American Family Mutual Insurance Company and Consolidated Property and Casualty Subsidiaries

Consolidated Property and Casualty Statutory Financial Statements
December 31, 2015 and 2014

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Independent Auditor's Report

To the Board of Directors of American Family Mutual Insurance Company:

We have audited the accompanying statutory financial statements of American Family Mutual Insurance Company and its Consolidated Property and Casualty Subsidiaries (the "Companies"), which comprise the statutory balance sheets as of December 31, 2015 and 2014, and the related statutory statements of income, of changes in policyholders' surplus, and of cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting practices prescribed or permitted by the various domiciliary state insurance departments. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Companies' preparation and fair presentation of the consolidated 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 Companies' 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 consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, the consolidated financial statements are prepared by the Companies on the basis of the accounting practices prescribed or permitted by the various domiciliary state insurance departments, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the consolidated 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 the Companies as of December 31, 2015 and 2014, 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 consolidated financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and surplus of the Companies as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended, in accordance with the accounting practices prescribed or permitted by the various domiciliary state insurance departments described in Note 1.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplemental Schedules of Consolidation are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The Supplemental Schedules of Consolidation have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Schedules of Consolidation are fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The Supplemental Schedules of Consolidation are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations and cash flows of the individual companies.

PricewaterhouseCoopers LLP

February 29, 2016

American Family Mutual Insurance Company and Consolidated Property and Casualty Subsidiaries
Consolidated Property and Casualty Statutory Balance Sheets
December 31, 2015 and 2014

(in thousands of dollars)	2015	2014
Admitted Assets		
Bonds	$ 8,129,395	$ 7,804,616
Common stocks, including investments in unconsolidated subsidiaries	3,492,486	3,517,469
Real estate (net of accumulated depreciation of $231,727 and $222,459)	245,871	238,164
Cash, cash equivalents and short-term investments	590,604	441,185
Receivables for securities	110,258	1,036
Derivatives	63,371	431
Other invested assets	851,150	746,728
Total cash and invested assets	13,483,135	12,749,629
Property and casualty premiums receivable and agents' balances	1,288,089	1,200,292
Accrued investment income	84,075	78,311
Deferred tax assets	369,981	332,878
Electronic data processing equipment and software (net)	12,017	15,073
Other assets	182,088	93,444
Total admitted assets	$ 15,419,385	$ 14,469,627

	2015	2014
Liabilities		
Property and casualty loss and loss adjustment expense reserve	$ 3,584,759	$ 3,540,838
Property and casualty unearned premiums	2,842,481	2,619,443
Drafts outstanding	77,441	87,050
Agent contract termination payments	660,007	675,164
Employee pension and other benefits	373,671	376,901
Income taxes payable	12,655	68,397
Debt	502,204	502,204
Payable for securities	173,096	53,431
Derivatives	56,235	(1,642)
Accrued expenses and other liabilities	633,746	517,758
Total liabilities	8,916,295	8,439,544
Policyholders' Surplus		
Special surplus funds	1,250	1,465
Unassigned surplus	6,501,840	6,028,618
Total policyholders' surplus	6,503,090	6,030,083
Total liabilities and policyholders' surplus	$ 15,419,385	$ 14,469,627

The accompanying notes are an integral part of these consolidated statutory financial statements.

American Family Mutual Insurance Company and Consolidated Property and Casualty Subsidiaries
Consolidated Property and Casualty
Statutory Statements of Income
Years Ended December 31, 2015 and 2014

(in thousands of dollars)	2015	2014
Premiums and other income		
Property and casualty premiums earned	$ 6,633,744	$ 6,252,337
Net investment income	294,397	330,296
Net realized investment gains (losses)	206,301	549,229
Other income	26,786	34,954
Total premiums and other income	7,161,228	7,166,816
Losses and expenses		
Property and casualty losses and loss adjustment expenses incurred	4,213,098	4,423,697
Underwriting expenses	2,149,057	1,879,451
Dividends to policyholders	1,607	960
Total losses and expenses	6,363,762	6,304,108
Income (loss) before income tax expense (benefit)	797,466	862,708
Income tax (benefit)	211,948	135,816
Net income (loss)	$ 585,518	$ 726,892

The accompanying notes are an integral part of these consolidated statutory financial statements.

American Family Mutual Insurance Company and Consolidated Property and Casualty Subsidiaries
Consolidated Property and Casualty
Statutory Statements of Changes in Policyholders' Surplus
Years Ended December 31, 2015 and 2014

(in thousands of dollars)	**2015**	**2014**
Special surplus funds		
Beginning balance	$ 1,465	$ 1,250
Affordable care act fee	(215)	215
Ending balance	1,250	1,465
Unassigned surplus		
Beginning balance	6,028,618	5,790,447
Net income (loss)	585,518	726,892
Net change in unrealized capital gains (losses) of investments, net of deferred income tax	(100,789)	(180,628)
Change in nonadmitted assets	(19,791)	(31,192)
Change in net deferred income tax	(16,210)	(105,441)
Pension & termination benefits adjustments	17,124	(155,593)
Other	7,370	(15,867)
Ending balance	6,501,840	6,028,618
Total policyholders' surplus	$ 6,503,090	$ 6,030,083

The accompanying notes are an integral part of these consolidated statutory financial statements.

American Family Mutual Insurance Company and Consolidated Property and Casualty Subsidiaries
Consolidated Property and Casualty
Statutory Statements of Cash Flows
Years Ended December 31, 2015 and 2014

(in thousands of dollars)	2015	2014
Cash from Operations		
Premiums collected net of reinsurance	$ 6,732,407	$ 6,220,431
Net investment income	380,501	397,402
Miscellaneous income	36,685	31,847
Benefit and loss related payments	(3,527,061)	(3,749,014)
Commissions, expenses paid and aggregate write-ins for deductions	(2,732,040)	(2,294,237)
Dividends paid to policyholders	(1,521)	(1,377)
Federal income taxes (paid) recovered, net of tax on capital gains (losses)	(265,625)	(68,385)
Net cash provided by (used in) operations	623,346	536,667
Cash from Investments		
Proceeds from investments sold, matured, or repaid:		
Bonds	6,305,649	4,730,854
Stocks	835,968	909,120
Real estate	3,262	4,309
Other invested assets	55,268	83,510
Net gains or (losses) on cash and short-term investments	10	135
Miscellaneous proceeds	111,081	35,908
Total investment proceeds	7,311,238	5,763,836
Cost of investments acquired (long-term only):		
Bonds	6,644,196	4,965,655
Stocks	790,558	936,001
Capital contribution to affiliate	46,473	8,119
Real estate	22,054	5,078
Other invested assets	133,958	159,123
Miscellaneous applications	172,913	32,841
Total investments acquired	7,810,152	6,106,817
Net cash provided by (used in) investments	(498,914)	(342,981)
Cash from Financing and Miscellaneous sources		
Capital and paid in surplus	5,000	-
Other cash provided (applied)	19,987	(113,288)
Net cash provided by (used in) financing and miscellaneous sources	24,987	(113,288)
Reconciliation of Cash, Cash Equivalents and Short-Term Investments		
New reporting entity included in the consolidation	-	22,453
Net change in cash, cash equivalents and short-term investments	149,419	102,851
Cash, cash equivalents and short-term investments		
Beginning of year	441,185	338,334
End of year	$ 590,604	$ 441,185
Income taxes paid (received)	$ 269,521	$ 103,396

The accompanying notes are an integral part of these consolidated statutory financial statements.

1. Nature of Operations and Significant Statutory Accounting Policies

American Family Mutual Insurance Company (AFMIC) is the parent of its wholly-owned subsidiaries, American Family Brokerage, Inc. (AFBI), American Family Securities, LLC (AFS), The AssureStart Insurance Agency LLC (AIA), and AmFam, Inc. AmFam, Inc.'s wholly-owned subsidiaries are American Family Life Insurance Company (AFLIC), American Standard Insurance Company of Wisconsin (ASIC), American Family Insurance Company (AFIC), American Standard Insurance Company of Ohio (ASICO), American Family Financial Services, Inc. (AFFS), PGC Holdings Corp. (PGC), Homesite Group, Inc. (Homesite), Midvale Indemnity Company (MIC), and Midvale Life Insurance Company of New York (MLNY). AmFam, Inc., a non-insurance holding company, is the managing member and AFLIC is a non-managing member of New Ventures, LLC (NV), an indirect, wholly-owned subsidiary of AFMIC. AFMIC and its subsidiaries are herein referred to collectively as the "Companies" or the "Company."

AFMIC and AFIC are engaged principally in the writing of automobile insurance, homeowners insurance, commercial insurance, and other property and casualty insurance. ASIC and ASICO are engaged principally in the writing of non-standard automobile and cycle insurance. ASIC also assumes property reinsurance mainly outside the Companies' existing geographic operating territory in order to diversify the Companies' risk. AFLIC principally markets whole life, term life and universal life products to provide financial protection for qualified individuals, families and business enterprises. AFLIC also supports a small amount of group life insurance and structured settlement business primarily as a service to its affiliates. These companies sell these lines of business predominantly through a multi-line, exclusive agency force in nineteen states.

AFFS was substantially engaged in the business of making direct loans to qualified individuals and business enterprises. AFFS ceased issuing new loans on November 1, 2007, and existing loans are in run-off. AFBI is an insurance agency which provides brokerage services to its affiliates and administers the federal Write Your Own Flood Program on behalf of AFMIC. In 2014, articles of dissolution for AFS, a non-clearing registered broker-dealer, were filed with and approved by the state of Wisconsin, at which time the assets were distributed to AFMIC. NV was formed in 2010 to support the Companies' non-insurance business development efforts. MLNY was formed in 2015 and had no activity during the year.

AFMIC owns 100% of the Class A units of AIA and on November 26, 2014, AFMIC purchased 100% of the Class B units of AIA.

AmFam, Inc. owns 100% of the ownership interest in Homesite. Homesite specializes in direct-to-consumer homeowners, renters and condominium insurance and sells their products primarily through alliances with other insurers, mortgage companies, and real estate companies. Homesite's wholly-owned subsidiary, Homesite Indemnity Company (HIC), is a property and casualty writer domiciled in Kansas. Homesite's other subsidiaries are Homesite General Agent, LLC (HG) and Homesite Securities Company, LLC (HSC). HSC owns Homesite Insurance Agency (HIA) and has seven wholly-owned insurance subsidiaries: Homesite Insurance Company of Georgia (HGA), Homesite Insurance Company of New York (HNY), Homesite Insurance Company of California (HCA), Homesite Insurance Company of the Midwest (HMW), Homesite Insurance Company of Illinois (HIL), Homesite Insurance Company of Florida (HFL), and Homesite Insurance Company (HCT). HSC also owns and controls Texas-South of Homesite, Inc. (HTX), which is the attorney-in-fact for Homesite Lloyds of Texas (HLTX). As of December 31, 2015, Homesite is licensed in all 50 states and the District of Columbia and has policies in force in 48 states and the District of Columbia.

AmFam, Inc. owns 100% of the interest in PGC. PGC is the ultimate parent of the group of companies referred to generally as the Permanent General Companies. The Permanent General Companies specialize in writing non-standard private passenger personal automobile insurance, primarily to consumers interested in acquiring an insurance policy to comply with state minimum insurance requirements. PGC's business is primarily written online and over the phone. PGC wholly-owns Permanent General Assurance Corp of OH (PGACO), Permanent General Companies, Inc. (PGCI), PGC Holdings Corp. Statutory Trust I (PGSTI), and PGC Holdings Corp. Statutory Trust II (PGSTII). PGACO's wholly-owned subsidiary is The General Automobile Insurance Company, Inc. (GAIC). PGCI's wholly-owned subsidiary is Permanent General Assurance Corporation (PGAC), which in turn wholly-owns PGA Service Corporation (PGASC). PGASC's wholly-owned subsidiaries are The General Automobile Insurance Services of Texas, Inc. (GAIT), The General Automobile Insurance Services of Ohio, Inc. (GAIO), The General Automobile Insurance Services of Georgia, Inc. (GAIG), The General Automobile Insurance Services, Inc. (GAI), and The General Automobile Insurance Services of Louisiana, Inc. (GAIL).

An equity method of accounting is applied to all subsidiaries other than the consolidated property and casualty subsidiaries of AFMIC (see Note 1(a) and Note 1(b)). This is the same basis of accounting used in preparing the Company's Annual Statement filed with state insurance departments for AFMIC and its property and casualty subsidiaries.

The accompanying consolidated statutory financial statements have been prepared principally for filing with regulatory agencies and, as such, are prepared in conformity with accounting practices prescribed or permitted by the various domiciliary state insurance departments (statutory accounting practices).

AFMIC and ASIC are domiciled in Wisconsin; AFIC and ASICO are domiciled in Ohio; MIC, HIL, and HFL are domiciled in Illinois; HMW is domiciled in North Dakota; HCT is domiciled in Connecticut; HCA is domiciled in California; HIC is domiciled in Kansas; HNY is domiciled in New York; HGA is domiciled in Georgia; and HLTX is domiciled in Texas. Prescribed statutory accounting practices (STAT) include the National Association of Insurance Commissioners' (NAIC) "Accounting Practices and Procedures Manual," state laws, regulations, and general administrative rules applicable to all insurance enterprises domiciled in a particular state. In addition, the various domiciliary state insurance departments have a right to permit other specific practices that may deviate from prescribed practices. Annual approval is obtained from the various domiciliary state insurance departments to file consolidated audited financial statements in lieu of separate audited financial statements for each insurer based upon the 100% quota share reinsurance agreement. No permitted differences in statutory accounting practices between the various domiciliary state insurance departments and the NAIC are used in the preparation of the consolidated statutory financial statements.

The accompanying consolidated statutory financial statements have been prepared in accordance with STAT which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accompanying consolidated statutory financial statements vary materially from financial statements prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) primarily because on a statutory basis: a) bonds are generally carried at amortized cost rather than fair value; b) policy acquisition costs, such as commissions and other costs directly related to acquiring business, are charged to operations as incurred and not deferred;

c) deferred tax assets (DTAs) are generally limited to those temporary differences which reverse in the following three years and offset deferred tax liabilities (DTLs); d) PGC and non-property and casualty insurance companies are excluded from this consolidation; e) reinsurance recoverables on unpaid losses are offset against the liability for property and casualty losses and loss adjustment expenses; f) money market funds are reported as short-term investments rather than cash equivalents; g) the purchase method of accounting relies on carryover basis of accounting and the resulting goodwill will be amortized over a period of ten years; h) certain assets are considered nonadmitted and therefore excluded from surplus; see Note 1(k) below for a description of these items; i) the consolidated statements of cash flows are presented in the required statutory format, in which cash, cash equivalents and short-term investments include cash on deposits and short-term, highly liquid investments that are readily convertible to cash; and j) debt is recorded on a cost basis rather than at fair value.

The effect of the foregoing differences in the accompanying consolidated statutory financial statements is material. Consolidated GAAP policyholders' equity is $7,362,497,000 and $6,965,108,000 as of December 31, 2015 and 2014, respectively. Consolidated GAAP net income is $693,920,000 and $515,194,000 for the years ended December 31, 2015 and 2014, respectively.

The significant accounting policies used in the preparation of these statements include:

a. Principles of Consolidation

The accompanying consolidated property and casualty statutory financial statements include the accounts of AFMIC and its wholly-owned property and casualty subsidiaries (ASIC, AFIC, ASICO, MIC, HMW, HCT, HCA, HIC, HNY, HIL, HGA, HLTX, and HFL) after elimination of all significant intercompany balances and activity.

b. Cash and Invested Assets

Cash and cash equivalents represent cash and securities that have maturities of three months or less at purchase, and are carried at amortized cost, which approximates fair value. Short-term investments represent securities that have maturities of one year or less at purchase and consist primarily of money market funds carried at amortized cost, which approximates fair value.

Investments in bonds rated "1" (highest quality) or "2" (high quality) by the Securities Valuation Office (SVO) of the NAIC are reported in the consolidated statutory financial statements at amortized cost. Bonds rated "3" (medium quality), "4" (low quality), "5" (lower quality) or "6" (lowest quality) by the SVO are reported at the lower of amortized cost or fair value. The interest method is used to amortize any purchase premium or discount, including estimates of future prepayments obtained from independent sources. Valuations for loan-backed securities include anticipated prepayments at the date of purchase and are adjusted for updated prepayment information using the retrospective method.

Investments in commercial mortgage-backed securities (CMBS) and non-agency residential mortgage-backed securities (RMBS) utilize a two-step process to obtain a valuation and rating in accordance with SSAP 43R, *Loan-Backed and Structured Securities*. The first step derives a rating for valuation by comparing the current amortized cost to the modeled range of values assigned to the six NAIC designations for each security. This determines whether the securities are stated at the lower of amortized cost or fair value per the above rules. The second step utilizes the same modeled range of values to derive a rating for reporting using the current carrying value as determined in the first step.

Ratings and valuations for investments in asset-backed and other structured securities (other than equipment trust certificates and credit tenant leases) that are otherwise rated by a credit rating provider (CRP) are calculated using a two-step process. The first step derives a rating for valuation based on the CRP rating and the NAIC model valuation table. The second step utilizes the model valuation table to derive a rating for reporting using the current carrying value as determined in the first step. Securities whose initial rating is NAIC 1 or NAIC 6 in step one are not further modified by step two.

Common stocks are generally reported in the consolidated statutory financial statements at fair value, which is based primarily on values published by independent pricing sources and quoted market prices.

Other invested assets consist primarily of investments in limited partnerships. The limited partnerships are carried at the Companies' pro rata share of the limited partnerships' GAAP equity, which approximates fair value. Unlike GAAP, changes in the carrying amounts of limited partnerships are recorded as unrealized gains or losses in unassigned surplus. These investments typically reflect a reporting lag of up to three months, dependent upon receipt of the limited partnership's financial statements. The Company also holds Low Income Housing Tax Credits that are recorded at amortized cost.

Derivative instruments are accounted for on a fair value basis and reported as derivative assets or derivative liabilities (as applicable) on the consolidated statutory balance sheets. When certain derivatives meet specific criteria, they may be designated as accounting hedges and accounted for as fair value, cash flow, or foreign currency hedges. The Company did not elect to apply hedge accounting for the derivative instruments that were utilized during the reporting period. As a result, unrealized gains and losses on open derivative positions are recognized within unassigned surplus, with an adjustment to the carrying value of the derivative instrument. Interim settlements involving the receipt or payment of cash are included as a component of net investment income. The gain or loss recognized upon exiting a derivative position is recognized within net realized investment gains (losses). Cash flows from the derivatives are reported in cash from investments within the consolidated statutory statements of cash flows.

Real estate assets consist of land, buildings and building improvements. Land is reported at cost. Buildings and improvements are carried at cost, less accumulated depreciation computed on the straight-line method over estimated useful lives ranging from twenty to forty-five years.

Investment income is recorded when earned. Dividend income is recorded on the ex-dividend date. Realized gains and losses on sales of investments are determined on a specific identification basis and are recorded directly in the accompanying consolidated property and casualty consolidated statutory statements of income. Unrealized gains and losses resulting from changes in the fair value of common stocks, those bonds rated 3-6, and limited partnerships are credited or charged to net change in unrealized capital gains (losses) of investments, a component of the Companies' unassigned surplus, net of deferred taxes. If there is a decline in an investment's net realizable value that is other-than-temporary, the decline is recorded as a realized loss and the cost of the investment is reduced to either its present value of expected future cash flows or its fair value depending on security type.

For all subsidiaries on the equity basis of accounting, those subsidiaries which are insurance companies are accounted for using statutory equity. AmFam, Inc is valued using GAAP equity adjusted for unamortized statutory goodwill. All other subsidiaries are accounted using GAAP equity. For statutory purposes, AFBI and AIA are nonadmitted because these companies do not undergo a separate audit. Dividends received and interest earned from these companies is recorded as net investment income.

c. Fair Value Measurements

Financial assets and financial liabilities recorded on the consolidated statutory balance sheets at fair value are categorized based on the reliability of inputs to the valuation techniques as follows:

Level 1 Financial assets and financial liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Company can access.

Level 2 Financial assets and financial liabilities whose values are based on the following:
Quoted prices for similar assets or liabilities in active markets;
Quoted prices for identical or similar assets or liabilities in non-active markets; or
Valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Financial assets and financial liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs may reflect the Company's estimates of the assumptions that market participants would use in valuing the financial assets and financial liabilities.

The availability of observable inputs varies by instrument. In situations where fair value is based on internally developed pricing models or inputs that are unobservable in the market, the determination of fair value requires more judgment. In many instances, inputs used to measure fair value fall into different levels of the fair value hierarchy. In those instances, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is categorized is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

d. Premiums

Premiums written are recorded on the effective date of the contract and earned on a pro rata basis over the terms of the policies. Premiums earned include premiums assumed and are presented net of premiums ceded under various reinsurance contracts.

Premiums receivable consists of accounts receivable for uncollected premium balances, bills receivable for premiums, and amounts due from agents and brokers. AFMIC routinely assesses the collectability of these receivables. Any premiums receivable which are greater than 90 days past due are nonadmitted. As of December 31, 2015 and 2014, nonadmitted amounts are $3,097,000 and $3,121,000, respectively. Based upon the Companies' experience, premiums receivable of $4,667,000 and $4,962,000 as of December 31, 2015 and 2014, respectively, are estimated to be uncollectible in excess of nonadmitted amounts; therefore, a corresponding additional provision for uncollectible amounts has been recorded in 2015 and 2014.

AFMIC considers an account delinquent if payment is not received according to the contractual terms of the related insurance policy. Typically, accounts are charged off after attempts to collect the funds are exhausted by internal and external sources. AFMIC generally does not charge interest on delinquent accounts.

The Companies annually evaluate whether a premium deficiency exists relating to short-duration contracts. Anticipated investment income is considered as part of this evaluation. At December 31, 2015 and 2014, respectively, a premium deficiency of $0 and $889,000 attributable to health lines existed, with 50% of the balance subject to ceding under a reinsurance contract resulting in a net premium deficiency of $0 and $445,000, respectively.

e. Property and Casualty Loss and Loss Adjustment Expense Reserve

The property and casualty loss and loss adjustment expense reserve includes amounts determined on the basis of claim evaluation and other estimates for reported losses, and includes estimates for losses incurred but not reported and anticipated salvage and subrogation recoveries. These estimates are continually reviewed and updated and any adjustments are reflected currently. Accordingly, losses and loss adjustment expenses are charged to income as incurred.

Reinsurance recoveries are recorded as a reduction of losses and loss adjustment expenses in accordance with contract terms. The liabilities for property and casualty losses and unearned premiums are determined after deducting a share of reinsurance placed with other reinsurers.

Due to the reasonably complex and dynamic process of establishing these reserves, which can be influenced by a variety of factors and assumptions, the actual ultimate losses and loss adjustment expenses which may emerge in future years may vary from the amounts recorded in these consolidated statutory financial statements.

f. Reinsurance

In the normal course of business, the Companies seek to limit their exposure to loss on any single insured and to certain aggregate loss limits. This is accomplished by ceding insurance to other insurance companies or reinsurers under quota share, excess of loss and coinsurance contracts. Liabilities related to insurance contracts are reported after the effects of reinsurance. Estimated reinsurance recoverable is recognized in a manner consistent with the liabilities related to the underlying reinsured contracts. After reinsurance cessions to external parties including American Republic Insurance Company and National Flood Insurance Program, ASIC, AFIC, ASICO and MIC cede the remainder of their insurance business to AFMIC under 100% quota share reinsurance contracts.

Effective January 1, 2014, AFMIC executed a loss portfolio transfer and prospective 100% quota share reinsurance agreement with Homesite Insurance Company of the Midwest (HMW). Per the agreement, 100% of the net consolidated underwriting activity of HMW, including all outstanding and subsequent losses, is reinsured from HMW to AFMIC. HMW is the assuming party to similar loss portfolio transfer and 100% quota share reinsurance agreements with each of the other underwriting entities making up the Homesite Group of companies. As such, the amounts ceded from HMW to AFMIC consist of the consolidated underwriting activity of the Homesite Group of companies after ceding externally to third-party reinsurers.

ASIC assumes property reinsurance mainly outside the Companies' existing geographic operating territory in order to diversify the Companies' risk. Property and casualty earned premiums assumed under reinsurance contracts under this program during 2015 and 2014 were $81,653,000 and $76,581,000, respectively.

The Companies do not enter into finite reinsurance contracts; all reinsurance contracts involve a significant transfer of risk. Ceded reinsurance transactions do not relieve the Company of its primary obligation to the policyholder.

g. Income Taxes

The Companies file a consolidated federal income tax return with the following entities:

American Family Mutual Insurance Company (Parent Company)
American Standard Insurance Company of Wisconsin
American Family Life Insurance Company
American Family Financial Services, Inc.
AmFam, Inc.
American Family Brokerage, Inc.
American Family Insurance Company
American Standard Insurance Company of Ohio
Midvale Indemnity Company
Midvale Life Insurance Company of New York
PGC Holdings Corp. and Subsidiaries
Homesite Group Inc. and Subsidiaries

The consolidated federal income tax is allocated to each member company in the following manner: Companies having tax profits on a separate return basis will incur federal tax expense based on their separate return taxable incomes. Companies with tax losses on a separate return basis will be compensated (at the current federal tax rate) for the reduction in the consolidated tax liability resulting from their losses. Such compensation shall come directly from profitable companies that utilize those tax losses to reduce their taxable incomes. A loss company may have to repay this current year compensation back to the profitable company if the profitable company later incurs losses that, on a separate return basis, may be carried back to offset its current year income. The reduction of the consolidated tax liability due to tax credits shall be allocated to the individual Companies producing such credits. Special additional taxes are similarly allocated to each member company.

The reporting of federal and foreign income taxes under STAT is similar to the reporting requirements under GAAP except for the following differences. Under STAT, the calculation of state income taxes incurred is limited to taxes due on the current year's taxable income and any adjustments due to changes in prior year returns. Therefore, deferred state income taxes are not recorded. Under GAAP, there is a requirement to reduce the amount of DTAs by a valuation allowance if it is more likely than not that some portion of the DTA will not be realized. STAT requires that the gross DTAs be subject to an admissibility test which also includes the more likely than not valuation allowance. Under STAT, any changes in DTAs and DTLs are to be recognized as a separate component of the change in unassigned surplus. Therefore, changes in the DTAs and DTLs will not be included in current year income. This differs from GAAP, which reports the change in deferred taxes (deferred tax provision) as a component of the total tax provision (sum of federal current and deferred) rather than as a direct adjustment to unassigned surplus. The gross change in the DTA/DTL related to unrealized capital gains and losses is charged directly to surplus by netting against the unrealized capital gains and losses. Under STAT, state current income taxes are included as an underwriting expense while for GAAP they are part of income tax expense.

h. Real Estate
The Company reviews real estate for impairment when conditions indicate that the net realizable value of the property has declined and is other-than-temporary. The decline is recorded as a realized loss and net book value is reduced to a value more indicative of expected selling price. There are no receivables on land held for sale, and the Company has no obligations for improvements.

i. Furniture and Equipment, and Electronic Data Processing Equipment and Software
Furniture and equipment and electronic data processing equipment and software (EDP) are carried at cost less accumulated depreciation. Furniture and equipment includes vehicles, furniture and equipment, leasehold improvements and telephone. EDP includes electronic data processing equipment and purchased and internally-developed software. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, ranging from three to forty-five years. The Company reviews fixed assets for impairment when there is reason to believe that a fixed asset's carrying value might not be recoverable, and charges any impairments as an operating expense in the consolidated statutory statements of income.

The gross cost, accumulated depreciation, net cost, nonadmitted assets, and net admitted assets of major fixed asset classes as of December 31 are as follows:

	2015					
(in thousands of dollars)	Gross Cost	Accumulated Depreciation	Net Cost	Nonadmitted Asset	Net Admitted Asset	Depreciation Expense
Furniture and equipment	$ 216,125	$ (135,864)	$ 80,261	$ 80,261	$ -	$ 11,770
EDP equipment and software	792,358	(542,669)	249,689	237,672	12,017	59,852
	$1,008,483	$ (678,533)	$ 329,950	$ 317,933	$ 12,017	$ 71,622

	2014					
(in thousands of dollars)	Gross Cost	Accumulated Depreciation	Net Cost	Nonadmitted Asset	Net Admitted Asset	Depreciation Expense
Furniture and equipment	$ 210,108	$ (132,840)	$ 77,268	$ 77,268	$ -	$ 11,376
EDP equipment and software	716,664	(488,820)	227,844	212,771	15,073	50,402
	$ 926,772	$ (621,660)	$ 305,112	$ 290,039	$ 15,073	$ 61,778

j. Leases
The Company leases various office equipment and real estate under various noncancelable operating lease agreements with various expiration dates through 2020 and thereafter. Lease expense for 2015 and 2014 was $27,563,000 and $28,463,000, respectively.

As of December 31, 2015, the minimum aggregate lease commitments, prior to allocations to nonconsolidated affiliates, were as follows:

(in thousands of dollars) **Year ending December 31**	**Operating Leases**
2016	$ 14,370
2017	8,190
2018	7,277
2019	4,839
2020 and thereafter	4,726
Total	$ 39,402

Certain lease commitments have renewal options extending through the year 2030. Some of these renewals are subject to adjustments in future periods.

The Company does not have any significant activity from acting as a lessor.

k. Nonadmitted Assets

Certain assets designated as "nonadmitted assets", primarily consisting of DTAs, premium receivables greater than 90 days past due, State of Missouri guaranty funds receivable, a portion of electronic data processing equipment, non-operating software, furniture and equipment, and common stock of certain affiliated companies, have been excluded from the consolidated statutory balance sheets through a direct charge against unassigned surplus. Changes in nonadmitted assets are reported as a direct adjustment to surplus in the consolidated statutory statements of changes in policyholders' surplus.

The nonadmitted assets as of December 31 are as follows:

(in thousands of dollars)	**2015**	**2014**
Common stocks	$ 145	$ 870
Receivable for investments	21	24
Other invested assets	2,582	23,390
Uncollected premiums and EBUB	4,646	3,121
Net deferred tax assets	39	85
EDP and software	237,672	212,771
Furniture and equipment	80,261	77,268
All other	32,941	20,987
Total nonadmitted assets	$ 358,307	$ 338,516

l. Statements of Cash Flows

Non-cash investing activities include $78,659,000 of acquisitions and disposals of common stock and $93,061,000 of acquisitions and disposals of bonds in 2015.

m. Reclassifications

Certain reclassifications have been made to prior year amounts in the accompanying consolidated statutory financial statements to conform to current year presentation and allow for consistent financial reporting.

n. Subsequent Events

The Company has evaluated events subsequent to December 31, 2015 through February 29, 2016, the date these financial statements were available to be issued. Based on this evaluation, no type I or type II events have occurred subsequent to December 31, 2015 that require disclosure or adjustment to the financial statements at that date or for the year then ended.

2. Goodwill

The Company has recorded goodwill as a result of acquisitions accounted for under the statutory purchase method. The following presents a summary of the Company's goodwill at, and for the year ended, December 31:

(in thousands of dollars)

			2015		2014	
Acquired Entity	**Cost of Acquired Entity**	**Recorded Goodwill**	Amortization Expense	Goodwill, Net	Amortization Expense	Goodwill, Net
Homesite	$ 666,447	$ 298,935	$ 29,879	$ 239,033	$ 30,023	$ 268,912
PGC	241,636	129,740	12,964	90,750	12,964	103,714
MIC	15,328	3,838	384	2,687	384	3,071
Total	$ 923,411	$ 432,513	$ 43,227	$ 332,470	$ 43,371	$ 375,697

3. Financial Instruments

a. Fair Value of Financial Instruments

The fair value guidance establishes a hierarchy for inputs used in determining fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Fair value is a market-based measure considered from the perspective of a market participant who owns an asset or owes a liability. Accordingly, when market observable data is not readily available, the Company's own assumptions are set to reflect those that market participants would be presumed to use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including during periods of market disruption. In periods of market disruption, the ability to observe prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from one level of the hierarchy to another.

When available, the Company uses the market approach to estimate the fair value of its financial instruments, which is based on quoted prices that are readily and regularly available in active markets. Generally, these are the most liquid of the Company's holdings and valuation of these securities does not involve management judgment. Matrix pricing and other similar techniques are other examples of the market approach. Matrix pricing values a particular security by utilizing the prices of securities with similar ratings, maturities, industry classifications, and/or coupons and interpolating among known values of these similar instruments to derive a price.

When quoted prices in active markets are not available, the Company uses the income approach, or a combination of the market and income approaches, to estimate the fair value of its financial instruments. The income approach involves using discounted cash flow and other standard valuation methodologies. The inputs in applying these market standard valuation methodologies include, but are not limited to, interest rates, benchmark yields, bid/ask spreads, dealer quotes, liquidity, term to maturity, estimated future cash flows, credit risk and default projections, collateral performance, deal and tranche attributes, and general market data.

The following valuation techniques and inputs were used to estimate the fair value of each class of significant financial instruments:

Level 1 Measurements

Bonds: Comprised of U.S. Treasuries valued based on unadjusted quoted prices for identical assets in active markets.

Common Stocks: Comprised of actively traded, exchange listed U.S. and international equity securities. Valuation is based on unadjusted quoted prices for identical assets in active markets that the Company can access.

Cash Equivalents: Comprised of U.S. Treasuries valued based on unadjusted quoted prices for identical assets in active markets.

Short-term Investments: Comprised of actively traded money market funds that have daily quoted net asset values for identical assets that the Company can access and U.S. Treasuries valued based on unadjusted quoted prices for identical assets in active markets.

Level 2 Measurements

Bonds: The majority of the Company's Level 2 fixed income securities are priced by leading, nationally recognized providers of market data and analytics. These securities are principally valued using the market and income approaches. When available, recent trades of identical or similar assets are used to price these securities. However, because many fixed income securities do not actively trade on a daily basis, pricing models are often used to determine security prices. The pricing models discount future cash flows at estimated market interest rates. These rates are derived by calculating the appropriate spreads over comparable U.S. Treasury securities based on credit quality, industry, and structure of the asset. Observable inputs used by the models include benchmark yields, bid/ask spreads, dealer quotes, liquidity, term-to-maturity, credit risk and default projections, collateral performance, deal and tranche attributes, and general market data. Inputs may vary depending on type of security.

A small segment of Level 2 and Level 3 securities are priced internally using matrix pricing, broker quotes, and benchmark and spread analysis, or through third party vendors that specialize in difficult-to-price securities. Pricing for specific security types is as follows:

Corporates: Valued based on inputs including quoted prices for identical or similar assets in markets that are not active, benchmark yield curves, bid/ask spreads, and credit quality.

Municipals: Valued based on inputs including quoted prices for identical or similar assets in markets that are not active, benchmark yield curves, bid/ask spreads, and credit quality.

Asset-backed Securities (ABS) and Commercial Mortgage-backed Securities: Valued using the market and income approaches based on inputs including quoted prices for identical or similar assets in markets that are not active, benchmark yield curves, bid/ask spreads, default assumptions, projected cash flows, collateral performance, deal structure, and tranche characteristics.

Common Stocks: Comprised of shares in Federal Home Loan Bank of Chicago (FHLBC) stock as discussed in Note 14. While not actively traded, the valuation for the FHLBC investment is perpetually quoted at $100 by the FHLBC.

Cash Equivalents: Cash equivalents are valued based on quoted prices for identical or similar assets in markets that are not active, benchmark yield curves, bid/ask spreads, and credit quality.

Short-term Investments: Short-term investments are valued based on quoted prices for identical or similar assets in markets that are not active, benchmark yield curves, bid/ask spreads, and credit quality.

Derivative Instruments: Over-the-counter (OTC) derivatives, including interest rate swaps, are valued using models that rely on inputs such as interest rate yield curves that are observable for substantially the full term of the contract. These models discount cash flows at each coupon date and the valuation of interest rate swaps is the difference between the values of the discounted cash flows of the fixed and floating legs of the swap. Fair value is the estimated amount that the Company would receive (pay) to terminate the derivative contracts at the reporting date. Derivative assets (liabilities) are reported gross of collateral payable (receivable) for purposes of fair value disclosures in Note 3(a).

Level 3 Measurements

Bonds: The majority of Level 3 bonds are valued externally using pricing vendors that specialize in difficult-to-price securities. The vendors utilize a cash flow model that uses prepayment, default and severity assumptions, as well as benchmark yields, spreads and weighted average lives as inputs. The Company also holds one bond which is backed by property tax payments made by the Company and consistently priced at par as a result. Pricing for specific security types of Level 3 bonds carried at fair value are as follows:

Municipals: Valued internally based on a discounted cash flow model.

Other Invested Assets: Valued using capital account balances as reported by the various limited partnerships, which approximate fair value.

Derivative Instruments: To-be-announced (TBA) dollar roll securities are valued using the market and income approaches by leading, nationally recognized providers of market data and analytics. When available, recent trades of identical or similar assets are used to price these securities.

The following summarizes the Company's financial assets and financial liabilities carried at fair value on a recurring basis as of December 31. The fixed income securities' fair value does not agree to the amount presented on the consolidated statutory balance sheets as the majority of the Company's fixed income securities are carried at amortized cost. The carrying value for these fixed income securities is described in Note 1(b).

2015

(in thousands of dollars)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2015
Financial assets				
Bonds				
Municipals	$ -	$ -	$ 13,957	$ 13,957
Corporates	-	244,792	-	244,792
Common stocks	1,951,478	10,000	-	1,961,478
Short-term investments	266,623	-	-	266,623
Derivative assets	-	333	63,038	63,371
Total financial assets	$ 2,218,101	$ 255,125	$ 76,995	$ 2,550,221
Derivative liabilities	$ -	$ 1,785	$ 54,782	$ 56,567
Total fair value financial liabilities	$ -	$ 1,785	$ 54,782	$ 56,567

2014

(in thousands of dollars)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2014
Financial assets				
Bonds				
Municipals	$ -	$ 1,875	$ 13,874	$ 15,749
Corporates	-	185,472	-	185,472
Common stocks	2,033,796	10,000	-	2,043,796
Short-term investments	214,524	-	-	214,524
Derivative assets	-	3,041	-	3,041
Total fair value financial assets	$ 2,248,320	$ 200,388	$ 13,874	$ 2,462,582
Derivative liabilities	$ -	$ 18,795	$ -	$ 18,795
Total fair value financial liabilities	$ -	$ 18,795	$ -	$ 18,795

The following provides a summary of changes in fair value during the year ended December 31, of Level 3 financial assets and financial liabilities carried at fair value on a recurring basis at December 31:

2015

		Total Realized and Unrealized Gains (Losses) included in							
(in thousands of dollars)	Balance as of January 1, 2015	Net Income	OCI on Balance Sheet	Purchases	Sales	Settlements	Net Transfers In and/or (Out) of Level 3	Balance as of December 31, 2015	Total Gains (Losses) included in Net Income for Instruments Still Held at December 31, 2015
Financial assets									
Bonds									
Municipals	$ 13,874	$ -	$ 83	$ -	$ -	$ -	$ -	$ 13,957	$ -
Derivatives	-	18	10	75,540	(12,530)	-	-	63,038	-
Total recurring Level 3 financial assets	$ 13,874	$ 18	$ 93	$ 75,540	$ (12,530)	$ -	$ -	$ 76,995	$ -
Financial liabilities									
Derivatives	$ -	$ (15)	$ (8)	$ 57,354	$ (2,549)	$ -	$ -	$ 54,782	$ -
Total recurring Level 3 financial liabilities	$ -	$ (15)	$ (8)	$ 57,354	$ (2,549)	$ -	$ -	$ 54,782	$ -

2014

		Total Realized and Unrealized Gains (Losses) included in							
(in thousands of dollars)	Balance as of January 1, 2014	Net Income	OCI on Balance Sheet	Purchases	Sales	Settlements	Net Transfers In and/or (Out) of Level 3	Balance as of December 31, 2014	Total Gains (Losses) included in Net Income for Instruments Still Held at December 31, 2014
Financial assets									
Bonds									
Municipals	$ 13,545	$ -	$ 329	$ -	$ -	$ -	$ -	$ 13,874	$ -
Corporates	1,506	(26)	9	2,642	(4,117)	(14)	-	-	-
Other invested assets	-	(862)	-	478	(3,141)	(375)	3,900	-	-
Total recurring Level 3 financial assets	$ 15,051	$ (888)	$ 338	$ 3,120	$ (7,258)	$ (389)	$ 3,900	$ 13,874	$ -

The following summarizes the fair value of the Company's financial assets and financial liabilities by type as of December 31:

2015

(in thousands of dollars)	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)
Bonds	$ 8,227,075	$ 8,129,395	$ 667,772	$ 7,448,852	$ 110,451
Common stocks - unaffiliated	1,961,478	1,961,478	1,951,478	10,000	-
Cash equivalents	103,581	103,581	103,581	-	-
Short-term investments	515,013	515,012	470,942	44,071	-
Derivative assets	63,371	63,371	-	333	63,038
Other invested assets	851,436	850,301	-	-	851,436
Total financial assets	$ 11,721,954	$ 11,623,138	$ 3,193,773	$ 7,503,256	$ 1,024,925
Derivative liabilities	$ 56,567	$ 56,567	$ -	$ 1,785	$ 54,782
Total financial liabilities	$ 56,567	$ 56,567	$ -	$ 1,785	$ 54,782

2014

(in thousands of dollars)	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)
Bonds	$ 8,039,843	$ 7,804,615	$ 357,851	$ 7,584,156	$ 97,837
Common stocks - unaffiliated	2,043,796	2,043,796	2,033,796	10,000	-
Cash equivalents	26,373	26,373	22,641	3,732	-
Short-term investments	385,597	385,622	335,589	50,007	-
Derivative assets	3,041	3,041	-	3,041	-
Other invested assets	748,038	727,226	-	-	748,038
Total financial assets	$ 11,246,688	$ 10,990,673	$ 2,749,877	$ 7,650,936	$ 845,875
Derivative liabilities	$ 18,795	$ 18,795	$ -	$ 18,795	$ -
Total financial liabilities	$ 18,795	$ 18,795	$ -	$ 18,795	$ -

As part of its pricing procedures, the Company obtains quotes from leading providers of pricing data, and the Company's internal pricing policy is to use consistent sources for individual securities based on security type in order to maintain the integrity of its valuation process. These primary quotes are validated on a quarterly basis via comparison to a secondary pricing source, which may include quotes received from a different third party pricing data provider or recent trade activity obtained from reputable online trading sites. In addition, investment managers may be consulted to corroborate prices received from outside sources based on their knowledge of market trends and activity. As necessary, the Company utilizes pricing services that specialize in difficult-to-value securities to price esoteric or illiquid securities. Material discrepancies between the primary and secondary sources are investigated, reconciled and updated as warranted. This may involve challenging a price from the primary source if the Company determines the price provided does not meet expectations based on observed market, sector, or security trends and activity.

On an annual basis, the Company reviews quality control measures and data assumptions from its pricing sources to determine if any significant changes have occurred that may indicate issues or concerns regarding their evaluation or market coverage. In addition, an annual analysis is performed on a sample of securities to further validate the inputs, assumptions, and methodologies used by the primary source to price those securities.

During the course of the valuation process, if it is determined the material inputs used to price a security are unobservable, the Company will transfer that security to Level 3.

All transfers into or out of a particular level are recognized as of the beginning of the reporting period. There were no transfers into or out of Level 3 during 2015.

The Company recorded a $3,900,000 transfer into Level 3 in 2014 for partnerships valued using agreed-upon sale prices. These partnerships have always been considered Level 3 assets, but were previously valued using capital account valuations as reported by the various limited partnerships. Therefore, the investments were not carried at fair value prior to 2014. There were no other material transfers into or out of Levels 1, 2, or 3 during 2014.

b. Common Stocks – Unaffiliated

The aggregate cost of unaffiliated stocks at December 31, 2015 and 2014 was $1,306,314,000 and $1,186,868,000, respectively. Net unrealized appreciation of unaffiliated stocks stated at fair value includes gross unrealized gains of $686,463,000 and $872,745,000 and gross unrealized losses of $31,299,000 and $15,817,000 at December 31, 2015 and 2014, respectively.

The fair value and unrealized losses, categorized by stocks in loss positions for less than 12 months and stocks in loss positions for more than 12 months, at December 31 are as follows:

	2015							
	Less than 12 Months			12 Months or More			Total	
(in thousands of dollars, except number of issues)	Number of Issues	Fair Value	Unrealized Losses	Number of Issues	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Description of Securities:								
Common stock - nonaffiliated	487	$ 200,609	$ (24,703)	280	$ 16,148	$ (6,596)	$ 216,757	$ (31,299)
Total	487	$ 200,609	$ (24,703)	280	$ 16,148	$ (6,596)	$ 216,757	$ (31,299)

	2014							
	Less than 12 Months			12 Months or More			Total	
(in thousands of dollars, except number of issues)	Number of Issues	Fair Value	Unrealized Losses	Number of Issues	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Description of Securities:								
Common stock - nonaffiliated	510	$ 133,415	$ (15,816)	1	$ 11	$ (1)	$ 133,426	$ (15,817)
Total	510	$ 133,415	$ (15,816)	1	$ 11	$ (1)	$ 133,426	$ (15,817)

The Company believes that declines in fair value related to these stocks are temporary. In determining whether the declines in fair value are temporary, the Company considers severity of impairment, duration of impairment, forecasted market price recovery, and the intent and ability of the Company to hold the investment until the market price has recovered.

During 2015 and 2014, the Company recorded other-than-temporary impairments (OTTI) in its stock portfolio, resulting in a total realized loss of $13,056,000 and $5,971,000, respectively.

Proceeds from sales of stocks during 2015 and 2014 were $785,533,000 and $872,035,000, respectively. These amounts exclude spin-offs, tax-free exchanges, taxable exchanges and returns of capital. Gross gains of $190,377,000 and $414,868,000, and gross losses of $53,124,000 and $8,776,000 were realized on those sales during 2015 and 2014, respectively. The basis of the securities sold was determined using specific identification.

The Company made charitable contributions of common stock with a fair value of $36,272,000 and $1,695,000 during 2015 and 2014, respectively. As a result of these donations, the Company realized gains of $29,707,000 and $1,665,000 during 2015 and 2014, respectively.

The Company's common stock portfolios are primarily invested in large, mid, and small cap stocks which are managed to their respective indices. A portion of the large cap portfolio is weighted toward dividend paying stocks within the Russell 3000 Index. Positions held in master limited partnerships as of December 31, 2014 were liquidated during 2015. Further separation of equity securities by geography or industry concentration is not deemed relevant.

c. Financial Information for Unconsolidated Subsidiaries

Condensed financial information regarding AFMIC's indirect wholly-owned subsidiary, AFLIC, which has not been consolidated is shown as follows:

(in thousands of dollars)	December 31, 2015	December 31, 2014
Balance Sheets		
Assets	$ 5,331,746	$ 5,230,458
Liabilities	$ 4,386,636	$ 4,341,848
Statutory surplus	945,110	888,610
Liabilities and stockholders' equity	$ 5,331,746	$ 5,230,458

(in thousands of dollars)	Year Ended December 31, 2015	Year Ended December 31, 2014
Results of Operations		
Revenues	$ 581,260	$ 585,764
Realized gains (losses), net of tax	(19,972)	7,120
Expenses	486,113	479,386
Income (loss) before income tax expense (benefit)	75,175	113,498
Income tax expense (benefit)	23,442	32,794
Net income (loss)	$ 51,733	$ 80,704

Condensed financial information regarding other subsidiaries which are also wholly-owned (directly or indirectly) operating subsidiaries of AFMIC are not included in the above tables for purposes of this disclosure due to total admitted assets of these entities representing less than 10% of the Company's total admitted assets.

The Company submitted to the NAIC SUB-2 filings which presented support for the valuation of two directly held subsidiaries. The NAIC approved the filings and affirmed the Company's valuation of these subsidiaries. The following summarizes the valuations approved by the NAIC:

(in thousands of dollars)

Description of SCA Investment	Date of Filing	Gross Amount	Nonadmitted Asset Amount	Admitted Asset Amount	NAIC Valuation Amount
AmFam, Inc.	8/26/2015	$ 2,157,027 *	$ -	$ 2,157,027	$ 2,157,027
AFBI	8/26/2015	870	(870)	-	-
Total:		$ 2,157,897	$ (870)	$ 2,157,027	$ 2,157,027

* Includes $1,473,108 related to unconsolidated subsidiaries

d. Bonds

The carrying value and fair value of bonds, including short-term investments, at December 31 are as follows:

	2015			
(in thousands of dollars)	**Carrying Value**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Description of Securities:				
U.S. governments	$ 1,207,318	$ 611	$ (7,065)	$ 1,200,864
States, territories and possessions (direct and guaranteed)	571,029	13,052	(612)	583,469
Political subdivisions of states, territories and possessions (direct and guaranteed)	933,657	15,809	(1,453)	948,013
Special revenue and special assessment obligations and all nonguaranteed obligations of agencies and nonguaranteed obligations of agencies and authorities of governments and their political subdivisions	3,484,846	88,638	(6,785)	3,566,699
Industrial and miscellaneous	2,447,556	17,309	(21,823)	2,443,042
Totals	$ 8,644,406	$ 135,419	$ (37,738)	$ 8,742,087

	2014			
(in thousands of dollars)	**Carrying Value**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Description of Securities:				
U.S. governments	$ 772,041	$ 5,908	$ (2,266)	$ 775,683
States, territories and possessions (direct and guaranteed)	574,303	14,790	(957)	588,136
Political subdivisions of states, territories and possessions (direct and guaranteed)	741,321	17,612	(1,427)	757,506
Special revenue and special assessment obligations and all nonguaranteed obligations of agencies and nonguaranteed obligations of agencies and authorities of governments and their political subdivisions	3,932,052	162,174	(5,705)	4,088,521
Industrial and miscellaneous	2,170,519	52,686	(7,611)	2,215,594
Totals	$ 8,190,236	$ 253,170	$ (17,966)	$ 8,425,440

The fair value and unrealized losses, categorized by bonds in loss positions for less than 12 months and bonds in loss positions for more than 12 months, at December 31 are as follows:

	2015							
	Less Than 12 Months			12 Months or More			Total	
(in thousands of dollars, except number of issues)	Number of Issues	Fair Value	Unrealized Losses	Number of Issues	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Description of Securities:								
U.S. governments	61	$ 626,299	$ (4,275)	8	$ 110,543	$ (2,790)	$ 736,842	$ (7,065)
States, territories and possessions (direct and guaranteed)	36	128,791	(512)	4	50,877	(100)	179,668	(612)
Political subdivisions of states, territories and possessions (direct and guaranteed)	54	174,522	(1,198)	8	26,591	(255)	201,113	(1,453)
Special revenue and special assessment obligations and all nonguaranteed obligations of agencies and nonguaranteed obligations of agencies and authorities of government and their political subdivisions	208	690,664	(5,373)	39	125,264	(1,412)	815,928	(6,785)
Industrial and miscellaneous	520	1,381,244	(19,730)	21	46,864	(2,093)	1,428,108	(21,823)
	879	$ 3,001,520	$ (31,088)	80	$ 360,139	$ (6,650)	$ 3,361,659	$ (37,738)

	2014							
	Less Than 12 Months			12 Months or More			Total	
(in thousands of dollars, except number of issues)	Number of Issues	Fair Value	Unrealized Losses	Number of Issues	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Description of Securities:								
U.S. governments	20	$ 230,704	$ (445)	11	$ 78,928	$ (1,821)	$ 309,632	$ (2,266)
States, territories and possessions (direct and guaranteed)	32	186,589	(957)	-	-	-	186,589	(957)
Political subdivisions of states, territories and possessions (direct and guaranteed)	66	218,865	(761)	10	34,343	(666)	253,208	(1,427)
Special revenue and special assessment obligations and all nonguaranteed obligations of agencies and nonguaranteed obligations of agencies and authorities of government and their political subdivisions	131	475,189	(2,842)	47	181,588	(2,863)	656,777	(5,705)
Industrial and miscellaneous	149	427,083	(4,379)	46	98,444	(3,232)	525,527	(7,611)
	398	$ 1,538,430	$ (9,384)	114	$ 393,303	$ (8,582)	$ 1,931,733	$ (17,966)

If the Company has the intent to sell or will more likely-than-not be required to sell a structured fixed income security prior to full recovery, the Company writes down the security to its current fair value with the entire write-down recorded as a realized investment loss in the consolidated statutory statements of income. If the Company does not have the intent to sell but the security is in an unrealized loss position, the Company determines if any of the decline in value is due to a credit-related loss (the present value of the expected future cash flows (PVCF) is less than amortized cost). Other-than-temporary credit impairments are recorded as a realized investment loss in the consolidated statutory statements of income when the PVCF is less than the amortized cost.

The Company recognized no OTTI in realized investment loss due to the intent to sell structured securities in 2015 and 2014. There were no credit-related impairments recorded on structured securities in 2015 and 2014, and the Company does not hold any structured securities with a recognized other-than-temporary credit-related impairment.

In determining whether losses on non-structured securities are expected to be temporary, the Company considers severity of impairment, duration of impairment, forecasted market price recovery and the intent and ability of the Company to hold the investment until the market price recovers or the investment matures to assist in determining if a potential credit loss exists. Additionally the Company may rely on the details of settlements reached in bankruptcy proceedings or other restructurings to determine ultimate collectability of these investments.

Credit-related OTTI losses recorded on non-structured securities were $22,452,000 and $0 during 2015 and 2014, respectively. The Company recognized $243,000 and $0 of OTTI due to the intent to sell non-structured securities in 2015 and 2014, respectively.

During 2015 and 2014, for its bond portfolio, the Company recorded total OTTI in investment losses in the consolidated statutory statements of income of $22,695,000 and $0, respectively. These amounts include both credit-related impairments as well as impairments taken due to the intent to sell securities. The Company believes that all other unrealized investment losses related to bonds are temporary.

Subprime mortgages are residential loans to borrowers with weak credit profiles. Alt A mortgages are residential loans to borrowers who have credit profiles above subprime but do not conform to traditional (prime) mortgage underwriting guidelines. The Company had insignificant exposure to subprime and Alt A mortgages at December 31, 2015 and 2014.

The carrying value and fair value of bonds, including short-term investments, at December 31, 2015 by contractual maturity are shown as follows. Expected maturities may differ from contractual maturities because borrowers may exercise the right to call or prepay obligations with or without penalties. Because most mortgage-backed and asset-backed securities provide for periodic payments throughout their lives, they are listed in a separate category as follows:

	December 31, 2015	
(in thousands of dollars)	**Carrying Value**	**Fair Value**
Due in one year or less	$ 873,376	$ 875,009
Due after one year through five years	3,253,601	3,294,562
Due after five years through ten years	2,787,016	2,824,252
Due after ten years	484,116	505,647
Subtotal	7,398,109	7,499,470
Mortgage-backed securities	643,724	642,377
Asset-backed securities	602,573	600,240
Total	$ 8,644,406	$ 8,742,087

Proceeds from sales of long-term bonds during 2015 and 2014 were $5,556,034,000 and $3,927,904,000, respectively. Gross gains of $143,156,000 and $154,922,000 and gross losses of $35,689,000 and $12,663,000 were realized on those sales during 2015 and 2014, respectively. The basis of the securities sold was determined using specific identification.

At December 31, 2015 and 2014, investments with an amortized value of $32,850,000 and $31,824,000, respectively, were on deposit with various regulatory authorities to comply with insurance laws.

The Company invests in structured notes, which are characterized by non-fixed coupon payments, with the exception of securities tied to a non-leveraged typical interest rate index (such as LIBOR and T-Bill rates). Loan-backed securities are excluded from this category. The following table details the securities that the Company has determined meet this definition at December 31, 2015. None of these positions are classified as mortgage-referenced securities.

(in thousands of dollars)

	December 31, 2015		
CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value
010685HD0	$ 10,758	$ 11,653	$ 10,982
01728LBX9	1,852	1,827	1,754
01728VFV7	13,995	14,504	14,117
040507HN8	8,916	9,189	9,048
13033LY50	2,247	2,144	2,237
19648AAT2	6,831	7,144	6,837
19648AKU8	3,009	2,953	2,864
19648ALA1	1,094	1,040	1,034
20772JHL9	4,006	3,993	4,003
24023DAC8	3,799	3,872	3,794
249002BA3	3,072	3,021	3,067
251237W66	4,985	5,647	5,141
25477GGQ2	10,000	10,051	10,000
29271LAE4	1,000	980	980
369300AN8	503	385	385
388640S54	5,285	5,109	5,254
398905AK5	1,500	1,485	1,485
4520013L2	4,496	4,488	4,497
46613PSY3	1,765	2,099	1,878
491189EE2	18,952	20,365	19,308
51166FCN7	2,000	2,006	2,000
546068AR8	5,000	5,100	5,000
57582PBS8	2,323	2,654	2,453
57582PDM9	34,311	34,358	34,364
57582PK41	2,250	2,250	2,250
576004FR1	4,130	4,536	4,195
607167DX8	3,500	3,512	3,500
645918S20	4,508	4,448	4,502
658268CD7	2,122	2,096	2,090
659155FN0	14,181	14,159	14,179
677660UP5	5,065	5,225	5,064
707886B#3	2,520	2,695	2,520
7092235D9	2,250	2,232	2,250
74966NAA4	3,980	3,000	3,000
786106GN8	4,832	4,773	4,764
786134PG5	21,151	23,136	21,645
912828H45	6,756	6,595	6,808
912828PP9	3,282	3,738	3,592
912828XL9	1,810	1,798	1,809
913366BU3	3,500	4,597	3,673
949746QU8	1,512	1,499	1,489
96634RAQ5	4,975	4,906	4,976
P09646AD5	4,084	4,086	3,984
Total	$ 248,107	$ 255,348	$ 248,772

e. Real Estate

Real estate assets (excluding land held for sale) were disposed of at a net realized loss of $82,000 and $2,721,000 during 2015 and 2014, respectively. The disposed assets primarily consisted of office buildings for both 2015 and 2014.

The Company owns certain properties with the intent to develop and sell the land. Lots are listed and sold through licensed real estate brokers following planned marketing and sale methods. Timing of sales is determined by market conditions, and the Company recognized a gain on the sale of these lots of $2,645,000 and $2,344,000 as of December 31, 2015 and 2014, respectively.

During 2015 and 2014, the Company recorded OTTI on real estate assets of $166,000 and $1,043,000, respectively. The other-than-temporarily impaired assets were related to properties that were intended to be sold at a reduced listing price.

f. Other Invested Assets

During 2015 and 2014, the Company recorded OTTI in the other invested assets portfolio of $20,516,000 and $11,269,000, respectively. The other-than-temporarily impaired investments were generally mature partnerships that had completed their initial investment period. Some were in the process of liquidating investment holdings. These partnerships may have experienced losses due to poor performance of a specific investment, poor performance of a particular sector, or unfavorable market conditions in general. As there was no clear indication of full recovery of value of these investments, OTTI losses were realized.

The Company believes that no additional other invested assets in the portfolio are other-than-temporarily impaired. In making this determination, the Company considers severity of impairment, age of the partnership, percent of the total commitment funded, performance of the underlying investments, sector of the underlying investments, and the intent and ability of the Company to hold the investment until the value has fully recovered.

Low Income Housing Tax Credits (LIHTC)

The schedule of LIHTC unexpired tax credits and the required holding periods as of December 31, 2015 are listed as follows:

Entity Description	Years of Unexpired Tax Credits	Required Holding Period
MAHF XVI	3	2019
MO TAX VI	1	2017
MAHF XVIII	5	2021
MAHF XIX	5	2021

None of the above LIHTC properties are currently subject to any regulatory reviews or contingent commitments.

Transferable and Non-transferable State Tax Credits

The carrying value of transferable state tax credits and total unused transferable state tax credits were not material to the Company as of December 31, 2015 and 2014. The Company did not hold any non-transferable state tax credits as of December 31, 2015 and 2014.

g. Derivative Instruments

Derivative financial instruments utilized by the Company during 2015 included interest rate swap agreements and TBA dollar roll securities. The Company utilized only interest rate swaps in 2014.

The Company entered into interest rate swap agreements in order to mitigate interest rate risk with respect to the Company's investment portfolio and general operations. All interest rate swap instruments are subject to enforceable master netting agreements and the Company elects to net derivative asset and derivative liability positions with the same counterparty on the consolidated statutory balance sheets. Cash collateral payable (receivable) is netted with derivative assets (liabilities) and the net amount is recorded as derivatives assets (liabilities) on the consolidated statutory balance sheets. TBA dollar roll securities are not subject to enforceable master netting agreements and thus there is no netting of derivative asset and derivative liability positions with the same counterparty on the consolidated statutory balance sheets. No collateral is exchanged related to TBA dollar roll securities.

Derivative instruments as of December 31, 2015 and 2014 are as follows:

	2015					
(in thousands of dollars)			**Balance Sheet**		**Statement of Changes in Policyholders' Surplus**	
Derivatives designated as:	**Notional (Par) Value**	**Purpose**	**Classification**	**Fair Value**	**Classification**	**Amount Realized**
Non-hedging instruments						
Assets:						
Interest rate swaps	$ 20,000	Manage Duration	Derivatives (Assets)	$ 333	Unassigned surplus	$ (2,708)
TBAs	60,750	Generate Income	Derivatives (Assets)	63,038	Unassigned surplus	10
Liabilities:						
Interest rate swaps	1,066,200	Manage Duration	Derivatives (Liabilities)	(1,785)	Unassigned surplus	7,378
TBAs	54,475	Generate Income	Derivatives (Liabilities)	(54,782)	Unassigned surplus	8
Total open positions	$1,201,425			$ 6,804		$ 4,688
Closed:						
Interest rate swaps	$ 871,300	Manage Duration	N/A		Realized capital gain (loss)	$ (27,200)
TBAs	2,961,764	Generate Income	N/A		Realized capital gain (loss)	592
Total closed positions						$ (26,608)
Total						$ (21,920)

	2014					
(in thousands of dollars)			**Balance Sheet**		**Statement of Changes in Policyholders' Surplus**	
Derivatives designated as:	**Notional Value**	**Purpose**	**Classification**	**Fair Value**	**Classification**	**Amount Realized**
Non-hedging instruments						
Assets:						
Interest rate swaps	$ 130,000	Manage interest rate risk	Derivatives (Assets)	$ 3,041	Unassigned surplus	$ (34,479)
Liabilities:						
Interest rate swaps	1,005,000	Manage interest rate risk	Derivatives (Liabilities)	(18,794)	Unassigned surplus	(17,493)
Total open positions	$1,135,000			$ (15,753)		$ (51,972)
Closed:						
Interest rate swaps	$ 265,000	Manage interest rate risk	N/A		Realized capital gain (loss)	$ (4,142)
Total closed positions						$ (4,142)
Total						$ (56,114)

The following table provides gross and net amounts for the Company's derivative instruments:

2015 *(in thousands of dollars)*					Amounts Not Offset on Balance Sheet	
Derivatives Designated as:	Gross Amount	Counterparty Netting	Cash Collateral (Received) Pledged	Net Amount on Balance Sheet	Securities Collateral (Received) Pledged	Net Amount
Assets	$ 70,542	$ (7,171)	$ -	$ 63,371	$ -	$ 63,371
Liabilities	(63,738)	7,171	332	(56,235)	918	(55,317)
Total	$ 6,804	$ -	$ 332	$ 7,136	$ 918	$ 8,054

2014 *(in thousands of dollars)*					Amounts Not Offset on Balance Sheet	
Derivatives Designated as:	Gross Amount	Counterparty Netting	Cash Collateral (Received) Pledged	Net Amount on Balance Sheet	Securities Collateral (Received) Pledged	Net Amount
Assets	$ 4,147	$ (1,106)	$ (2,610)	$ 431	$ -	$ 431
Liabilities	(19,900)	1,106	20,436	1,642	14,291	15,933
Total	$ (15,753)	$ -	$ 17,826	$ 2,073	$ 14,291	$ 16,364

Collateral pledged as initial margin to the Chicago Mercantile Exchange (CME) is not subject to a master netting agreement and is therefore excluded from collateral pledged (received) in the previous table.

Counterparty credit risk is evaluated closely to ensure that the party or collateral backing the derivative transaction will meet the financial obligations of the contract. For bilateral over-the-counter interest rate swap transactions the amount of counterparty exposure depends on the creditworthiness of and collateral provided by the counterparty. The Company actively monitors and evaluates the financial qualifications of counterparties to its swap agreements and requires these counterparties to provide sufficient collateral security through the execution of a legally enforceable Credit Support Annex (CSA). The CSA requires collateral to be exchanged when predetermined exposure limits are exceeded and permits either party to net collateral transfers due for transactions covered under the agreements. As of December 31, 2015 and 2014, the Company pledged bonds with a carrying value and fair value of $918,000 and $14,291,000, respectively, as collateral to counterparties. Bonds pledged by the Company as collateral are included in bonds on the consolidated statutory balance sheets. There were no bonds pledged by counterparties to the Company as of December 31, 2015 and 2014. The Company pledged cash of $240,000 and $656,000 as collateral to counterparties and counterparties pledged $0 and $2,610,000 in cash collateral to the Company as of December 31, 2015 and 2014, respectively. Cash collateral pledged to (by) the Company is netted with derivative assets (liabilities) on the consolidated statutory balance sheets as previously described.

Certain OTC swap contracts were transacted and cleared through the central clearinghouse at the CME, where the CME serves as the counterparty for both parties to the swap contract. Rather than directly posting collateral to/from a traditional counterparty as in a bilateral agreement, the Company posts initial and variation margin per CME's requirements. Initial margin, which may consist of cash and/or securities, protects against "shock" events and is not used to settle market value variation movements. After initial execution of the swap contract, the CME uses a market-standard model to price (mark to market) accepted trades, and that price serves as the basis for variation margin requirements. Similar to the movement of collateral between counterparties in a bilateral agreement, centrally cleared swap contracts require variation margin to be posted (received) by the Company as the market value of the swap contract moves further out of (into) the money. As of December 31, 2015 and 2014, the Company pledged initial margin of $849,000 and $50,000 in cash and bonds with a carrying value and fair value of $5,432,000 and $0, respectively, to the CME. In addition, the Company pledged $93,000 and $19,781,000 in cash as variation margin to the CME as of December 31, 2015 and 2014, respectively. The CME posted no cash or securities as variation margin to the Company as of December 31, 2015 and 2014. Cash pledged as variation margin by (to) the Company is netted with derivative assets (liabilities) on the consolidated statutory balance sheets as previously described. Bonds pledged by the Company as margin are included in bonds, available-for-sale, on the consolidated statutory balance sheets.

The Company does not exchange collateral with counterparties in relation to TBA dollar roll securities.

Counterparty credit exposure by counterparty credit rating as it relates to open derivative positions as of December 31, 2015 and 2014, is as follows:

(in thousands of dollars)

	2015			
Rating	**Number of Counterparties**	**Notional (Par) Value**	**Credit Exposure**	**Exposure, Net of Collateral**
Centrally Cleared	1	$ 991,200	$ -	$ -
AA-	1	500	-	-
A+	3	67,140	-	-
A	6	92,985	40,263	40,263
A-	2	36,080	14,393	14,393
BBB+	1	13,520	8,715	8,715
Total	14	$ 1,201,425	$ 63,371	$ 63,371

(in thousands of dollars)

	2014			
Rating	**Number of Counterparties**	**Notional Value**	**Credit Exposure**	**Exposure, Net of Collateral**
Centrally Cleared	1	$ 670,000	$ -	$ -
A+	2	330,000	3,041	431
A	1	85,000	-	-
A-	1	50,000	-	-
Total	5	$ 1,135,000	$ 3,041	$ 431

h. Net Investment Income

Net investment income for the years ended December 31 is summarized as follows:

(in thousands of dollars)	2015	2014
Bonds	$ 225,284	$ 252,167
Common stocks	48,675	45,562
Real estate	44,378	44,289
Other	88,217	92,741
Total investment income	406,554	434,759
Investment expenses	(112,157)	(104,463)
Net investment income	$ 294,397	$ 330,296

4. Income Taxes

The components of the net deferred tax assets (liabilities) at December 31 are as follows:

(in thousands of dollars)	2015			2014		
1.	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross deferred tax assets (DTAs)	$ 756,285	$ -	$ 756,285	$ 787,611	$ 1,658	$ 789,269
(b) Statutory valuation allowance adjustment	1,343	-	1,343	1,641	-	1,641
(c) Adjusted gross deferred tax assets ((a) - (b))	754,942	-	754,942	785,970	1,658	787,628
(d) Deferred tax assets nonadmitted	39	-	39	85	-	85
(e) Subtotal (net deferred tax assets) ((c) - (d))	754,903	-	754,903	785,885	1,658	787,543
(f) Deferred tax liablilities	100,106	284,816	384,922	85,894	368,771	454,665
(g) Net admitted deferred tax assets ((e) - (f))	$ 654,797	$ (284,816)	$ 369,981	$ 699,991	$ (367,113)	$ 332,878

	2015			2014		
2.	Ordinary	Capital	Total	Ordinary	Capital	Total
Admission calculation components of SSAP No. 101						
(a) Fed inc tax paid in prior years recov through loss carrybacks	$ 217,008	$ -	$ 217,008	$ 147,160	$ 1,658	$ 148,818
(b) Adjusted gross deferred tax assets expected to be realized (Excluding the amount of def tax assets from (a) above after application of the threshold limitation (the lesser of b(1) and b(2) below)	199,967	-	199,967	225,213	-	225,213
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	199,967	-	199,967	225,213	-	225,213
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXXXX	XXXXX	970,619	XXXXX	XXXXX	831,808
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from (a) and (b) above) offset by gross deferred tax liabilities	337,928	-	337,928	413,512	-	413,512
(d) Deferred tax assets admitted as the result of application of SSAP 101, Total (a)+(b)+(c)	$ 754,903	$ -	$ 754,903	$ 785,885	$ 1,658	$ 787,543

3.	2015	2014
(a) Ratio percentage used to determine recovery period and threshold limitation amount	729%	753%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	$6,188,196	$ 5,761,221

	2015			2014		
4.	Ordinary Percent	Capital Percent	Total Percent	Ordinary Percent	Capital Percent	Total Percent
Impact of Tax Planning Strategies						
(a) Adjusted gross DTAs (% of total adjusted gross DTAs)	-	-	-	-	-	-
(b) Net admitted adjusted gross DTAs (% of total net admitted adjusted gross DTAs)	-	-	-	-	-	-
(c) Does the company's tax-planning strategies include the use of reinsurance?		No			No	

The components of current income tax expense (benefit) are as follows:

(in thousands of dollars)	**2015**	**2014**
Current Income Tax		
Federal	$ 120,332	$ 1,916
Foreign	-	-
Subtotal	120,332	1,916
Federal income tax on net capital gains	100,936	119,208
Utilization of Net Capital Loss Carryforward		-
Other - Audit, Over and Underaccrual	(9,320)	14,692
Federal and foreign income taxes incurred	$ 211,948	$ 135,816

The main components of the net DTAs and DTLs as of December 31 are as follows:

(in thousands of dollars)	**2015**	**2014**
DTAs		
Ordinary		
Discounting of unpaid losses	$ 48,287	$ 55,103
Unearned premiums	205,666	189,667
Investments	12,308	10,848
Compensation and benefits accrual	294,181	297,283
Pension accrual	63,989	72,587
Nonadmitted assets	125,336	117,232
Tax credit carryforward	-	37,430
NOL carryforward	1,339	1,641
Other (including items <5% of total ordinary assets)	5,179	5,820
Subtotal	756,285	787,611
Statutory valuation allowance adjustment	1,343	1,641
Nonadmitted DTAs	39	85
Admitted ordinary deferred tax assets	754,903	785,885
Capital		
Investments	-	756
Other	-	902
Subtotal	-	1,658
Statutory valuation allowance adjustment	-	-
Nonadmitted DTAs	-	-
Admitted capital deferred tax assets	-	1,658
Admitted deferred tax assets	$ 754,903	$ 787,543

(in thousands of dollars)	**2015**	**2014**
DTLs		
Ordinary		
Investments	$ 5,249	$ 3,879
Fixed assets	94,805	81,686
Other (including items <5% of total ordinary liabilities	52	329
Subtotal	100,106	85,894
Capital		
Investments	284,816	367,802
Other	-	969
Subtotal	284,816	368,771
Deferred tax liabilities	384,922	454,665
Net deferred tax assets (liabilities)	$ 369,981	$ 332,878

The components of the change in net deferred tax as of December 31 are as follows:

(in thousands of dollars)	**2015**	**2014**	**Change**
Total DTAs	$ 754,942	$ 787,628	$ (32,686)
Total DTLs	384,922	454,665	(69,743)
Net DTAs (DTLs)	$ 370,020	$ 332,963	37,057
Tax effect of investment unrealized gains (losses)			(62,446)
Foreign exchange gains (losses)			(42)
Employee and agent benefit plans			16,590
Pension			(7,369)
Change in net deferred tax			$ (16,210)

The actual federal income tax expense on operations for 2015 and 2014 differed from expected tax expense (benefit) as follows:

(in thousands of dollars)	2015 Amount	2015 Tax Effect at 35%	2015 Effective Tax Rate	2014 Amount	2014 Tax Effect at 35%	2014 Effective Tax Rate
Income (loss) before tax expense	$ 797,466	$ 279,113	35.00 %	$ 862,709	$ 301,948	35.00 %
Tax exempt interest	(81,706)	(28,597)	(3.58)	(110,593)	(38,708)	(4.49)
Dividends received deduction	(34,807)	(12,182)	(1.53)	(33,465)	(11,713)	(1.36)
Tax-exempt interest and dividend deduction proration	17,422	6,098	0.76	21,235	7,432	0.86
Treasury inflation protected securities	53	19	-	59	21	-
50% meals and entertainment adjustment	2,779	973	0.12	2,540	889	0.10
Other current year permanent items	818	286	0.04	(22,220)	(7,777)	(0.90)
Change in prior year permanent items	1,248	437	0.05	817	286	0.03
Nonadmitted assets	(20,588)	(7,206)	(0.90)	(31,864)	(11,152)	(1.29)
Audit interest	(196)	(69)	(0.01)	(1,597)	(559)	(0.06)
Excluded gain on stock contribution	(29,628)	(10,370)	(1.30)	(1,663)	(582)	(0.07)
Deferred tax balance and audit adjustments	(91)	(32)	-	4,033	1,412	0.16
Valuation allowance	(852)	(298)	(0.04)	(1,072)	(375)	(0.04)
Other	(2)	(1)	-	395	139	0.02
Foreign tax credit and penalties	(36)	(13)	-	(10)	(4)	-
Taxable income (loss)	$ 651,880	$ 228,158	28.61 %	$ 689,304	$ 241,257	27.96 %
Federal income tax incurred		211,948	26.58		135,816	15.74
Change in net deferred income tax		16,210	2.03		105,441	12.22
Total statutory income taxes (excluding taxes on unrealized gains/losses)		$ 228,158	28.61 %		$ 241,257	27.96 %

(in thousands of dollars)

The Company reported the following loss carry forwards:

	12/31/2015	12/31/2014
AMT credit carry forwards, which do not expire, in the amount of:	$ -	$ 37,430

The following are income tax expenses incurred in the current and prior years that are available for recoupment in the event of future net losses:

Year	Amount
2015	$ 236,922
2014	223,210
2013	24,339

On a consolidated basis the Company reported the following carry forwards available for recoupment:

	12/31/2015	12/31/2014
AMT credit carry forwards, which do not expire, in the amount of:	$ -	$ 37,430

On a consolidated basis the following is income tax expense for 2015, 2014, and 2013 that is available for recoupment in the event of future net losses:

Year	Amount
2015	$ 231,118
2014	166,785
2013	45,974

The guidance for accounting for uncertainty in income taxes prescribes a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. Interest and penalties on tax uncertainties are classified as a federal tax expense. The total amount of interest accrued was $441,000 and $536,000 as of December 31, 2015 and 2014, respectively. The Company does not expect to have a significant change in unrecognized tax benefits in the next twelve months.

The examinations of the Company's consolidated federal income tax returns for the years 2011 and prior are closed, and the years 2012 through 2014 remain open under the IRS statute of limitations. The examinations of Homesite Group Inc. and Subsidiaries' federal income tax return (filed separately until 2014) for the years 2011 and prior are closed, and the years 2012 through 2013 remain open under the IRS statute of limitations. Homesite and its subsidiaries are currently under federal audit for tax year 2013.

5. Employee Benefit Plans

The Company has non-contributory pension plans (herein referred to as the "Plans") covering substantially all employees except for those employees of PGC or Homesite. For AFMIC employees hired before January 1, 2009, and Agency Sales Managers hired before January 1, 2010, the benefits are based on years of credited service and highest average compensation (as defined in the Plans). For employees hired on or after January 1, 2009, and Agency Sales Managers hired on or after January 1, 2010, benefits are determined under a cash balance formula (as defined in the Plans). The asset valuation method used in 2015 for the funding calculation was the Two-Year Smoothed Value method. The new benefit restrictions, required under the Pension Protection Act of 2006, do not apply in 2015 given the funded status of the Plans.

The Company's two qualified pension plans merged as of December 31, 2015. This merger does not impact the valuation of the qualified pension plan's net assets or benefit obligations.

The Company provides certain health care benefits to substantially all employees and contribute toward eligible employees' postretirement health care using a fixed amount for each year of eligible service. Certain employees may also receive health care benefits upon retirement via conversion of unused sick days earned prior to 2008. In addition, the Company provides most employees with a life insurance benefit, for which the Company absorbs substantially all of the cost. The Company's portion of the costs of these programs is unfunded. The Company sponsors no other significant postretirement benefit plans and uses a measurement date of December 31 for valuing pension and other postretirement benefit plans.

The following table reflects the pension plans' funded status, the Company's accrued postretirement benefits liability, and amounts recognized in the Company's consolidated statutory balance sheets at December 31:

Change in benefit obligation (in thousands of dollars)

Pension Benefits

	Overfunded		Underfunded	
	2015	**2014**	**2015**	**2014**
1. Benefit obligation at beginning of year	$ -	$ -	$ 1,070,535	$ 869,609
2. Service cost	-	-	48,955	40,043
3. Interest cost	-	-	40,242	38,653
4. Contribution by plan participants	-	-	-	-
5. Actuarial (gain)/loss	-	-	(13,401)	176,920
6. Foreign currency exchange rate changes	-	-	-	-
7. Benefits paid	-	-	(60,184)	(54,690)
8. Plan amendments	-	-	-	-
9. Business combinations, divestitures, curtailments, settlements, and special termination benefits	-	-	-	-
10. Benefit obligation, end of year	$ -	$ -	$ 1,086,147	$ 1,070,535

Postretirement Benefits

	Overfunded		Underfunded	
	2015	**2014**	**2015**	**2014**
1. Benefit obligation at beginning of year	$ -	$ -	$ 55,707	$ 50,061
2. Service cost	-	-	3,336	3,059
3. Interest cost	-	-	2,097	2,248
4. Contribution by plan participants	-	-	-	-
5. Actuarial (gain)/loss	-	-	(2,864)	1,675
6. Foreign currency exchange rate changes	-	-	-	-
7. Benefits paid	-	-	(2,184)	(1,336)
8. Plan amendments	-	-	-	-
9. Business combinations, divestitures, curtailments, settlements, and special termination benefits	-	-	-	-
10. Benefit obligation, end of year	$ -	$ -	$ 56,092	$ 55,707

Postemployment & Compensated Absence Benefits

	Overfunded		Underfunded	
	2015	**2014**	**2015**	**2014**
1. Benefit obligation at beginning of year	$ -	$ -	$ 65,723	$ 69,288
2. Service cost	-	-	39,418	35,882
3. Interest cost	-	-	4,297	539
4. Contribution by plan participants	-	-	-	-
5. Actuarial (gain)/loss	-	-	-	-
6. Foreign currency exchange rate changes	-	-	-	-
7. Benefits paid	-	-	(40,267)	(39,986)
8. Plan amendments	-	-	-	-
9. Business combinations, divestitures, curtailments, settlements, and special termination benefits	-	-	-	-
10. Benefit obligation, end of year	$ -	$ -	$ 69,171	$ 65,723

(in thousands of dollars)	Pension Benefits 2015	Pension Benefits 2014	Postretirement Benefits 2015	Postretirement Benefits 2014	Postemployment 2015	Postemployment 2014
Change in plan assets						
a. Fair value of plan assets at beginning of year	$ 749,341	$ 731,927	$ -	$ -	$ -	$ -
b. Actual return on plan assets	(3,225)	68,205	-	-	-	-
c. Foreign currency exchange rate changes	-	-	-	-	-	-
d. Reporting entity contribution	82,637	3,899	2,184	1,336	40,267	39,986
e. Plan participants' contributions	-	-	-	-	-	-
f. Benefits paid	(60,184)	(54,690)	(2,184)	(1,336)	(40,267)	(39,986)
g. Business combinations, divestitures, and settlements	-	-	-	-	-	-
h. Fair value of plan assets at end of year	$ 768,569	$ 749,341	$ -	$ -	$ -	$ -

Funded status

	Pension Benefits 2015	Pension Benefits 2014	Postretirement Benefits 2015	Postretirement Benefits 2014
Overfunded				
a. Assets (nonadmitted)				
1. Prepaid benefit costs	$ -	$ -	$ -	$ -
2. Overfunded Plan assets	-	-	-	-
3. Total assets (nonadmitted)	$ -	$ -	$ -	$ -
Underfunded				
b. Liabilities recognized				
1. Accrued benefit costs	$ 15,043	$ 42,860	$ 58,323	$ 54,791
2. Liability for pension benefits	302,536	278,334	(2,231)	916
3. Total liabilities recognized	$ 317,579	$ 321,194	$ 56,092	$ 55,707
c. Unrecognized liabilities	$ -	$ -	$ -	$ -

Components of net periodic benefit cost	Pension Benefits 2015	Pension Benefits 2014	Postretirement Benefits 2015	Postretirement Benefits 2014	Postemployment & Compensated Absence Benefits 2015	Postemployment & Compensated Absence Benefits 2014
a. Service cost	$ 48,955	$ 40,043	$ 3,336	$ 3,059	$ 39,418	$ 35,882
b. Interest cost	40,242	38,654	2,097	2,248	4,297	539
c. Expected return on plan assets	(49,604)	(53,640)	-	-	-	-
d. Incremental (asset) / obligation	(3,650)	(3,669)	-	-	-	-
e. Prior service cost / (credit)	(7,084)	(7,083)	157	157	-	-
f. Actuarial (Gain) / loss	25,075	9,599	126	122	-	-
g. Gain or loss recognized due to a settlement or curtailment	885	1,325	-	-	-	-
h. Net periodic cost	$ 54,819	$ 25,229	$ 5,716	$ 5,586	$ 43,715	$ 36,421

The Company recognized additional pension expenses in connection with settlement accounting which resulted from lump sum distributions exceeding service and interest cost during the year of $885,000 and $1,325,000 for 2015 and 2014, respectively.

(In thousands of dollars)

Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost

		Pension Benefits		Postretirement Benefits	
		2015	2014	2015	2014
a.	Items not yet recognized as a component of net periodic cost - prior year	$ 278,335	$ 116,152	$ 916	$ (480)
b.	Net transition asset or obligation recognized	3,816	3,784	-	-
c.	Net prior service cost or credit arising during the period	-	-	-	-
d.	Net prior service cost or credit recognized	7,084	7,083	(157)	(157)
e.	Net gain and loss arising during the period	37,629	162,355	(2,864)	1,675
f.	Net gain and loss recognized	(24,328)	(11,039)	(126)	(122)
g.	Items not yet recognized as a component of net periodic cost - current year	$ 302,536	$ 278,335	$ (2,231)	$ 916

Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit costs

		Pension Benefits		Postretirement Benefits	
		2015	2014	2015	2014
a.	Net transition asset or obligation	$ (3,650)	$ (3,650)	$ -	$ -
b.	Net prior service cost or credit	(7,096)	(7,085)	157	157
c.	Net recognized gains and losses	25,812	23,526	75	134

Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit costs

		Pension Benefits		Postretirement Benefits	
		2015	2014	2015	2014
a.	Net transition asset or obligation	$ (18,084)	$ (21,900)	$ -	$ -
b.	Net prior service cost or credit	(45,995)	(53,080)	(5,300)	(5,143)
c.	Net recognized gains and losses	366,615	353,314	3,069	6,059

Weighted-average assumptions used to determine net periodic benefit cost as of December 31:	**2015**	**2014**
a. Weighted-average discount rate	3.83 %	4.62 %
b. Expected long-term rate of return on plan assets	6.75	7.50
c. Rate of compensation increase	3.25	3.75

Weighted-average assumptions used to determine projected benefit obligations as of December 31:

d. Weighted-average discount rate	4.19 %	3.83 %
e. Rate of compensation increase	3.50	3.25

The pension accumulated benefit obligation at December 31, 2015 and 2014 was $922,003,000 and $927,580,000, respectively.

Assumed health care cost trend rates do not have a significant effect on the amounts reported for the health care plans.

Annual rates of increase in the per capita costs of 7.25% and 7.50% (Pre-65) and 6.75% and 7.00% (Post-65) of covered health care benefits were assumed for 2015 and 2014, respectively. Rates will gradually decrease to 5.00% by 2022.

Expected Cash Flows
Information about the expected cash flows for the pension and other postretirement benefits plans follows:

(in thousands of dollars)	**Pension Benefits**	**Postretirement Benefits**
Employer contributions		
2016 (expected)	$3,821 - $588,718	$ 3,354
Expected benefit payments		
2016	75,366	3,354
2017	80,384	3,513
2018	83,284	3,673
2019	86,479	3,971
2020	89,313	4,162
2021 - 2025	472,580	23,985

Expected contributions include a qualified pension benefits contribution within the range of $0 (minimum contribution) and $584,897,000 (maximum contribution) and postretirement contribution of $3,354,000 expected to be paid from the Company's assets in 2015.

The expected long-term rate of return on funded plan assets was 6.75% and 7.50% in 2015 and 2014, respectively. The expected rate of return on plan assets is based upon an analysis of historical returns and long-term capital market assumptions for each asset class. The expected returns by asset class contemplate a risk free interest rate environment as of the measurement date and then add a risk premium. The risk premium is a range of percentages and is based upon information and other factors such as expected reinvestment returns and asset manager performance. Finally, an underlying inflation assumption is incorporated to determine the overall expected long-term rate of return assumption.
The target allocation, asset allocation, and fair value of plan assets for the Company's pension plans at the end of 2015 and 2014, by asset category, follow.

(in thousands of dollars)	Target Allocation		Percentage of Plan Assets, Year End		Fair Value of Plan Assets, Year End	
Asset Category	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Equity	55 %	54 %	56 %	55 %	$ 423,811	$ 401,467
Debt	40	40	38	37	292,819	276,147
Private equity	5	5	5	7	37,303	49,090
Commodities	-	1	-	-	-	-
Other (cash and cash equivalents)	-	-	1	1	7,963	9,686
Total	100 %	100 %	100 %	100 %	$ 761,896	$ 736,390

The overall investment objective of the Plans is to maximize the risk adjusted return on assets over a long-term period, while ensuring the Plans are able to meet current and future obligations to plan participants. The primary considerations in developing target asset allocations are the Plans' overall investment objective, the investment objectives for the various assets, the necessary level of diversification, and maintaining an acceptable level of risk. The existing allocations are within the Company's tolerance for variation from target allocation.

The Plans' equity allocation seeks to provide long-term returns with a diversified basket of domestic and international equity securities and mutual funds. The Plans invest in actively managed domestic and international mutual funds and equity portfolios that seek to diversify equity risk, generate long-term growth of capital, and outperform benchmark indices. Actively managed equity allocations represent 36% and 35% of Plan assets at December 31, 2015 and 2014, respectively. The Plans also invest in a passively managed domestic large cap equity index portfolio that seeks to mirror the risk characteristics and return performance of the Russell 200 Index. This portfolio comprised approximately 20% of Plan assets at both December 31, 2015 and 2014.

The pension bond fund seeks to maximize total return by investing in fixed income securities. The fund offers diverse exposure to the fixed income market by investing in a combination of investment grade bonds including corporate debt securities, U.S. Treasury and agency securities, mortgage-backed securities and asset-backed securities, and cash equivalents. The objective is to outperform Barclays' U.S. Aggregate Index. This fund comprised 34% and 37% of Plan assets at year end 2015 and 2014, respectively. The Plans' bond allocation also includes an investment in a multi-sector fixed income value fund, representing 4% and 0% of Plan assets at year end 2015 and 2014, respectively.

The alternative investments objective is to add diversification and produce superior long-term returns when compared to more traditional investment opportunities. This fund comprised 5% and 7% of Plan assets at year end 2015 and 2014, respectively.

The Company has no significant concentrations of risk within Plan assets.

Plan assets at fair value are categorized in the same manner as Company assets, based on the reliability of inputs to the valuation techniques as described in Note 1(c).

Below is a summary of significant valuation techniques specific to Plan assets:

Level 1 Measurements

Equity Securities:

Common Stocks: Comprised of actively traded, exchange listed U.S. and international equity securities. Valuation is based on unadjusted quoted prices for identical assets in active markets that the Plan can access.

Bonds: *U.S. Government Securities*: Comprised of U.S. Treasuries valued based on unadjusted quoted prices for identical assets in active markets.

Short-term Investments: Comprised of actively traded money market funds that have daily quoted net asset values for identical assets that the Plan can access.

Level 2 Measurements

Equity Securities: *Mutual Funds:* Comprised of non-actively traded U.S. and international funds, including the multi-sector fixed income value fund, priced by the fund manager using observable inputs primarily consisting of quoted prices of the underlying investments.

Bonds: *Corporate Bonds and Notes, Foreign Bonds, and Municipal Bonds:* Valued using the market and income approaches based on inputs including quoted prices for identical or similar assets in markets that are not active, benchmark yield curves, bid/ask spreads, credit quality, and projected cash flows.

Level 3 Measurements

Limited Partnerships: Valued using capital account valuations as reported by the various limited partnerships, which approximates fair value.

The following table summarizes the Plan's financial assets measured at fair value on a recurring basis as of December 31, 2015 and 2014:

	Assets at fair value as of December 31, 2015			
(in thousands of dollars)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Bonds				
U.S Government securities	$ 58,455	$ -	$ -	$ 58,455
Corporate bonds and notes	-	173,103	-	173,103
Municipal bonds	-	799	-	799
Foreign bonds	-	24,278	-	24,278
Equity securities				
Common stocks	188,330	-	-	188,330
Mutual funds	-	271,665	-	271,665
Short-term investments	7,963	-	-	7,963
Limited partnerships*	-	-	37,303	37,303
Total financial assets at fair value	$ 254,748	$ 469,845	$ 37,303	$ 761,896

	Assets at fair value as of December 31, 2014			
(in thousands of dollars)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Bonds				
U.S Government securities	$ 14,588	$ -	$ -	$ 14,588
Corporate bonds and notes	-	217,200	-	217,200
Municipal bonds	-	1,312	-	1,312
Foreign bonds	-	43,047	-	43,047
Equity securities				
Common stocks	181,752	-	-	181,752
Mutual funds	-	219,715	-	219,715
Short-term investments	9,686	-	-	9,686
Limited partnerships*	-	-	49,090	49,090
Total financial assets at fair value	$ 206,026	$ 481,274	$ 49,090	$ 736,390

* Limited partnerships were valued using 9/30 capital account valuations provided by the various limited partnerships, adjusted for any capital calls made and distributions received between 9/30 and 12/31.

All transfers into or out of a particular level are recognized as of the beginning of the reporting period. The Plan transferred $9,686,000 of short-term investments from Level 2 to Level 1 in 2014 as a result of a review of current pricing methodologies. The transferred money market funds are valued based on unadjusted quoted prices in markets that are considered to be generally active and therefore meet the characteristics of Level 1 financial asset.

There were no other transfers into or out of Level 1, 2, or 3 during 2015 or 2014.

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2015 and 2014:

(in thousands of dollars)	Limited Partnerships 2015	Limited Partnerships 2014
Balance, beginning of year*	$ 49,090	$ 71,554
Purchases, sales, issuance and settlements, net	(11,787)	(22,464)
Balance, end of year*	$ 37,303	$ 49,090

*Based on 9/30 capital account valuations provided by the various limited partnerships, adjusted for any capital calls made and distributions received between 9/30 and 12/31.

<u>Other Plans</u>

AFMIC and consolidated property and casualty subsidiaries also participate in a qualified contributory 401(k) plan (herein referred to as the "Plan"). Substantially all employees of AFMIC are eligible to enter into the Plan. Employee participation in the Plan is optional; participants contribute at least 1%, but no more than 30% of base compensation, subject to Internal Revenue Service limitations. AFMIC is required to make contributions each payroll period, as defined, to a trust fund. These contributions are based on a formula with a 100% match on the first 3% of eligible contributions plus 50% on the next 2% of eligible contributions. The Company's maximum annual contribution is 4% of eligible contributions. AFMIC recognized expense of $18,005,000 and $17,433,000 related to the Plan in 2015 and 2014, respectively.

Homesite sponsors a defined contribution 401(k) plan for which substantially all Homesite employees are eligible to participate. Under the Homesite plan, Homesite's matching contribution is equal to 50% of each participant's contribution, subject to a maximum of 5% of the participant's eligible compensation. Expenses related to the Homesite plan of $4,271,000 and $3,620,000 were recognized during 2015 and 2014, respectively.

A liability of $48,197,000 and $45,933,000 was accrued for earned but unused vacation as of December 31, 2015 and 2014, respectively. A liability of $18,695,000 and $13,531,000 was accrued for unused sick leave as of December 31, 2015 and 2014, respectively.

6. Agent Contract Termination Payments

Exclusive agents of American Family are eligible to receive payments upon termination after a period of covered service. Years of service exclude time under an advance compensation plan, not to exceed two years. For agents appointed prior to January 1, 2009 that have more than 10 years of covered service, payments are based on a percentage of service fees during the period of up to 12 months prior to termination (as defined in the agreement). For agents appointed on or after January 1, 2009 that have eight or more years of covered service, payments are based on a cash balance formula that utilizes sales and service fees (as defined in the agreement).

The Company uses a measurement date of December 31 for their agent contract termination payments plan.

The following sets forth the status of the agent contract termination payments plan's obligation reconciled with amounts reported in the Company's consolidated statutory balance sheets at December 31:

(in thousands of dollars)	2015	2014
Change in benefit obligation		
Benefit obligation at beginning of year	$ 675,164	$ 575,156
Service cost	28,396	24,501
Interest cost	26,034	26,526
Contribution by plan participants	-	-
Actuarial (gain)/loss	(35,406)	82,588
Foreign currency exchange rate changes	-	-
Benefits paid	(34,181)	(33,607)
Plan amendments	-	-
Business combinations, divestitures, curtailments, settlements, and special termination benefits	-	-
Benefit obligation, end of year	$ 660,007	$ 675,164
Change in plan assets		
Fair value of plan assets at beginning of year	$ -	$ -
Actual return on plan assets	-	-
Foreign currency exchange rate changes	-	-
Reporting entity contribution	34,181	33,607
Plan participants' contributions	-	-
Benefits paid	(34,181)	(33,607)
Business combinations, divestitures, and settlements	-	-
Fair value of plan assets at end of year	$ -	$ -
Funded status		
Overfunded		
Assets		
Prepaid benefit costs	$ -	$ -
Overfunded Plan assets	-	-
Total assets	$ -	$ -
Underfunded		
Liabilities recognized		
Accrued benefit costs	$ 713,796	$ 681,552
Liability for pension benefits	(53,789)	(6,388)
Total liabilities recognized	$ 660,007	$ 675,164
Unrecognized liabilities	$ -	$ -

(in thousands of dollars)	2015	2014
Components of net periodic benefit cost		
Service cost	$ 28,396	$ 24,501
Interest cost	26,034	26,526
Expected return on plan assets	-	-
Amortization of unrecognized transition obligation or transition asset	-	-
Amount of recognized (gains)/losses	(142)	(5,345)
Amount of prior service cost recognized	12,137	12,137
Amount of gain or loss recognized due to a settlement or curtailment	-	-
Net periodic cost	$ 66,425	$ 57,819

Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost

	2015	2014
Items not yet recognized as a component of net periodic cost - prior year	$ (6,388)	$ (82,184)
Net transition asset or obligation recognized	-	-
Net prior service cost or credit arising during the period	-	-
Net prior service cost or credit recognized	(12,137)	(12,137)
Net gain and loss arising during the period	(35,406)	82,588
Net gain and loss recognized	142	5,345
Items not yet recognized as a component of net periodic cost - current year	$ (53,789)	$ (6,388)

Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year components of net periodic benefit costs

	2015	2014
Net transition asset or obligation	$ -	$ -
Net prior service cost or credit	12,137	12,137
Net recognized gains and losses	(157)	(137)

Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost

	2015	2014
Net transition asset or obligation	$ -	$ -
Net prior service cost or credit	13,472	25,609
Net recognized gains and losses	(67,260)	(31,997)

	2015	2014
Assumptions used to determine projected benefit obligation as of December 31:		
Discount rate	4.30 %	3.95 %
Service fees increase		
AFMIC		
First 8 years after appointment	21.00	21.00
After first 8 years of appointment	3.25	3.25
ASIC		
First 6 years after appointment	8.00	8.00
After first 6 years of appointment	(4.00)	(4.00)
Expected return on plan assets	N/A	N/A
Assumptions used to determine net periodic benefit cost as of December 31:		
Discount rate	3.95	4.75
Service fees increase		
AFMIC		
First 8 years after appointment	21.00	21.00
After first 8 years of appointment	3.25	3.25
ASIC		
First 6 years after appointment	8.00	8.00
After first 6 years of appointment	(4.00)	(4.00)
Expected return on plan assets	N/A	N/A

The accumulated benefit obligation at December 31, 2015 and 2014 was $570,739,000 and $579,689,000, respectively.

Expected Cash Flows
Information about the expected cash flows for the agent contract termination payments plan follows:

(in thousands of dollars)	
Expected contract termination payments	
2016	$ 33,085
2017	35,919
2018	38,350
2019	41,489
2020	43,648
2021-2025	245,415

The above table reflects vested benefits expected to be paid from the Companies' assets.

7. Property and Casualty Loss and Loss Adjustment Expense Reserve

Activity in the loss and loss adjustment expense reserve for property and casualty insurance, including health insurance, is summarized as follows:

(in thousands of dollars)	2015	2014
Net balance as of January 1	$ 3,540,838	$ 3,367,903
Incurred losses and loss adjustment expenses related to		
Current year	4,516,251	4,564,486
Prior years	(303,153)	(140,789)
Total incurred	4,213,098	4,423,697
Paid losses and loss adjustment expenses related to		
Current year	2,807,012	2,890,335
Prior years	1,362,165	1,360,427
Total paid	4,169,177	4,250,762
Net balance as of December 31	$ 3,584,759	$ 3,540,838

The estimated cost of loss and loss adjustment expenses attributable to insured events of prior years decreased by $303,153,000 and $140,789,000 during 2015 and 2014, respectively, as a result of re-estimation of unpaid losses and loss adjustment expenses. The lines of business primarily affected were Private Passenger Auto Liability and Homeowners/Farmowners. Increases or decreases of this nature occur as the result of claim settlements during the current year, and as additional information is received regarding individual claims, causing changes from their original estimates of individual claims. Recent loss development trends are also taken into account in evaluating the overall adequacy of unpaid losses and loss adjustment expenses.

8. Related Party Transactions

AFMIC guarantees loans, notes and other debt and financial obligations of any kind incurred by AFFS to a maximum $10,000,000 at December 31, 2015 and 2014. There was no outstanding principal or interest guaranteed by AFMIC at December 31, 2015 and 2014.

AFMIC and ASIC each agreed to lend up to a maximum of $5,000,000 in short-term demand notes to AFFS in 2015 and 2014. AFFS had no outstanding short-term demand notes payable to AFMIC or ASIC at December 31, 2015 and 2014.

As of December 31, 2015 and 2014, on a consolidated basis, the Companies reported $148,058,000 and $57,745,000, respectively, due from affiliates and $126,746,000 and $30,914,000, respectively, due to affiliates. Terms of the settlement require that these amounts be settled within 90 days.

AFMIC has agreed to provide certain management and information systems services to its wholly-owned subsidiaries. AFMIC shares certain administrative, occupancy, marketing and tax expenses with other affiliated companies. Such expenses are allocated by AFMIC at cost in proportion to estimated utilization. Allocation methods are refined periodically to reflect current operations and resources utilized by the Company. In addition AFMIC is allocated expenses from its wholly-owned subsidiaries as a result of certain information systems and administrative services provided to the Company. These expenses are allocated to AFMIC at cost either in proportion to estimated utilization or via specific identification.

In 2015, AFMIC contributed $51,473,000 to AmFam, Inc. of which the majority was used to provide capital support to PGC and support the Companies' non-insurance business developments. In 2014, AFMIC contributed $8,119,000 to AmFam, Inc., of which the majority was used to support the Companies' non-insurance business development efforts.

During 2014, as part of an overall equity portfolio rebalancing, certain equity positions were transferred from AFMIC to AFLIC for cash consideration. The total amount transferred was $18,093,000, which represents the market value of the transferred equities as of the transfer date.

During 2015, the Company received a cash distribution of $18,000,000 from AIA.

9. Commitments and Contingencies

The Company has various leases for property and equipment used in the normal course of business. These lease commitments are summarized in Note 1(j).

The Companies are contingently liable for cessions to reinsurers to the extent that any reinsurer might be unable to meet its obligations assumed under the various reinsurance contracts.

AFMIC enters into contractual agreements that require capital contributions to limited partnerships. These contributions are recorded on the consolidated statutory financial statements as other invested assets. Capital is typically contributed to the partnerships over multiple years. At any time, AFMIC will have commitments to the partnerships that have not yet been funded. As of December 31, 2015 and 2014, AFMIC was obligated to contribute $435,983,000 and $352,947,000, respectively, in additional capital to various limited partnerships. These contributions are callable under the commitments to the partnerships over the lives of the partnerships.

The Companies are at times involved in lawsuits which are related to their operations. In most cases, such lawsuits involve claims under insurance policies and other contracts of the Companies. Such lawsuits, either individually or in the aggregate, are not expected to have a material effect on the Companies' consolidated statutory financial statements.

From time to time, mandatory assessments are levied on AFMIC and its insurance subsidiaries by the property and casualty guaranty fund associations of states in which the Companies are licensed. These assessments are to cover losses to policyholders of insolvent or rehabilitated insurance companies. Guaranty fund assessment liabilities, as of December 31, 2015 and 2014, were $20,999,000 and $25,267,000, respectively. Guaranty fund assets related to future premium tax credits were $13,296,000 and $12,949,000 for the years ended December 31, 2015 and 2014, respectively. Such estimates are subject to change as the associations determine more precisely the losses that have occurred and how such losses will be allocated to insurance companies.

10. Structured Settlements

AFMIC has purchased annuities of which the claimant is the payee, but for which AFMIC is contingently liable. At December 31, 2015 and 2014, the present values of all such annuities were $112,596,000 and $118,799,000, of which $56,163,000 and $58,723,000 were from nonaffiliated life insurers, respectively.

11. Capital and Surplus, and Dividend Restrictions

Outstanding shares of subsidiary and affiliate common stock are as follows:

Company	Authorized	Issued & Outsanding	Par Value
ASIC	10,000	6,000	$ 500
AFIC	850	300	10,000
ASICO	850	100	10,000
MIC	50,000	35,000	100
HMW	20,000	16,280	215
HCA	200,000	52,000	50
HCT	50,000	45,400	100
HIC	5,000	3,250	1,000
HIL	100,000	10,000	100
HNY	10,000	10,000	100
HGA	10,000	10,000	100
HFL	100,000	100,000	10
HLTX	-	-	-

The Companies' surplus may be available for distribution to its policyholders. Such distributions as dividends may be subject to prior regulatory approval. AFMIC paid $1,521,000 and $1,377,000 of workers' compensation policyholder dividends in 2015 and 2014, respectively. There were no restrictions placed on the Companies' surplus, including for whom the surplus is being held.

The portion of unassigned funds (surplus) represented or (reduced) by cumulative gross unrealized gains (losses) was $2,002,112,000 and $2,149,431,000 at December 31, 2015 and 2014, respectively.

12. Reinsurance

The following table summarizes assumed and ceded unearned premiums and the related commission equity at December 31:

	2015					
	Assumed		Ceded		Assumed Less Ceded	
(in thousands of dollars)	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
	$ 93,093	$ 17,696	$ 151,436	$ 2,901	$ (58,343)	$ 14,795
Totals	$ 93,093	$ 17,696	$ 151,436	$ 2,901	$ (58,343)	$ 14,795
Direct unearned premium reserve	$ 2,900,595					

	2014					
	Assumed		Ceded		Assumed Less Ceded	
(in thousands of dollars)	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
	$ 57,887	$ 6,958	$ 171,118	$ 2,649	$ (113,231)	$ 4,309
Totals	$ 57,887	$ 6,958	$ 171,118	$ 2,649	$ (113,231)	$ 4,309
Direct unearned premium reserve	$ 2,732,674					

Earned premiums ceded under reinsurance contracts during 2015 and 2014 were $161,087,000 and $255,636,000, respectively. Written premiums ceded under reinsurance contracts during 2015 and 2014 were $141,405,000 and $234,181,000, respectively. Unearned premiums ceded under reinsurance contracts were $151,436,000 and $171,118,000 at December 31, 2015 and 2014, respectively. Loss and loss adjustment expenses ceded under reinsurance contracts were $110,631,000 and $86,040,000 for the years ended December 31, 2015 and 2014, respectively.

These ceded reinsurance transactions do not relieve the Company of its primary obligation to the policyholder.

13. Environmental Reserves

AFMIC has environmental exposure from its business owners, other commercial multiple peril and general liability policies. The environmental claims include Superfund, Landfills and Underground Storage Tanks. Since the Company wrote very little commercial lines business prior to the introduction of the absolute pollution exclusion, its exposure to Superfund claims is immaterial to the Company. AFMIC also has environmental exposure from its participation in reinsurance pools.

AFMIC's methodology for reserving for reported losses is to establish a liability based on what AFMIC estimates it will ultimately pay. For Bulk and IBNR reserves, AFMIC has established a loss adjustment expense reserve for its anticipated defense of such claims. This reserve was based on 1) an assessment of its amount of exposure (yearly writings), 2) the types of business written, and 3) loss and loss expense experience to date.

The following are AFMIC's environmental reserves reported net of reinsurance at December 31:

(in thousands of dollars)	2015	2014
Environmental		
Beginning reserves	$ 3,941	$ 3,700
Incurred losses and loss adjustment expenses	2,218	1,050
Calendar year payments for losses and loss adjustment expenses	(2,511)	(809)
Ending reserves	$ 3,648	$ 3,941

Of the environmental reserves reported above, $2,700,000 and $2,900,000 relate to IBNR loss and IBNR loss adjustment expense reserves as of December 31, 2015 and 2014, respectively.

14. Long-Term Debt

The Company is a member of the FHLBC. The general nature of the FHLBC agreement is to provide a platform which provides the Company with the ability to receive advances from the FHLBC as a member of the bank. Through its membership, the Company has a 30-year fixed rate advance of $500,000,000 which was issued November 20, 2013. The Company pays monthly interest to FHLBC at a fixed annual interest rate of 5.12%, and principal is due in a balloon payment at the end of the advance's 30-year term. The Company paid $25,956,000 in interest on the advance during both 2015 and 2014 and recorded accrued interest of $2,204,000 at both December 31, 2015 and 2014. The advance is fully collateralized with stock and qualified securities. The shares in FHLBC stock are considered Class B shares not eligible for redemption, and are recorded as common stocks in the consolidated statutory balance sheet.

The following summarizes general account FHLBC capital stock balances as of December 31:

	2015	2014
Shares outstanding	100,000	100,000
(in thousands of dollars)		
Membership stock - Class B	$ 4,849	$ 5,203
Activity stock	5,151	4,797
Aggregate total - carrying value	10,000	10,000
Actual or estimated borrowing capacity	500,000	500,000
Collateral pledged - fair value	703,413	693,721
Collateral pledged - carrying value	686,183	668,437
Total borrowing	500,000	500,000

Borrowing capacity is calculated as the carrying value of FHLBC stock multiplied by 50, less any outstanding advances. The Company's borrowing capacity net of outstanding advances was $0 as of both December 31, 2015 and 2014.

American Family Mutual Insurance Company and Consolidated Property and Casualty Subsidiaries
Supplemental Schedule of Consolidation
Consolidated Property and Casualty Statutory Balance Sheet
December 31, 2015

(in thousands of dollars)	ASIC	ASICO	AFIC	MIC	Homesite Underwriting Entities Consol.	AFMIC	Eliminations	Ref No.	AFMIC Consol.
Admitted Assets									
Bonds	$ 305,623	$ 7,198	$ 23,992	$ 4,993	$ 281,978	$ 7,505,611	$ -		$ 8,129,395
Common stocks, including investments in unconsolidated subsidiaries	-	-	-	-	-	4,201,709	(709,223)	(1)	3,492,486
Real estate (net of accumulated depreciation of $231,727)	-	-	-	-	-	245,871			245,871
Cash, cash equivalents and short-term investments	41,943	1,548	5,284	5,968	41,256	494,605			590,604
Receivables for securities	31,754	2	2	1	-	78,499			110,258
Derivatives	7,068	-	-	-	-	56,303			63,371
Other invested assets	-	-	-	-	-	851,150			851,150
Total cash and invested assets	386,388	8,748	29,278	10,962	323,234	13,433,748	(709,223)		13,483,135
Property and casualty premiums receivable and agents' balances	33,646	-	225	26	149,024	1,277,902	(172,734)	(3)	1,288,089
Accrued investment income	2,541	164	292	23	1,176	79,879			84,075
Income taxes receivable	48	10	47	298	551	-	(954)	(2),(4)	-
Deferred tax assets	-	-	3	-	255	370,118	(395)	(4)	369,981
Electronic data processing equipment and software (net)	-	-	-	-	-	12,017			12,017
Other assets	20,342	1,497	5,224	2,070	135,600	170,213	(152,858)	(2),(3)	182,088
Total admitted assets	$ 442,965	$ 10,419	$ 35,069	$ 13,379	$ 609,840	$ 15,343,877	$ (1,036,164)		$ 15,419,385
Liabilities									
Property and casualty loss and loss adjustment expense reserve	$ (1)	$ -	$ 9	$ -	$ -	$ 3,702,257	$ (117,506)	(3)	$ 3,584,759
Property and casualty unearned premiums	-	-	-	-	-	2,842,481			2,842,481
Drafts outstanding	9,826	903	4,955	-	-	61,757			77,441
Agent contract termination payments	-	-	-	-	-	660,007			660,007
Employee pension and other benefits	-	-	-	-	-	373,671			373,671
Income taxes payable	-	-	-	-	-	28,407	(15,752)	(2)	12,655
Deferred tax liability	83	-	-	-	312	-	(395)	(4)	-
Debt	-	-	-	-	-	502,204			502,204
Payable for securities	28,820	-	-	-	-	144,276			173,096
Derivatives	10,003	-	-	-	-	46,232			56,235
Accrued expenses and other liabilities	55,898	1,516	7,084	591	282,450	479,495	(193,288)	(3)	633,746
Total liabilities	104,629	2,419	12,048	591	282,762	8,840,787	(326,941)		8,916,295
Policyholders' Surplus									
Special surplus funds	-	-	-	-	-	1,250			1,250
Unassigned surplus	338,336	8,000	23,021	12,788	327,078	6,501,840	(709,223)	(1)	6,501,840
Total policyholders' surplus	338,336	8,000	23,021	12,788	327,078	6,503,090	(709,223)		6,503,090
Total liabilities and policyholders' surplus	$ 442,965	$ 10,419	$ 35,069	$ 13,379	$ 609,840	$ 15,343,877	$ (1,036,164)		$ 15,419,385

References
(1) Elimination of affiliated common stock of property and casualty subsidiaries.
(2) Elimination of intercompany payables/receivables and intercompany balances related to underwriting expenses reinsured.
(3) Elimination of affiliated reinsurance premium.
(4) Net income taxes and deferred taxes.

American Family Mutual Insurance Company and Consolidated Property and Casualty Subsidiaries

Supplemental Schedule of Consolidation

Consolidated Property and Casualty Statutory Balance Sheet

December 31, 2015

	Homesite California	Homesite Insurance	Homesite Indemnity	Homesite Illinois	Homesite Midwest	Homesite New York	Homesite Georgia	Homesite Lloyds (TX)	Homesite Florida	Eliminations	Ref No.	Homesite Underwriting Entities Consol.
Admitted Assets												
Bonds	$ 30,818	$ 71,579	$ 33,016	$ 6,281	$ 105,309	$ 12,875	$ 8,950	$ 4,998	$ 8,152	$ -		$ 281,978
Common stocks, including investments in unconsolidated subsidiaries	-	-	-	-	-	-	-	-	-			-
Real estate	-	-	-	-	-	-	-	-	-			-
Cash, cash equivalents and short-term investments	1,048	2,935	1,194	1,928	22,738	1,120	1,915	5,611	2,767			41,256
Receivables for securities	-	-	-	-	-	-	-	-	-			-
Derivatives	-	-	-	-	-	-	-	-	-			-
Other invested assets	-	-	-	-	-	-	-	-	-			-
Total cash and invested assets	31,866	74,514	34,210	8,209	128,047	13,995	10,865	10,609	10,919	-		323,234
Property and casualty premiums receivable and agents' balances	12,893	48,202	14,129	2,925	75,250	8,522	5,010	11,194	1,284	(30,385)	(2)	149,024
Accrued investment income	145	330	123	19	425	57	35	18	24			1,176
Income taxes receivable	-	-	401	10	231	4	3	-	4	(102)	(3)	551
Deferred tax assets	-	141	13	51	-	7	-	17	26			255
Electronic data processing equipment and software (net)	-	-	-	-	-	-	-	-	-			-
Other assets	3,919	10,959	2,609	731	135,650	1,769	875	760	198	(21,870)	(1)	135,600
Total admitted assets	$ 48,823	$ 134,146	$ 51,485	$ 11,945	$ 339,603	$ 24,354	$ 16,788	$ 22,598	$ 12,455	$ (52,357)		$ 609,840
Liabilities												
Property and casualty loss and loss adjustment expense reserve	$ -	$ -	$ -	$ -	$ 21,870	$ -	$ -	$ -	$ -	$ (21,870)	(1)	$ -
Property and casualty unearned premiums	-	-	-	-	-	-	-	-	-			-
Drafts outstanding	-	-	-	-	-	-	-	-	-			-
Agent contract termination payments	-	-	-	-	-	-	-	-	-			-
Employee pension and other benefits	-	-	-	-	-	-	-	-	-			-
Income taxes payable	7	94	-	-	-	-	-	1	-	(102)	(3)	-
Deferred tax liability	12	-	-	-	281	-	19	-	-			312
Debt	-	-	-	-	-	-	-	-	-			-
Payable for securities	-	-	-	-	-	-	-	-	-			-
Derivatives	-	-	-	-	-	-	-	-	-			-
Accrued expenses and other liabilities	12,088	48,282	11,621	2,768	216,736	7,921	5,068	6,891	1,460	(30,385)	(2)	282,450
Total liabilities	12,107	48,376	11,621	2,768	238,887	7,921	5,087	6,892	1,460	(52,357)		282,762
Policyholders' Surplus												
Special surplus funds	-	-	-	-	-	-	-	-	-			-
Unassigned surplus	36,716	85,770	39,864	9,177	100,716	16,433	11,701	15,706	10,995			327,078
Total policyholders' surplus	36,716	85,770	39,864	9,177	100,716	16,433	11,701	15,706	10,995	-		327,078
Total liabilities and policyholders' surplus	$ 48,823	$ 134,146	$ 51,485	$ 11,945	$ 339,603	$ 24,354	$ 16,788	$ 22,598	$ 12,455	$ (52,357)		$ 609,840

References

(1) Elimination of intercompany payables/receivables and intercompany balances related to underwriting expenses reinsured.

(2) Elimination of affiliated reinsurance premium.

(3) Net income taxes.

American Family Mutual Insurance Company and Consolidated Property and Casualty Subsidiaries

Supplemental Schedule of Consolidation

Consolidated Property and Casualty Statutory Balance Sheet

December 31, 2014

(in thousands of dollars)	ASIC	ASICO	AFIC	MIC	Homesite Underwriting Entities Consol.	AFMIC	Eliminations	Ref No.	AFMIC Consol.
Admitted Assets									
Bonds	$ 318,190	$ 7,002	$ 23,004	$ 4,473	$ 266,665	$ 7,163,605	$ 21,677	(4)	$ 7,804,616
Common stocks, including investments in unconsolidated subsidiaries	-	-	-	-	-	4,200,824	(683,355)	(1)	3,517,469
Real estate (net of accumulated depreciation of $222,459)	-	-	-	-	-	238,164			238,164
Cash, cash equivalents and short-term investments	24,994	1,134	804	8,540	46,409	380,981	(21,677)	(4)	441,185
Receivables for securities	-	2	2	-	-	1,032			1,036
Derivatives	-	-	-	-	-	431			431
Other invested assets	-	-	-	-	1,762	744,966			746,728
Total cash and invested assets	343,184	8,138	23,810	13,013	314,836	12,730,003	(683,355)		12,749,629
Property and casualty premiums receivable and agents' balances	25,788	-	129	49	120,473	1,202,994	(149,141)	(3)	1,200,292
Accrued investment income	2,641	159	271	17	1,254	73,969			78,311
Deferred tax assets	(70)	-	-	-	1,381	331,567			332,878
Electronic data processing equipment and software (net)	-	-	-	-	-	15,073			15,073
Other assets	43,218	858	1,713	7	86,543	146,918	(185,813)	(2),(3)	93,444
Total admitted assets	$ 414,761	$ 9,155	$ 25,923	$ 13,086	$ 524,487	$ 14,500,524	$ (1,018,309)		$ 14,469,627
Liabilities									
Property and casualty loss and loss adjustment expense reserve	$ 45	$ -	$ -	$ -	$ -	$ 3,624,924	$ (84,131)	(3)	$ 3,540,838
Property and casualty unearned premiums	-	-	-	-	-	2,619,443			2,619,443
Drafts outstanding	13,587	531	3,712	-	-	69,220			87,050
Agent contract termination payments	-	-	-	-	-	675,164			675,164
Employee pension and other benefits	-	-	-	-	-	376,901			376,901
Income taxes payable	1,128	1	-	(369)	-	81,615	(13,978)	(2)	68,397
Debt	-	-	-	-	-	502,204			502,204
Payable for securities	312	-	-	-	-	53,119			53,431
Derivatives	-	-	-	-	-	(1,642)			(1,642)
Accrued expenses and other liabilities	70,380	915	5,006	995	207,814	469,493	(236,845)	(2),(3)	517,758
Total liabilities	85,452	1,447	8,718	626	207,814	8,470,441	(334,954)		8,439,544
Policyholders' Surplus									
Special surplus funds	-	-	-	-	221,959	1,465	(221,959)	(1)	1,465
Unassigned surplus	329,309	7,708	17,205	12,460	94,714	6,028,618	(461,396)	(1)	6,028,618
Total policyholders' surplus	329,309	7,708	17,205	12,460	316,673	6,030,083	(683,355)		6,030,083
Total liabilities and policyholders' surplus	$ 414,761	$ 9,155	$ 25,923	$ 13,086	$ 524,487	$ 14,500,524	$ (1,018,309)		$ 14,469,627

References

(1) Elimination of affiliated common stock of property and casualty subsidiaries.

(2) Elimination of intercompany payables/receivables and intercompany balances related to underwriting expenses reinsured.

(3) Elimination of affiliated reinsurance premium.

(4) Elimination of intercompany sale of bonds.

American Family Mutual Insurance Company and Consolidated Property and Casualty Subsidiaries

Supplemental Schedule of Consolidation

Consolidated Property and Casualty Statutory Balance Sheet

December 31, 2014

	Homesite California	Homesite Insurance	Homesite Indemnity	Homesite Illinois	Homesite Midwest	Homesite New York	Homesite Georgia	Homesite Lloyds (TX)	Homesite Florida	Eliminations	Ref No.	Homesite Underwriting Entities Consol.
Admitted Assets												
Bonds	$ 29,673	$ 66,612	$ 30,827	$ 6,229	$ 98,512	$ 12,634	$ 8,777	$ 5,007	$ 8,394	$ -		$ 266,665
Common stocks, including investments in unconsolidated subsidiaries	-	-	-	-	-	-	-	-	-			-
Real estate	-	-	-	-	-	-	-	-	-			-
Cash, cash equivalents and short-term investments	2,830	5,463	2,976	1,769	25,899	1,401	1,859	1,623	2,588			46,409
Receivables for securities	-	-	-	-	-	-	-	-	-			-
Derivatives	-	-	-	-	-	-	-	-	-			-
Other invested assets	-	1,175	587	-	-	-	-	-	-			1,762
Total cash and invested assets	32,504	73,250	34,390	7,998	124,410	14,035	10,636	6,630	10,982	-		314,836
Property and casualty premiums receivable and agents' balances	9,578	40,889	13,030	2,924	58,501	7,374	3,210	7,178	35	(22,245)	(2)	120,473
Accrued investment income	121	213	144	13	655	54	27	2	25			1,254
Deferred tax assets	(130)	598	244	90	400	221	(70)	14	13			1,381
Electronic data processing equipment and software (net)	-	-	-	-	-	-	-	-	-			-
Other assets	1,936	9,835	2,247	1,219	87,426	1,715	872	635	74	(19,416)	(1)	86,543
Total admitted assets	$ 44,008	$ 124,785	$ 50,054	$ 12,245	$ 271,392	$ 23,399	$ 14,675	$ 14,460	$ 11,129	$ (41,661)		$ 524,487
Liabilities												
Property and casualty loss and loss adjustment expense reserve	$ -	$ -	$ -	$ -	$ 19,416	$ -	$ -	$ -	$ -	$ (19,416)	(1)	$ -
Property and casualty unearned premiums	-	-	-	-	-	-	-	-	-			-
Drafts outstanding	-	-	-	-	-	-	-	-	-			-
Agent contract termination payments	-	-	-	-	-	-	-	-	-			-
Employee pension and other benefits	-	-	-	-	-	-	-	-	-			-
Income taxes payable	-	-	-	-	-	-	-	-	-			-
Debt	-	-	-	-	-	-	-	-	-			-
Payable for securities	-	-	-	-	-	-	-	-	-			-
Derivatives	-	-	-	-	-	-	-	-	-			-
Accrued expenses and other liabilities	7,814	40,572	11,101	3,127	153,176	7,149	3,090	3,836	194	(22,245)	(2)	207,814
Total liabilities	7,814	40,572	11,101	3,127	172,592	7,149	3,090	3,836	194	(41,661)		207,814
Policyholders' Surplus												
Special surplus funds	26,850	55,210	25,177	8,300	64,592	9,600	7,900	14,525	9,805			221,959
Unassigned surplus	9,344	29,003	13,776	818	34,208	6,650	3,685	(3,901)	1,131			94,714
Total policyholders' surplus	36,194	84,213	38,953	9,118	98,799	16,250	11,585	10,624	10,935	-		316,673
Total liabilities and policyholders' surplus	$ 44,008	$ 124,785	$ 50,054	$ 12,245	$ 271,392	$ 23,399	$ 14,675	$ 14,460	$ 11,129	$ (41,661)		$ 524,487

References

(1) Elimination of intercompany payables/receivables and intercompany balances related to underwriting expenses reinsured.

(2) Elimination of affiliated reinsurance premium.

American Family Mutual Insurance Company and Consolidated Property and Casualty Subsidiaries
Supplemental Schedule of Consolidation
Consolidated Property and Casualty Statement of Income
Year Ended December 31, 2015

(in thousands of dollars)	ASIC	ASICO	AFIC	MIC	Homesite Underwriting Entities Consol.	AFMIC	Eliminations	Ref No.	AFMIC Consol.
Premiums and other income									
Property and casualty premiums earned	$ -	$ -	$ -	$ -	$ -	$ 6,633,744	$ -		$ 6,633,744
Net investment income	6,529	282	779	45	2,558	284,204			294,397
Net realized investment gains (losses)	7,490	-	(1)	(29)	2,556	196,285			206,301
Other income	(1,012)	-	-	-	33	27,765			26,786
Total premiums and other income	13,007	282	778	16	5,147	7,141,998	-		7,161,228
Losses and expenses									
Property and casualty losses and loss adjustment expenses incurred	-	-	-	-	-	4,213,098			4,213,098
Underwriting expenses	-	-	-	-	(1,135)	2,150,192			2,149,057
Dividends to policyholders	-	-	-	-	-	1,607			1,607
Total losses and expenses	-	-	-	-	(1,135)	6,364,897	-		6,363,762
Income (loss) before income tax expense (benefit)	13,007	282	778	16	6,282	777,101	-		797,466
Income tax (benefit)	3,925	(10)	(47)	(299)	1,805	206,574			211,948
Net income (loss)	$ 9,082	$ 292	$ 825	$ 315	$ 4,477	$ 570,527	$ -		$ 585,518
Special surplus funds									
Beginning balance	$ -	$ -	$ -	$ -	$ -	$ 1,465	$ -		$ 1,465
ACA Fee Assessment	-	-	-	-	-	(215)			(215)
Ending balance	-	-	-	-	-	1,250	-		1,250
Unassigned surplus									
Beginning balance	329,309	7,708	17,205	12,460	316,673	6,028,618	(683,355)	(1)	6,028,618
Net income (loss)	9,082	292	825	315	4,477	570,527			585,518
Net change in unrealized capital gains (losses) of investments,					-				
net of deferred income tax	53	-	-	-	(79)	(84,895)	(15,868)	(2)	(100,789)
Change in nonadmitted assets	-	27	46	13	2,539	(22,416)			(19,791)
Change in net deferred income tax	(30)	(27)	(55)	-	(1,449)	(14,649)			(16,210)
Pension & termination benefits adjustments	-	-	-	-	-	17,124			17,124
Other	(78)	-	5,000	-	4,917	7,531	(10,000)	(2)	7,370
Ending balance	338,336	8,000	23,021	12,788	327,078	6,501,840	(709,223)		6,501,840
Total policyholders' surplus	$ 338,336	$ 8,000	$ 23,021	$ 12,788	$ 327,078	$ 6,503,090	$ (709,223)		$ 6,503,090

References:

(1) Elimination of property and casualty subsidiaries' surplus.

(2) Elimination of unrealized gain related to affiliated common stock of property and casualty subsidiaries.

American Family Mutual Insurance Company and Consolidated Property and Casualty Subsidiaries

Supplemental Schedule of Consolidation

Consolidated Property and Casualty Statement of Income

Year Ended December 31, 2015

	Homesite California	Homesite Insurance	Homesite Indemnity	Homesite Illinois	Homesite Midwest	Homesite New York	Homesite Georgia	Homesite Lloyds (TX)	Homesite Florida	Eliminations	Ref No.	Homesite Underwriting Entities Consol.
Premiums and other income												
Property and casualty premiums earned	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-	$ -		$ -
Net investment income	290	720	337	51	880	116	81	21	62			2,558
Net realized investment gains (losses)	337	474	294	142	1,089	107	63	-	50			2,556
Other income	-	33	-	-	-	-	-	-	-			33
Total premiums and other income	627	1,227	631	193	1,969	223	144	21	112	-		5,147
Losses and expenses												
Property and casualty losses and loss adjustment expenses incurred	-	-	-	-	-	-	-	-	-			-
Underwriting expenses	(81)	(615)	(76)	75	(249)	(63)	(36)	(106)	16			(1,135)
Dividends to policy holders	-	-	-	-	-	-	-	-	-			-
Total losses and expenses	(81)	(615)	(76)	75	(249)	(63)	(36)	(106)	16	-		(1,135)
Income (loss) before income tax expense (benefit)	708	1,842	707	118	2,218	286	180	127	96	-		6,282
Income tax (benefit)	405	381	274	20	623	(109)	115	47	49			1,805
Net income (loss)	$ 303	$ 1,461	$ 433	$ 98	$ 1,595	$ 395	$ 65	$ 80	$ 47	$ -		$ 4,477
Special surplus funds												
Beginning balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
ACA Fee Assessment	-	-	-	-	-	-	-	-	-			-
Ending balance	-	-	-	-	-	-	-	-	-	-		-
Unassigned surplus												
Beginning balance	36,194	84,213	38,953	9,118	98,801	16,250	11,585	10,624	10,935			316,673
Net income (loss)	303	1,461	433	98	1,595	395	65	80	47			4,477
Net change in unrealized capital gains (losses) of investments, net of deferred income tax	1	(59)	(30)	-	8	1	-	-	-			(79)
Change in nonadmitted assets	100	646	755	(38)	1,076	-	-	-	-			2,539
Change in net deferred income tax	118	(491)	(247)	(1)	(681)	(213)	51	2	13			(1,449)
Pension & termination benefits adjustments	-	-	-	-	-	-	-	-	-			-
Other	-	-	-	-	(83)	-	-	5,000	-			4,917
Ending balance	36,716	85,770	39,864	9,177	100,716	16,433	11,701	15,706	10,995	-		327,078
Total policy holders' surplus	$ 36,716	$ 85,770	$ 39,864	$ 9,177	$ 100,716	$ 16,433	$ 11,701	$ 15,706	$ 10,995	$ -		$ 327,078

American Family Mutual Insurance Company and Consolidated Property and Casualty Subsidiaries
Supplemental Schedule of Consolidation
Consolidated Property and Casualty Statement of Income
Year Ended December 31, 2014

(in thousands of dollars)	ASIC	ASICO	AFIC	MIC	Homesite Underwriting Entities Consol.	AFMIC	Eliminations	Ref No.	AFMIC Consol.
Premiums and other income									
Property and casualty premiums earned	$ -	$ -	$ -	$ -	$ -	$ 6,252,337	$ -		$ 6,252,337
Net investment income	9,604	287	875	17	8,774	310,739			330,296
Net realized investment gains (losses)	5,367	-	-	-	30,057	513,805			549,229
Other income	(387)	-	-	-	1,210	34,131			34,954
Total premiums and other income	14,584	287	875	17	40,041	7,111,012	-		7,166,816
Losses and expenses									
Property and casualty losses and loss adjustment expenses incurred	-	-	-	-	-	4,423,697			4,423,697
Underwriting expenses	-	-	-	-	-	1,879,451			1,879,451
Dividends to policyholders	-	-	-	-	-	960			960
Total losses and expenses	-	-	-	-	-	6,304,108	-		6,304,108
Income (loss) before income tax expense (benefit)	14,584	287	875	17	40,041	806,904	-		862,708
Income tax (benefit)	4,256	18	45	(369)	(15,810)	147,676			135,816
Net income (loss)	$ 10,328	$ 269	$ 830	$ 386	$ 55,851	$ 659,228	$ -		$ 726,892
Special surplus funds									
Beginning balance	$ -	$ -	$ -	$ -	$ 221,959	$ 1,250	$ (221,959)	(1)	$ 1,250
ACA Fee Assessment	-	-	-	-	-	215			215
Ending balance	-	-	-	-	221,959	1,465	(221,959)		1,465
Unassigned surplus									
Beginning balance	318,649	7,439	16,384	12,098	83,799	5,790,445	(438,367)	(1)	5,790,447
Net income (loss)	10,328	269	830	386	55,851	659,228			726,892
Net change in unrealized capital gains (losses) of investments, net of deferred income tax	(33)	-	-	-	(14,506)	(143,060)	(23,029)	(2)	(180,628)
Change in nonadmitted assets	-	-	(9)	(24)	(2,230)	(28,929)			(31,192)
Change in net deferred income tax	126	-	-	-	(28,172)	(77,395)			(105,441)
Pension & termination benefits adjustments	-	-	-	-	-	(155,593)			(155,593)
Other	239	-	-	-	(28)	(16,078)			(15,867)
Ending balance	329,309	7,708	17,205	12,460	94,714	6,028,618	(461,396)		6,028,618
Total policyholders' surplus	$ 329,309	$ 7,708	$ 17,205	$ 12,460	$ 316,673	$ 6,030,083	$ (683,355)		$ 6,030,083

References:

(1) Elimination of property and casualty subsidiaries' surplus.

(2) Elimination of unrealized gain related to affiliated common stock of property and casualty subsidiaries.

American Family Mutual Insurance Company and Consolidated Property and Casualty Subsidiaries
Supplemental Schedule of Consolidation
Consolidated Property and Casualty Statement of Income
Year Ended December 31, 2014

	Homesite California	Homesite Insurance	Homesite Indemnity	Homesite Illinois	Homesite Midwest	Homesite New York	Homesite Georgia	Homesite Lloyds (TX)	Homesite Florida	Eliminations	Ref No.	Homesite Underwriting Entities Consol.
Premiums and other income												
Property and casualty premiums earned	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
Net investment income	932	2,239	1,301	186	3,237	338	245	103	193			8,774
Net realized investment gains (losses)	3,255	9,062	4,174	8	9,902	1,957	1,253	11	435			30,057
Other income	70	662	80	(45)	247	60	42	94	-			1,210
Total premiums and other income	4,257	11,963	5,555	150	13,387	2,356	1,540	207	628	-		40,041
Losses and expenses												
Property and casualty losses and loss adjustment expenses incurred	-	-	-	-	-	-	-	-	-			-
Underwriting expenses	-	-	-	-	-	-	-	-	-			-
Dividends to policy holders	-	-	-	-	-	-	-	-	-			-
Total benefits and expenses	-	-	-	-	-	-	-	-	-	-		-
Income (loss) before income tax expense (benefit)	4,257	11,963	5,555	150	13,387	2,356	1,540	207	628	-		40,041
Income tax expense (benefit)	(1,146)	(1,733)	(709)	(540)	(9,356)	(552)	(454)	(702)	(620)			(15,810)
Net income (loss)	$ 5,402	$ 13,696	$ 6,263	$ 689	$ 22,743	$ 2,907	$ 1,994	$ 910	$ 1,248	$ -		$ 55,851
Special surplus funds												
Beginning balance- common stock												
Beginning balance- paid in capital	$ 26,850	$ 55,210	$ 25,177	$ 8,300	$ 64,592	$ 9,600	$ 7,900	$ 14,525	$ 9,805	$ -		$ 221,959
SSAP 10R	-	-	-	-	-	-	-	-	-			-
Ending balance	26,850	55,210	25,177	8,300	64,592	9,600	7,900	14,525	9,805	-		221,959
Unassigned surplus												
Beginning balance	8,120	25,910	12,394	708	30,809	5,849	3,224	(4,096)	881			83,799
Net income (loss)	5,402	13,696	6,263	689	22,743	2,907	1,994	910	1,248			55,851
Net change in unrealized capital gains (losses) of investments, net of deferred income tax	(1,554)	(4,481)	(1,979)	-	(4,879)	(875)	(568)	-	(170)			(14,506)
Change in nonadmitted assets	(100)	(646)	(516)	56	(1,077)	-	-	53	-			(2,230)
Change in net deferred income tax	(2,526)	(5,504)	(2,385)	(635)	(13,333)	(1,231)	(964)	(767)	(828)			(28,172)
Pension & termination benefits adjustments	-	-	-	-	-	-	-	-	-			-
Other	-	28	-	-	(56)	-	-	-	-			(28)
Ending balance	9,344	29,003	13,776	818	34,208	6,650	3,685	(3,901)	1,131	-		94,714
Total policy holders' surplus	$ 36,194	$ 84,213	$ 38,953	$ 9,118	$ 98,799	$ 16,250	$ 11,585	$ 10,624	$ 10,935	$ -		$ 316,673

American Family Mutual Insurance Company and Consolidated Property and Casualty Subsidiaries

Supplemental Schedule of Consolidation

Consolidated Property and Casualty Statement of Cash Flows

Year Ended December 31, 2015

(in thousands of dollars)	ASIC	ASICO	AFIC	MIC	Homesite Underwriting Entities Consol.	AFMIC	Eliminations	Ref No.	AFMIC Consol.
Cash from Operations									
Premiums collected, net of reinsurance	$ 18,049	$ 1,061	$ 328	$ (12,824)	$ 7,806	$ 6,761,274	$ (43,287)	(1)	$ 6,732,407
Net investment income	10,384	302	771	68	4,480	364,496			380,501
Miscellaneous income	(583)	-	-	-	9,503	27,765			36,685
Benefit and loss related payments	(4,608)	(598)	(5,315)	(66)	(16,952)	(3,532,897)	33,375	(2)	(3,527,061)
Commissions, expenses paid and aggregate write-ins for deductions	(734)	-	-	(488)	3,796	(2,734,614)			(2,732,040)
Dividends paid to policyholders	-	-	-	-	-	(1,521)			(1,521)
Federal income taxes (paid) recovered, net of tax on capital gains (losses)	(5,101)	(1)	(1)	369	(1,110)	(259,781)			(265,625)
Net cash from operations	17,407	764	(4,217)	(12,941)	7,523	624,722	(9,912)		623,346
Cash from Investments									
Proceeds from investments sold, matured, or repaid									
Bonds	342,003	-	-	3,186	435,896	5,502,887	21,677	(3)	6,305,649
Stocks	-	-	-	-	-	835,968			835,968
Real estate	-	-	-	-	-	3,262			3,262
Other invested assets	-	-	-	-	1,615	53,653			55,268
Net gains or (losses) on cash, cash equivalents and short-term investments	-	-	(1)	-	-	11			10
Miscellaneous proceeds	28,507	-	-	-	-	82,574			111,081
Total investment proceeds	370,510	-	(1)	3,186	437,511	6,478,355	21,677		7,311,238
Cost of investments acquired (long-term only)									
Bonds	325,518	220	1,000	3,764	450,279	5,863,415			6,644,196
Stocks	-	-	-	-	-	790,558			790,558
Capital contribution to affiliate	-	-	-	-	-	51,473	(5,000)	(3)	46,473
Real estate	-	-	-	-	-	22,054			22,054
Other invested assets	-	-	-	-	-	133,958			133,958
Miscellaneous applications	38,776	-	-	1	-	134,136			172,913
Total investment acquired	364,294	220	1,000	3,765	450,279	6,995,594	(5,000)		7,810,152
Net cash from investments	6,216	(220)	(1,001)	(579)	(12,768)	(517,239)	26,677		(498,914)
Cash from Financing and Miscellaneous Sources									
Capital and paid in surplus	-	-	5,000	-	5,000	-	(5,000)	(3)	5,000
Other cash provided (applied)	(6,674)	(130)	4,698	10,948	(4,908)	6,141	9,912	(1),(2)	19,987
Net cash from financing and miscellaneous sources	(6,674)	(130)	9,698	10,948	92	6,141	4,912		24,987
Reconciliation of Cash, Cash Equivalents and Short-Term Investments									
Net change in cash, cash equivalents and short-term investments	16,949	414	4,480	(2,572)	(5,153)	113,624	21,677		149,419
Cash, cash equivalents and short-term investments									
Beginning of year	24,994	1,134	804	8,540	46,409	380,981	(21,677)		441,185
End of year	$ 41,943	$ 1,548	$ 5,284	$ 5,968	$ 41,256	$ 494,605	$ -		$ 590,604

References:

(1) Elimination of the change in intercompany reinsurance premium.

(2) Elimination of the change in intercompany loss and LAE reinsurance.

(3) Elimination of intercompany investment transactions.

American Family Mutual Insurance Company and Consolidated Property and Casualty Subsidiaries

Supplemental Schedule of Consolidation

Consolidated Property and Casualty Statement of Cash Flows

Year Ended December 31, 2015

	Homesite California	Homesite Insurance	Homesite Indemnity	Homesite Illinois	Homesite Midwest	Homesite New York	Homesite Georgia	Homesite Lloyds (TX)	Homesite Florida	Eliminations	Ref No.	Homesite Underwriting Entities Consol.
Cash from Operations												
Premiums collected, net of reinsurance	$ (1,644)	$ (2,977)	$ (498)	$ 60	$ 16,492	$ (838)	$ (254)	$ (2,098)	$ (437)	$ -		$ 7,806
Net investment income	477	1,070	554	80	1,858	199	128	10	104			4,480
Miscellaneous income	-	33	-	-	9,470	-	-	-	-			9,503
Benefit and loss related payments	(1,985)	(525)	21	327	(15,382)	(54)	31	(125)	(137)	877	(1)	(16,952)
Commissions, expenses paid and aggregate write-ins for deductions	532	1,805	(77)	(172)	1,571	256	254	385	119	(877)	(1)	3,796
Dividends paid to policyholders	-	-	-	-	-	-	-	-	-			-
Federal income taxes (paid) recovered, net of tax on capital gains (losses)	(397)	(893)	(1,064)	(18)	1,410	106	(152)	(46)	(56)			(1,110)
Net cash from operations	(3,017)	(1,487)	(1,064)	277	15,419	(331)	7	(1,874)	(407)	-		7,523
Cash from Investments												
Proceeds from investments sold, matured, or repaid												
Bonds	49,338	102,122	53,311	11,056	165,772	20,847	14,314	5,005	14,131			435,896
Stocks	-	-	-	-	-	-	-	-	-			-
Real estate	-	-	-	-	-	-	-	-	-			-
Other invested assets	-	1,077	538	-	-	-	-	-	-			1,615
Net gains or (losses) on cash, cash equivalents and short-term investments	-	-	-	-	-	-	-	-	-			-
Miscellaneous proceeds	-	-	-	-	-	-	-	-	-			-
Total investment proceeds	49,338	103,199	53,849	11,056	165,772	20,847	14,314	5,005	14,131	-		437,511
Cost of investments acquired (long-term only)												
Bonds	50,333	107,025	55,377	10,996	172,145	21,058	14,474	4,997	13,874			450,279
Stocks	-	-	-	-	-	-	-	-	-			-
Capital contribution to affiliate	-	-	-	-	-	-	-	-	-			-
Real estate	-	-	-	-	-	-	-	-	-			-
Other invested assets	-	-	-	-	-	-	-	-	-			-
Miscellaneous applications	-	-	-	-	-	-	-	-	-			-
Total investment acquired	50,333	107,025	55,377	10,996	172,145	21,058	14,474	4,997	13,874	-		450,279
Net cash from investments	(995)	(3,826)	(1,528)	60	(6,373)	(211)	(160)	8	257	-		(12,768)
Cash from Financing and Miscellaneous Sources												
Capital and paid in surplus	-	-	-	-	-	-	-	5,000	-			5,000
Other cash provided (applied)	2,230	2,785	810	(178)	(12,208)	261	209	854	329			(4,908)
Net cash from financing and miscellaneous sources	2,230	2,785	810	(178)	(12,208)	261	209	5,854	329	-		92
Reconciliation of Cash, Cash Equivalents and Short-Term Investments												
Net change in cash, cash equivalents and short-term investments	(1,782)	(2,528)	(1,782)	159	(3,162)	(281)	56	3,988	179	-		(5,153)
Cash, cash equivalents and short-term investments												
Beginning of year	2,830	5,463	2,976	1,769	25,900	1,401	1,859	1,623	2,588			46,409
End of year	$ 1,048	$ 2,935	$ 1,194	$ 1,928	$ 22,738	$ 1,120	$ 1,915	$ 5,611	$ 2,767	$ -		$ 41,256

References:

(1) Elimination of the change in intercompany loss and LAE reinsurance.

American Family Mutual Insurance Company and Consolidated Property and Casualty Subsidiaries

Supplemental Schedule of Consolidation

Consolidated Property and Casualty Statement of Cash Flows

Year Ended December 31, 2014

(in thousands of dollars)	ASIC	ASICO	AFIC	MIC	Homesite Underwriting Entities Consol.	AFMIC	Eliminations	Ref No.	AFMIC Consol.
Cash from Operations									
Premiums collected, net of reinsurance	$ 5,408	$ (302)	$ (10,962)	$ 50	$ (115,402)	$ 6,522,276	$ (180,637)	(1)	$ 6,220,431
Net investment income	12,129	299	885	55	19,543	364,491			397,402
Miscellaneous income	(673)	-	-	-	(1,611)	34,131			31,847
Benefit and loss related payments	(2,310)	(175)	930	(4)	(170,156)	(3,647,456)	70,157	(2)	(3,749,014)
Commissions, expenses paid and aggregate write-ins for deductions	(394)	-	-	(145)	(19,756)	(2,273,942)			(2,294,237)
Dividends paid to policyholders	-	-	-	-	-	(1,377)			(1,377)
Federal income taxes (paid) recovered, net of tax on capital gains (losses)	(3,138)	(17)	(45)	472	17,070	(82,727)			(68,385)
Net cash from operations	11,022	(195)	(9,192)	428	(270,312)	915,396	(110,480)		536,667
Cash from Investments									
Proceeds from investments sold, matured, or repaid									
Bonds	208,632	-	-	27	303,247	4,484,922	(265,974)	(3)	4,730,854
Stocks	-	-	-	-	89,035	826,848	(6,763)	(3)	909,120
Real estate	-	-	-	-	-	4,309			4,309
Other invested assets	-	-	-	-	34,887	48,623			83,510
Net gains or (losses) on cash, cash equivalents and short-term investments	-	-	-	-	-	135			135
Miscellaneous proceeds	682	-	-	-	2,090	33,136			35,908
Total investment proceeds	209,314	-	-	27	429,259	5,397,973	(272,737)		5,763,836
Cost of investments acquired (long-term only)									
Bonds	207,404	536	3,311	1,230	55,235	4,942,236	(244,297)	(3)	4,965,655
Stocks	-	-	-	-	-	942,764	(6,763)	(3)	936,001
Capital contribution to affiliate	-	-	-	-	-	8,119			8,119
Real estate	-	-	-	-	-	5,078			5,078
Other invested assets	-	-	-	-	482	158,641			159,123
Miscellaneous applications	-	-	-	24	2,090	30,727			32,841
Total investment acquired	207,404	536	3,311	1,254	57,807	6,087,565	(251,060)		6,106,817
Net cash from investments	1,910	(536)	(3,311)	(1,227)	371,452	(689,592)	(21,677)		(342,981)
Cash from Financing and Miscellaneous Sources									
Capital and paid in surplus	-	-	-	-	-	-			-
Other cash provided (applied)	(9,962)	(1,638)	11,208	(96)	(77,184)	(146,096)	110,480	(1),(2)	(113,288)
Net cash from financing and miscellaneous sources	(9,962)	(1,638)	11,208	(96)	(77,184)	(146,096)	110,480		(113,288)
Reconciliation of Cash, Cash Equivalents and Short-Term Investments									
New reporting entity included in the consolidation	-	-	-	-	22,453	-			22,453
Net change in cash, cash equivalents and short-term investments	2,970	(2,369)	(1,295)	(895)	46,409	79,708	(21,677)		102,851
Cash, cash equivalents and short-term investments									
Beginning of year	22,024	3,503	2,099	9,435	-	301,273			338,334
End of year	$ 24,994	$ 1,134	$ 804	$ 8,540	$ 46,409	$ 380,981	$ (21,677)		$ 441,185

References:

(1) Elimination of the change in intercompany reinsurance premium.

(2) Elimination of the change in intercompany loss and LAE reinsurance.

(3) Elimination of intercompany sale of investments.

American Family Mutual Insurance Company and Consolidated Property and Casualty Subsidiaries

Supplemental Schedule of Consolidation

Consolidated Property and Casualty Statement of Cash Flows

Year Ended December 31, 2014

	Homesite California	Homesite Insurance	Homesite Indemnity	Homesite Illinois	Homesite Midwest	Homesite New York	Homesite Georgia	Homesite Lloyds (TX)	Homesite Florida	Eliminations	Ref No.	Homesite Underwriting Entities Consol.
Cash from Operations												
Premiums collected, net of reinsurance	$ (26,958)	$ (60,822)	$ (28,871)	$ (6,991)	$ 46,543	$ (11,462)	$ (9,702)	$ (7,335)	$ (9,804)	$ -		$ (115,402)
Net investment income	1,975	5,077	3,027	441	6,962	709	511	301	540			19,543
Miscellaneous income	-	72	-	-	(1,687)	-	-	-	4			(1,611)
Benefit and loss related payments	(13,314)	(32,872)	(14,409)	(3,547)	(79,676)	(5,148)	(4,851)	(3,650)	(4,799)	(7,899)	(1)	(170,156)
Commissions, expenses paid and aggregate write-ins for deductions	(3,207)	(8,367)	(3,001)	(753)	(7,610)	(1,899)	(990)	(515)	(1,313)	7,899	(1)	(19,756)
Dividends paid to policyholders	-	-	-	-	-	-	-	-	-			-
Federal income taxes (paid) recovered, net of tax on capital gains (losses)	1,280	2,661	1,240	539	9,216	202	534	724	674			17,070
Net cash from operations	(40,224)	(94,251)	(42,005)	(10,311)	(26,252)	(17,598)	(14,498)	(10,475)	(14,698)	-		(270,312)
Cash from Investments												
Proceeds from investments sold, matured, or repaid												
Bonds	38,546	74,352	30,920	12,839	270,355	17,478	14,344	12,252	17,044	(184,883)	(2)	303,247
Stocks	9,049	27,605	11,886	-	32,979	5,529	3,680	-	1,236	(2,929)	(2)	89,035
Real estate	-	-	-	-	-	-	-	-	-			-
Other invested assets	1,879	10,585	8,308	-	14,115	-	-	-	-			34,887
Net gains or (losses) on cash, cash equivalents and short-term investments	-	-	-	-	-	-	-	-	-			-
Miscellaneous proceeds	117	653	178	-	1,008	67	67	-	-			2,090
Total investment proceeds	49,591	113,195	51,292	12,839	318,457	23,074	18,091	12,252	18,280	(187,812)		429,259
Cost of investments acquired (long-term only)												
Bonds	8,712	16,840	7,705	1,596	192,703	4,602	3,086	1,471	3,403	(184,883)	(2)	55,235
Stocks	-	-	-	-	2,929	-	-	-	-	(2,929)	(2)	-
Capital contribution to affiliate	-	-	-	-	-	-	-	-	-			-
Real estate	-	-	-	-	-	-	-	-	-			-
Other invested assets	-	238	-	-	244	-	-	-	-			482
Miscellaneous applications	117	653	178	-	1,008	67	67	-	-			2,090
Total investment acquired	8,829	17,731	7,883	1,596	196,884	4,669	3,153	1,471	3,403	(187,812)		57,807
Net cash from investments	40,762	95,464	43,409	11,243	121,573	18,405	14,938	10,781	14,877	-		371,452
Cash from Financing and Miscellaneous Sources												
Borrowed funds received												-
Other cash provided (applied)	(321)	(2,188)	(1,888)	(512)	(70,422)	(1,297)	(201)	(383)	28	-		(77,184)
Net cash from financing and miscellaneous sources	(321)	(2,188)	(1,888)	(512)	(70,422)	(1,297)	(201)	(383)	28	-		(77,184)
Reconciliation of Cash, Cash Equivalents and Short-Term Investments												
New reporting entity included in the consolidation	2,613	6,438	3,460	1,349	1,001	1,891	1,620	1,700	2,381			22,453
Net change in cash, cash equivalents and short-term investments	2,830	5,463	2,976	1,769	25,900	1,401	1,859	1,623	2,588	-		46,409
Cash, cash equivalents and short-term investments												
Beginning of year	-	-	-	-	-	-	-	-	-			-
End of year	$ 2,830	$ 5,463	$ 2,976	$ 1,769	$ 25,900	$ 1,401	$ 1,859	$ 1,623	$ 2,588	$ -		$ 46,409

References:

(1) Elimination of the change in intercompany loss and LAE reinsurance.

(2) Elimination of intercompany sale of investments.

SUPPLEMENTAL INFORMATION

Independent Auditor's Report on Supplementary Information

To the Board of Directors of American Family Mutual Insurance Company:

We have audited the consolidated statutory financial statements of American Family Mutual Insurance Company and its Consolidated Property and Casualty Subsidiaries (the "Companies") as of December 31, 2015 and for the year then ended and our report thereon appears on page 1 of this document. That audit was conducted for the purpose of forming an opinion on the consolidated statutory financial statements taken as a whole. The accompanying Supplemental Summary Investment Schedule, Supplemental Investment Risk Interrogatories, and Supplemental Schedule of Reinsurance Disclosures (collectively, the "supplemental schedules") of the Companies as of December 31, 2015 and for the year then ended are presented to comply with the National Association of Insurance Commissioners' Annual Statement Instructions and Accounting Practices and Procedures Manual and for purposes of additional analysis and are not a required part of the consolidated statutory financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated statutory financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the consolidated statutory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated statutory financial statements or to the consolidated statutory financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the consolidated statutory-basis financial statements taken as a whole.

PricewaterhouseCoopers LLP

February 29, 2016

American Family Mutual Insurance Company and Consolidated Property and Casualty Subsidiaries

Supplemental Summary Investment Schedule

December 31, 2015 — Schedule I

	Gross Investment Holdings Amount	Gross Investment Holdings Percentage	Admitted Assets as Reported in the Annual Statement Amount	Admitted Assets as Reported in the Annual Statement Percentage
1. Bonds:				
1.1 U.S. treasury securities	$ 672,639,986	4.99%	$ 672,639,986	4.99%
1.2 U.S. government agency obligations:				
1.21 Issued by U.S. government agencies	1,672,478	0.01%	1,672,478	0.01%
1.22 Issued by U.S. government sponsored agencies	27,064,040	0.20%	27,064,040	0.20%
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)	-	0.00%	-	0.00%
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and general obligations	568,887,461	4.22%	568,887,461	4.22%
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	924,412,852	6.86%	924,412,852	6.86%
1.43 Revenue and assessment obligations	3,135,166,886	23.24%	3,135,166,886	23.24%
1.44 Industrial development and similar obligations	-	0.00%	-	0.00%
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or Guaranteed by GNMA	68,201,510	0.51%	68,201,510	0.51%
1.512 Issued or Guaranteed by FNMA and FHLMC	250,676,574	1.86%	250,676,574	1.86%
1.513 All other	-	0.00%	-	0.00%
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	58,264,164	0.43%	58,264,164	0.43%
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	-	0.00%	-	0.00%
1.523 All Other	266,581,598	1.98%	266,581,598	1.98%
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	1,787,848,031	13.26%	1,787,848,031	13.26%
2.2 Unaffiliated Non-U.S. securities(including Canada)	367,978,050	2.73%	367,978,050	2.73%
2.3 Affiliated securities	-	0.00%	-	0.00%
3. Equity interests:				
3.1 Investments in mutual funds	767,656	0.01%	767,656	0.01%
3.2 Preferred stocks:				
3.21 Affiliated	-	0.00%	-	0.00%
3.22 Unaffiliated	-	0.00%	-	0.00%
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	-	0.00%	-	0.00%
3.32 Unaffiliated	1,950,710,083	14.46%	1,950,710,083	14.46%
3.4 Other equity securities:				
3.41 Affiliated	1,531,010,101	11.36%	1,531,010,101	11.36%
3.42 Unaffiliated	10,000,000	0.07%	10,000,000	0.07%
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated	-	0.00%	-	0.00%
3.52 Unaffiliated	-	0.00%	-	0.00%
4. Mortgage loans:				
4.1 Construction and land development	-	0.00%	-	0.00%
4.2 Agricultural	-	0.00%	-	0.00%
4.3 Single family residential properties	-	0.00%	-	0.00%
4.4 Multifamily residential properties	-	0.00%	-	0.00%
4.5 Commercial loans	-	0.00%	-	0.00%
4.6 Mezzanine real estate loans	-	0.00%	-	0.00%
5. Real estate investments:				
5.1 Property occupied by company	238,093,353	1.77%	238,093,353	1.77%
5.2 Property held for production of income (includes $0 of property acquired in satisfaction of debt)	7,777,271	0.06%	7,777,271	0.06%
5.3 Property held for sale ($0 including property acquired in satisfaction of debt)	-	0.00%	-	0.00%
6. Contract loans	-	0.00%	-	0.00%
7. Derivatives	63,371,249	0.47%	63,371,249	0.47%
8. Receivables for securities	110,255,972	0.82%	110,255,972	0.82%
9. Securities Lending	-	0.00%	-	0.00%
10. Cash, cash equivalents and short-term investments	590,604,897	4.38%	590,604,897	4.38%
11. Other invested assets	851,149,755	6.31%	851,149,755	6.31%
12. Total invested assets	$ 13,483,133,967	100.00%	$ 13,483,133,967	100.00%

See Independent Auditor’s Report on Supplementary Financial Information

1. State the reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 15,419,385,461

2. State by investment category the 10 largest exposures to a single issuer/borrower/investment, excluding U.S. government, U.S. government agency securities and those U.S. Government money market funds listed in the Appendix to the SVO Purposes and Procedures Manual as exempt, property occupied by the company and policy loans.

	1	2	3	4
	Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
2.01	AMFAM INC.	AFFILIATE STOCK	$ 1,473,108,475	9.554%
2.02	JP MORGAN REAL ESTATE INCOME AND GROWTH, LP	LIMITED PARTNERSHIP	$ 135,602,300	0.879%
2.03	CALIFORNIA (STATE)	BONDS	$ 107,244,210	0.696%
2.04	MARANON SENIOR CREDIT FUND II, LP	LIMITED PARTNERSHIP	$ 90,883,296	0.589%
2.05	PARTNERS GROUP, USA INC	LIMITED PARTNERSHIP	$ 88,793,979	0.576%
2.06	NEW YORK STATE DORM AUTH	BONDS	$ 86,272,144	0.560%
2.07	NEW YORK CITY TRANSITIONAL FIN AUTH	BONDS	$ 78,589,910	0.510%
2.08	WISCONSIN (STATE)	BONDS	$ 76,915,415	0.499%
2.09	ILLINOIS (STATE)	BONDS	$ 63,466,608	0.412%
2.10	NEW JERSEY STATE TRANS TRUST FUND AUTH	BONDS	$ 60,573,702	0.393%

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

	Bonds	1	2	Preferred Stocks	1	2
3.01	NAIC-1	$ 7,644,764,260	49.579%	P/RP-1	$ -	0.000%
3.02	NAIC-2	$ 689,835,413	4.474%	P/RP-2	$ -	0.000%
3.03	NAIC-3	$ 181,081,263	1.174%	P/RP-3	$ -	0.000%
3.04	NAIC-4	$ 197,175,352	1.279%	P/RP-4	$ -	0.000%
3.05	NAIC-5	$ 35,130,645	0.228%	P/RP-5	$ -	0.000%
3.06	NAIC-6	$ -	0.000%	P/RP-6	$ -	0.000%

4. State the amounts and percentages on assets held in foreign investments:

4.01	Are assets held in foreign investment less than 2.5% of the reporting entity's total admitted assets?		Yes [ ] No [X]
4.02	Total admitted assets held in foreign investments	$ 434,434,285	2.817%
4.03	Foreign-currency-denominated investments	$ -	0.000%
4.04	Insurance liabilities denominated in that same foreign currency	$ -	0.000%

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

5. Aggregate foreign investment exposure by NAIC sovereign rating:

		1	2
5.01	Countries rated NAIC-1	$ 350,337,104	2.272 %
5.02	Countries rated NAIC-2	$ 57,670,216	0.374 %
5.03	Countries rated NAIC-3 or below	$ 26,426,965	0.171 %

American Family Mutual Insurance Company and Consolidated Property and Casualty Subsidiaries
Supplemental Investment Risk Interrogatories
December 31, 2015 — Schedule II

6. Two largest foreign investment exposures to a single country, categorized by NAIC sovereign rating:

		1	2
Countries rated NAIC-1:			
6.01	United Kingdom	$ 70,856,689	0.460 %
6.02	Ireland	$ 62,723,501	0.407 %
Countries rated NAIC-2:			
6.03	Mexico	$ 17,931,710	0.116 %
6.04	Peru	$ 11,864,175	0.077 %
Countries rated NAIC-3 or below:			
6.05	Guernsey	$ 11,414,785	0.074 %
6.06	British Virgin Islands	$ 6,723,082	0.044 %

	1	2
7. Aggregate unhedged foreign currency exposure: N/A	$ -	- %

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign rating: N/A

		1	2
8.01	Countries rated NAIC-1	$ -	- %
8.02	Countries rated NAIC-2	$ -	- %
8.03	Countries rated NAIC-3 or below	$ -	- %

9. Two largest unhedged currency exposures to a single country, categorized by NAIC sovereign rating: N/A

		1	2
Countries rated NAIC-1:			
9.01		$ -	- %
9.02		$ -	- %
	Countries rated NAIC-2:		
9.03		$ -	- %
9.04		$ -	- %
	Countries rate NAIC-3 or below:		
9.05		$ -	- %
9.06		$ -	- %

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

	1 Issuer	2 NAIC Rating	3	4
10.01	Credit Suisse Group AG	2	$ 23,658,115	0.153 %
10.02	Accenture PLC	Common Stock	$ 17,651,618	0.114 %
10.03	AstraZeneca PLC	1	$ 14,645,660	0.095 %
10.04	Barclays PLC	2	$ 13,873,866	0.090 %
10.05	Royal Dutch Shell PLC	1	$ 12,170,579	0.079 %
10.06	XXIII Capital Financing PLC	1	$ 10,000,000	0.065 %
10.07	UBS Group AG	1	$ 9,614,573	0.062 %
10.08	Allergan PLC	2	$ 9,610,171	0.062 %
10.09	Lloyds Banking Group PLC	1	$ 8,568,463	0.056 %
10.10	BNP Paribas SA	1	$ 7,472,651	0.048 %

11. State the amounts and percentages of the reporting entity's total admitted assets held in Canadian investment 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, responses are not required for the remainder of interrogatory 11.

11.02	Total admitted assets held in Canadian investments	$	-	0.000%
11.03	Canadian-currency-denominated investments	$	-	0.000%
11.04	Canadian-denominated insurance liabilities	$	-	0.000%
11.05	Unhedged Canadian currency exposure	$	-	0.000%

12. State the 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	$	-	0.000 %
	Largest 3 investments with contractual sales restrictions			
12.03		$	-	0.000 %
12.04		$	-	0.000 %
12.05		$	-	0.000 %

13. State the amounts and percentages of admitted assets held in the largest 10 equity interests:

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

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

	1 Name of Issuer		2	3
13.02	AMFAM, INC.	$	1,473,108,475	9.554%
13.03	PARTNERS GROUP, USA INC	$	88,793,979	0.576%
13.04	APPLE INC	$	38,992,830	0.253%
13.05	WELLS FARGO	$	37,848,585	0.245%
13.06	HOME DEPOT INC	$	35,525,392	0.230%
13.07	JPMORGAN CHASE	$	30,992,501	0.201%
13.08	PFIZER INC	$	28,449,332	0.185%
13.09	MICROSOFT CORP	$	27,303,816	0.177%
13.10	CROSSLINK CROSSOVER FUND VI, L.P.	$	26,472,794	0.172%
13.11	GILEAD SCIENCSE INC	$	25,444,428	0.165%

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

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

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

	1		2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	-	0.000 %
	Largest 3 investments held in nonaffiliated, privately placed equities:			
14.03		$	-	0.000 %
14.04		$	-	0.000 %
14.05		$	-	0.000 %

15. State the aggregate amounts and percentages of the entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interest 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	$ -	0.000 %
	Largest 3 investments held in general partnership interests:		
15.03		$ -	0.000 %
15.04		$ -	0.000 %
15.05		$ -	0.000 %

16. State the aggregate amounts and percentages of the reporting entity's total admitted assets held in mortgage loans: $ - 0.000 %

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

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		$ -	0.000 %
16.03		$ -	0.000 %
16.04		$ -	0.000 %
16.05		$ -	0.000 %
16.06		$ -	0.000 %
16.07		$ -	0.000 %
16.08		$ -	0.000 %
16.09		$ -	0.000 %
16.10		$ -	0.000 %
16.11		$ -	0.000 %

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

16.12	Construction loans	$ -	0.000 %
16.13	Mortgage loans over 90 days past due	$ -	0.000 %
16.14	Mortgage loans in the process of foreclosure	$ -	0.000 %
16.15	Mortgage loans foreclosed	$ -	0.000 %
16.16	Restructured mortgage loans	$ -	0.000 %

17. State the aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date: N/A

	Loan-to-Value	Residential 1	2	Commercial 3	4	Agricultural 5	6
17.01	above 95%	$ -	0.000 %	$ -	0.000 %	$ -	0.000 %
17.02	91% to 95%	$ -	0.000 %	$ -	0.000 %	$ -	0.000 %
17.03	81% to 90%	$ -	0.000 %	$ -	0.000 %	$ -	0.000 %
17.04	71% to 80%	$ -	0.000 %	$ -	0.000 %	$ -	0.000 %
17.05	below 70%	$ -	0.000 %	$ -	0.000 %	$ -	0.000 %

18. State the aggregate amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate: $ 7,777,271 0.050%

18.01 Are assets held in real estate reported in 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.

	Description 1	2	3
	Largest 5 investments in any one parcel or group of contiguous parcels of real estate:		
18.02		$ -	0.000 %
18.03		$ -	0.000 %
18.04		$ -	0.000 %
18.05		$ -	0.000 %
18.06		$ -	0.000 %

19. State the amounts and percentages of the reporting entity's total admitted assets held in mezzanine real estate loans: N/A
Yes [X] No [ ]

	Description 1	2	3
19.02	Aggregate statement value	$ -	0.000 %
	Largest 3 investments in mezzanine real estate loans:		
19.03		$ -	0.000 %
19.04		$ -	0.000 %
19.05		$ -	0.000 %

20. State the amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements: N/A
Yes [X] No [ ]

		At Year-End		At End of Each Quarter		
				1st Qtr	2nd Qtr	3rd Qtr
		1	2	3	4	5
20.01	Securities lending (do not include assets held as collateral for such transactions)	$ -	0.000%	$ -	$ -	$ -
20.02	Repurchase agreements	$ -	0.000%	$ -	$ -	$ -
20.03	Reverse repurchase agreements	$ -	0.000%	$ -	$ -	$ -
20.04	Dollar repurchase agreements	$ -	0.000%	$ -	$ -	$ -
20.05	Dollar reverse repurchase agreements	$ -	0.000%	$ -	$ -	$ -

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

		Owned		Written	
		1	2	3	4
21.01	Hedging	$ -	0.000%	$ -	0.000%
21.02	Income generation	$ -	0.000%	$ -	0.000%
21.03	Other	$ -	0.000%	$ -	0.000%

22. State the amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps and forwards: N/A

		At Year-End		At End of Each Quarter 1st Qtr	2nd Qtr	3rd Qtr
		1	2	3	4	5
22.01	Hedging	$ 9,773,157	0.063%	$ 6,245,505	$ 10,894,518	$ 10,393,010
22.02	Income generation	$ 132,463	0.001%	$ -	$ 149,964	$ 161,660
22.03	Replications	$ -	0.000%	$ -	$ -	$ -
22.04	Other	$ -	0.000%	$ -	$ -	$ -

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

		At Year-End		At End of Each Quarter 1st Qtr	2nd Qtr	3rd Qtr
		1	2	3	4	5
23.01	Hedging	$ -	0.000%	$ -	$ -	$ -
23.02	Income generation	$ -	0.000%	$ -	$ -	$ -
23.03	Replications	$ -	0.000%	$ -	$ -	$ -
23.04	Other	$ -	0.000%	$ -	$ -	$ -

1	Disclose any risks reinsured under a quota share reinsurance contract, entered into, renewed or amended on or after January 1, 1994, with any other entity that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g. a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? If yes, indicate the number of reinsurance contracts containing such provisions and if the amount of reinsurance credit taken reflects the reduction in quota share coverage caused by any applicable limiting provision(s).	No
2	Disclose if the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), entered into, renewed or amended on or after January 1, 1994, for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features that would have similar results:	No

a. A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

b. A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;

c. Aggregate stop loss reinsurance coverage;

d. An unconditional or unilateral right by either party to commute the reinsurance contract, except for such provisions which are only triggered by a decline in the credit status of the other party;

e. A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or

f. Payment schedules, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.

3	Disclose if the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), entered into, renewed or amended on or after January 1, 1994, excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member, where:	No

a. The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

b. Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates.

4	If affirmative disclosure is required for items 2 or 3 above, provide the following information for each reinsurance contracts entered into, renewed or amended on or after January 1, 1994: a. A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting items 2 or 3; b. A brief discussion of management's principal objectives in entering into the reinsurance contract including the economic purposes to be achieved; and c. The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income.	No
5	Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62 - Property and Casualty Reinsurance, disclose if the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates), entered into, renewed or amended on or after January 1, 1994, during the period covered by the financial statement, and either: a. Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or b. Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?	No
6	If affirmative disclosure is required for item 5 above, explain why the contract(s) is (are) treated differently for GAAP and SAP.	No