar years 2014 through 2018 related to losses incurred and carried back to earlier tax years. At this time, no material adjustments are expected as a result of this examination.

Net operating losses incurred after December 31, 2017 cannot be carried back to prior years but carry forward indefinitely where such carryforward is limited to a deduction equal to 80% of the taxable income in any one year. There were no net operating loss carryforwards as of December 31, 2019.

For the years ended December 31, 2019 and 2018, there was no income tax accrual for uncertain tax positions. As of December 31, 2019, there were no positions for which management believes it is reasonably possible that the total amounts of tax contingencies will significantly increase within twelve-months of the reporting date. As of December 31, 2019 and 2018, the Company had no statutory valuation allowance reducing its DTA.

For the years ended December 31, 2019 and 2018, there was no income tax accrual for uncertain tax positions. As of December 31, 2019, there were no positions for which management believes it is reasonably possible that the total amounts of tax contingencies will significantly increase within twelve-months of the reporting date. As of December 31, 2019 and 2018, based on the weight of available positive and negative evidence and the expectation that more likely than not the DTA's will be realized, no valuation allowance was recorded.

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

	2019		
	Ordinary	**Capital**	**Total**
Gross DTA	$ 325,204,532	$ 28,075,481	$ 353,280,013
Nonadmitted DTA	(207,277,761)	(23,115,552)	(230,393,313)
Net admitted DTA	117,926,771	4,959,929	122,886,700
DTL	(45,290,794)	(4,149,241)	(49,440,035)
Net DTA	$ 72,635,977	$ 810,688	$ 73,446,665

	2018		
	Ordinary	**Capital**	**Total**
Gross DTA	$ 286,691,254	$ 8,271,762	$ 294,963,016
Nonadmitted DTA	(165,552,367)	(5,984,212)	(171,536,579)
Net admitted DTA	121,138,887	2,287,550	123,426,437
DTL	(49,944,339)	(1,864,167)	(51,808,506)
Net DTA	$ 71,194,548	$ 423,383	$ 71,617,931

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

	2019		
	Ordinary	**Capital**	**Total**
Federal income tax paid in prior years recoverable through loss carrybacks	$ -	$ -	$ -
Adjusted gross DTA expected to be realized (lesser of 1 or 2)	72,635,977	810,688	73,446,665
1. Adjusted gross DTA expected to be realized following the balance sheet date	72,635,977	810,688	73,446,665
2. Adjusted gross DTA allowed per limitation threshold	N/A	N/A	432,806,397
Adjusted gross DTA that can be offset by DTL	45,290,794	4,149,241	49,440,035
DTA admitted as the result of application of SSAP 101	$117,926,771	$4,959,929	$122,886,700

	2018		
	Ordinary	**Capital**	**Total**
Federal income tax paid in prior years recoverable through loss carrybacks	$ -	$ -	$ -
Adjusted gross DTA expected to be realized (lesser of 1 or 2)	71,194,548	423,383	71,617,931
1. Adjusted gross DTA expected to be realized following the balance sheet date	71,194,548	423,383	71,617,931
2. Adjusted gross DTA allowed per limitation threshold	N/A	N/A	460,507,273
Adjusted gross DTA that can be offset by DTL	49,944,339	1,864,167	51,808,506
DTA admitted as the result of application of SSAP 101	$121,138,887	$2,287,550	$123,426,437

The authorized control level risk-based capital ("RBC") ratio percentages used to determine recovery period and threshold limitation amounts were 726% and 791% as of December 31, 2019 and 2018, respectively. The amounts of adjusted capital and surplus used to determine recovery period and threshold limitations were $3,355,690,864 and $3,463,094,841 as of December 31, 2019 and 2018, respectively.

The Company has not utilized an income tax planning strategy for the realization of the DTA for 2019 or 2018.

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

	2019	2018	Change
DTA:			
Ordinary:			
Policy reserves	$ 69,711,097	$ 64,816,718	$ 4,894,379
Deferred acquisition costs	56,824,799	50,982,688	5,842,111
Expense accruals and other prepaid income	44,544,969	45,563,663	(1,018,694)
Pension liability	43,195,003	30,117,702	13,077,301
Nonadmitted assets	3,978,511	15,691,007	(11,712,496)
Bonds and other invested assets	10,738,469	19,748,250	(9,009,781)
Net operating loss carryforwards	77,027,226	50,238,505	26,788,721
Depreciation and amortization	6,777,816	3,417,997	3,359,819
Other	12,406,642	6,114,724	6,291,918
Subtotal	325,204,532	286,691,254	38,513,278
Nonadmitted DTA	(207,277,761)	(165,552,367)	(41,725,394)
Admitted ordinary DTA	117,926,771	121,138,887	(3,212,116)
Capital — investments	28,075,481	8,271,762	19,803,719
Subtotal	28,075,481	8,271,762	19,803,719
Nonadmitted	(23,115,552)	(5,984,212)	(17,131,340)
Admitted capital DTA	4,959,929	2,287,550	2,672,379
Admitted DTA	122,886,700	123,426,437	(539,737)
DTL:			
Ordinary:			
Unrealized gains	(4,089,193)	(3,191,608)	(897,585)
Policyholder reserves	(29,898,576)	(37,548,817)	7,650,241
Other	(11,303,025)	(9,203,914)	(2,099,111)
Subtotal	(45,290,794)	(49,944,339)	4,653,545
Capital — investments	(4,149,241)	(1,864,167)	(2,285,074)
Subtotal	(4,149,241)	(1,864,167)	(2,285,074)
DTL	(49,440,035)	(51,808,506)	2,368,471
Net admitted DTA	$ 73,446,665	$ 71,617,931	$ 1,828,734

The Company does not recognize a temporary difference related to the unrealized capital gains (losses) for its investment in subsidiaries. The net operating loss carryforward reported in the DTA is a tax sharing attribute and does not represent an amount eligible to offset taxable income in a specific jurisdiction.

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

	2019	2018	Change
DTA	$ 353,280,013	$ 294,963,016	$ 58,316,997
DTL	(49,440,035)	(51,808,506)	2,368,471
Net DTA	$ 303,839,978	$ 243,154,510	60,685,468
Tax effect of unrealized gains (losses)			(6,397,030)
Change in net deferred income tax			$ 54,288,438

	2018	2017	Change
DTA	$ 294,963,016	$ 267,253,202	$ 27,709,814
DTL	(51,808,506)	(37,610,305)	(14,198,201)
Net DTA	$ 243,154,510	$ 229,642,897	13,511,613
Tax effect of unrealized gain			835,146
Change in net deferred income tax			$ 14,346,759

7. RELATED PARTY INFORMATION

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

	2019		2018	
	Admitted	Nonadmitted	Admitted	Nonadmitted
Omaha Financial Holdings, Inc.	$ 1,001,652,193	$ -	$ 901,524,800	$ -
Mutual of Omaha Investor Services, Inc.	3,291,976	-	3,105,059	-

The Company has an investment in an insurance SCA, United of Omaha, for which the audited statutory surplus and income reflects a departure from NAIC SAP, for a prescribed practices from the NDOI. The prescribed practice requires an accounting practice for synthetic guaranteed interest contracts ("synthetic GIC") that differs from NAIC SAP in how certain reserves are determined. In 2019 and 2018, this practice increased net income by $6,930,318 and $513,285 and decreased surplus $339,404 and $7,269,722, respectively. The Company's investment in United of Omaha was $1,761,937,972 and $1,639,369,793 at December 31, 2019 and 2018, respectively. The investment would have been $1,762,277,376 and $1,646,639,515 at December 31, 2019 and 2018, respectively, without the prescribed practices. The RBC of United of Omaha would not have triggered a regulatory event if the prescribed practice was not used.

The carrying values of United of Omaha and OFHI each exceed 10% of the admitted assets of the Company. The Company carries its investment in United of Omaha and OFHI on the statutory surplus method and the GAAP equity method, respectively. Assets, liabilities and results of operations for United of Omaha and OFHI as of December 31, were as follows:

	2019		2018	
	United of Omaha	**OFHI**	**United of Omaha**	**OFHI**
Admitted assets	$ 26,246,357,059	$ 8,735,294,023	$ 23,038,776,282	$ 8,532,883,451
Liabilities	24,484,419,087	7,733,641,831	21,399,406,489	7,631,358,652
Net income	136,209,532	65,997,800	55,373,839	82,954,551

The table below reflects amounts related to unsecured revolving credit agreements with related parties as of December 31, 2019, which are included in short-term investments in the statutory statements of admitted assets, liabilities, and surplus. Effective December 1, 2019 the Company terminated the $96,900,000 revolving line of credit with ECR and forgave the outstanding balance of $59,969,512 in the form of a cash contribution. For the years ended December 31, 2019 and 2018, the Company received interest income in the amount of $3,081,014 and $3,813,956, respectively. There were no non-admitted amounts related to these agreements as of December 31, 2019. Interest income is included in net investment income in the statutory statements of operations. Interest only payments are required monthly.

	Maximum	Interest	Amount	Interest Income	
Borrowing Company	**Borrowing**	**Rate**	**Outstanding**	**2019**	**2018**
Omaha Financial Holdings, Inc.	$ 200,000,000	2.16%	$ 51,750,000	$ 1,376,834	$ 1,526,081
United World Life Insurance Company	20,000,000	1.65%	5,000,000	3,227	-

The Company also has the following unsecured demand, revolving credit lending agreements available to related parties. There were no amounts outstanding under these agreements as of December 31, 2019 and 2018.

Borrowing Company	**Maximum Borrowing**
United of Omaha Life Insurance Company	$ 250,000,000
Mutual of Omaha Medicare Advantage Company	50,000,000
Omaha Reinsurance Company	30,000,000
Omaha Insurance Company	30,000,000
Omaha Supplemental Insurance Company	30,000,000
Companion Life Insurance Company	23,000,000
Omaha Health Insurance Company	10,000,000
Mutual of Omaha Medicare Advantage Company	10,000,000
East Campus Realty, LLC	5,000,000
Turner Park North, LLC	5,000,000

The Company has the following unsecured demand, revolving credit borrowing agreements available from related parties. The interest rate for borrowings under these agreements in 2019 was from 1.65% to 2.46% and 1.50% to 2.43% during 2018. The Company had $115,500,000 due to United of Omaha as of December 31, 2019.

Lending Company	Maximum Borrowing
United of Omaha Life Insurance Company	$ 500,000,000
Mutual of Omaha Medicare Advantage Company	50,000,000
Omaha Insurance Company	30,000,000
Companion Life Insurance Company	23,000,000
United World Life Insurance Company	20,000,000
Omaha Health Insurance Company	10,000,000

All of the above lending and borrowing agreements renew annually for a one-year term.

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

	2019	2018
Omaha Health Insurance Company	$ 90,000,000	$ 10,000,000
East Campus Realty Company	65,969,512	10,000,000
Mutual of Omaha Medicare Advantage Company	-	66,000,000
Omaha Supplemental Insurance Company	17,500,000	-
Omaha Insurance Company	10,000,000	10,000,000
Turner Park North, L.L.C.	2,500,000	500,000
Mutual of Omaha Holdings	2,000,000	-

The Company has reinsurance agreements with affiliate entities. The Company assumes certain individual health insurance from United of Omaha, Omaha Insurance Company, United World and Companion. See Note 9 for impacts on the statutory financial statements due to these agreements.

The Company is a member of a controlled group of companies and as such its results may not be indicative of those if it were to be operated on a stand-alone basis. Certain amounts are paid or collected by the Company on behalf of its direct and indirect subsidiaries. Additionally, the Company and certain of its direct and indirect subsidiaries share certain resources such as personnel, operational and administrative services, facilities, information and communication services, employee benefits administration, investment management, advertising and general management services. Most of the expenses related to these resources were paid by the Company and are subject to allocation among the Company and such subsidiaries. Management believes the measures used to allocate expenses among companies provide a reasonable allocation that conforms to NAIC guidelines and are usually settled within 30 days. Amounts due to the Company for these services were included in receivable from subsidiaries and were $87,432,396 and $80,102,261 as of December 31, 2019 and 2018, respectively. Also included in recivable from subsidiaries was net amounts due the Company for premiums deposited, tax payments, claims processed, and commissions paid.

Additionally, the Company received the following fees under management agreements, service contracts and cost sharing agreements from its subsidiaries and affiliates. Mutual of Omaha Marketing Corporation was $1,578,677 and $1,557,215 for December 31, 2019 and 2018, respectively, which were included as a reduction of operating expenses.

The Company utilizes the look-through approach in valuing its investment in Mutual of Omaha Holdings, Inc. Mutual of Omaha Holdings, Inc. is not audited, and it accordance with SSAP No. 97 *Investment in Subsidiary, Controlled and Affiliated Entities*, it is carried at the combined value of its audited subsidiaries: Mutual of Omaha Investor Services, Inc., valued at its audited GAAP equity of $3,291,976, and Omaha Insurance, valued at its underlying statutory surplus of $54,945,452.

8. BORROWINGS

The Company has a borrowing agreement with the FHLB under which the Company pledges FHLB approved collateral in return for extensions of credit. The Company and United of Omaha have authorized by their Board of Directors to obtain extensions of credit under their agreements with the FHLB on a combined basis in the amount not to exceed $1,100,000,000, of that amount not to exceed $400,000,000 to provide to its mortgage origination affiliate, and with a maximum of $800,000,000 available for funding agreement contracts. There was $383,335,328 short-term outstanding borrowings from FHLB as of December 31, 2019. There were no advances against the credit agreement at December 31, 2018. The maximum amount borrowed by the Company under this agreement was $383,335,328 during the year ended December 31, 2019.

The Company had securities loaned to third parties of $299,927,374 and $146,935,788 as of December 31, 2019 and 2018, respectively. The Company received cash collateral of $300,136,330 and $149,354,470 through these security lending agreements as of December 31, 2019 and 2018, respectively, and is reported as a payable for securities lending on the statutory statements of admitted assets, liabilities, and surplus. The securities loaned as of December 31, 2019 and 2018, were on open terms whereby the related loaned security could be returned to the Company on the next business day requiring return of cash collateral. The Company cannot access the cash collateral unless the borrower fails to deliver the loaned securities.

The amortized cost and estimated fair values of the Company's collateral as of December 31, 2019, were as follows:

	Fair Value	**Amortized Cost**
30 days or less	$115,269,925	$115,268,917
31 to 60 days	12,534,353	12,534,133
61 to 90 days	56,868,647	56,900,647
91 to 120 days	11,373,019	11,359,928
121 to 180 days	10,860,895	10,868,864
181 to 365 days	49,694,368	49,670,750
1 to 2 years	43,561,710	43,533,091
Total collateral received	$300,162,917	$300,136,330

On May 3, 2019, the Company entered into a senior unsecured five-year credit facility, which includes letter-of-credit and short-term sub-facilities, that allows for an aggregate maximum borrowing of $300,000,000. As of the closing date, the Company and United of Omaha terminated their joint unsecured revolving line of credit agreements, which had scheduled maturity dates in June 2019. As of December 31, 2019 and 2018, the Company had no outstanding borrowings under this agreement.

The Company has agreements with third parties to sell and repurchase securities. Under these agreements, the Company obtains the use of funds for a period not to exceed 30 days. Maximum borrowings allowed under these agreements are $100,000,000. As of December 31, 2019 and 2018, the Company had no outstanding borrowings under these agreements.

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

	2019	2018
Health and accident premiums:		
Assumed:		
Affiliates	$1,548,851,010	$1,315,423,846
Non-affiliates	601,132,904	596,797,675
	$2,149,983,914	$1,912,221,521
Ceded — non-affiliates	$ 105,685,998	$ 101,456,328
Health and accident benefits:		
Assumed:		
Affiliates	$1,246,472,381	$1,004,042,752
Non-affiliates	509,931,110	486,501,456
	$1,756,403,491	$1,490,544,208
Ceded — non-affiliates	$ 19,100,725	$ 20,234,690
Commissions:		
Assumed:		
Affiliates	$ 396,288,292	$ 353,053,942
Non-affiliates	154,021,437	159,765,346
	$ 550,309,729	$ 512,819,288
Commissions and expense allowances on reinsurance:		
Ceded:		
Non-affiliates	$ 26,914,692	$ 26,512,047
Health and accident policy reserves:		
Assumed:		
Affiliates	$ 490,352,668	$ 418,897,472
Non-affiliates	133,475,945	131,669,330
	$ 623,828,613	$ 550,566,802
Ceded — non-affiliates	$ 404,147,437	$ 343,477,727
Policy and contract claims:		
Assumed:		
Affiliates	$ 249,432,130	$ 197,457,623
Non-affiliates	114,094,230	109,002,219
	$ 363,526,360	$ 306,459,842
Ceded — non-affiliates	$ 13,346,783	$ 12,363,183

10. EMPLOYEE BENEFIT PLANS

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

Projected Benefit Obligations and Plan Assets — The Company has no pension or other benefit plans in which projected benefit obligations are overfunded as of December 31, 2019 and 2018. The changes in the projected benefit obligation and plan assets for the Company's underfunded plans as of December 31, the measurement date, were as follows:

	Pension Benefits		Other Benefits	
	2019	2018	2019	2018
Change in benefit obligation:				
Benefit obligation at beginning of year	$ 1,171,295,945	$ 1,273,922,572	$ 45,360,417	$ 61,645,138
Service cost	5,879,660	6,698,579	101,811	131,037
Interest cost	53,128,463	49,438,343	1,994,156	2,332,384
Actuarial (gain) loss	119,390,644	(100,846,695)	6,673,428	(15,448,389)
Benefits paid	(56,905,213)	(57,916,854)	(4,234,012)	(3,299,753)
Benefit obligation at end of year	$ 1,292,789,499	$ 1,171,295,945	$ 49,895,800	$ 45,360,417
Change in plan assets:				
Fair value of plan assets at beginning of year	$ 978,284,557	$ 974,764,752	$ 10,102,349	$ 8,177,337
Actual return on plan assets	109,694,746	(22,041,000)	(1,288,663)	(1,738,775)
Employer contribution	3,477,659	83,477,659	-	4,000,000
Benefits paid	(56,905,213)	(57,916,854)	(18,886)	(336,213)
Fair value of plan assets at end of year	$ 1,034,551,749	$ 978,284,557	$ 8,794,800	$ 10,102,349

As of December 31, 2019 and 2018 the amount of the accumulated benefit obligation for defined benefit pension plans was $1,270,300,909 and $1,145,463,706, respectively.

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

	Pension Benefits		Other Benefits	
	2019	2018	2019	2018
Overfunded:				
Prepaid benefit costs	$ 100,396,980	$ 101,023,912	$ -	$ -
Total assets (nonadmitted)	$ 100,396,980	$ 101,023,912	$ -	$ -
Underfunded:				
Accrued benefit cost	$ 32,264,399	$ 32,693,117	$ 36,904,555	$ 38,810,785
Liability for pension benefits	225,973,351	160,318,271	4,196,445	(3,552,717)
Total liabilities recognized	$ 258,237,750	$ 193,011,388	$ 41,101,000	$ 35,258,068
Components of net periodic benefit cost				
Service cost	$ 5,879,660	$ 6,698,579	$ 101,811	$ 131,037
Interest cost	53,128,463	49,438,343	1,994,156	2,332,384
Expected return on plan assets	(61,832,667)	(61,683,649)	(397,370)	(283,952)
Amount of recognized gains and losses	6,500,417	24,526,125	13,969	437,887
Amount of prior service cost recognized	-	-	596,330	596,330
Total net periodic benefit cost	$ 3,675,873	$ 18,979,398	$ 2,308,896	$ 3,213,686

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

	Pension Benefits		Other Benefits	
	2019	2018	2019	2018
Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost:				
Items not yet recognized in net periodic cost at the beginning of the year	$ 261,342,183	$ 302,990,354	$ (3,553,717)	$ 10,907,162
Amortization of prior service credit (cost)	-	-	(596,330)	(596,330)
Net (gain) loss arising during the year	71,528,565	(17,122,046)	8,359,461	(13,425,662)
Amortization of actuarial loss	(6,500,417)	(24,526,125)	(13,969)	(437,887)
Items not yet recognized in net periodic cost at the end of the year	$ 326,370,331	$ 261,342,183	$ 4,195,445	$ (3,552,717)

The following benefit payments are expected to be paid (in thousands) as of December 31:

	2020	2021	2022	2023	2024	2025–2029
Pension benefits	$ 66,341	$ 69,454	$ 72,211	$ 74,669	$ 77,088	$ 402,355
Other postretirement benefits	$ 4,810	$ 4,672	$ 4,551	$ 4,362	$ 4,184	$ 18,133

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

	2019	2018
United group annuity contract:		
General asset account	$ 652,727,078	$ 515,914,828
Separate account K equity securities	47,913,644	50,987,194
Separate account II equity securities	111,440,573	96,960,527
Equity securities — domestic	32,351,422	50,424,555
Equity securities — foreign	105,620,414	141,042,552
Limited partnerships	84,498,618	122,954,901
Total	$ 1,034,551,749	$ 978,284,557

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

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

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

2019	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Pension:				
Separate account K equity securities	$ -	$ 47,913,644	$ -	$ 47,913,644
Separate account II equity securities	111,440,573	-	-	111,440,573
Equity securities — domestic	32,351,422	-	-	32,351,422
Equity securities — foreign	38,589,283	67,031,131	-	105,620,414
Limited partnerships	-	-	84,498,618	84,498,618
Total	$ 182,381,278	$ 114,944,775	$ 84,498,618	$ 381,824,671
2018				
Pension:				
Separate account K equity securities	$ -	$ 50,987,194	$ -	$ 50,987,194
Separate account II equity securities	96,960,527	-	-	96,960,527
Equity securities — domestic	50,424,555	-	-	50,424,555
Equity securities — foreign	30,138,522	110,904,030	-	141,042,552
Limited partnerships	-	-	122,954,901	122,954,901
Total	$ 177,523,604	$ 161,891,224	$ 122,954,901	$ 462,369,729

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

The Company has various regulated investment advisors that monitor investments in the Pension Plan to ensure they are in compliance with the Company's investment policy and guidelines. The use of derivative instruments as direct investments is prohibited. The Company's Retirement Plans Committee periodically reviews the performance of the defined benefit plan's investments and asset allocation. The current allocation strategy is 69% fixed income and 31% equities and other. The Company, subject to general guidelines set by the Retirement Plans Committee, makes all investment decisions.

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

The Company expects to use available credits in lieu of required contributions in 2020. Additional voluntary contributions may be made pursuant to the maximum funding limits under the Employee Retirement Income Security Act of 1974, as amended. The Company does not expect to make a contribution in 2020.

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

	Pension Benefits		**Other Benefits**	
	2019	**2018**	**2019**	**2018**
Projected benefit obligation				
Discount rate	3.65 %	4.65 %	3.65 %	4.65 %
Rate of increase in compensation levels	3.40	3.40	N/A	N/A
Net periodic pension cost				
Discount rate	4.65 %	4.00 %	4.65 %	4.00 %
Rate of increase in compensation levels	3.40	3.40	N/A	N/A
Expected long-term rate of return on plan assets	6.50	6.50	4.00	4.00

Actuarial losses in 2019 are primarily the result of a decrease in the discount rate, partially offset by higher than expected asset returns and changes in mortality assumptions. Actuarial gains in 2018 are primarily the result of an increase in the discount rate, partially offset by lower than expected asset returns.

The assumed health care cost trend rates used in measuring the accumulated postretirement benefit obligation was 5.30% and 5.20% in 2019 and 2018, respectively, gradually declining to 3.90% in 2074, and remaining at that level thereafter.

Savings and Investment Plans — The Company sponsors a savings and investment plan under which the Company matches a portion of employee contributions. The expense for this plan was $5,276,396 and $5,001,445 in 2019 and 2018, respectively. The Company also provides deferred compensation benefits for certain key executive officers. As of December 31, 2019 and 2018, the liability for deferred compensation benefits included in liability for benefits for employees and agents in the statutory statements of admitted assets, liabilities, and surplus was $22,636,002 and $20,361,210, respectively.

11. SURPLUS

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

	2019	2018
Unrealized capital gain (loss)	$ 1,290,576,535	$ 1,154,074,951
Nonadmitted assets	(351,324,975)	(309,338,169)
AVR	(216,519,228)	(196,488,329)

The minimum statutory capital and surplus necessary to satisfy regulatory requirements was $953,920,640 as of December 31, 2019 (company action level RBC). Company action level RBC is the level at which a company is required to file a corrective action plan with its regulators. Company action level RBC is equal to 200% of the authorized control level RBC, which is the level at which regulatory action is taken.

12. SURPLUS NOTES

On July 17, 2014, the Company issued $300,000,000 in surplus notes due July 15, 2054, at par. Interest on the 2014 notes is fixed at 4.297% and payable semiannually until January 15, 2024, at which time interest resets quarterly to three month LIBOR plus 2.642%, payable quarterly. The 2014 notes were underwritten by Goldman, Sachs & Co. and J.P. Morgan Securities LLC, and are administered by US Bank, NA as registrar and paying agent. The 2014 notes are callable under a make-whole provision calculated as the present value of the remaining principal and interest payments any time prior to July 15, 2024 or at any time on or after July 15, 2024 at par. On October 12, 2010, the Company issued a 6.95%, $300,000,000 surplus note due October 15, 2040, at a discount of $10,095,000 with interest due semiannually. The notes were underwritten by Goldman, Sachs & Co. and J.P. Morgan Securities LLC and are administered by US Bank, NA as registrar and paying agent. On June 15, 2006, the Company issued a 6.80%, $300,000,000 surplus note due June 15, 2036, at a discount of $3,630,000 with interest due semiannually. The notes are carried at amortized cost. The notes were underwritten by Goldman, Sachs & Co. and Merrill Lynch & Co., and are administered by U.S. Bank, NA as registrar and paying agent.

Any payment of interest or repayment of principal on any outstanding surplus note may be made, either in full or in part, from available surplus funds of the Company only with the prior approval of the NDOI. Interest of $41,495,015 paid in 2019 and 2018, is included in net investment income. Aggregate principle and interest paid on these notes totalled $640,040,758 as of December 31, 2019. The notes are unsecured obligations of the Company and are expressly subordinated in right of payment to all present and future claims and senior indebtedness of the Company.

13. COMMITMENTS AND CONTINGENCIES

The Company had unfunded investment commitments for limited partnerships, mortgage loans, and private preferred stock of $170,687,866 and $115,913,062 as of December 31, 2019 and 2018, respectively. As a condition of doing business, all states and jurisdictions have adopted laws requiring membership in life and health insurance guaranty funds. Member companies are subject to assessments each year based on life, health, or annuity premiums collected in the state. The Company estimated its costs related to past insolvencies and had a liability for guaranty fund assessments of $4,284,221 and $4,692,186 as of December 31, 2019 and 2018, respectively. The Company estimated premium tax credits that it will receive related to guaranty funds of $10,201,703 and $11,313,698 as of December 31, 2019 and 2018, respectively.

The Company recognizes discounted and undiscounted amounts relating to Penn Treaty Network America and its subsidiaries (together "Penn Treaty"). As of December 31, 2019, the discounted and undiscounted liabilities and receivables were $3,803,829 and $10,746,195, and $3,017,587 and $8,371,587, respectively. As of December 31, 2018, the discounted and undiscounted liabilities and receivables were $4,297,600 and $11,239,967, and $3,499,167 and $8,855,448, respectively. There are 50 jurisdictions for liabilities and 39 jurisdictions for premium tax credits by insolvency. Amounts used for the Penn Treaty accruals are the discounted amounts, using a 4.25% discount rate, reported by the National Organization of Life and Health Insurance Guaranty Association.

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

The Company entered into a Portfolio Maintenance Agreement with Omaha Re effective October 1, 2017. Under the Portfolio Matenance Agreement, to the extent there are any realized capital losses during any calendar quarter on any of the assets credited to certain funds withheld accounts established by United, the Company will contribute equity capital in the form of cash or assets to Omaha Re. There were no amounts due under this agreement as of December 31, 2019 and 2018.

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

14. LEASES

The Company and United of Omaha jointly enter into agreements for the rental of office space, equipment and computer software under non-cancelable operating leases. Future required minimum rental payments under leases as of December 31, 2019, were as follows:

2020	$11,028,437
2021	8,928,650
2022	6,614,271
2023	5,360,438
2024	3,653,555
Thereafter	7,777,646
Total	$43,362,997

The Company's rental expense for the years ended December 31, 2019 and 2018, was $8,627,452 and $8,315,066, respectively.

15. DIRECT PREMIUM WRITTEN

The Company's direct accident and health premium written by third-party administrators during the years ended December 31, 2019 and 2018 was as follows:

Name and Address of Managing General Agent or Third Party Administrator	FEIN Number	Type of Business Written	Authority Granted	Total Direct Written Premium 12/31/2019	Total Direct Written Premium 12/31/2018
LTCG 11000 Prairie Lakes Dr. Suite 600 Eden Prairie, MN 55344	95-4604537	Long-term care	Premium collection, Policyholder service, Claims payment/ administration	$ 349,296,330	$ 311,100,943
Maxon Company 76 N. Broadway Irvington, NY 10533	13-1883662	Group health	Premium collection, Claims administration	8,764,535	8,120,845
Health Special Risks, Inc. 880 Sibley Memorial Highway Suite 101 Mendota Heights, MN 55118	41-1365449	Special risk	Premium collection, Claims administration	3,793,001	4,296,598
All companies under $1 million				13,894	12,227
			Total Direct written premium	$ 361,867,760	$ 323,530,613

16. LIABILITY FOR POLICY AND CONTRACT CLAIMS

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

	2019	2018
Balance at January 1	$ 1,232,683,185	$ 1,112,898,678
Reinsurance recoverable	54,295,336	48,739,223
Net balance at January 1	1,178,387,849	1,064,159,455
Incurred related to:		
Current year	2,683,373,836	2,437,007,449
Prior years	(5,883,037)	29,666,573
Total incurred	2,677,490,799	2,466,674,022
Paid related to:		
Current year	2,038,989,548	1,835,038,252
Prior years	575,400,514	517,407,376
Total paid	2,614,390,062	2,352,445,628
Net balance at December 31	1,241,488,586	1,178,387,849
Reinsurance recoverable	54,785,195	54,295,336
Balance at December 31	$ 1,296,273,781	$ 1,232,683,185

For 2019, runout on prior year incurrals appears favorable on both interest adjusted and non-interest adjusted bases primarily due to the updated claim termination rates for Group Long Term Disability and favorable run out from Long Term Care, slightly offset by unfavorable runout on Special Risk due to settlement of a litigated claim. For 2018, runout on prior year incurrals appears unfavorable on a non-interest adjusted basis; however, on an interest adjusted basis, runout was favorable, driven primarily by Long-Term Care and Group Long-Term Disability.

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

A roll forward of the liability for claim adjustment expenses included in general expenses, due or accrued, as of December 31, was as follows:

	2019	2018
Prior year accrual	$ 23,872,048	$ 22,672,906
Incurred claim adjustment expenses	34,951,287	31,502,138
Paid claim adjustment expenses	(34,409,222)	(30,302,996)
	$ 24,414,113	$ 23,872,048

17. ELECTRONIC DATA PROCESSING EQUIPMENT AND SOFTWARE

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

	2019	2018
EDP equipment	$ 84,938,273	$ 74,734,320
Operating system software	12,803,256	12,803,256
Non-operating system software	246,676,244	230,245,741
Accumulated depreciation	(273,765,124)	(249,774,280)
Nonadmitted assets	(53,256,795)	(53,691,952)
	$ 17,395,854	$ 14,317,085

Depreciation expense related to EDP equipment and operating and non-operating software totaled $26,109,998 and $23,586,439 for the years ended December 31, 2019 and 2018, respectively.

18. RECONCILIATION TO ANNUAL STATEMENT

The Company is required to file an annual statement with the NDOI. Following the filing, it was determined that the noncash increase in value of COLI of $70,035,188 was incorrectly included on the statement of cash flows as an increase in cash outflows from commissions and operating expenses rather than a reduction in cash inflows from other income. This correction caused differences between the reported amounts in the annual statement and these statutory financial statements for the year ended December 31, 2019 and are shown in the table below.

	Amount in Annual Statement	Difference	Audited Financial Statements
Statement of cash flows:			
Operating cash flows			
Other income	$ 116,119,300	$ (70,035,188)	$ 46,084,112
Commissions and operating expenses	(1,067,670,712)	70,035,188	(997,635,524)

* * * * * *

SUPPLEMENTAL SCHEDULES

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INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

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

Our 2019 audit was conducted for the purpose of forming an opinion on the 2019 statutory-basis financial statements as a whole. The supplemental schedule of selected financial data, the supplemental summary investment schedule, and the supplemental schedule of investment risks interrogatories as of and for the year ended December 31, 2019, are presented for purposes of additional analysis and are not a required part of the 2019 statutory-basis financial statements. These schedules are the responsibility of the Company's management and were derived from and relate directly to the underlying accounting and other records used to prepare the statutory-basis financial statements. Such schedules have been subjected to the auditing procedures applied in our audit of the 2019 statutory-basis financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the statutory-basis financial statements or to the statutory-basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated in all material respects in relation to the 2019 statutory-basis financial statements as a whole.

Deloitte & Touche LLP

May 21, 2020

MUTUAL OF OMAHA INSURANCE COMPANY

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

Investment income earned:	
U.S. government bonds	$ 12,550,256
Other bonds (unaffiliated)	164,479,594
Bonds of affiliates	-
Preferred stocks — unaffiliated	467,750
Preferred stocks — affiliates	-
Common stocks — unaffiliated	933,685
Common stocks — affiliates	-
Mortgage loans	14,637,255
Real estate	11,354,916
Contract loans	-
Cash, cash equivalents and short-term investments	5,147,392
Other invested assets	1,654,403
Derivative instruments	20,125,732
Aggregate write-ins for investment income	1,222,141
Gross investment income	$ 232,573,124
Real estate owned — book value less encumbrances	$ 30,298,243
Mortgage loans — book value:	
Farm mortgages	$ -
Residential mortgages	3,778,985
Commercial mortgages	270,567,253
Total mortgage loans	$ 274,346,238
Mortgage loans by standing — book value:	
Good standing	$ 274,346,238
Good standing with restructured terms	$ -
Interest overdue more than three months — not in foreclosure	$ -
Foreclosure in process	$ -
Other long-term assets — statement value	$ 328,170,461
Collateral loans	$ -

(Continued)

MUTUAL OF OMAHA INSURANCE COMPANY

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

Bonds and stocks of subsidiaries and affiliates — book value:	
Bonds	$ 56,750,000
Preferred stocks	$ -
Common stocks	$ 2,923,954,030
Bonds by NAIC designation and maturity:	
Bonds by maturity — statement value:	
Due within one year or less	$ 410,356,049
Over 1 year and through 5 years	706,948,784
Over 5 years through 10 years	825,106,824
Over 10 years through 20 years	611,563,674
Over 20 years	1,471,990,742
No maturity date	$ 1,091,733
Total by maturity	$ 4,027,057,806
Bonds by NAIC designation — statement value:	
NAIC 1	$ 2,311,309,103
NAIC 2	1,614,242,375
NAIC 3	76,339,325
NAIC 4	4,446,779
NAIC 5	-
NAIC 6	20,720,224
Total by NAIC designation	$ 4,027,057,806
Total bonds publicly traded	$ 1,843,743,486
Total bonds privately traded	$ 2,183,314,320
Preferred stocks — statement value	$ 7,780,966
Common stocks — market value	$ 2,985,263,617
Short-term investments — book value	$ 61,233,017
Options, caps and floors owned — statement value	$ 1,883,254
Options, caps and floors written and in force — statement value	$ -
Collar, swap and forward agreements open — current value	$ -
Cash on deposit	$ (4,329,204)

(Continued)

MUTUAL OF OMAHA INSURANCE COMPANY

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

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

(Continued)

MUTUAL OF OMAHA INSURANCE COMPANY

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

Group:	
Amount of income payable	$ -
Fully paid — account balance	$ -
Not fully paid — account balance	$ -
Accident and health insurance — premiums in force:	
Other	$ 3,260,697,921
Group	$ 189,833,793
Credit	$ -
Deposit funds and dividend accumulations:	
Deposit funds — account balance	$ -
Dividend accumulations — account balance	$ -
Claim payments 2019 — group accident and health — year ended December 31, 2019:	
2019	$ 67,690,049
2018	$ 29,249,853
2017	$ 11,794,041
2016	$ 4,144,321
2015	$ 3,028,944
Prior	$ 17,174,407

(Continued)

Claim payments 2019 — other accident and health — year ended December 31, 2019:	
2019	$ 1,971,299,499
2018	$ 410,926,771
2017	$ 32,083,970
2016	$ 19,914,131
2015	$ 13,285,702
Prior	$ 33,798,372
Other coverages that use developmental methods to calculate claim reserves:	
2019	$ -
2018	$ -
2017	$ -
2016	$ -
2015	$ -
Prior	$ -

(Concluded)

SUMMARY INVESTMENT SCHEDULE

	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1	2	3	4	5	6
Investment Categories	Amount	Percentage of Column 1 Line 13	Amount	Securities Lending Reinvested Collateral Amount	Total (Col. 3 + 4) Amount	Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. governments	242,292,071	3.041	242,292,071	0	242,292,071	3.043
1.02 All other governments	0	0.000	0	0	0	0.000
1.03 U.S. states, territories and possessions, etc. guaranteed	2,136,215	0.027	2,136,215	0	2,136,215	0.027
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	5,740,344	0.072	5,740,344	0	5,740,344	0.072
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	210,362,101	2.640	210,362,101	0	210,362,101	2.642
1.06 Industrial and miscellaneous	3,347,527,890	42.012	3,347,527,890	89,915,969	3,437,443,859	43.172
1.07 Hybrid securities	81,429,325	1.022	81,429,325	0	81,429,325	1.023
1.08 Parent, subsidiaries and affiliates	0	0.000	0	0	0	0.000
1.09 SVO identified funds	1,091,733	0.014	1,091,733	0	1,091,733	0.014
1.10 Unaffiliated Bank loans	0	0.000	0	0	0	0.000
1.11 Total long-term bonds	3,890,579,678	48.828	3,890,579,678	89,915,969	3,980,495,647	49.992
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)	7,780,966	0.098	7,780,966	0	7,780,966	0.098
2.02 Parent, subsidiaries and affiliates	0	0.000	0	0	0	0.000
2.03 Total preferred stocks	7,780,966	0.098	7,780,966	0	7,780,966	0.098
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)	18,101,678	0.227	18,101,678	0	18,101,678	0.227
3.02 Industrial and miscellaneous Other (Unaffiliated)	20,825,155	0.261	20,825,155	0	20,825,155	0.262
3.03 Parent, subsidiaries and affiliates Publicly traded	0	0.000	0	0	0	0.000
3.04 Parent, subsidiaries and affiliates Other	2,923,954,030	36.696	2,923,954,030	0	2,923,954,030	36.723
3.05 Mutual funds	22,382,754	0.281	22,382,754	0	22,382,754	0.281
3.06 Unit investment trusts	0	0.000	0	0	0	0.000
3.07 Closed-end funds	0	0.000	0	0	0	0.000
3.08 Total common stocks	2,985,263,617	37.466	2,985,263,617	0	2,985,263,617	37.493
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages	0	0.000	0	0	0	0.000
4.02 Residential mortgages	3,778,985	0.047	3,778,985	0	3,778,985	0.047
4.03 Commercial mortgages	270,567,253	3.396	270,567,253	0	270,567,253	3.398
4.04 Mezzanine real estate loans	0	0.000	0	0	0	0.000
4.05 Total mortgage loans	274,346,238	3.443	274,346,238	0	274,346,238	3.446
5. Real estate (Schedule A):						
5.01 Properties occupied by company	30,298,243	0.380	30,298,243	0	30,298,243	0.381
5.02 Properties held for production of income	7,108,873	0.089	7,108,873	0	7,108,873	0.089
5.03 Properties held for sale	0	0.000	0	0	0	0.000
5.04 Total real estate	37,407,116	0.469	37,407,116	0	37,407,116	0.470
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	(4,329,203)	(0.054)	(4,329,203)	0	(4,329,203)	(0.054)
6.02 Cash equivalents (Schedule E, Part 2)	75,248,898	0.944	75,248,898	0	75,248,898	0.945
6.03 Short-term investments (Schedule DA)	61,233,017	0.768	61,233,017	0	61,233,017	0.769
6.04 Total cash, cash equivalents and short-term investments	132,152,712	1.659	132,152,712	0	132,152,712	1.660
7. Contract loans	0	0.000	0	0	0	0.000
8. Derivatives (Schedule DB)	3,870,495	0.049	3,870,495	0	3,870,495	0.049
9. Other invested assets (Schedule BA)	333,896,058	4.190	328,170,461	0	328,170,461	4.122
10. Receivables for securities	2,510,216	0.032	2,510,216	0	2,510,216	0.032
11. Securities Lending (Schedule DL, Part 1)	300,136,330	3.767	300,136,330	XXX	XXX	XXX
12. Other invested assets (Page 2, Line 11)	0	0.000	0	210,220,361	210,220,361	2.640
13. Total invested assets	7,967,943,427	100.000	7,962,217,831	300,136,330	7,962,217,831	100.000

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SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2019
(To Be Filed by April 1)

Of The Mutual of Omaha Insurance Company

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

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

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

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

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 9,107,411,493

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

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	United of Omaha Life Insurance Company	Equity	$ 1,761,937,972	19.3 %
2.02	Omaha Financial Holdings, Inc.	Equity, Short Term Revolver	$ 1,053,402,193	11.6 %
2.03	MCCARTHY GP LLC	Sch BA-Joint Venture	$ 119,695,261	1.3 %
2.04	Federal National Mortgage Association	MBS, CMO	$ 86,813,531	1.0 %
2.05	Freddie Mac	MBS, CMO	$ 76,402,801	0.8 %
2.06	OMAHA HEALTH INSURANCE CO	Equity	$ 65,455,218	0.7 %
2.07	East Campus Realty LLC	Sch BA-Joint Venture	$ 59,370,317	0.7 %
2.08	Mutual of Omaha Holdings, Inc.	Equity	$ 58,237,428	0.6 %
2.09	Energy Transfer Operating, L.P.	Bonds, Commercial Paper	$ 32,956,998	0.4 %
2.10	Union Pacific Corporation	Bonds	$ 27,719,855	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	$ 2,311,309,103	25.4 %	3.07	P/RP-1	$ 7,780,966	0.1 %
3.02	NAIC-2	$ 1,614,242,375	17.7 %	3.08	P/RP-2	$ 0	0.0 %
3.03	NAIC-3	$ 76,339,325	0.8 %	3.09	P/RP-3	$ 0	0.0 %
3.04	NAIC-4	$ 4,446,779	0.0 %	3.10	P/RP-4	$ 0	0.0 %
3.05	NAIC-5	$ 0	0.0 %	3.11	P/RP-5	$ 0	0.0 %
3.06	NAIC-6	$ 20,720,224	0.2 %	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 $ 588,689,718 6.5 %

4.03 Foreign-currency-denominated investments $ 0 0.0 %

4.04 Insurance liabilities denominated in that same foreign currency $ 0 0.0 %

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

		1	2
5.01	Countries designated NAIC-1	$ 583,304,714	6.4 %
5.02	Countries designated NAIC-2	$ 0	0.0 %
5.03	Countries designated NAIC-3 or below	$ 5,385,005	0.1 %

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	$ 159,905,234	1.8 %
6.02	Country 2: Australia	$ 113,935,470	1.3 %
	Countries designated NAIC - 2:		
6.03	Country 1:	$ 0	0.0 %
6.04	Country 2:	$ 0	0.0 %
	Countries designated NAIC - 3 or below:		
6.05	Country 1: Bahamas	$ 5,385,000	0.1 %
6.06	Country 2:	$ 0	0.0 %

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

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

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

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

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

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

	1 Issuer	2 NAIC Designation	3	4
10.01	Fritz Draxlmaier GmbH & Co.KG	2PL	$ 16,000,000	0.2 %
10.02	Compass Group PLC	1	$ 15,000,000	0.2 %
10.03	Owl Rock CLO II Ltd	1FE	$ 15,000,000	0.2 %
10.04	Oldendorff Drybulk GmbH & Co. KG	2	$ 12,000,000	0.1 %
10.05	Inchcape PLC	2	$ 11,933,100	0.1 %
10.06	VTTI BV	2	$ 11,210,000	0.1 %
10.07	Colliers International EMEA Finco PLC	2	$ 11,210,000	0.1 %
10.08	Stockland Trust Management Limited	1FE	$ 11,000,000	0.1 %
10.09	Golub Capital Partners CLO 46M L P	1FE	$ 10,500,000	0.1 %
10.10	Churchill Middle Market CLO IV Ltd	1FE	$ 10,000,000	0.1 %

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

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

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

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

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

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

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

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

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

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

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

	1 Issuer	2	3
13.02	United of Omaha Life Insurance Company	$ 1,761,937,972	19.3 %
13.03	Omaha Financial Holdings, Inc.	$ 1,001,652,193	11.0 %
13.04	MCCARTHY GP LLC	$ 119,695,261	1.3 %
13.05	OMAHA HEALTH INSURANCE CO	$ 65,455,218	0.7 %
13.06	East Campus Realty LLC	$ 59,370,317	0.7 %
13.07	Mutual of Omaha Holdings, Inc.	$ 58,237,428	0.6 %
13.08	Lion Industrial Trust	$ 20,825,155	0.2 %
13.09	MUTUAL MEDICARE ADVANTAGE CO	$ 20,514,600	0.2 %
13.10	Whitehorse Liquidity Partners III, LP	$ 20,010,460	0.2 %
13.11	Federal Home Loan Bank of Topeka	$ 17,250,100	0.2 %

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

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

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

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$ 352,970,111	3.9 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03	MCCARTHY GP LLC	$ 119,695,261	1.3 %
14.04	East Campus Realty LLC	$ 59,370,317	0.7 %
14.05	Lion Industrial Trust	$ 20,825,155	0.2 %

Ten largest fund managers:

	1 Fund Manager	2 Total Invested	3 Diversified	4 Nondiversified
14.06	Vanguard Index Funds - Vanguard Large-Cap ETF	$ 7,342,917	$ 7,342,917	$ 0
14.07	Vanguard Index Funds - Vanguard Mid-Cap ETF	$ 5,707,177	$ 5,707,177	$ 0
14.08	Vanguard Index Funds - Vanguard Small-Cap ETF	$ 5,629,441	$ 5,629,441	$ 0
14.09	Vanguard STAR Funds - Vanguard Total International Stock ETF	$ 3,703,218	$ 3,703,218	$ 0
14.10	Vanguard Bond Index Funds - Vanguard Intermediate-Term Bond ETF	$ 1,091,733	$ 1,091,733	$ 0
14.11	Demand Deposit Account FHLB Topeka	$ 30,129	$ 0	$ 30,129
14.12	First American Funds, Inc. - Treasury Obligations Fund	$ 3,495	$ 3,495	$ 0
14.13	Wells Fargo Funds Trust - Treasury Plus Money Market Fund	$ 284	$ 284	$ 0
14.14	First American Funds, Inc. - U.S. Treasury Money Market Fund	$ 7	$ 7	$ 0
14.15		$ 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 - STEPHEN D TEBO DBA TEBO DEVELOPMENT COMPANY	$ 11,982,268	0.1 %
16.03	Commercial - IMPERIAL LEGACY ENTERPRISES LLC	$ 9,392,855	0.1 %
16.04	Commercial - WORTHY BROTHERS DEVELOPMENT COMPANY INC	$ 9,238,665	0.1 %
16.05	Commercial - SUNSET LAND COMPANY LLC	$ 8,863,339	0.1 %
16.06	Commercial - SHERWOOD CORPORATE CENTER LLC	$ 7,671,639	0.1 %
16.07	Commercial - ROCKSIDE SQUARE LLC	$ 7,441,510	0.1 %
16.08	Commercial - CHRISTIANA TOWN CENTER LLC	$ 7,306,561	0.1 %
16.09	Commercial - WRAF HOUSING, LLC	$ 7,099,855	0.1 %
16.10	Commercial - NIGHTS VISION 1776 LLC	$ 7,000,000	0.1 %
16.11	Commercial - FRIENDLY VILLAGE MOBILEHOME PARK LLC	$ 6,010,200	0.1 %

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

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

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

		Residential		Commercial		Agricultural	
	Loan to Value	1	2	3	4	5	6
17.01	above 95%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.02	91 to 95%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.03	81 to 90%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.04	71 to 80%	$ 1,945,922	0.0 %	$ 270,567,253	3.0 %	$ 0	0.0 %
17.05	below 70%	$ 1,833,064	0.0 %	$ 0	0.0 %	$ 0	0.0 %

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

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

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

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

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

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

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

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

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

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

		At Year End		At End of Each Quarter		
		1	2	1st Quarter 3	2nd Quarter 4	3rd Quarter 5
20.01	Securities lending agreements (do not include assets held as collateral for such transactions)	$ 252,137,393	2.8 %	$ 279,977,574	$ 251,263,658	$ 245,376,698
20.02	Repurchase agreements	$ 0	0.0 %	$ 0	$ 31,296,792	$ 29,617,848
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		
		1	2	1st Quarter 3	2nd Quarter 4	3rd Quarter 5
22.01	Hedging	$ 1,693,460	0.0 %	$ 1,824,896	$ 1,743,109	$ 6,555,290
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		
		1	2	1st Quarter 3	2nd Quarter 4	3rd Quarter 5
23.01	Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
23.02	Income generation	$ 0	0.0 %	$ 0	$ 0	$ 0
23.03	Replications	$ 0	0.0 %	$ 0	$ 0	$ 0
23.04	Other	$ 0	0.0 %	$ 0	$ 0	$ 0