

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 24pt; font-weight: bold;">2017</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2017 or fiscal plan year beginning <u>01/01/2017</u> and ending <u>12/31/2017</u>			
A	This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)	
	☒ a single-employer plan ☐ a DFE (specify) ____		
B	This return/report is:	☐ the first return/report ☒ the final return/report	
	☐ an amended return/report ☐ a short plan year return/report (less than 12 months)		
C	If the plan is a collectively-bargained plan, check here. ▶ ☐		
D	Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program	
	☐ special extension (enter description)		

Part II	Basic Plan Information —enter all requested information		
1a	Name of plan <u>CENTRAL STATES INDEMNITY CO. OF OMAHA EMPLOYEES PENSION PLAN</u>	1b	Three-digit plan number (PN) ▶ <u>001</u>
		1c	Effective date of plan <u>01/01/1995</u>
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>CENTRAL STATES INDEMNITY CO. OF OMAHA</u> <div style="display: flex; justify-content: space-between;"> <u>P.O. BOX 34888</u> <u>OMAHA, NE 68134-9723</u> <u>1212 N 96TH ST</u> <u>OMAHA, NE 68114</u> </div>	2b	Employer Identification Number (EIN) <u>47-0591908</u>
		2c	Plan Sponsor's telephone number <u>402-997-8000</u>
		2d	Business code (see instructions) <u>524290</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	08/24/2018	KEVIN MORAN
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	08/24/2018	KEVIN MORAN
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2017)
v. 170203

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px;"></div>
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
5 Total number of participants at the beginning of the plan year	5 162
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	6a(1) 38 6a(2) 0 6b 0 6c 0 6d 0 6e 0 6f 0 6g 6h 0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

1A 1I 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1)** ☒ **R** (Retirement Plan Information)
- (2)** ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3)** ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1)** ☒ **H** (Financial Information)
- (2)** ☐ **I** (Financial Information – Small Plan)
- (3)** ☐ **A** (Insurance Information)
- (4)** ☒ **C** (Service Provider Information)
- (5)** ☐ **D** (DFE/Participating Plan Information)
- (6)** ☐ **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2017 Form M-1 annual report. If the plan was not required to file the 2017 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

<div>SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Single-Employer Defined Benefit Plan Actuarial Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).</div> <div>▶ File as an attachment to Form 5500 or 5500-SF.</div>	<div>OMB No. 1210-0110</div> <div>2017</div> <div>This Form is Open to Public Inspection</div>
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For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017	
▶ Round off amounts to nearest dollar.	
▶ Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.	
A Name of plan CENTRAL STATES INDEMNITY CO. OF OMAHA EMPLOYEES PENSION PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF CENTRAL STATES INDEMNITY CO. OF OMAHA	D Employer Identification Number (EIN) 47-0591908
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☒ 101-500 ☐ More than 500

Part I	Basic Information			
1	Enter the valuation date: Month 01 Day 01 Year 2017			
2	Assets:			
a	Market value	2a	13195666	
b	Actuarial value	2b	13516722	
3	Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a	For retired participants and beneficiaries receiving payment	78	4578067	4578067
b	For terminated vested participants	46	1451185	1451185
c	For active participants	38	4119422	4119422
d	Total	162	10148674	10148674
4	If the plan is in at-risk status, check the box and complete lines (a) and (b): ☐			
a	Funding target disregarding prescribed at-risk assumptions	4a		
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5	Effective interest rate	5	5.94 %	
6	Target normal cost	6	0	

Statement by Enrolled Actuary	
To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.	
SIGN HERE	
Signature of actuary	08/15/2018
GREGG RUESCHHOFF, A.S.A.	Date
Type or print name of actuary	17-04349
MILLIMAN, INC.	Most recent enrollment number
Firm name	402-393-9400
1120 SOUTH 101ST STREET, SUITE 400	Telephone number (including area code)
OMAHA, NE 68124-1088	
Address of the firm	

Part II Beginning of Year Carryover and Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	629492	2938710
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)		
9 Amount remaining (line 7 minus line 8)	629492	2938710
10 Interest on line 9 using prior year's actual return of <u>6.39</u> %	40225	187784
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		0
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.14</u> %		
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance		
12 Other reductions in balances due to elections or deemed elections		
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	669717	3126494

Part III Funding Percentages

14 Funding target attainment percentage	14	95.78%
15 Adjusted funding target attainment percentage	15	133.18%
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	110.87%
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and Liquidity Shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
Totals ►			18(b)	0	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	
b Contributions made to avoid restrictions adjusted to valuation date	19b	
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No
- b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No
- c** If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21	Discount rate:			
a	Segment rates:	1st segment: 4.16 %	2nd segment: 5.72 %	3rd segment: 6.48 %
		☐ N/A, full yield curve used		
b	Applicable month (enter code)	21b	0	
22	Weighted average retirement age	22	65	
23	Mortality table(s) (see instructions)	☐ Prescribed - combined	☒ Prescribed - separate	☐ Substitute

Part VI Miscellaneous Items

24	Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment	☐ Yes	☒ No
25	Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment	☐ Yes	☒ No
26	Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment	☒ Yes	☐ No
27	If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	27	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28	Unpaid minimum required contributions for all prior years	28	
29	Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29	
30	Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31	Target normal cost and excess assets (see instructions):		
a	Target normal cost (line 6)	31a	0
b	Excess assets, if applicable, but not greater than line 31a	31b	0
32	Amortization installments:	Outstanding Balance	Installment
a	Net shortfall amortization installment		
b	Waiver amortization installment		
33	If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34	Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	34	0
	Carryover balance	Prefunding balance	Total balance
35	Balances elected for use to offset funding requirement		0
36	Additional cash requirement (line 34 minus line 35)	36	0
37	Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	
38	Present value of excess contributions for current year (see instructions)		
a	Total (excess, if any, of line 37 over line 36)	38a	0
b	Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	
39	Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0
40	Unpaid minimum required contributions for all years	40	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41	If an election was made to use PRA 2010 funding relief for this plan:			
a	Schedule elected	☐ 2 plus 7 years	☐ 15 years	
b	Eligible plan year(s) for which the election in line 41a was made	☐ 2008	☐ 2009	☐ 2010
42	Amount of acceleration adjustment	42		
43	Excess installment acceleration amount to be carried over to future plan years	43		

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2017
		This Form is Open to Public Inspection.

For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017		
A Name of plan CENTRAL STATES INDEMNITY CO. OF OMAHA EMPLOYEES PENSION PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 CENTRAL STATES INDEMNITY CO. OF OMAHA	D Employer Identification Number (EIN) 47-0591908	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. ☐ Yes ☒ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

WESTCHESTER CAPITAL MANAGEMENT INC

801 N. 96TH STREET
OMAHA, NE 68114

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28	NONE	19793	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2017 This Form is Open to Public Inspection
For calendar plan year 2017 or fiscal plan year beginning <u>01/01/2017</u> and ending <u>12/31/2017</u>		
A Name of plan <u>CENTRAL STATES INDEMNITY CO. OF OMAHA EMPLOYEES PENSION PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>CENTRAL STATES INDEMNITY CO. OF OMAHA</u>	D Employer Identification Number (EIN) <u>47-0591908</u>	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.				
	Assets			
a Total noninterest-bearing cash	1a		62030	0
b Receivables (less allowance for doubtful accounts):				
(1) Employer contributions	1b(1)			
(2) Participant contributions	1b(2)			
(3) Other.....	1b(3)		1616	0
c General investments:				
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		13031660	0
(2) U.S. Government securities.....	1c(2)		0	0
(3) Corporate debt instruments (other than employer securities):				
(A) Preferred	1c(3)(A)			
(B) All other.....	1c(3)(B)		105920	0
(4) Corporate stocks (other than employer securities):				
(A) Preferred	1c(4)(A)			
(B) Common	1c(4)(B)		0	0
(5) Partnership/joint venture interests	1c(5)			
(6) Real estate (other than employer real property)	1c(6)			
(7) Loans (other than to participants)	1c(7)			
(8) Participant loans	1c(8)			
(9) Value of interest in common/collective trusts.....	1c(9)			
(10) Value of interest in pooled separate accounts.....	1c(10)			
(11) Value of interest in master trust investment accounts	1c(11)			
(12) Value of interest in 103-12 investment entities	1c(12)			
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)			
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)			
(15) Other	1c(15)			

		(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:		
(1)	Employer securities	1d(1)	
(2)	Employer real property	1d(2)	
e	Buildings and other property used in plan operation	1e	
f	Total assets (add all amounts in lines 1a through 1e)	1f	13201226 0
Liabilities			
g	Benefit claims payable	1g	
h	Operating payables	1h	
i	Acquisition indebtedness	1i	
j	Other liabilities	1j	
k	Total liabilities (add all amounts in lines 1g through 1j)	1k	0 0
Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	13201226 0

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

		(a) Amount	(b) Total
a	Contributions:		
(1)	Received or receivable in cash from: (A) Employers	2a(1)(A)	
	(B) Participants	2a(1)(B)	
	(C) Others (including rollovers)	2a(1)(C)	
(2)	Noncash contributions	2a(2)	
(3)	Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)	0
b	Earnings on investments:		
(1)	Interest:		
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	
	(B) U.S. Government securities	2b(1)(B)	
	(C) Corporate debt instruments	2b(1)(C)	
	(D) Loans (other than to participants)	2b(1)(D)	
	(E) Participant loans	2b(1)(E)	
	(F) Other	2b(1)(F)	
	(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)	5382
(2)	Dividends: (A) Preferred stock	2b(2)(A)	
	(B) Common stock	2b(2)(B)	
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	
	(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)	
(3)	Rents	2b(3)	65365
(4)	Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)	
	(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)	
(5)	Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	
	(B) Other	2b(5)(B)	
	(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)	

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		69394

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	1796721	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		1796721
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	19793	
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		19793
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1816514

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-1747120
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		11454106

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: LUTZ & COMPANY, PC

(2) EIN: 47-0625816

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?	X		5000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?.....		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....	X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	X		
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?..... ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
BERKSHIRE HATHAWAY CONSOLIDATED PENSION PLAN	45-5344990	003

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☒ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 4069634. (See instructions.)

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2017</div> <div>This Form is Open to Public Inspection.</div>
For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017		
A Name of plan CENTRAL STATES INDEMNITY CO. OF OMAHA EMPLOYEES PENSION PLAN		B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 CENTRAL STATES INDEMNITY CO. OF OMAHA		D Employer Identification Number (EIN) 47-0591908
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions		1 0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 47-0591908		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year		3 2
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☒ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month Day Year If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)		6a
b Enter the amount contributed by the employer to the plan for this plan year		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☒ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ☒ Increase ☐ Decrease ☐ Both ☐ No		
Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock? ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No		
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		
Schedule R (Form 5500) 2017 v. 170203		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

- a** Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%
- b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more
- c** What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

**Central States Indemnity Co. of Omaha
Employees' Pension Plan**

Financial Statements and Independent Auditors' Report

December 31, 2017 and 2016



Central States Indemnity Co. of Omaha Employees' Pension Plan

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Note: Schedules required by the Employee Retirement Income Security Act of 1974 that have not been included herein are not applicable.

INDEPENDENT AUDITORS' REPORT

Retirement Committee
Central States Indemnity Co. of Omaha Employees' Pension Plan
Omaha, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of Central States Indemnity Co. of Omaha Employees' Pension Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2017 and 2016, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter - Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information as of or for the year ended December 31, 2017 is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lutz & Company, P.C.

July 31, 2018

Central States Indemnity Co. of Omaha Employees' Pension Plan

Statements of Net Assets Available for Benefits

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Investments at Fair Value		
Corporate Bond	\$ -	\$ 105,920
Money Market Fund	-	13,031,660
Total Investments	-	13,137,580
Accrued Investment Income Receivable	-	1,616
Cash	-	62,030
NET ASSETS AVAILABLE FOR BENEFITS	\$ -	\$ 13,201,226

See Notes to Financial Statements.

Central States Indemnity Co. of Omaha Employees' Pension Plan

Statements of Changes in Net Assets Available for Benefits

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ADDITIONS TO NET ASSETS ATTRIBUTED TO		
Investment Income		
Net Appreciation in Fair Value of Investments	\$ -	\$ 676,970
Interest from Investments	5,382	7,318
Dividends from Investments	65,365	195,981
Total Investment Income	70,747	880,269
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO		
Net Depreciation in Fair Value of Investments	1,353	-
Benefits Paid Directly to Participants	1,796,721	460,511
Administrative Expenses and Other Fees	19,793	143,836
Transfer Out of the Plan	11,454,106	-
Total Deductions	13,271,973	604,347
NET INCREASE (DECREASE)	(13,201,226)	275,922
Net Assets Available for Benefits, Beginning of Year	13,201,226	12,925,304
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	\$ -	\$ 13,201,226

See Notes to Financial Statements.

Central States Indemnity Co. of Omaha Employees' Pension Plan

Notes to Financial Statements

December 31, 2017 and 2016

1. Plan Description

The following brief description of the Central States Indemnity Co. of Omaha Employees' Pension Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan was a defined benefit pension plan covering certain employees of Central States Indemnity Co. of Omaha (the Company). The Plan was subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective June 1, 2006, the Plan was amended to close participation in the Plan to employees who are first employed by the Company after May 31, 2006. Employees hired prior to June 1, 2006 were included in the Plan on the first day of the month after satisfying the eligibility requirements of attaining age 19 and completing one year of employment with 1,000 hours of service.

Effective December 31, 2017, the Plan activity and related participant benefits were merged into the Berkshire Hathaway Consolidated Pension Plan (BHCPP) (See Note 8).

Pension Benefits

Eligible employees were entitled to pension benefits at the normal retirement of age 65 equal to 1.5% of final average compensation times years of credited service less .62% of the final average compensation, up to covered compensation, times years of credited service. Final average compensation was the average of base salary over the five consecutive years prior to the employees' normal retirement date or for the period of employment, if shorter, which would produce the highest average. Effective January 1, 2017, final average compensation was the average of base salary over the five consecutive years prior to the earlier of: (i) the employees' normal retirement date, (ii) January 1, 2017, or (iii) the period of employment, if shorter, which would have produced the highest average. Covered compensation was the average of the taxable wage bases for 35 years ending with a participant's social security retirement age. Credited service was limited to 25 years. The Plan also provided for pre-retirement death benefits, late retirement benefits and early retirement benefits. Early retirement benefits commenced at age 55, with a reduction in the normal retirement benefit. Participants elected to receive their pension benefits in the form of a life annuity or a joint and survivor annuity with three available options. If the participant terminated employment before the normal retirement age or the early retirement age, the Company may have required the participant to accept a lump-sum payment of their vested benefits for any amounts below \$5,000. The Plan required that lump-sum payments between \$1,000 and \$5,000 be directly rolled over to an individual retirement account designated by the plan administrator in the event the participant did not elect otherwise. Lump-sum payments under \$1,000 were paid out to the participant in the event the participant did not elect one of two options. Benefits were recorded when paid.

Effective January 1, 2017, the Plan became frozen with no additional benefit accrual beyond the effective date. However, the participant still continued to be credited at the rate earned before the Plan was frozen.

Central States Indemnity Co. of Omaha Employees' Pension Plan

Notes to Financial Statements

December 31, 2017 and 2016

Effective July 1, 2017, the Plan was amended to provide a single sum payment as an optional form of benefit. The single sum payment, if elected, was the actuarial equivalent value of the participant's vested accrued benefit that would have been payable in the normal form at the participant's normal retirement date. This single sum optional form of benefit was available to any participant having an annuity starting date for his or her Plan benefit that was on or after July 1, 2017. This included participants who could elect to receive the distribution of the Plan benefit at their normal retirement date, even though the participant remained in employment with the Company. \$1,330,873 was distributed in 2017 under this lump sum option.

Death and Disability Benefits

If a married, vested participant died prior to being eligible for early retirement, the participant's surviving spouse would be eligible to receive a monthly benefit beginning on the participant's early retirement date. The monthly benefit was equal to 50% of the vested accrued benefit reduced for early retirement and to reflect payment in the form of a joint and 50% survivor annuity. If a married participant, who was eligible for early retirement died, the participant's spouse was entitled to an immediate monthly benefit. The benefit was equal to the monthly annuity the spouse would have received if the participant had retired the day before the participant's death and had elected the "joint and 50% survivor" option. Active employees who became totally disabled remained active Plan participants. If the employee remained disabled until the normal retirement date, the employee received retirement benefits computed as though they had been employed to normal retirement age with their annual compensation remaining the same as the last complete year of employment prior to disability. Benefit payments were recorded when paid.

Vesting

Participants became 100% vested in their benefits after five years of service or attainment of age 55.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements is set forth below.

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of plan assets available for benefits and the actuarial present value of accumulated plan benefits as of the date of the financial statements. Actual results could differ from those estimates. The Plan used an actuary to determine the actuarial present value of accumulated plan benefits. A change in the actuarial assumptions used could significantly change

Central States Indemnity Co. of Omaha Employees' Pension Plan

Notes to Financial Statements

December 31, 2017 and 2016

the amount of the actuarial present value of accumulated plan benefits reported in the accompanying financial statements.

Investment Valuation and Income Recognition

Investments were reported at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. See Note 5 for further discussion of fair value measurements.

Purchases and sales of investments were recorded on a trade-date basis. Interest income was recorded on the accrual basis. Dividends were recorded on the ex-dividend date. Net appreciation (depreciation) included the Plan's gains and losses on investments bought and sold as well as held during the year.

Risks and Uncertainties

Plan contributions and the actuarial present value of accumulated plan benefits were prepared based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Other

Administrative expenses, audit and investment management fees of the Plan were paid by the Plan and are included in administrative expenses and other fees.

Subsequent Events

Subsequent events are events or transactions that occur after the statement of net assets available for benefits date but before the financial statements are available to be issued and may require potential recognition or disclosure in the financial statements. Management has considered such events or transactions through July 31, 2018. See Note 8 for discussions regarding plan merger on December 31, 2017.

3. Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to service rendered by employees as of the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. The actuarial present value of accumulated plan benefits was determined by an independent actuary, Milliman, Inc. (Milliman), and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The computations of the actuarial present

Central States Indemnity Co. of Omaha Employees' Pension Plan

Notes to Financial Statements

December 31, 2017 and 2016

value of accumulated plan benefits were made as of January 1, 2017 and 2016. Had the valuations been performed as of December 31, 2016 and 2015 there would be no material differences.

The significant actuarial assumptions used in these valuations are (a) life expectancy of participants (the RP-2014 Mortality Table with SSA projection scale improvements as of January 1, 2017 and 2016), (b) 5% annual increase in current salary levels, (c) retirement age assumptions (the assumed retirement age was 65) and (d) an assumed long-term rate of return of 6.0%. The foregoing actuarial assumptions are based on the presumption that the Plan will continue.

At January 1, 2017 and 2016, actuarial present value of accumulated plan benefits for the Plan is as follows:

	<u>January 1, 2017</u>	<u>January 1, 2016</u>
Vested Benefits		
Participants Currently Receiving Benefits	\$ 4,682,909	\$ 4,133,138
Other Participants	5,924,139	6,141,052
Total Actuarial Present Value of Accumulated Plan Benefits	<u>\$ 10,607,048</u>	<u>\$ 10,274,190</u>

The changes in accumulated plan benefits of the Plan for the years ended January 1, 2017 and 2016 are as follows:

	<u>January 1, 2017</u>	<u>January 1, 2016</u>
Actuarial Present Value of Accumulated Benefits at Beginning of Year	<u>\$ 10,274,190</u>	<u>\$ 9,994,642</u>
Increase (Decrease) During the Year Attributable to:		
Increase Due to the Passage of Time	600,929	588,034
Benefits Accumulated	195,714	264,068
Benefits Paid Directly to Participants	(460,511)	(393,908)
Actuarial Gain	(3,274)	(178,646)
Net Increase	<u>332,858</u>	<u>279,548</u>
Actuarial Present Value of Accumulated Benefits at End of Year	<u>\$ 10,607,048</u>	<u>\$ 10,274,190</u>

Effective December 31, 2017, the Plan and all remaining related accumulated plan benefits shown in the table above were merged into the BHCCP (see Note 8).

4. Funding Policy

Contributions to provide benefits under the Plan were made solely by the Company. There were no Company contributions to the Plan during 2017 and 2016. The Company's funding policy was to make cash contributions to the Plan in amounts as determined by the Board of Directors with the direction of the Retirement Committee and Milliman. The Company met the minimum funding requirements of ERISA for the years ended December 31, 2017 and 2016.

Central States Indemnity Co. of Omaha Employees' Pension Plan

Notes to Financial Statements

December 31, 2017 and 2016

5. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Corporate Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value of yields currently available on comparable securities of issuers with similar credit ratings.

Money Market Fund: Valued at the daily closing price as reported by the fund.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Central States Indemnity Co. of Omaha Employees' Pension Plan

Notes to Financial Statements

December 31, 2017 and 2016

There were no Plan investments as of December 31, 2017 due to the merger into the BHCPP (see Note 8).

The following table presents by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate Bond	\$ -	\$ 105,920	\$ -	\$ 105,920
Money Market Fund	13,031,660	-	-	13,031,660
Total Investments at Fair Value	\$ 13,031,660	\$ 105,920	\$ -	\$ 13,137,580

6. Tax Status

The Plan was qualified as a defined benefit pension plan under Section 401(a) of the Internal Revenue Code and was exempt from federal income taxation under Section 501(a) of the Internal Revenue Code.

The plan administrator believes that the Plan was designed and operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes was included in the financial statements.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the applicable taxing authority. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan was subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2014.

7. Related Party Transactions

Certain Plan investments were shares of a money market fund managed by Charles Schwab and Company, Inc. (Charles Schwab). Charles Schwab was the custodian of the Plan, and therefore, these transactions qualified as party-in-interest transactions.

8. Plan Merger

The Board of Directors of the Company voted on November 6, 2017 to merge the Plan into the BHCPP effective December 31, 2017. As of December 31, 2017, the assets and related accumulated plan benefit obligations for all participants were transferred into the BHCPP. Legal control of the Plan assets totaling \$11,454,106 was transferred to the BHCPP effective as of December 31, 2017.

SUPPLEMENTAL INFORMATION

Central States Indemnity Co. of Omaha Employees' Pension Plan

Schedule of Reportable Transactions – Schedule H – Item 4j

Year Ended December 31, 2017

Employer Identification Number 47-0591908
Plan Number 001

	<u>Purchase Price</u>	<u>Selling Price</u>	<u>Cost of Asset</u>	<u>Current Value of Asset on Transaction Date</u>	<u>Net Gain or (Loss)</u>	<u>Number of Transactions</u>
* Schwab Treasury Obligations Money Market Fund Value Advisor Shares	\$ -	\$ 13,090,789	\$ 13,090,789	\$ 13,090,789	\$ -	5

*Indicates party-in-interest

Lutz

SCHEDULE SB (Form 5500)		Single-Employer Defined Benefit Plan Actuarial Information		OMB No. 1210-0110	
Department of the Treasury Internal Revenue Service		This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).		2017	
Department of Labor Employee Benefits Security Administration				This Form is Open to Public Inspection	
Pension Benefit Guaranty Corporation		File as an attachment to Form 5500 or 5500-SF.			
For calendar plan year 2017 or fiscal plan year beginning		01/01/2017		and ending 12/31/2017	
Round off amounts to nearest dollar.					
Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.					
A Name of plan		B Three-digit plan number (PN)		001	
Central States Indemnity Co. of Omaha Employees Pension Plan					
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF		D Employer Identification Number (EIN)		47-0591908	
Central States Indemnity Co. of Omaha					
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B		F Prior year plan size: ☐ 100 or fewer ☒ 101-500 ☐ More than 500			
Part I Basic Information					
1 Enter the valuation date: Month 1 Day 1 Year 2017					
2 Assets:					
a Market value.....				2a	13,195,666
b Actuarial value.....				2b	13,516,722
3 Funding target/participant count breakdown					
(1) Number of participants				(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment.....				78	4,578,067
b For terminated vested participants.....				46	1,451,185
c For active participants.....				38	4,119,422
d Total.....				162	10,148,674
4 If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐					
a Funding target disregarding prescribed at-risk assumptions.....				4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....				4b	
5 Effective interest rate.....				5	5.94 %
6 Target normal cost.....				6	0
Statement by Enrolled Actuary					
To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.					
SIGN HERE		Gregg Rueschhoff		8/15/2018	
		Signature of actuary		Date	
Gregg Rueschhoff, A.S.A.		Type or print name of actuary		17-04349	
Milliman, Inc.		Firm name		Most recent enrollment number	
1120 South 101st Street, Suite 400				(402) 393-9400	
Omaha		NE 68124-1088		Telephone number (including area code)	
		Address of the firm			
If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐					
For Paperwork Reduction Act Notice, see the Instructions for Form 5500 or 5500-SF.				Schedule SB (Form 5500) 2017 v. 170203	

Part II Beginning of Year Carryover and Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year).....	629,492	2,938,710
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	629,492	2,938,710
10 Interest on line 9 using prior year's actual return of <u>6.39</u> %	40225	187784
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		0
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.14</u> %		0
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	669,717	3126494

Part III Funding Percentages

14 Funding target attainment percentage	14	95.78%
15 Adjusted funding target attainment percentage	15	133.18%
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	110.87%
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and Liquidity Shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
Totals ▶			18(b)	0	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	0

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year?	☐ Yes ☒ No
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☐ Yes ☐ No
c If line 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost**21** Discount rate:**a** Segment rates:1st segment:
4.16 %2nd segment:
5.72 %3rd segment:
6.48 %☐ N/A, full yield curve used**b** Applicable month (enter code).....**21b**

0

22 Weighted average retirement age**22**

65

23 Mortality table(s) (see instructions)☐

Prescribed - combined

☒

Prescribed - separate

☐

Substitute

Part VI Miscellaneous Items**24** Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment..... ☐ Yes ☒ No**25** Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment..... ☐ Yes ☒ No**26** Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment..... ☒ Yes ☐ No**27** If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.....**27****Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years****28** Unpaid minimum required contributions for all prior years **28** 0**29** Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)..... **29** 0**30** Remaining amount of unpaid minimum required contributions (line 28 minus line 29) **30** 0**Part VIII Minimum Required Contribution For Current Year****31** Target normal cost and excess assets (see instructions):**a** Target normal cost (line 6)..... **31a** 0**b** Excess assets, if applicable, but not greater than line 31a **31b** 0**32** Amortization installments:**a** Net shortfall amortization installment..... Outstanding Balance Installment 0 0**b** Waiver amortization installment..... 0 0**33** If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount**33****34** Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33).... **34** 0

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	0	0

36 Additional cash requirement (line 34 minus line 35)..... **36** 0**37** Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)..... **37** 0**38** Present value of excess contributions for current year (see instructions)**a** Total (excess, if any, of line 37 over line 36) **38a** 0**b** Portion included in line 38a attributable to use of prefunding and funding standard carryover balances **38b****39** Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)..... **39** 0**40** Unpaid minimum required contributions for all years **40** 0**Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)****41** If an election was made to use PRA 2010 funding relief for this plan:**a** Schedule elected ☐ 2 plus 7 years ☐ 15 years**b** Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011**42** Amount of acceleration adjustment **42****43** Excess installment acceleration amount to be carried over to future plan years **43**

Schedule SB, Line 22 – Calculation of Weighted Average Retirement Age
Plan Name: Central States Indemnity Co. of Omaha Employees Pension Plan
EIN/PN: 47-0591908/001

We assume retirement at age 65 or current age if older.

Attachment to Schedule SB, Part V, Summary of Actuarial Assumptions/Methods
Central States Indemnity Co of Omaha Employees Pension Plan
EIN/PN: 47-0591908/001

The actuarial cost method is a particular technique used by the actuary for establishing the amount and incidence of annual actuarial costs. The actuarial cost method determines the portion of the ultimate cost of a pension plan that should be allocated to each year (known as the normal cost). The cost method is thus a budgeting tool that helps to ensure that the pension plan will be adequately and systematically funded.

The annual cost for a pension plan is determined using the unit credit cost method. The ultimate cost for a pension plan will be determined not by the cost method but by the benefits and expenses which become payable and the earnings which are obtained on the investments of the Plan. In addition, the choice of actuarial assumptions will affect the current level of contributions and pattern of future contributions.

Under the unit credit cost method, the target normal cost for each participant is equal to the present value of the projected benefit (salary increases may be included) one year from the valuation date minus the present value of accrued benefits as of the valuation date. The target normal cost for the Plan is the total of the individually computed target normal costs for all participants including the costs for any death or disability benefits under the Plan.

The target liability at any point in time for an active participant is the present value of the participant's accrued benefit. For persons receiving benefits or entitled to a deferred vested retirement income, the target liability is equal to the present value of their future benefit payments. The total target liability for the Plan is the total of the individually computed target liability amounts for all participants.

Certain assumptions are made in the calculation of the target liability, such as: interest rates, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

For actuarial valuation purposes, the plan assets are valued using the average asset value described in Revenue Notice 2009-22. The averaging period is three years and the expected return on assets is 7.0%.

Attachment to Schedule SB, Part V, Summary of Actuarial Assumptions/Methods
Central States Indemnity Co of Omaha Employees Pension Plan
EIN/PN: 47-0591908/001

Interest rates

For purposes of determining the Adjusted Funding Target Attainment Percentage (AFTAP) and minimum required contribution, the valuation interest rates used are the HATFA rates issued by the Department of the Treasury:

<u>Segment one</u>	<u>Segment two</u>	<u>Segment three</u>
4.16%	5.72%	6.48%

For all other purposes, the valuation interest rates are the three segmented rates as of January 1, 2017.

<u>Segment one</u>	<u>Segment two</u>	<u>Segment three</u>
1.57%	3.77%	4.73%

The interest rate used to determine the present value of accumulated benefits for FASB ASC Topic 960 is 6.00%.

Mortality rates - PPA Funding

Post-retirement: Annuitant tables as prescribed on the valuation date

Pre-retirement: Non-annuitant tables as prescribed on the valuation date

Mortality rates - FASB ASC Topic 960 and Accounting Expense

RP 2014 Mortality Table with SSA projection scale/10 year convergence period

Withdrawal Rates

A table of annual withdrawal rates illustrated below:

<u>Service</u>	<u>Male</u>	<u>Female</u>
1	20%	25%
2	20	25
3	20	25
4	6	25
5	6	15
6	6	15
7	6	15
8	0	15
9	0	15
10	0	15
11 - 19	0	5
20+	0	0

Retirement Age

Age 65 or attained age, if later.

Salary Increases

5.0% per annum, as illustrated by the table below:

<u>Age</u>	<u>Salary Increase Factor*</u>
25	6.096
30	4.777
35	3.743
40	2.932
45	2.298
50	1.800
55	1.411

* Ratio of projected average salary to present salary.

Future Social Security Wage Base Increases
5% per annum, compounded annually.

Future Administrative Expenses
Assumed to be paid by the employer outside of the plan fund.

Attachment to Schedule SB, Part V, Summary of Plan Provisions
Central States Indemnity Co of Omaha Employees Pension Plan
EIN/PN: 47-0591908/001

Name of Plan

Central States Indemnity Company of Omaha Employees' Pension Plan.

Effective Date

January 1, 1995.

Plan Provisions

Employees Covered

All employees of the Employer hired before June 1, 2006.

Eligibility

Employees will become participants on the first of the month coincident with or next following age 19 and completion of at least 1,000 hours of employment in the 12 month period beginning on date of employment or any subsequent 12 month period beginning on an Anniversary Date.

Credited Service

A year of Service is accrued for each calendar year with 1,000 or more hours of employment. Credited service for periods prior to January 1, 1995 under the Central States Health & Life Co. of Omaha Employees Pension Plan shall be included as credited service under this plan.

Basic Compensation

W-2 pay excluding overtime, commission and bonuses.

Final Average Compensation

Average Base Compensation for the five consecutive plan years prior to Normal Retirement Date which produce the highest average.

Retirement Dates

Normal Retirement

First of the month coincident with or next following 65th birthday and completion of five years of service.

Early Retirement

Attained age 55.

Late Retirement

Retirement subsequent to Normal Retirement Date.

Retirement Benefits

Normal Retirement:

a) 1.5% times years of Credited Service times Final Average Compensation less b) .62% times Years of Credited Service times Final Average Compensation up to Covered Compensation. Credited Service is limited to 25 years. For terminations after age 60, a minimum benefit is provided equal to \$5 times years of service, not in excess of 25 years.

Early Retirement

The Normal Retirement Benefit computed using Years of Credited Service to Early Retirement Date, reduced by 1/15 per year for the first 5 years and 1/30 per year for the next 5 years that Early Retirement precedes Normal Retirement.

Attachment to Schedule SB, Part V, Summary of Plan Provisions
Central States Indemnity Co of Omaha Employees Pension Plan
EIN/PN: 47-0591908/001

Late Retirement

Normal retirement benefit as of late retirement date, or normal retirement benefit with actuarial increase, if greater.

Vesting

Requirement

Age 55 with no service requirement or 5 years of service without regard to age.

Benefit

The Normal Retirement computed using Credited Service to date of termination, then multiplied by the appropriate percentage from the following table:

<u>Service</u>	<u>Percent</u>
less than 5	0%
5 or more	100%

Pre-Retirement Spouse's Benefit

Requirement

Five years of vesting service.

Benefit

The amount that the Spouse would receive if the Participant had terminated employment on his date of death, and then retired at the later of his earliest retirement date or his date of death and had elected the Joint and 50% Contingent Survivor form of income.

Normal Form of Benefit

Life Annuity.

Attachment to Schedule SB, Line 26, Schedule of Active Participants
Central States Indemnity Co of Omaha Employees Pension Plan
EIN/PN: 47-0591908/001

Age	Years of Credited Service										Total
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40&Up	
0-24	-	-	-	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-	-	-	-
30-34	-	-	-	-	-	-	-	-	-	-	-
35-39	-	-	-	-	1	-	-	-	-	-	1
40-44	-	-	-	1	1	-	-	-	-	-	2
45-49	-	-	1	2	3	2	2	-	-	-	10
50-54	-	-	-	4	-	-	5	2	-	-	11
55-59	-	-	-	1	1	-	-	2	1	-	5
60-64	-	-	-	1	1	2	-	-	-	2	6
65-69	-	-	-	2	-	-	-	1	-	-	3
70&Up	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	1	11	7	4	7	5	1	2	38

Attachment to Schedule SB, Line 26, Schedule of Active Participants
Central States Indemnity Co of Omaha Employees Pension Plan
EIN/PN: 47-0591908/001

Age	Years of Credited Service										Total
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40&Up	
0-24	-	-	-	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-	-	-	-
30-34	-	-	-	-	-	-	-	-	-	-	-
35-39	-	-	-	-	1	-	-	-	-	-	1
40-44	-	-	-	1	1	-	-	-	-	-	2
45-49	-	-	1	2	3	2	2	-	-	-	10
50-54	-	-	-	4	-	-	5	2	-	-	11
55-59	-	-	-	1	1	-	-	2	1	-	5
60-64	-	-	-	1	1	2	-	-	-	2	6
65-69	-	-	-	2	-	-	-	1	-	-	3
70&Up	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	1	11	7	4	7	5	1	2	38

**Central States Indemnity Co. of Omaha
Employees' Pension Plan**

Financial Statements and Independent Auditors' Report

December 31, 2017 and 2016



Central States Indemnity Co. of Omaha Employees' Pension Plan

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Note: Schedules required by the Employee Retirement Income Security Act of 1974 that have not been included herein are not applicable.

INDEPENDENT AUDITORS' REPORT

Retirement Committee
Central States Indemnity Co. of Omaha Employees' Pension Plan
Omaha, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of Central States Indemnity Co. of Omaha Employees' Pension Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2017 and 2016, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter - Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information as of or for the year ended December 31, 2017 is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lutz & Company, P.C.

July 31, 2018

Central States Indemnity Co. of Omaha Employees' Pension Plan

Statements of Net Assets Available for Benefits

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Investments at Fair Value		
Corporate Bond	\$ -	\$ 105,920
Money Market Fund	-	13,031,660
Total Investments	-	13,137,580
Accrued Investment Income Receivable	-	1,616
Cash	-	62,030
NET ASSETS AVAILABLE FOR BENEFITS	\$ -	\$ 13,201,226

See Notes to Financial Statements.

Central States Indemnity Co. of Omaha Employees' Pension Plan

Statements of Changes in Net Assets Available for Benefits

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ADDITIONS TO NET ASSETS ATTRIBUTED TO		
Investment Income		
Net Appreciation in Fair Value of Investments	\$ -	\$ 676,970
Interest from Investments	5,382	7,318
Dividends from Investments	65,365	195,981
Total Investment Income	70,747	880,269
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO		
Net Depreciation in Fair Value of Investments	1,353	-
Benefits Paid Directly to Participants	1,796,721	460,511
Administrative Expenses and Other Fees	19,793	143,836
Transfer Out of the Plan	11,454,106	-
Total Deductions	13,271,973	604,347
NET INCREASE (DECREASE)	(13,201,226)	275,922
Net Assets Available for Benefits, Beginning of Year	13,201,226	12,925,304
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	\$ -	\$ 13,201,226

See Notes to Financial Statements.

Central States Indemnity Co. of Omaha Employees' Pension Plan

Notes to Financial Statements

December 31, 2017 and 2016

1. Plan Description

The following brief description of the Central States Indemnity Co. of Omaha Employees' Pension Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan was a defined benefit pension plan covering certain employees of Central States Indemnity Co. of Omaha (the Company). The Plan was subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective June 1, 2006, the Plan was amended to close participation in the Plan to employees who are first employed by the Company after May 31, 2006. Employees hired prior to June 1, 2006 were included in the Plan on the first day of the month after satisfying the eligibility requirements of attaining age 19 and completing one year of employment with 1,000 hours of service.

Effective December 31, 2017, the Plan activity and related participant benefits were merged into the Berkshire Hathaway Consolidated Pension Plan (BHCPP) (See Note 8).

Pension Benefits

Eligible employees were entitled to pension benefits at the normal retirement of age 65 equal to 1.5% of final average compensation times years of credited service less .62% of the final average compensation, up to covered compensation, times years of credited service. Final average compensation was the average of base salary over the five consecutive years prior to the employees' normal retirement date or for the period of employment, if shorter, which would produce the highest average. Effective January 1, 2017, final average compensation was the average of base salary over the five consecutive years prior to the earlier of: (i) the employees' normal retirement date, (ii) January 1, 2017, or (iii) the period of employment, if shorter, which would have produced the highest average. Covered compensation was the average of the taxable wage bases for 35 years ending with a participant's social security retirement age. Credited service was limited to 25 years. The Plan also provided for pre-retirement death benefits, late retirement benefits and early retirement benefits. Early retirement benefits commenced at age 55, with a reduction in the normal retirement benefit. Participants elected to receive their pension benefits in the form of a life annuity or a joint and survivor annuity with three available options. If the participant terminated employment before the normal retirement age or the early retirement age, the Company may have required the participant to accept a lump-sum payment of their vested benefits for any amounts below \$5,000. The Plan required that lump-sum payments between \$1,000 and \$5,000 be directly rolled over to an individual retirement account designated by the plan administrator in the event the participant did not elect otherwise. Lump-sum payments under \$1,000 were paid out to the participant in the event the participant did not elect one of two options. Benefits were recorded when paid.

Effective January 1, 2017, the Plan became frozen with no additional benefit accrual beyond the effective date. However, the participant still continued to be credited at the rate earned before the Plan was frozen.

Central States Indemnity Co. of Omaha Employees' Pension Plan

Notes to Financial Statements

December 31, 2017 and 2016

Effective July 1, 2017, the Plan was amended to provide a single sum payment as an optional form of benefit. The single sum payment, if elected, was the actuarial equivalent value of the participant's vested accrued benefit that would have been payable in the normal form at the participant's normal retirement date. This single sum optional form of benefit was available to any participant having an annuity starting date for his or her Plan benefit that was on or after July 1, 2017. This included participants who could elect to receive the distribution of the Plan benefit at their normal retirement date, even though the participant remained in employment with the Company. \$1,330,873 was distributed in 2017 under this lump sum option.

Death and Disability Benefits

If a married, vested participant died prior to being eligible for early retirement, the participant's surviving spouse would be eligible to receive a monthly benefit beginning on the participant's early retirement date. The monthly benefit was equal to 50% of the vested accrued benefit reduced for early retirement and to reflect payment in the form of a joint and 50% survivor annuity. If a married participant, who was eligible for early retirement died, the participant's spouse was entitled to an immediate monthly benefit. The benefit was equal to the monthly annuity the spouse would have received if the participant had retired the day before the participant's death and had elected the "joint and 50% survivor" option. Active employees who became totally disabled remained active Plan participants. If the employee remained disabled until the normal retirement date, the employee received retirement benefits computed as though they had been employed to normal retirement age with their annual compensation remaining the same as the last complete year of employment prior to disability. Benefit payments were recorded when paid.

Vesting

Participants became 100% vested in their benefits after five years of service or attainment of age 55.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements is set forth below.

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of plan assets available for benefits and the actuarial present value of accumulated plan benefits as of the date of the financial statements. Actual results could differ from those estimates. The Plan used an actuary to determine the actuarial present value of accumulated plan benefits. A change in the actuarial assumptions used could significantly change

Central States Indemnity Co. of Omaha Employees' Pension Plan

Notes to Financial Statements

December 31, 2017 and 2016

the amount of the actuarial present value of accumulated plan benefits reported in the accompanying financial statements.

Investment Valuation and Income Recognition

Investments were reported at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. See Note 5 for further discussion of fair value measurements.

Purchases and sales of investments were recorded on a trade-date basis. Interest income was recorded on the accrual basis. Dividends were recorded on the ex-dividend date. Net appreciation (depreciation) included the Plan's gains and losses on investments bought and sold as well as held during the year.

Risks and Uncertainties

Plan contributions and the actuarial present value of accumulated plan benefits were prepared based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Other

Administrative expenses, audit and investment management fees of the Plan were paid by the Plan and are included in administrative expenses and other fees.

Subsequent Events

Subsequent events are events or transactions that occur after the statement of net assets available for benefits date but before the financial statements are available to be issued and may require potential recognition or disclosure in the financial statements. Management has considered such events or transactions through July 31, 2018. See Note 8 for discussions regarding plan merger on December 31, 2017.

3. Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to service rendered by employees as of the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. The actuarial present value of accumulated plan benefits was determined by an independent actuary, Milliman, Inc. (Milliman), and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The computations of the actuarial present

Central States Indemnity Co. of Omaha Employees' Pension Plan

Notes to Financial Statements

December 31, 2017 and 2016

value of accumulated plan benefits were made as of January 1, 2017 and 2016. Had the valuations been performed as of December 31, 2016 and 2015 there would be no material differences.

The significant actuarial assumptions used in these valuations are (a) life expectancy of participants (the RP-2014 Mortality Table with SSA projection scale improvements as of January 1, 2017 and 2016), (b) 5% annual increase in current salary levels, (c) retirement age assumptions (the assumed retirement age was 65) and (d) an assumed long-term rate of return of 6.0%. The foregoing actuarial assumptions are based on the presumption that the Plan will continue.

At January 1, 2017 and 2016, actuarial present value of accumulated plan benefits for the Plan is as follows:

	<u>January 1, 2017</u>	<u>January 1, 2016</u>
Vested Benefits		
Participants Currently Receiving Benefits	\$ 4,682,909	\$ 4,133,138
Other Participants	5,924,139	6,141,052
Total Actuarial Present Value of Accumulated Plan Benefits	<u>\$ 10,607,048</u>	<u>\$ 10,274,190</u>

The changes in accumulated plan benefits of the Plan for the years ended January 1, 2017 and 2016 are as follows:

	<u>January 1, 2017</u>	<u>January 1, 2016</u>
Actuarial Present Value of Accumulated Benefits at Beginning of Year	<u>\$ 10,274,190</u>	<u>\$ 9,994,642</u>
Increase (Decrease) During the Year Attributable to:		
Increase Due to the Passage of Time	600,929	588,034
Benefits Accumulated	195,714	264,068
Benefits Paid Directly to Participants	(460,511)	(393,908)
Actuarial Gain	(3,274)	(178,646)
Net Increase	<u>332,858</u>	<u>279,548</u>
Actuarial Present Value of Accumulated Benefits at End of Year	<u>\$ 10,607,048</u>	<u>\$ 10,274,190</u>

Effective December 31, 2017, the Plan and all remaining related accumulated plan benefits shown in the table above were merged into the BHCCP (see Note 8).

4. Funding Policy

Contributions to provide benefits under the Plan were made solely by the Company. There were no Company contributions to the Plan during 2017 and 2016. The Company's funding policy was to make cash contributions to the Plan in amounts as determined by the Board of Directors with the direction of the Retirement Committee and Milliman. The Company met the minimum funding requirements of ERISA for the years ended December 31, 2017 and 2016.

Central States Indemnity Co. of Omaha Employees' Pension Plan

Notes to Financial Statements

December 31, 2017 and 2016

5. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Corporate Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value of yields currently available on comparable securities of issuers with similar credit ratings.

Money Market Fund: Valued at the daily closing price as reported by the fund.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Central States Indemnity Co. of Omaha Employees' Pension Plan

Notes to Financial Statements

December 31, 2017 and 2016

There were no Plan investments as of December 31, 2017 due to the merger into the BHCPP (see Note 8).

The following table presents by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate Bond	\$ -	\$ 105,920	\$ -	\$ 105,920
Money Market Fund	13,031,660	-	-	13,031,660
Total Investments at Fair Value	\$ 13,031,660	\$ 105,920	\$ -	\$ 13,137,580

6. Tax Status

The Plan was qualified as a defined benefit pension plan under Section 401(a) of the Internal Revenue Code and was exempt from federal income taxation under Section 501(a) of the Internal Revenue Code.

The plan administrator believes that the Plan was designed and operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes was included in the financial statements.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the applicable taxing authority. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan was subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2014.

7. Related Party Transactions

Certain Plan investments were shares of a money market fund managed by Charles Schwab and Company, Inc. (Charles Schwab). Charles Schwab was the custodian of the Plan, and therefore, these transactions qualified as party-in-interest transactions.

8. Plan Merger

The Board of Directors of the Company voted on November 6, 2017 to merge the Plan into the BHCPP effective December 31, 2017. As of December 31, 2017, the assets and related accumulated plan benefit obligations for all participants were transferred into the BHCPP. Legal control of the Plan assets totaling \$11,454,106 was transferred to the BHCPP effective as of December 31, 2017.

SUPPLEMENTAL INFORMATION

Central States Indemnity Co. of Omaha Employees' Pension Plan

Schedule of Reportable Transactions – Schedule H – Item 4j

Year Ended December 31, 2017

Employer Identification Number 47-0591908
Plan Number 001

	<u>Purchase Price</u>	<u>Selling Price</u>	<u>Cost of Asset</u>	<u>Current Value of Asset on Transaction Date</u>	<u>Net Gain or (Loss)</u>	<u>Number of Transactions</u>
* Schwab Treasury Obligations Money Market Fund Value Advisor Shares	\$ -	\$ 13,090,789	\$ 13,090,789	\$ 13,090,789	\$ -	5

*Indicates party-in-interest

Lutz

Central States Indemnity Co. of Omaha Employees' Pension Plan

Schedule of Reportable Transactions – Schedule H – Item 4j

Year Ended December 31, 2017

Employer Identification Number 47-0591908
Plan Number 001

	<u>Purchase Price</u>	<u>Selling Price</u>	<u>Cost of Asset</u>	<u>Current Value of Asset on Transaction Date</u>	<u>Net Gain or (Loss)</u>	<u>Number of Transactions</u>
* Schwab Treasury Obligations Money Market Fund Value Advisor Shares	\$ -	\$ 13,090,789	\$ 13,090,789	\$ 13,090,789	\$ -	5

*Indicates party-in-interest

Attachment to Schedule SB, Part V, Summary of Actuarial Assumptions/Methods
Central States Indemnity Co of Omaha Employees Pension Plan
EIN/PN: 47-0591908/001

The actuarial cost method is a particular technique used by the actuary for establishing the amount and incidence of annual actuarial costs. The actuarial cost method determines the portion of the ultimate cost of a pension plan that should be allocated to each year (known as the normal cost). The cost method is thus a budgeting tool that helps to ensure that the pension plan will be adequately and systematically funded.

The annual cost for a pension plan is determined using the unit credit cost method. The ultimate cost for a pension plan will be determined not by the cost method but by the benefits and expenses which become payable and the earnings which are obtained on the investments of the Plan. In addition, the choice of actuarial assumptions will affect the current level of contributions and pattern of future contributions.

Under the unit credit cost method, the target normal cost for each participant is equal to the present value of the projected benefit (salary increases may be included) one year from the valuation date minus the present value of accrued benefits as of the valuation date. The target normal cost for the Plan is the total of the individually computed target normal costs for all participants including the costs for any death or disability benefits under the Plan.

The target liability at any point in time for an active participant is the present value of the participant's accrued benefit. For persons receiving benefits or entitled to a deferred vested retirement income, the target liability is equal to the present value of their future benefit payments. The total target liability for the Plan is the total of the individually computed target liability amounts for all participants.

Certain assumptions are made in the calculation of the target liability, such as: interest rates, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

For actuarial valuation purposes, the plan assets are valued using the average asset value described in Revenue Notice 2009-22. The averaging period is three years and the expected return on assets is 7.0%.

Attachment to Schedule SB, Part V, Summary of Actuarial Assumptions/Methods
Central States Indemnity Co of Omaha Employees Pension Plan
EIN/PN: 47-0591908/001

Interest rates

For purposes of determining the Adjusted Funding Target Attainment Percentage (AFTAP) and minimum required contribution, the valuation interest rates used are the HATFA rates issued by the Department of the Treasury:

<u>Segment one</u>	<u>Segment two</u>	<u>Segment three</u>
4.16%	5.72%	6.48%

For all other purposes, the valuation interest rates are the three segmented rates as of January 1, 2017.

<u>Segment one</u>	<u>Segment two</u>	<u>Segment three</u>
1.57%	3.77%	4.73%

The interest rate used to determine the present value of accumulated benefits for FASB ASC Topic 960 is 6.00%.

Mortality rates - PPA Funding

Post-retirement: Annuitant tables as prescribed on the valuation date

Pre-retirement: Non-annuitant tables as prescribed on the valuation date

Mortality rates - FASB ASC Topic 960 and Accounting Expense

RP 2014 Mortality Table with SSA projection scale/10 year convergence period

Withdrawal Rates

A table of annual withdrawal rates illustrated below:

<u>Service</u>	<u>Male</u>	<u>Female</u>
1	20%	25%
2	20	25
3	20	25
4	6	25
5	6	15
6	6	15
7	6	15
8	0	15
9	0	15
10	0	15
11 - 19	0	5
20+	0	0

Retirement Age

Age 65 or attained age, if later.

Salary Increases

5.0% per annum, as illustrated by the table below:

<u>Age</u>	<u>Salary Increase</u> <u>Factor*</u>
25	6.096
30	4.777
35	3.743
40	2.932
45	2.298
50	1.800
55	1.411

* Ratio of projected average salary to present salary.

Future Social Security Wage Base Increases
5% per annum, compounded annually.

Future Administrative Expenses
Assumed to be paid by the employer outside of the plan fund.

Attachment to Schedule SB, Part V, Summary of Plan Provisions
Central States Indemnity Co of Omaha Employees Pension Plan
EIN/PN: 47-0591908/001

Name of Plan

Central States Indemnity Company of Omaha Employees' Pension Plan.

Effective Date

January 1, 1995.

Plan Provisions

Employees Covered

All employees of the Employer hired before June 1, 2006.

Eligibility

Employees will become participants on the first of the month coincident with or next following age 19 and completion of at least 1,000 hours of employment in the 12 month period beginning on date of employment or any subsequent 12 month period beginning on an Anniversary Date.

Credited Service

A year of Service is accrued for each calendar year with 1,000 or more hours of employment. Credited service for periods prior to January 1, 1995 under the Central States Health & Life Co. of Omaha Employees Pension Plan shall be included as credited service under this plan.

Basic Compensation

W-2 pay excluding overtime, commission and bonuses.

Final Average Compensation

Average Base Compensation for the five consecutive plan years prior to Normal Retirement Date which produce the highest average.

Retirement Dates

Normal Retirement

First of the month coincident with or next following 65th birthday and completion of five years of service.

Early Retirement

Attained age 55.

Late Retirement

Retirement subsequent to Normal Retirement Date.

Retirement Benefits

Normal Retirement:

a) 1.5% times years of Credited Service times Final Average Compensation less b) .62% times Years of Credited Service times Final Average Compensation up to Covered Compensation. Credited Service is limited to 25 years. For terminations after age 60, a minimum benefit is provided equal to \$5 times years of service, not in excess of 25 years.

Early Retirement

The Normal Retirement Benefit computed using Years of Credited Service to Early Retirement Date, reduced by 1/15 per year for the first 5 years and 1/30 per year for the next 5 years that Early Retirement precedes Normal Retirement.

Attachment to Schedule SB, Part V, Summary of Plan Provisions
Central States Indemnity Co of Omaha Employees Pension Plan
EIN/PN: 47-0591908/001

Late Retirement

Normal retirement benefit as of late retirement date, or normal retirement benefit with actuarial increase, if greater.

Vesting

Requirement

Age 55 with no service requirement or 5 years of service without regard to age.

Benefit

The Normal Retirement computed using Credited Service to date of termination, then multiplied by the appropriate percentage from the following table:

<u>Service</u>	<u>Percent</u>
less than 5	0%
5 or more	100%

Pre-Retirement Spouse's Benefit

Requirement

Five years of vesting service.

Benefit

The amount that the Spouse would receive if the Participant had terminated employment on his date of death, and then retired at the later of his earliest retirement date or his date of death and had elected the Joint and 50% Contingent Survivor form of income.

Normal Form of Benefit

Life Annuity.