

QUARTERLY STATEMENT
OF THE
PENN INSURANCE AND ANNUITY
COMPANY

Of
Wilmington
in the state of DE

to the Insurance Department
of the State of

For the Period Ended
June 30, 2016

2016



QUARTERLY STATEMENT

As of June 30, 2016
of the Condition and Affairs of the

PENN INSURANCE AND ANNUITY COMPANY

NAIC Group Code..... 850, 850 (Current Period) (Prior Period)	NAIC Company Code..... 93262	Employer's ID Number..... 23-2142731
Organized under the Laws of Delaware Incorporated/Organized..... July 3, 1980	State of Domicile or Port of Entry Delaware	Country of Domicile US
Statutory Home Office	Commenced Business..... April 9, 1981	
Main Administrative Office	1209 Orange Street..... Wilmington DE US 19801 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	
Mail Address	600 Dresher Road..... Horsham PA US 19044 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	215-956-8000 <i>(Area Code) (Telephone Number)</i>
Primary Location of Books and Records	Penn Insurance & Annuity Company..... Philadelphia PA US 19172 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i>	
Internet Web Site Address	600 Dresher Road..... Horsham PA US 19044 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	215-956-8000 <i>(Area Code) (Telephone Number)</i>
Statutory Statement Contact	www.pennmutual.com	
	Bethanne Doyle Adamsky <i>(Name)</i>	215-956-8120 <i>(Area Code) (Telephone Number) (Extension)</i>
	adamsky.bethanne@pennmutual.com <i>(E-Mail Address)</i>	215-956-8145 <i>(Fax Number)</i>

OFFICERS

Name	Title	Name	Title
1. Eileen Claire McDonnell #	Chairman & CEO	2. Susan Twine Deakins	Executive VP & Chief Financial Officer
3. Franklin Luther Best Jr.	Secretary & Counsel	4. David Michael O'Malley #	President & Chief Operating Officer
Thomas Henry Harris	Executive VP, Distribution	Jay T Lewellen	VP & Chief Actuary
Bethanne Doyle Adamsky	Controller and Treasurer		

OTHER

DIRECTORS OR TRUSTEES

Eileen Claire McDonnell	David Michael O'Malley	Susan Twine Deakins	Gregory Joseph Driscoll
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State of..... Pennsylvania
County of..... Montgomery

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures manual* except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Eileen Claire McDonnell	Susan Twine Deakins	Franklin Luther Best Jr.
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
Chairman & CEO	Executive VP & Chief Financial Officer	Secretary & Counsel
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This 5th day of August 2016

a. Is this an original filing? Yes [X] No []
b. If no: 1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Marianne C. Bechtel, Notary Public
Horsham Twp., Montgomery County
My Commission Expires Dec. 26, 2017
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds.....	2,398,395,919		2,398,395,919	2,224,740,279
2. Stocks:				
2.1 Preferred stocks.....	11,554,687		11,554,687	11,554,687
2.2 Common stocks.....	137,103,844	83,574,256	53,529,588	22,178,599
3. Mortgage loans on real estate:				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....8,435,539), cash equivalents (\$.....0) and short-term investments (\$.....30,674,072).....	39,109,611		39,109,611	31,781,198
6. Contract loans (including \$.....0 premium notes).....	468,820,260		468,820,260	454,142,838
7. Derivatives.....			0	
8. Other invested assets.....	160,882,004	3,541,076	157,340,928	158,192,621
9. Receivables for securities.....	11,615,384		11,615,384	
10. Securities lending reinvested collateral assets.....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	3,227,481,709	87,115,332	3,140,366,377	2,902,590,222
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	43,078,160		43,078,160	45,075,941
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....			0	
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	16,157,706		16,157,706	25,827,866
16.2 Funds held by or deposited with reinsured companies.....	679,917,849		679,917,849	646,519,219
16.3 Other amounts receivable under reinsurance contracts.....	36,885,369		36,885,369	47,166,570
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	1,992,021
18.2 Net deferred tax asset.....	80,834,761	35,924,063	44,910,698	41,959,673
19. Guaranty funds receivable or on deposit.....	113,597		113,597	121,046
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	211,867	76,899	134,968	3,138,136
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	6,058,789	0	6,058,789	10,007,230
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	4,090,739,807	123,116,294	3,967,623,513	3,724,397,924
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	54,746,957		54,746,957	56,096,655
28. Total (Lines 26 and 27).....	4,145,486,764	123,116,294	4,022,370,470	3,780,494,579

DETAILS OF WRITE-INS

1101.....			0	
1102.....			0	
1103.....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. State Deposits.....	2,936,000		2,936,000	2,936,000
2502. Suspense Accounts.....	3,037,040		3,037,040	7,011,491
2503. Agent Receivables.....	85,749		85,749	59,739
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	6,058,789	0	6,058,789	10,007,230

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$.....2,369,944,553 less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve).....	2,369,944,553	2,248,841,861
2. Aggregate reserve for accident and health contracts (including \$.....0 Modco Reserve).....		
3. Liability for deposit-type contracts (including \$.....0 Modco Reserve).....	107,410,193	6,532,665
4. Contract claims:		
4.1 Life.....	11,977,981	12,253,925
4.2 Accident and health.....		
5. Policyholders' dividends \$.....0 and coupons \$.....0 due and unpaid.....		
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment (including \$.....0 Modco).....		
6.2 Dividends not yet apportioned (including \$.....0 Modco).....		
6.3 Coupons and similar benefits (including \$.....0 Modco).....		
7. Amount provisionally held for deferred dividend policies not included in Line 6.....		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$.....0 discount; including \$.....0 accident and health premiums.....	23,925,278	27,030,543
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts.....		
9.2 Provision for experience rating refunds, including the liability of \$.....0 accident and health experience rating refunds of which \$.....0 is for medical loss ratio rebate per the Public Health Service Act.....		
9.3 Other amounts payable on reinsurance, including \$.....0 assumed and \$.....35,733,286 ceded.....	35,733,286	46,742,574
9.4 Interest Maintenance Reserve.....	4,064,203	2,387,714
10. Commissions to agents due or accrued - life and annuity contracts \$.....0, accident and health \$.....0 and deposit-type contract funds \$.....0.....		
11. Commissions and expense allowances payable on reinsurance assumed.....		
12. General expenses due or accrued.....	132,500	
13. Transfers to Separate Accounts due or accrued (net) (including \$.....(120,815) accrued for expense allowances recognized in reserves, net of reinsured allowances).....	(120,815)	(118,348)
14. Taxes, licenses and fees due or accrued, excluding federal income taxes.....	(1,151,441)	(385,316)
15.1 Current federal and foreign income taxes, including \$.....2,485,307 on realized capital gains (losses).....	3,226,381	
15.2 Net deferred tax liability.....		
16. Unearned investment income.....		
17. Amounts withheld or retained by company as agent or trustee.....		
18. Amounts held for agents' account, including \$.....0 agents' credit balances.....		
19. Remittances and items not allocated.....	5,834,907	16,205,835
20. Net adjustment in assets and liabilities due to foreign exchange rates.....		
21. Liability for benefits for employees and agents if not included above.....		
22. Borrowed money \$.....0 and interest thereon \$.....0.....		
23. Dividends to stockholders declared and unpaid.....		
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve.....	24,553,100	21,545,438
24.02 Reinsurance in unauthorized and certified (\$.....0) companies.....		547,898
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$.....0) reinsurers.....		
24.04 Payable to parent, subsidiaries and affiliates.....	3,664,216	8,084,368
24.05 Drafts outstanding.....	2,908,503	12,804,956
24.06 Liability for amounts held under uninsured plans.....		
24.07 Funds held under coinsurance.....	1,002,038,275	952,240,114
24.08 Derivatives.....		
24.09 Payable for securities.....	5,156,500	5,986,135
24.10 Payable for securities lending.....		
24.11 Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	648,077	634,812
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25).....	3,599,945,697	3,361,335,174
27. From Separate Accounts statement.....	54,746,957	56,096,655
28. Total liabilities (Lines 26 and 27).....	3,654,692,654	3,417,431,829
29. Common capital stock.....	2,500,000	2,500,000
30. Preferred capital stock.....		
31. Aggregate write-ins for other-than-special surplus funds.....	0	0
32. Surplus notes.....		
33. Gross paid in and contributed surplus.....	289,661,695	289,661,695
34. Aggregate write-ins for special surplus funds.....	0	0
35. Unassigned funds (surplus).....	75,516,121	70,901,055
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 29 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 30 \$.....0).....		
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$.....0 in Separate Accounts Statement).....	365,177,816	360,562,750
38. Totals of Lines 29, 30 and 37.....	367,677,816	363,062,750
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3).....	4,022,370,470	3,780,494,579

DETAILS OF WRITE-INS

2501. Interest on Unpaid Death Claims.....	55,936	42,676
2502. Low Income Housing Tax Credits Payable.....	592,141	592,136
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	648,077	634,812
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page.....	0	0
3199. Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above).....	0	0
3401.		
3402.		
3403.		
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0

SUMMARY OF OPERATIONS

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts.....	174,513,260	97,111,939	488,254,185
2. Considerations for supplementary contracts with life contingencies.....			75,708
3. Net investment income.....	79,063,875	64,748,464	138,277,155
4. Amortization of Interest Maintenance Reserve (IMR).....	(286,519)	(371,895)	(1,320,592)
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....			
6. Commissions and expense allowances on reinsurance ceded.....	2,799,305	3,454,501	6,545,137
7. Reserve adjustments on reinsurance ceded.....			
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts.....	386,235	445,654	865,942
8.2 Charges and fees for deposit-type contracts.....			
8.3 Aggregate write-ins for miscellaneous income.....	16,909,801	58,784,021	92,209,551
9. Totals (Lines 1 to 8.3).....	273,385,957	224,172,684	724,907,086
10. Death benefits.....	25,503,746	14,057,630	37,837,327
11. Matured endowments (excluding guaranteed annual pure endowments).....			
12. Annuity benefits.....	6,052,112	8,227,650	14,857,857
13. Disability benefits and benefits under accident and health contracts.....	250,535	246,613	493,863
14. Coupons, guaranteed annual pure endowments and similar benefits.....			
15. Surrender benefits and withdrawals for life contracts.....	29,493,618	20,703,395	56,410,890
16. Group conversions.....			
17. Interest and adjustments on contract or deposit-type contract funds.....	1,022,676	165,164	1,495,634
18. Payments on supplementary contracts with life contingencies.....	108,734	119,683	383,570
19. Increase in aggregate reserves for life and accident and health contracts.....	121,258,917	116,300,436	431,772,833
20. Totals (Lines 10 to 19).....	183,690,338	159,820,571	543,251,974
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....	5,923,400	4,855,450	12,453,931
22. Commissions and expense allowances on reinsurance assumed.....	39,641,553	6,629,544	110,696,768
23. General insurance expenses.....	10,725,406	8,959,540	26,167,683
24. Insurance taxes, licenses and fees, excluding federal income taxes.....	2,129,880	3,195,690	6,085,881
25. Increase in loading on deferred and uncollected premiums.....			
26. Net transfers to or (from) Separate Accounts net of reinsurance.....	(2,743,161)	(4,348,543)	(7,237,836)
27. Aggregate write-ins for deductions.....	25,560,979	25,939,137	51,759,707
28. Totals (Lines 20 to 27).....	264,928,395	205,051,389	743,178,108
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	8,457,562	19,121,295	(18,271,022)
30. Dividends to policyholders.....			
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	8,457,562	19,121,295	(18,271,022)
32. Federal and foreign income taxes incurred (excluding tax on capital gains).....	3,083,095	6,660,165	14,337,157
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32).....	5,374,467	12,461,130	(32,608,179)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$.....471,517 (excluding taxes of \$.....2,013,790 transferred to the IMR).....	476,938	30,786	(266,424)
35. Net income (Line 33 plus Line 34).....	5,851,405	12,491,916	(32,874,603)
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year.....	363,062,750	417,234,228	417,234,228
37. Net income (Line 35).....	5,851,405	12,491,916	(32,874,603)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$.....(665,334).....	(1,704,025)	5,076,118	8,269,530
39. Change in net unrealized foreign exchange capital gain (loss).....	66,197	(226,911)	(267,519)
40. Change in net deferred income tax.....	2,097,065	2,401,089	25,440,861
41. Change in nonadmitted assets.....	764,188	(3,472,913)	(14,810,427)
42. Change in liability for reinsurance in unauthorized and certified companies.....	547,898	285,241	(262,657)
43. Change in reserve on account of change in valuation basis, (increase) or decrease.....			
44. Change in asset valuation reserve.....	(3,007,662)	(2,944,619)	(4,666,663)
45. Change in treasury stock.....			
46. Surplus (contributed to) withdrawn from Separate Accounts during period.....			
47. Other changes in surplus in Separate Accounts Statement.....			
48. Change in surplus notes.....			
49. Cumulative effect of changes in accounting principles.....			
50. Capital changes:			
50.1 Paid in.....			
50.2 Transferred from surplus (Stock Dividend).....			
50.3 Transferred to surplus.....			
51. Surplus adjustment:			
51.1 Paid in.....			
51.2 Transferred to capital (Stock Dividend).....			
51.3 Transferred from capital.....			
51.4 Change in surplus as a result of reinsurance.....			
52. Dividends to stockholders.....		(35,000,000)	(35,000,000)
53. Aggregate write-ins for gains and losses in surplus.....	0	0	0
54. Net change in capital and surplus (Lines 37 through 53).....	4,615,066	(21,390,079)	(54,171,478)
55. Capital and surplus as of statement date (Lines 36 + 54).....	367,677,816	395,844,149	363,062,750
DETAILS OF WRITE-INS			
08.301. Reinsurance Recoverable on Index Credits.....	19,866	40,868,482	56,684,520
08.302. Misc Income.....	6	1	
08.303. Net Investment Income Assumed from PML.....	16,889,929	17,915,538	35,525,031
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	0	0	0
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	16,909,801	58,784,021	92,209,551
2701. Other Expenses.....			14,772,266
2702. Net Investment Income Funds On Withheld.....	24,781,390	25,254,071	35,557,296
2703. Interest on LLC Note.....	779,589	685,066	1,430,145
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	25,560,979	25,939,137	51,759,707
5301.			
5302.			
5303.			
5398. Summary of remaining write-ins for Line 53 from overflow page.....	0	0	0
5399. Totals (Lines 5301 thru 5303 plus 5398) (Line 53 above).....	0	0	0

PENN INSURANCE AND ANNUITY COMPANY

CASH FLOW

	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
CASH FROM OPERATIONS			
1. Premiums collected net of reinsurance.....	269,555,563	90,530,135	268,705,301
2. Net investment income.....	85,769,487	67,406,201	133,877,019
3. Miscellaneous income.....	17,056,744	58,177,643	86,591,600
4. Total (Lines 1 through 3).....	372,381,794	216,113,979	489,173,920
5. Benefit and loss related payments.....	67,554,195	56,282,370	167,862,783
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	(2,740,694)	(4,344,310)	(7,242,456)
7. Commissions, expenses paid and aggregate write-ins for deductions.....	72,670,014	34,908,935	122,179,166
8. Dividends paid to policyholders.....			
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	350,000	10,000,000	(10,453,455)
10. Total (Lines 5 through 9).....	137,833,515	96,846,995	272,346,038
11. Net cash from operations (Line 4 minus Line 10).....	234,548,279	119,266,984	216,827,882
CASH FROM INVESTMENTS			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	101,218,299	107,406,629	208,221,306
12.2 Stocks.....	13,241,022		4,937,136
12.3 Mortgage loans.....			
12.4 Real estate.....			
12.5 Other invested assets.....	3,150,647	5,349,434	6,344,153
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....			
12.7 Miscellaneous proceeds.....		677,035	
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	117,609,968	113,433,098	219,502,595
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	275,057,251	299,873,596	532,831,063
13.2 Stocks.....	39,702,890	18,803,658	24,073,982
13.3 Mortgage loans.....			
13.4 Real estate.....			
13.5 Other invested assets.....	9,464,581	10,758,801	37,371,621
13.6 Miscellaneous applications.....	12,445,019		213,783
13.7 Total investments acquired (Lines 13.1 to 13.6).....	336,669,741	329,436,055	594,490,449
14. Net increase or (decrease) in contract loans and premium notes.....	14,638,670	9,492,324	11,873,177
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(233,698,443)	(225,495,281)	(386,861,031)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....			
16.2 Capital and paid in surplus, less treasury stock.....			
16.3 Borrowed funds.....			
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	646,098	163,203	(456,048)
16.5 Dividends to stockholders.....		35,000,000	35,000,000
16.6 Other cash provided (applied).....	5,832,479	102,689,342	175,222,214
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6).....	6,478,577	67,852,545	139,766,166
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	7,328,413	(38,375,752)	(30,266,983)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	31,781,198	62,048,181	62,048,181
19.2 End of period (Line 18 plus Line 19.1).....	39,109,611	23,672,429	31,781,198
Note: Supplemental disclosures of cash flow information for non-cash transactions:			
20.0001 Capitalized Interest.....	(1,030,030)	(1,025,923)	(2,042,302)
20.0002 Non-Cash Reinsurance Settlement.....			(132,560,112)
20.0003 Premium Paid by Benefit.....	(183,017)		(842,171)
20.0004 Premium Paid by Policy Loan.....	(38,752)		(49,647)
20.0005 Stock Distribution.....	(1,420,426)		

EXHIBIT 1

DIRECT PREMIUMS AND DEPOSIT-TYPE CONTRACTS

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
1. Industrial life.....			
2. Ordinary life insurance.....	103,290,311	113,584,118	246,527,780
3. Ordinary individual annuities.....	231,989	112,831	145,065
4. Credit life (group and individual).....			
5. Group life insurance.....	189,431	203,665	419,373
6. Group annuities.....	100,000,000		
7. A&H - group.....			
8. A&H - credit (group and individual).....			
9. A&H - other.....			
10. Aggregate of all other lines of business.....	0	0	0
11. Subtotal.....	203,711,731	113,900,614	247,092,218
12. Deposit-type contracts.....			
13. Total.....	203,711,731	113,900,614	247,092,218

DETAILS OF WRITE-INS

1001.			
1002.			
1003.			
1098. Summary of remaining write-ins for Line 10 from overflow page.....	0	0	0
1099. Total (Lines 1001 thru 1003 plus 1098) (Line 10 above).....	0	0	0

NOTES TO FINANCIAL STATEMENTS**Note 1 – Summary of Significant Accounting Policies and Going Concern****A. Accounting Practices**

The accompanying financial statements of The Penn Insurance and Annuity Company ("the Company") have been prepared in conformity with statutory accounting practices (SAP) prescribed or permitted by the Insurance Department of the State of Delaware. Insurance companies domiciled in Delaware are required to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' *Accounting Practices and Procedures* manual, subject to any deviations prescribed or permitted by the Delaware Insurance Commissioner.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Delaware is shown below:

	State of Domicile	Current Period	Prior Year
NET INCOME			
(1) PENN INSURANCE AND ANNUITY COMPANY state basis (Page 4, Line 35, Columns 1 & 3)	DE	\$ 5,851,405	\$ (32,874,603)
(2) State Prescribed Practices that increase/decrease NAIC SAP			
(3) State Permitted Practices that increase/decrease NAIC SAP			
(4) NAIC SAP (1 – 2 – 3 = 4)	DE	\$ 5,851,405	\$ (32,874,603)
SURPLUS			
(5) PENN INSURANCE AND ANNUITY COMPANY state basis (Page 3, line 38, Columns 1 & 2)	DE	\$ 367,677,816	\$ 363,062,750
(6) State Prescribed Practices that increase/decrease NAIC SAP			
Nonadmit of PIA RE I	DE	(83,574,256)	(83,735,503)
(7) State Permitted Practices that increase/decrease NAIC SAP			
(8) NAIC SAP (5 – 6 – 7 = 8)	DE	\$ 451,252,072	\$ 446,798,253

B. Use of Estimates in the Preparation of the Financial Statement

The preparation of financial statements requires management to make estimates and assumptions that impact the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Those estimates are inherently subject to change and actual results could differ from those estimates. Included among the material reported amounts and disclosures that require extensive use of estimates are:

- Carrying value of certain invested assets
- Liabilities for reserves and funds for the payment of insurance and annuity benefits
- Accounting for income taxes and valuation of deferred income tax assets and liabilities and unrecognized tax benefits
- Litigation and other contingencies

C. Accounting Policy

Premiums on products with life contingencies are recognized as revenue over the premium payment period of the related policies. Annuity premium on policies with life contingencies are recognized as revenue as they are received. Both premium and annuity considerations are recorded net of reinsurance premiums. Commissions and other costs related to issuance of new policies, and policy maintenance and settlement costs are charged to current operations when incurred. Surrender fee charges on certain life and annuity products are recorded as a reduction of benefits and expenses. Benefit payments are reported net of the amounts received from reinsurers.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments, which are carried at amortized cost and approximate fair value, consist primarily of money market funds and investments purchased with maturities of greater than three months and less than or equal to 12 months.
- (2) Bonds with a NAIC designation of 1 to 5 are valued at amortized cost. All other bonds are valued at the lower of cost or market. Fair value is determined using an external pricing service or management's pricing model.

For fixed income securities that do not have a fixed schedule of payments, including asset-backed and mortgage-backed securities, the effect on amortization or accretion is revalued quarterly based on the current estimated cash flows, using the retrospective method, except for favorable changes in expected cash flows for structured securities where the possibility of non-interest loss is other than remote. In these cases, income is recognized on the prospective method over the remaining life of the securities. Under the retrospective method, the recalculated effective yield equates the present value of the actual and anticipated cash flows, including new prepayment assumptions, to the original cost of the investment. Prepayment assumptions are based on borrower constraints and economic incentives such as original term, age, and coupon of the loan as affected by the interest rate environment. The current carrying value is then increased or decreased to the amount that would have resulted had the revised yield been applied since inception, and investment income is correspondingly decreased or increased. Cash flow assumptions for structured securities are obtained from broker dealer survey values or internal estimates. These assumptions are consistent with the current interest rate and economic environment.

NOTES TO FINANCIAL STATEMENTS

The carrying values of fixed income, preferred and common stocks are written down when a decline is considered to be other-than-temporary. The Company considers an impairment to be other than temporary ("OTTI") if: (a) the Company's intent is to sell, (b) the Company will more likely than not be required to sell, (c) the Company does not have the intent and ability to hold the security for a period of time sufficient to recover the amortized cost basis, or (d) the Company does not expect to recover the entire amortized cost basis. The Company conducts a periodic management review of all securities with a market to book ratio below 80%, or otherwise designated by management. The Company also considers other qualitative and quantitative factors in determining the existence of other-than-temporary impairments including, but not limited to, unrealized loss trend analysis and significant short-term changes in value, default rates, delinquency rates, percentage of nonperforming loans, prepayments, and severities. If the impairment is other-than-temporary, the non-interest loss portion of the impairment is recorded through realized losses and the interest related portion of the loss would be disclosed in the notes to the financial statements.

The non-interest portion is determined based on the Company's "best estimate" of future cash flows discounted to a present value using the appropriate yield. The difference between the present value of the best estimate of cash flows and the amortized cost is the non-interest loss. The remaining difference between the amortized cost and the fair value is the interest loss.

(3) Common Stock of the Company's insurance affiliate, PIARe I is fully nonadmitted on the Statement of Admitted Assets, Liabilities, and Surplus. Dividends are recognized in net investment income on the ex-dividend date. Changes in the carrying value are recognized in unrealized gains or losses in surplus. The investment in capital stock of the Federal Home Loan Bank of Pittsburgh (FHLB-PGH) is carried at par, which approximates fair value. See the "Federal Home Loan Bank Borrowings" caption within this footnote for additional information on FHLB-PGH.

(4) Preferred stocks with a NAIC designation of 1 to 3 are valued at amortized cost. All other preferred stocks are valued at the lower of cost or market. Fair value is determined using an external pricing service or management's pricing model

(5) The Company has no investments in mortgage loans.

(6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or market. For loan and asset-backed securities of high credit quality, the impact of changes in expected cash flows are recognized on the retrospective adjustment method. For structured securities where the possibility of credit loss is other than remote, the impact of favorable changes in expected cash flows are recognized on the prospective method over the remaining life of the securities.

(7) Investments in subsidiaries are accounted for using the equity method. The Company's investments in Independence Square Properties LLC ("ISP") and Dresher Run, to the extent of the audited equity, are admitted assets, while the Company's investment in PIARe I is a nonadmitted asset.

(8) Alternative Assets consist of limited partnerships. The Company accounts for the value of its investments at their underlying GAAP equity. Dividends and income distributions from limited partnerships are recorded in investment income. Undistributed earnings are included in unrealized gains and losses and are reflected in surplus, net of deferred taxes. Distributions that are recorded as a return of capital reduce the carrying value of the limited partnership investment. Due to the timing of the valuation data received from the general partner, these investments are reported in accordance with the most recent valuations received which are primarily on a one quarter lag. Investments in low income housing tax credits ("LIHTC") are included in Other Invested Assets and are accounted for under the cost method. The delayed equity contributions for these investments are unconditional and legally binding and, therefore, have been recognized as a liability. LIHTC investments are reviewed for OTTI, which is accounted for as a realized loss.

(9) The Company does not have investments in derivatives.

(10) Not applicable

(11) Not applicable

(12) The Company has not modified its capitalization policy from the prior period.

(13) Not applicable

D. Going Concern

Not applicable

Note 2 – Accounting Changes and Corrections of Errors

No significant changes

Note 3 – Business Combinations and Goodwill

No significant change.

Note 4 – Discontinued Operations

The Company did not have any discontinued operations through June 30, 2016.

Note 5 – Investments

D. Loan-Backed Securities

NOTES TO FINANCIAL STATEMENTS

- (1) Prepayment assumptions are obtained from broker dealer survey values or internal estimates.
- (2) There were no other than temporary impairments recognized on loan-backed securities for the period ended June 30, 2016.
- (3) Recognized OTTI securities

There were no securities through June 30, 2016 in which the Company recognized the non-interest portion of other than temporary impairments.

- (4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a.	The aggregate amount of unrealized losses:	1.	Less than 12 Months	\$	8,231,000
		2.	12 Months or Longer	\$	4,915,000
b.	The aggregate related fair value of securities with unrealized losses:	1.	Less than 12 Months	\$	167,783,000
		2.	12 Months or Longer	\$	107,612,000

- (5) The Company also considers other qualitative and quantitative factors in determining the existence of other-than-temporary impairments including, but not limited to, unrealized loss trend analysis and significant short-term changes in value. If the impairment is other-than-temporary, the non-interest loss portion of the impairment is recorded through realized losses and the interest related portion of the loss would be disclosed in the notes to the financial statements.

E. Repurchase Agreements and/or Securities Lending Transactions

The Company did not have any repurchase agreements through June 30, 2016.

I. Working Capital Finance Investments

The Company did not have any Working Capital Finance Investments at June 30, 2016.

J. Offsetting and Netting of Assets and Liabilities

The Company did not have any assets or liabilities that are offset and reported net in accordance with a valid right to offset as of June 30, 2016.

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

No significant changes

Note 7 – Investment Income

No significant changes

Note 8 – Derivative Instruments

The Company does not investment in derivatives.

Note 9 – Income Taxes

No significant changes

Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

No significant changes

Note 11 – Debt**B. FHLB (Federal Home Loan Bank) Agreements**

- (1) In December 2015, the Company became a member of the Federal Home Loan Bank of Pittsburgh (“FHLB-PGH”), which provides access to collateralized advances, collateralized funding agreements, and other FHLB-PGH products. Collateralized advances from the FHLB-PGH are classified in “Borrowed money.” Collateralized funding agreements issued to the FHLB-PGH are classified as liabilities for deposit-type funds and are recorded within “Reserves and funds for payment of insurance and annuity benefits.” These funding agreements have priority claim status above debt holders of the Company.

The Company’s membership in FHLB-PGH requires the ownership of member stock, and borrowings from FHLB-PGH require the purchase of FHLB-PGH activity based stock in an amount equal to 4% of the outstanding borrowings. All FHLB-PGH stock purchased by the Company is classified as restricted general account investments within “Common stock - unaffiliated.” The Company’s borrowing capacity is determined by the lesser of the assets available to be pledged as collateral to FHLB-PGH or 10% of the Company’s prior period admitted general account assets. The fair value of the qualifying assets pledged as collateral by the Company must be maintained at certain specified levels of the borrowed amount, which can vary, depending on the nature of the

NOTES TO FINANCIAL STATEMENTS

assets pledged. The Company's agreement allows for the substitution of assets and the advances are pre-payable. Current borrowings are subject to prepayment penalties.

The Company's investment in the FHLB-PGH Class B Membership Capital Stock as of June 30, 2016 and December 31, 2015 was \$275,000 and \$275,000, respectively. The Company also invested \$4,000,000 and \$0 in FHLB-PGH Activity Stock as of June 30, 2016 and December 31, 2015, respectively. The Class B Membership Capital Stock held by the Company is subject to written notices of requests for redemption followed by a five year waiting period.

As of June 30, 2016 and December 31, 2015, the Company's borrowing capacity with the FHLB-PGH was \$301,280,000 and \$228,228,000, respectively.

(2) FHLB Capital Stock

a. Aggregate Totals

1. Current Period

	1 Total 2 + 3	2 General Account	3 Separate Accounts
(a) Membership Stock – Class A	\$	\$	\$
(b) Membership Stock – Class B	274,600	274,600	
(c) Activity Stock	4,000,000	4,000,000	
(d) Excess Stock			
(e) Aggregate Total (a+b+c+d)	\$ 4,274,600	\$ 4,274,600	\$
(f) Actual or estimated borrowing capacity as determined by the insurer	\$ 301,280,000	XXX	XXX

2. Prior Year

	1 Total 2 + 3	2 General Account	3 Separate Accounts
(a) Membership Stock – Class A	\$	\$	\$
(b) Membership Stock – Class B	274,600	274,600	
(c) Activity Stock			
(d) Excess Stock			
(e) Aggregate Total (a+b+c+d)	\$ 274,600	\$ 274,600	\$
(f) Actual or estimated borrowing capacity as determined by the insurer	\$ 228,228,000	XXX	XXX

b. Membership Stock (Class A and B) Eligible for Redemption

Membership Stock	1 Current Period Total (2+3+4+5+6)	2 Not Eligible for Redemption	Eligible for Redemption			
			3	4	5	6
			Less than 6 Months	6 Months to Less Than 1 Year	1 to Less Than 3 Years	3 to 5 Years
1. Class A	\$	\$	\$	\$	\$	\$
2. Class B	\$ 274,600	\$	\$	\$	\$	\$ 274,600

(3) Collateral Pledged to FHLB

a. Amount Pledged as of Reporting Date

	1 Fair Value	2 Carrying Value	3 Aggregate Total Borrowing
Current Period Total General and Separate Accounts Total Collateral Pledged (Lines 2+3)	\$ 125,166,000	\$ 102,989,000	\$ 100,000,000
Current Period General Account Total Collateral Pledged	\$ 125,166,000	\$ 102,989,000	\$ 100,000,000
Current Period Separate Accounts Total Collateral Pledged	\$	\$	\$
Prior Year Total General and Separate Accounts Total Collateral Pledged	\$	\$	\$

b. Maximum Amount Pledged During Reporting Period

	1 Fair Value	2 Carrying Value	3 Amount Borrowed at Time of Maximum Collateral
Current Period Total General and Separate Accounts Total Collateral Pledged (Lines 2+3)	\$ 125,166,000	\$ 102,989,000	\$ 100,000,000
Current Period General Account	\$ 125,166,000	\$ 102,989,000	\$ 100,000,000

NOTES TO FINANCIAL STATEMENTS

Total Collateral Pledged			
Current Period Separate Accounts	\$	\$	\$
Total Collateral Pledged			
Prior Year Total General and Separate Accounts	\$	\$	\$
Total Collateral Pledged			

(4) Borrowing from FHLB**a. Amount as of the Reporting Date****1. Current Period**

	1 Total 2 + 3	2 General Account	3 Separate Accounts	4 Funding Agreements Reserves Established
(a) Debt	\$	\$	\$	XXX
(b) Funding Agreements	100,000,000	100,000,000		\$ 1
(c) Other				XXX
(d) Aggregate Total (a+b+c)	\$ 100,000,000	\$ 100,000,000	\$	\$ 1

2. Prior Year

	1 Total 2 + 3	2 General Account	3 Separate Accounts	4 Funding Agreements Reserves Established
(a) Debt	\$	\$	\$	XXX
(b) Funding Agreements				\$
(c) Other				XXX
(d) Aggregate Total (a+b+c)	\$	\$	\$	\$

b. Maximum Amount During Reporting Period (Current Period)

	1 Total 2 + 3	2 General Account	3 Separate Accounts
1. Debt	\$	\$	\$
2. Funding Agreements	100,000,000	100,000,000	
3. Other			
4. Aggregate Total (Lines 1+2+3)	\$ 100,000,000	\$ 100,000,000	\$

c. FHLB – Prepayment Obligations

	Does the Company have Prepayment Obligations under the Following Arrangements (YES/NO)
1. Debt	
2. Funding Agreements	NO
3. Other	

Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

The Company does not have such plans.

Note 13 – Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

No significant changes

Note 14 – Liabilities, Contingencies and Assessments**A. Contingent Commitments**

The Company is not aware of any actions or allegations that should reasonably give rise to a material adverse impact to the Company's financial position or liquidity, the outcome of litigation cannot be foreseen with certainty.

Note 15 – leases

The Company had no lease obligations as of June 30, 2016.

Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Not applicable

Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**B. Transfer and Servicing of Financial Assets**

There have been no transfer or servicing of financial assets through June 30, 2016.

C. Wash Sales

NOTES TO FINANCIAL STATEMENTS

- (1) In the course of the Company's asset management, securities are sold and reacquired within 30 days of the sale date to enhance the Company's yield on its investment portfolio.
- (2) The Company did not sell any NAIC designation 3 or below, or unrated of securities sold during the period ended June 30, 2016 and reacquired within 30 days of the sale date.

Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Portion of Partially Insured Plans

Not applicable

Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The Company does not have managing general agents or third party administrators that write premium.

Note 20 – Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on assumptions market participants would make in pricing an asset or liability. Inputs to valuation techniques to measure fair value are prioritized by establishing a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to prices derived from unobservable inputs. An asset or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its fair value measurement. The Company has categorized its assets and liabilities into the three-level fair value hierarchy based upon the priority of the inputs. The following summarizes the types of assets and liabilities included within the three-level hierarchy:

- Level 1 Fair value is based on unadjusted quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. These generally provide the most reliable evidence and are used to measure fair value whenever available. Active markets are defined as having the following for the measured asset/liability: i) many transactions, ii) current prices, iii) price quotes not varying substantially among market makers, iv) narrow bid/ask spreads and v) most information publicly available. Prices are obtained from readily available sources for market transactions involving identical assets and liabilities.
- Level 2 Fair value is based on significant inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability through corroboration with observable market data. Prices for assets classified as Level 2 are primarily provided by an independent pricing service using observable inputs. In circumstances where prices from pricing services are reviewed for reasonability but cannot be corroborated to observable market data as noted above, these security values are recorded in Level 3 in our fair value hierarchy.
- Level 3 Fair value is based on significant inputs that are unobservable for the asset or liability. These inputs reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability. These are typically less liquid fixed maturity securities with very limited trading activity. Prices are determined using valuation methodologies such as option pricing models, discounted cash flow models, market approach and other similar techniques. Prices may be based upon non-binding quotes from brokers or other market makers that are reviewed for reasonableness, based on the Company's understanding of the market but are not further corroborated with other additional observable market information.

The determination of fair value, which for certain assets and liabilities is dependent on the application of estimates and assumptions, can have a significant impact on the Company's results of operations. The following sections describe the valuation methodologies used to determine fair values as well as key estimates and assumptions surrounding certain assets and liabilities, measured at fair value on a recurring basis, that could have a significant impact on the Company's results of operations or involve the use of significant unobservable inputs.

The fair value process is monitored by an internal Valuation Group, which meets at least quarterly. The Valuation Group consists of financial and investment professionals and utilizes additional subject matter experts as applicable. The purpose of the Valuation Group is to monitor the Company's asset valuation policies and procedures by ensuring objective and reliable valuation practices and pricing of financial instruments, as well as addressing fair valuation issues, changes to valuation methodologies and pricing sources. To assess the continuing appropriateness of third party pricing service security valuations, the Valuation Group regularly monitors the prices and reviews price variance reports. In addition, the Company performs an initial and ongoing review of the third party pricing services methodologies, reviews inputs and assumptions used for a sample of securities on a periodic basis. Pricing challenges are raised on valuations considered not reflective of market and are monitored by the Valuation Group.

BONDS

The fair values of the Company's debt securities are generally based on quoted market prices or prices obtained from independent pricing services. In order to validate reasonability, prices are reviewed by internal investment professionals through comparison with directly observed recent market trades or color or by comparison of significant inputs used by the pricing service to the Company's observations of those inputs in the market. Consistent with the fair value hierarchy described above, securities with quoted market prices or corroborated valuations from pricing services are generally reflected within Level 2. Inputs considered to be standard for valuations by the independent pricing service include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, reference data and industry and economic events. In circumstances where prices from pricing services are reviewed for reasonability but cannot be corroborated to observable market data as noted above, these security values are recorded in Level 3 in the Company's fair value hierarchy.

NOTES TO FINANCIAL STATEMENTS

In circumstances where market data such as quoted market prices or vendor pricing is not available, internal estimates based on significant observable inputs are used to determine fair value. This category also includes fixed income securities priced internally. Inputs considered include: public debt, industrial comparables, underlying assets, credit ratings, yield curves, type of deal structure, collateral performance, loan characteristics and various indices, as applicable. Also included in Level 2 are private placement securities. Inputs considered are: public corporate bond spreads, industry sectors, average life, internal ratings, security structure, liquidity spreads, credit spreads and yield curves, as applicable. If the discounted cash flow model incorporates significant unobservable inputs, these securities would be reflected within Level 3 in the Company's fair value hierarchy.

In circumstances where significant observable inputs are not available, estimated fair value is calculated internally by using unobservable inputs. These inputs reflect the Company's assumptions about the inputs market participants would use in pricing the asset, and are therefore included in Level 3 in the Company's fair value hierarchy. Circumstances where observable market data is not available may include events such as market illiquidity and credit events related to the security.

EQUITY SECURITIES

Equity securities consist principally of investments in common and preferred stock of publicly traded companies, exchange traded funds, closed-end funds, and FHLB-PGH capital stock. The fair values of most publicly traded equity securities are based on quoted market prices in active markets for identical assets and are classified within Level 1 in the Company's fair value hierarchy. The fair values of non-exchange traded preferred equity securities are based on prices obtained from independent pricing services and, in order to validate reasonability, are compared with recent market trades we have directly observed. Accordingly, these securities are classified within Level 2 in the Company's fair value hierarchy. Fair value for the FHLB capital stock approximates par value and is classified within Level 3 of the Company's fair value hierarchy.

CASH AND SHORT-TERM INVESTMENTS

Short-term investments carried at Level 1 consist of money market funds and investments purchased with maturities of greater than three months and less than or equal to 12 months. These are carried at amortized cost and approximate fair value.

SEPARATE ACCOUNT ASSETS

Separate account assets primarily consist of mutual funds. The fair value of mutual funds is based upon quoted prices in an active market, resulting in classification in Level 1.

A.

(1) Fair Value Measurements at Reporting Date

Assets at Fair Value	Level 1	Level 2	Level 3	Total
Corporate Securities	\$	\$ 3,815,000	\$	\$ 3,815,000
Common Stock - Unaffiliated	49,255,000		4,275,000	53,530,000
Separate Account Assets	54,747,000			54,747,000
Total	\$ 104,002,000	\$ 3,815,000	\$ 4,275,000	\$ 112,092,000

Liabilities at Fair Value	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Total	\$	\$	\$	\$

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

	Beginning Balance at current period	Transfers Into Level 3	Transfers Out of Level 3	Total Gains and (Losses) Included in Net Income	Total Gains and (Losses) Included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at current period
a. Assets										
Common Stock - Unaffiliated	\$ 4,275,000	\$	\$	\$	\$	\$	\$	\$	\$	\$ 4,275,000
Total	\$ 4,275,000	\$	\$	\$	\$	\$	\$	\$	\$	\$ 4,275,000

	Beginning Balance at current period	Transfers Into Level 3	Transfers Out of Level 3	Total Gains and (Losses) Included in Net Income	Total Gains and (Losses) Included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at current period
b. Liabilities										
Total	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

(3) When a determination is made to classify a financial instrument within level 3, the determination is based upon the significance of the unobservable parameters to the overall fair value measurement. However, level 3 financial instruments typically include, in addition to the unobservable or level 3 components, observable components (that is, components that are actively quoted and can be validated to external sources); accordingly, the gains and losses in the table below include changes in fair value due in part to observable factors that are part of the valuation methodology. There were no assets transferred in or out of Level 3 for the period ended June 30, 2016.

(4) The following summarizes the fair value, valuation techniques and significant unobservable inputs of the Level 3 fair value measurements that were developed as of June 30, 2016:

	Fair Value	Valuation Technique	Significant Unobservable Inputs	Rate/ Range or /weighted avg.
Assets:				
Investments				
Common stock, unaffiliated	\$ 4,275,000	Set by issuer – FHLB-PGH (1)	Not available	N/A
Total investments	\$ 4,275,000			

(1) The par value of capital stock is \$100. The capital stock is issued, redeemed and repurchased at par

NOTES TO FINANCIAL STATEMENTS

(5) Not applicable

B. Not applicable

C. The following table summarizes the aggregate fair value for all financial instruments and the level within the fair value hierarchy in which the fair value measurements in their entirety fall, for which it is practicable to estimate fair value, at June 30, 2016:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Financial Assets:	\$	\$	\$	\$	\$	\$
Bonds	2,613,649,000	2,398,396,000	166,000	2,455,014,000	158,469,000	
Preferred Stock	12,384,000	11,555,000	12,384,000			
Common Stock - Unaffiliated	53,530,000	53,530,000	49,255,000		4,275,000	
Cash and Short-Term Investments	39,110,000	39,110,000	39,110,000			
Separate Account Assets	54,747,000	54,747,000	54,747,000			
Financial Liabilities:						
Investment Type Contracts						
Individual Annuities	27,861,000	25,180,000			27,861,000	
Separate Account Liabilities	54,747,000	54,747,000	54,747,000			

D. Not Practicable to Estimate Fair Value

Type of Class or Financial Instrument	Carrying Value	Effective Interest Rate	Maturity Date	Explanation
	\$			

NOTE 21 – OTHER ITEMS

No significant changes

Note 22 – Events Subsequent

There have been no extraordinary events or transactions, which have a material effect on the financial condition of the Company.

Note 23 – Reinsurance

No significant changes

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

The Company does not have any retrospectively rated contracts.

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

Not applicable

Note 26 – Intercompany Pooling Arrangements

The Company is not part of a group of affiliated insurers that utilizes a pooling arrangement.

Note 27 – Structured Settlements

Not applicable

Note 28 – Health care receivables

Not applicable

Note 29 – Participating policies

All policies and contracts issued by the Company are non-participating.

Note 30 – Premium Deficiency Reserves

The Company does not have accident and health or property and casualty contracts.

Note 31 – Reserves for Life Contracts and Deposit-Type Contracts

No significant changes

Note 32 – Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics

No significant changes

Note 33 – Premium and Annuity Considerations Deferred and Uncollected

NOTES TO FINANCIAL STATEMENTS

No significant changes

Note 34 – Separate Accounts

No significant changes

Note 35 – Loss/Claim Adjustment Expenses

Not applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change: _____
- 3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? If yes, complete Schedule Y, Parts 1 and 1A. Yes [X] No []
- 3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]
- 3.3 If the response to 3.2 is yes, provide a brief description of those changes.

- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 4.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? If yes, attach an explanation. Yes [] No [X] N/A []

- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2015
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2010
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 03/15/2012

6.4 By what department or departments?
Delaware Department of Insurance

- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [] No [] N/A [X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] N/A []
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 7.2 If yes, give full information:

- 8.1 Is the company a subsidiary of a bank holding company regulated with the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [X] No []

8.4 If the response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator].

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
Honor, Townsend & Kent, LLC	Horsham, PA	NO	NO	NO	YES
Janney Montgomery Scott, LLC	Philadelphia, PA	NO	NO	NO	YES

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
 - (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 - (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 - (c) Compliance with applicable governmental laws, rules and regulations;
 - (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 - (e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:

- 9.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes No
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes No
- 11.2 If yes, give full and complete information relating thereto:
12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ 0
13. Amount of real estate and mortgages held in short-term investments: \$ 0
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes No
- 14.2 If yes, please complete the following:

- 14.21 Bonds
- 14.22 Preferred Stock
- 14.23 Common Stock
- 14.24 Short-Term Investments
- 14.25 Mortgage Loans on Real Estate
- 14.26 All Other
- 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)
- 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
\$	0	\$ 0
	0	0
	83,735,503	83,574,256
	0	0
	0	0
	8,895,014	20,143,631
\$	92,630,517	\$ 103,717,887
\$	0	\$ 0

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes No
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No
- If no, attach a description with this statement.

16. For the reporting entity's security lending program, state the amount of the following as of current statement date:
- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 0
- 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 0
- 16.3 Total payable for securities lending reported on the liability page: \$ 0
17. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? Yes No

17.1 For all agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian Address
State Street Corporation	2 World Financial Center 225 Liberty Street 24th Floor New York, NY 10281

17.2 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

- 17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes No
- 17.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

17.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
107518	Penn Mutual Asset Management, Inc.	600 Dresher Road Horsham, PA 19044

- 18.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes No
- 18.2 If no, list exceptions:

GENERAL INTERROGATORIES (continued)

PART 2 - LIFE & HEALTH

1. Report the statement value of mortgage loans at the end of this reporting period for the following categories:

	Amount	
1.1 Long-term mortgages in good standing		
1.11 Farm mortgages.....	\$	
1.12 Residential mortgages.....	\$	
1.13 Commercial mortgages.....	\$	
1.14 Total mortgages in good standing.....	\$	.0
1.2 Long-term mortgages in good standing with restructured terms		
1.21 Total mortgages in good standing with restructured terms.....	\$	
1.3 Long-term mortgage loans upon which interest is overdue more than three months		
1.31 Farm mortgages.....	\$	
1.32 Residential mortgages.....	\$	
1.33 Commercial mortgages.....	\$	
1.34 Total mortgages with interest overdue more than three months.....	\$	.0
1.4 Long-term mortgage loans in process of foreclosure		
1.41 Farm mortgages.....	\$	
1.42 Residential mortgages.....	\$	
1.43 Commercial mortgages.....	\$	
1.44 Total mortgages in process of foreclosure.....	\$	.0
1.5 Total mortgage loans (Lines 1.14 + 1.21 + 1.34 + 1.44) (Page 2, Column 3, Lines 3.1 + 3.2) .....	\$	.0
1.6 Long-term mortgages foreclosed, properties transferred to real estate in current quarter		
1.61 Farm mortgages.....	\$	
1.62 Residential mortgages.....	\$	
1.63 Commercial mortgages.....	\$	
1.64 Total mortgages foreclosed and transferred to real estate.....	\$	.0
2. Operating Percentages:		
2.1 A&H loss percent.....	_____	
2.2 A&H cost containment percent.....	_____	
2.3 A&H expense percent excluding cost containment expenses.....	_____	
3.1 Do you act as a custodian for health savings accounts?.....	Yes []	No [X]
3.2 If yes, please provide the amount of custodial funds held as of the reporting date.....	\$	
3.3 Do you act as an administrator for health savings accounts?.....	Yes []	No [X]
3.4 If yes, please provide the balance of the funds administered as of the reporting date.....	\$	

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Type of Reinsurer	8 Certified Reinsurer Rating (1 through 6)	9 Effective Date of Certified Reinsurer Rating
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NONE

PENN INSURANCE AND ANNUITY COMPANY SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

States, Etc.		1 Active Status	Direct Business Only						
			Life Contracts		4 A&H Insurance Premiums, Including Policy Membership and Other Fees	5 Other Considerations	6 Total Columns 2 through 5	7 Deposit-Type Contracts	
			2 Life Insurance Premiums	3 Annuity Considerations					
1.	Alabama.....	AL	L	198,384				198,384	
2.	Alaska.....	AK	L	23,217				23,217	
3.	Arizona.....	AZ	L	2,001,297			5,000	2,006,297	
4.	Arkansas.....	AR	L	686,984				686,984	
5.	California.....	CA	L	10,933,992				10,933,992	
6.	Colorado.....	CO	L	602,816				602,816	
7.	Connecticut.....	CT	L	2,509,807			2,500	2,512,307	
8.	Delaware.....	DE	L	548,129				548,129	
9.	District of Columbia.....	DC	L	145,630				145,630	
10.	Florida.....	FL	L	5,150,779				5,150,779	
11.	Georgia.....	GA	L	649,014				649,014	
12.	Hawaii.....	HI	L	75,035				75,035	
13.	Idaho.....	ID	L	128,153				128,153	
14.	Illinois.....	IL	L	8,733,311				8,733,311	
15.	Indiana.....	IN	L	3,155,304				3,155,304	
16.	Iowa.....	IA	L	1,353,201				1,353,201	
17.	Kansas.....	KS	L	2,178,778			106,539	2,285,317	
18.	Kentucky.....	KY	L	187,254				187,254	
19.	Louisiana.....	LA	L	470,003				470,003	
20.	Maine.....	ME	L	118,303				118,303	
21.	Maryland.....	MD	L	890,519				890,519	
22.	Massachusetts.....	MA	L	1,314,177				1,314,177	
23.	Michigan.....	MI	L	8,861,103			600	8,861,703	
24.	Minnesota.....	MN	L	5,654,432				5,654,432	
25.	Mississippi.....	MS	L	108,720				108,720	
26.	Missouri.....	MO	L	1,053,635				1,053,635	
27.	Montana.....	MT	L	36,328				36,328	
28.	Nebraska.....	NE	L	41,202				41,202	
29.	Nevada.....	NV	L	534,541				534,541	
30.	New Hampshire.....	NH	N	4,342				4,342	
31.	New Jersey.....	NJ	L	5,214,371				5,214,371	
32.	New Mexico.....	NM	L	108,008				108,008	
33.	New York.....	NY	N	3,079,739				3,079,739	
34.	North Carolina.....	NC	L	2,405,383				2,405,383	
35.	North Dakota.....	ND	L	29,369				29,369	
36.	Ohio.....	OH	L	1,778,045				1,778,045	
37.	Oklahoma.....	OK	L	642,636				642,636	
38.	Oregon.....	OR	L	947,374				947,374	
39.	Pennsylvania.....	PA	L	10,113,915			7,550	10,121,465	
40.	Rhode Island.....	RI	L	321,366				321,366	
41.	South Carolina.....	SC	L	243,574				243,574	
42.	South Dakota.....	SD	L	19,673				19,673	
43.	Tennessee.....	TN	L	215,669				215,669	
44.	Texas.....	TX	L	10,324,042			800	10,324,842	
45.	Utah.....	UT	L	2,029,592				2,029,592	
46.	Vermont.....	VT	L	262,920				262,920	
47.	Virginia.....	VA	L	1,277,297				1,277,297	
48.	Washington.....	WA	L	2,896,073			109,000	3,005,073	
49.	West Virginia.....	WV	L	23,536				23,536	
50.	Wisconsin.....	WI	L	2,121,112				2,121,112	
51.	Wyoming.....	WY	L	53,641				53,641	
52.	American Samoa.....	AS	N					0	
53.	Guam.....	GU	N					0	
54.	Puerto Rico.....	PR	N					0	
55.	US Virgin Islands.....	VI	N					0	
56.	Northern Mariana Islands.....	MP	N					0	
57.	Canada.....	CAN	N					0	
58.	Aggregate Other Alien.....	OT	XXX	610,221	0	0	0	610,221	0
59.	Subtotal.....	(a). 49	XXX	103,065,943	0	0	231,989	103,297,932	0
90.	Reporting entity contributions for employee benefit plans.....	XXX						0	
91.	Dividends or refunds applied to purchase paid-up additions and annuities.....	XXX						0	
92.	Dividends or refunds applied to shorten endowment or premium paying period.....	XXX						0	
93.	Premium or annuity considerations waived under disability or other contract provisions.....	XXX		250,535				250,535	
94.	Aggregate other amounts not allocable by State.....	XXX		413,799	0	0	0	413,799	0
95.	Totals (Direct Business).....	XXX		103,730,277	0	0	231,989	103,962,266	0
96.	Plus Reinsurance Assumed.....	XXX		142,130,024				142,130,024	
97.	Totals (All Business).....	XXX		245,860,301	0	0	231,989	246,092,290	0
98.	Less Reinsurance Ceded.....	XXX		71,328,495				71,328,495	
99.	Totals (All Business) less Reinsurance Ceded.....	XXX		174,531,806	0	0	231,989	174,763,795	0

DETAILS OF WRITE-INS

58001.	Military APO/FPO.....	XXX		610,221				610,221	
58002.	.....	XXX						0	
58003.	.....	XXX						0	
58998.	Summary of remaining write-ins for line 58 from overflow page.....	XXX		0	0	0	0	0	0
58999.	Total (Lines 58001 thru 58003 plus 58998) (Line 58 above).....	XXX		610,221	0	0	0	610,221	0
9401.	Internal Replacements.....	XXX		413,799				413,799	
9402.	.....	XXX						0	
9403.	.....	XXX						0	
9498.	Summary of remaining write-ins for line 94 from overflow page.....	XXX		0	0	0	0	0	0
9499.	Total (Lines 9401 thru 9403 plus 9498) (Line 94 above).....	XXX		413,799	0	0	0	413,799	0

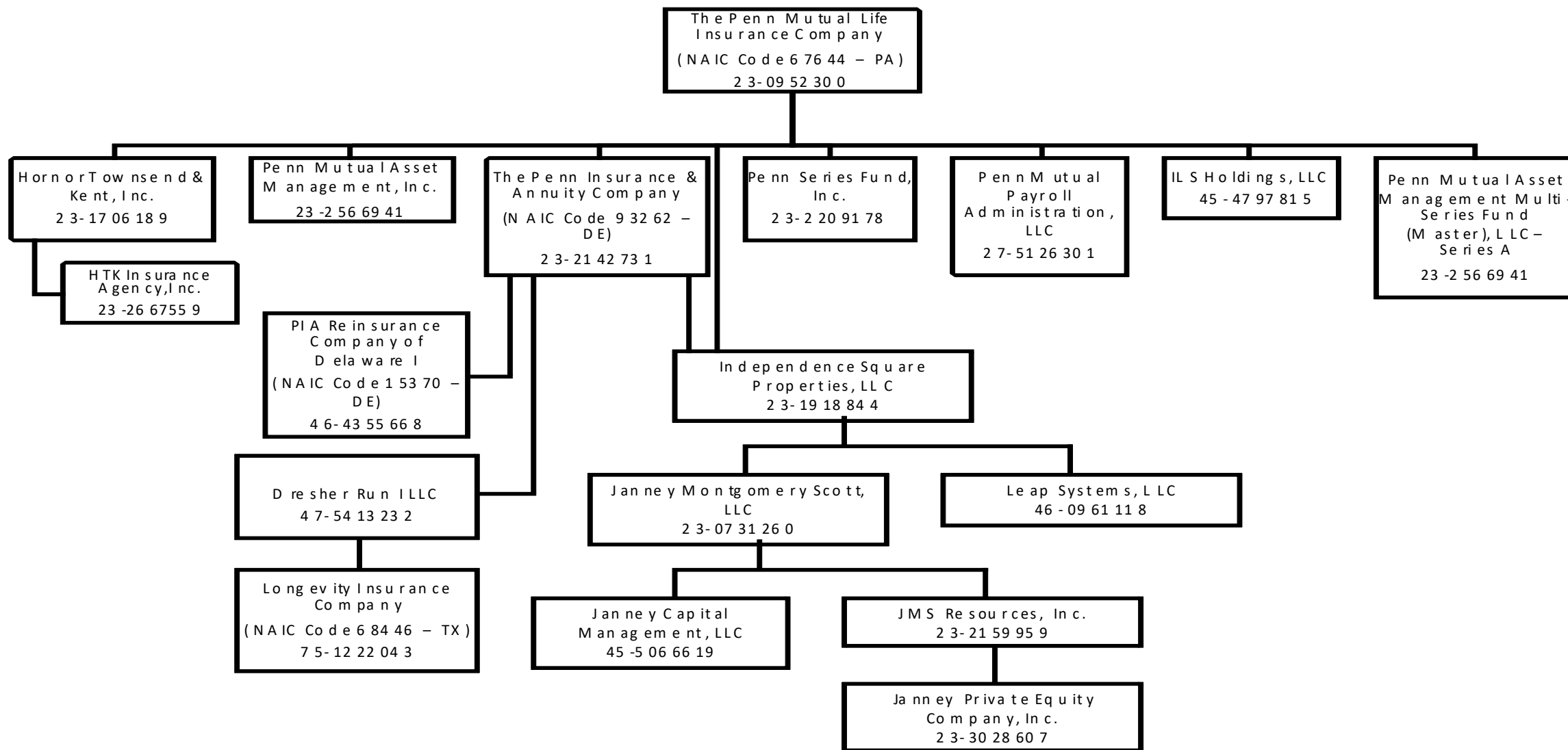
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART



Q12

SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*
Members														
0850.....	The Penn Mutual Life Insurance Company	67644...	23-0952300..				The Penn Mutual Life Insurance Company.....	PA.....	UDP.....					
0850.....	The Penn Mutual Life Insurance Company	93262...	23-2142731..				The Penn Insurance and Annuity Company.....	DE.....	IA.....	The Penn Mutual Life Insurance Company.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company	15370...	46-4355668..				PIA Reinsurance Company of Delaware I.....	DE.....	IA.....	The Penn Insurance and Annuity Company....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		23-1706189..		0000077131		Honor Townsend & Kent, Inc.....	PA.....	NIA.....	The Penn Mutual Life Insurance Company.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		23-2667559..				HTK Insurance Agency, Inc.....	DE.....	DS.....	Honor Townsend & Kent, Inc.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		23-1918844..				Independence Square Properties, LLC.....	PA.....	NIA.....	The Penn Mutual Life Insurance Company.....	Ownership.....	...95.770	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		23-2566941..				Penn Mutual Asset Management, Inc.....	PA.....	NIA.....	The Penn Mutual Life Insurance Company.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		23-2209178..				Penn Series Fund, Inc.....	PA.....	NIA.....	The Penn Mutual Life Insurance Company.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		27-5126301..				Penn Mutual Payroll Administration, LLC.....	PA.....	NIA.....	The Penn Mutual Life Insurance Company.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		45-4797815..				ILS Holdings, LLC.....	PA.....	NIA.....	The Penn Mutual Life Insurance Company.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		23-0731260..		0000200401		Janney Montgomery Scott, LLC.....	PA.....	DS.....	Independence Square Properties, LLC.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		46-0961118..				Leap Systems, LLC.....	PA.....	DS.....	Independence Square Properties, LLC.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		45-5066619..				Janney Capital Management, LLC.....	PA.....	DS.....	Janney Montgomery Scott, LLC.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		23-2159959..				JMS Resources, Inc.....	PA.....	DS.....	Janney Montgomery Scott, LLC.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		23-3028607..				Janney Private Equity Company, Inc.....	DE.....	DS.....	JMS Resources, Inc.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		47-5413232..				Dresher Run I, LLC.....	DE.....	NIA.....	The Penn Insurance and Annuity Company....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company	68446...	75-1222043..				Longevity Insurance Company.....	TX.....	DS.....	Dresher Run I, LLC.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		23-2566941..				Penn Mutual Asset Management Multi-Series Fund (Master), LLC - Series A	PA.....	OTH.....	The Penn Mutual Life Insurance Company.....	Influence.....		The Penn Mutual Life Insurance Company.....	1.....

Q13

SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*

Asterisk	Explanation
1	Entity over which The Penn Mutual Life Insurance Company has significant influence, but no ownership.

PENN INSURANCE AND ANNUITY COMPANY

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	NO
2. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO
3. Will the Reasonableness of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC?	NO
4. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC?	NO
5. Will the Reasonableness of Assumptions Certification for Implied Guaranteed Rate Method required by Actuarial Guideline XXXVI be filed with the state of domicile and electronically with the NAIC?	NO
6. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Average Market Value) be filed with the state of domicile and electronically with the NAIC?	YES
7. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Market Value) be filed with the state of domicile and electronically with the NAIC?	NO

Explanations:

1. The data for this supplement is not required to be filed.
2. The data for this supplement is not required to be filed.
3. The data for this supplement is not required to be filed.
4. The data for this supplement is not required to be filed.
5. The data for this supplement is not required to be filed.
- 6.
7. The data for this supplement is not required to be filed.

Bar Code:



PENN INSURANCE AND ANNUITY COMPANY
Overflow Page for Write-Ins

NONE

**PENN INSURANCE AND ANNUITY COMPANY
SCHEDULE A - VERIFICATION**

Real Estate

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	.0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Current year change in encumbrances.....		
4. Total gain (loss) on disposals.....		
5. Deduct amounts received on disposals.....		
6. Total foreign exchange change in book/adjusted carrying value.....		
7. Deduct current year's other-than-temporary impairment recognized.....		
8. Deduct current year's depreciation.....		
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8).....	.0	.0
10. Deduct total nonadmitted amounts.....		
11. Statement value at end of current period (Line 9 minus Line 10).....	.0	.0

NONE

SCHEDULE B - VERIFICATION

Mortgage Loans

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year.....	.0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....		
6. Total gain (loss) on disposals.....		
7. Deduct amounts received on disposals.....		
8. Deduct amortization of premium and mortgage interest points and commitment fees.....		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest.....		
10. Deduct current year's other-than-temporary impairment recognized.....		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	.0	.0
12. Total valuation allowance.....		
13. Subtotal (Line 11 plus Line 12).....	.0	.0
14. Deduct total nonadmitted amounts.....		
15. Statement value at end of current period (Line 13 minus Line 14).....	.0	.0

NONE

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	161,787,407	129,086,578
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....	974,103	4,914,603
2.2 Additional investment made after acquisition.....	8,490,478	32,457,018
3. Capitalized deferred interest and other.....		21,267
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....	(4,942,909)	3,887,238
6. Total gain (loss) on disposals.....		109,241
7. Deduct amounts received on disposals.....	4,451,245	6,344,153
8. Deduct amortization of premium and depreciation.....	1,042,030	2,076,866
9. Total foreign exchange change in book/adjusted carrying value.....	66,197	(267,519)
10. Deduct current year's other-than-temporary impairment recognized.....		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	160,882,001	161,787,407
12. Deduct total nonadmitted amounts.....	3,541,075	3,594,785
13. Statement value at end of current period (Line 11 minus Line 12).....	157,340,926	158,192,622

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.....	2,342,209,099	1,868,253,446
2. Cost of bonds and stocks acquired.....	317,210,597	691,507,459
3. Accrual of discount.....	172,840	9,510,885
4. Unrealized valuation increase (decrease).....	2,573,518	3,578,312
5. Total gain (loss) on disposals.....	4,352,214	(3,714,234)
6. Deduct consideration for bonds and stocks disposed of.....	114,475,319	215,658,442
7. Deduct amortization of premium.....	4,988,499	11,268,327
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other-than-temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	2,547,054,450	2,342,209,099
11. Deduct total nonadmitted amounts.....	83,574,257	83,735,503
12. Statement value at end of current period (Line 10 minus Line 11).....	2,463,480,193	2,258,473,596

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. NAIC 1 (a).....	1,598,390,788	137,111,345	100,324,437	(11,965,467)	1,598,390,788	1,623,212,229		1,484,246,967
2. NAIC 2 (a).....	653,162,220	23,617,117	28,697,646	10,926,261	653,162,220	659,007,952		635,620,351
3. NAIC 3 (a).....	105,946,037	7,217,188	3,638,975	(8,905,568)	105,946,037	100,618,682		93,363,249
4. NAIC 4 (a).....	28,856,672	3,110,320		3,731,331	28,856,672	35,698,323		25,907,305
5. NAIC 5 (a).....	3,982,076		263,029	2,998,285	3,982,076	6,717,332		3,982,218
6. NAIC 6 (a).....	3,446,950		4,290	372,812	3,446,950	3,815,472		3,178,266
7. Total Bonds.....	2,393,784,743	171,055,970	132,928,377	(2,842,346)	2,393,784,743	2,429,069,990	0	2,246,298,356
PREFERRED STOCK								
8. NAIC 1.....						0		
9. NAIC 2.....	11,554,687				11,554,687	11,554,687		11,554,687
10. NAIC 3.....						0		
11. NAIC 4.....						0		
12. NAIC 5.....						0		
13. NAIC 6.....						0		
14. Total Preferred Stock.....	11,554,687	0	0	0	11,554,687	11,554,687	0	11,554,687
15. Total Bonds and Preferred Stock.....	2,405,339,430	171,055,970	132,928,377	(2,842,346)	2,405,339,430	2,440,624,677	0	2,257,853,043

QSI02

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:
NAIC 1 \$.....0; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999.....	30,674,072	.XXX.....	30,739,231	29	19,528

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	21,558,076	52,285,272
2. Cost of short-term investments acquired.....	240,862,156	448,993,142
3. Accrual of discount.....		
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....		
6. Deduct consideration received on disposals.....	231,681,000	479,720,338
7. Deduct amortization of premium.....	65,159	
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other-than-temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	30,674,073	21,558,076
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	30,674,073	21,558,076

**Sch. DB - Pt. A - Verification
NONE**

**Sch. DB - Pt. B - Verification
NONE**

**Sch. DB - Pt. C - Sn. 1
NONE**

**Sch. DB - Pt. C - Sn. 2
NONE**

**Sch. DB - Verification
NONE**

**Sch. E - Verification
NONE**

**Sch. A - Pt. 2
NONE**

**Sch. A - Pt. 3
NONE**

**Sch. B - Pt. 2
NONE**

**Sch. B - Pt. 3
NONE**

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

1 CUSIP Identification	2 Name or Description	3 Location		5 Name of Vendor or General Partner	6 NAIC Designation	7 Date Originally Acquired	8 Type and Strategy	9 Actual Cost at Time of Acquisition	10 Additional Investment Made after Acquisition	11 Amount of Encumbrances	12 Commitment for Additional Investment	13 Percentage of Ownership
		City	State									
Joint Venture or Partnership Interests That Have Underlying Characteristics of Common Stocks - Unaffiliated												
000000 00 0	Atlas Venture Fund X, L.P.	Boston	MA	Atlas Venture Associates X, L.P.		07/01/2015	1		251,280		2,523,752	1.200
000000 00 0	Battery Ventures X, L.P.	Waltham	MA	Battery Ventures		06/13/2013	1		96,923		734,770	0.462
000000 00 0	Battery Ventures XI Side Fund, L.P.	Waltham	MA	Battery Ventures		06/21/2016	1	350,000			3,150,000	1.167
000000 00 0	Bessemer Venture Partners IX Institutional L.P.	Menlo Park	CA	Bessemer Venture Partners		05/22/2015	1		75,359		2,384,071	0.188
000000 00 0	Cross Creek Capital Partners III, L.P.	Salt Lake City	UT	Cross Creek Capital Partners, LLC		02/03/2011			150,000		1,695,000	3.679
000000 00 0	Cross Creek Capital Partners IV, L.P.	Salt Lake City	UT	Cross Creek Capital Partners, LLC		08/29/2013			28,000		1,372,000	1.400
000000 00 0	Frazier Life Science VIII, L.P.	Seattle	WA	Frazier Healthcare Ventures		01/25/2016	1		310,500		2,659,500	1.333
000000 00 0	Jackson Square Ventures I, L.P.	Menlo Park	CA	Jackson Square Ventures		11/28/2011	1		88,590		637,015	1.611
000000 00 0	Lightspeed Venture Partners IX, L.P.	Menlo Park	CA	Lightspeed Venture Partners		03/12/2012	1		45,000		210,000	0.438
000000 00 0	Lightspeed Venture Partners X, L.P.	Menlo Park	CA	Lightspeed Venture Partners		07/07/2014	1		210,000		1,230,000	0.480
000000 00 0	Lightspeed Venture Partners Select, L.P.	Menlo Park	CA	Lightspeed Venture Partners		03/24/2014	1		75,000		225,000	0.308
000000 00 0	Lightspeed Venture Partners Select II, L.P.	Menlo Park	CA	Lightspeed Venture Partners		06/24/2016	1	150,000			2,350,000	0.500
000000 00 0	Longitude Venture Partners II, L.P.	Menlo Park	CA	Longitude Capital Partners, LLC		04/25/2013	1		481,262		1,330,559	1.039
000000 00 0	Menlo Special Opportunities Fund, L.P.	Menlo Park	CA	Menlo Ventures		05/13/2016	1	119,592			1,880,408	1.000
000000 00 0	Omega Fund IV, L.P.	Boston	MA	Omega Fund Management		06/20/2013			37,146		526,424	1.089
000000 00 0	Omega Fund V, L.P.	Boston	MA	Omega Fund Management		03/01/2016			91,467		3,851,850	1.600
000000 00 0	Point 406 Ventures II, L.P.	Boston	MA	.406 Ventures Management, LLC		12/13/2011	1		41,000		282,000	0.571
000000 00 0	Point 406 Ventures III, L.P.	Boston	MA	.406 Ventures Management, LLC		10/14/2015	1		68,000		3,636,000	2.286
000000 00 0	Shasta Ventures IV, L.P.	Menlo Park	CA	Shasta Ventures IV GP, LLC		10/10/2014	1		450,000		700,000	1.132
000000 00 0	Sigma Prime Partners IX, L.P.	Menlo Park	CA	Sigma Management 9, LLC		05/29/2012	1		132,327		1,278,731	2.941
000000 00 0	Summit Partners Growth Equity Fund VIII-A, L.P.	Boston	MA	Summit Partners		06/14/2012	1		169,202		350,798	0.101
000000 00 0	Summit Partners Venture Capital Fund III-A, L.P.	Boston	MA	Summit Partners		06/28/2012	1		30,000		80,000	0.473
000000 00 0	Summit Partners Venture Capital Fund IV-A, L.P.	Boston	MA	Summit Partners		06/06/2016	1	73,435			1,926,565	0.333
000000 00 0	Trinity Ventures XII, L.P.	Menlo Park	CA	Trinity Ventures		04/07/2016	1	40,000	120,000		1,840,000	0.500
000000 00 0	Upfront Opportunity Fund I, L.P.	Los Angeles	CA	Upfront Ventures		03/19/2015	1		4,530		761,562	4.000
000000 00 0	Upfront V, L.P.	Los Angeles	CA	Upfront Ventures		03/31/2015	1		320,926		1,989,484	1.071
000000 00 0	Warburg Pincus Private Equity XI, LP	New York	NY	Warburg Pincus Partners		05/24/2012	1		52,500		390,000	0.028
000000 00 0	Warburg Pincus Private Equity XII, LP	New York	NY	Warburg Pincus Partners		12/21/2015	1		165,000		4,650,000	0.039
1599999. Total - Joint Venture or Partnership Interests That Have Underlying Characteristics of Common Stocks - Unaffiliated								733,027	3,494,012	0	44,645,489	XXX
Joint Venture or Partnership Interests That Have Underlying Characteristics of Common Stocks - Affiliated												
000000 00 0	Dresher Run I, LLC	Philadelphia	PA						100,000			
1699999. Total - Joint Venture or Partnership Interests That Have Underlying Characteristics of Common Stocks - Affiliated								0	100,000	0	0	XXX
Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Unaffiliated												
000000 00 0	ABRY Advanced Securities Fund II, L.P.	Boston	MA	ABRY ASF Investors II, L.P.		05/04/2011	2		273		1,457,483	0.237
000000 00 0	Ampersand 2014, L.P.	Boston	MA	Ampersand Capital Group		10/10/2014	3		90,000		2,280,000	0.300
000000 00 0	Avenue Europe Special Situations Fund III (U.S.), L.P.	New York	NY	Avenue Europe Capital Partners III, LLC		06/19/2015			280,000		1,912,112	0.200
000000 00 0	Beacon Capital Strategic Partners VII, L.P.	Boston	MA	Beacon Capital Partners, LLC		10/20/2015			300,000		3,550,000	0.500
000000 00 0	BlueBay Direct Lending Fund I, LP	Guernsey	GBR	Blue Bay Direct Lending Fund I GP, Ltd		06/25/2013			794		342,277	0.118
000000 00 0	Century Focused Fund III, L.P.	Boston	MA	Century Capital		12/22/2011	3		27,669		207,135	0.922
000000 00 0	Columbia Capital Equity Partners VI (QP), L.P.	Alexandria	VA	Columbia Capital		09/16/2015	3		197,441		2,376,876	0.600
000000 00 0	EnCap Energy Capital Fund VIII, L.P.	Houston	TX	EnCap Equity Fund VIII GP, L.P.		11/30/2010			35,003		514,305	0.083
000000 00 0	Fulcrum Capital Partners V, LP	Vancouver	BC	Fulcrum Capital Partners Inc		07/16/2015	3		161,132		2,136,615	1.000
000000 00 0	Graham Partners IV, L.P.	Newtown Square	PA	Graham Partners		04/21/2016	3	154,392			3,845,608	0.800
000000 00 0	Highbridge Specialty Loan Fund III LP	New York	NY	Highbridge Capital Management, LLC		05/06/2013			7,237		170,409	0.899

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SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

1 CUSIP Identification	2 Name or Description	3 Location		5 Name of Vendor or General Partner	6 NAIC Designation	7 Date Originally Acquired	8 Type and Strategy	9 Actual Cost at Time of Acquisition	10 Additional Investment Made after Acquisition	11 Amount of Encumbrances	12 Commitment for Additional Investment	13 Percentage of Ownership
		City	State									
000000 00 0	NGP Natural Resources X, L.P.	Irving	TX	NGP Energy Capital Management		01/27/2012			73,800		373,434	0.084
000000 00 0	Resolution Recovery Partners, LP	New York	NY	Resolution Recovery Partners GP, LLC		02/03/2012		37,887			1,036,387	0.500
000000 00 0	Selene Residential Mortgage Opportunity Fund II L.P.	Uniondale	NY	Selene Investment Partners II, LLC		12/27/2010		44,659			2,058,509	2.721
2199999. Total - Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Unaffiliated								154,392	1,255,895	0	22,261,150	XXX
4499999. Subtotal - Unaffiliated								887,419	4,749,907	0	66,906,639	XXX
4599999. Subtotal - Affiliated								0	100,000	0	0	XXX
4699999. Totals								887,419	4,849,907	0	66,906,639	XXX

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

QE03.1

1 CUSIP Identification	2 Name or Description	3 Location		5 Name of Purchaser or Nature of Disposal	6 Date Originally Acquired	7 Disposal Date	8 Book/Adjusted Carrying Value Less Encumbrances, Prior Year	9 Changes in Book/Adjusted Carrying Value						15 Book/Adjusted Carrying Value Less Encumbrances on Disposal	16 Consideration	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Investment Income
		City	State					9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Depreciation) or (Amortization) / Accretion	11 Current Year's Other-Than-Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other	13 Total Change in B./A.C.V. (9+10-11+12)	14 Total Foreign Exchange Change in B./A.C.V.						
Joint Venture or Partnership Interests That Have Underlying Characteristics of Common Stocks - Unaffiliated																			
000000 00 0	Lightstone Ventures, L.P.	Boston	MA	Return of Capital	10/22/2013	05/25/2016	490,982						490,982	490,982			0		
1599999. Total - Joint Venture or Partnership Interests That Have Underlying Characteristics of Common Stocks - Unaffiliated								490,982	0	0	0	0	0	490,982	490,982	0	0	0	0
Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Unaffiliated																			
000000 00 0	ABRY Advanced Securities Fund II, L.P.	Boston	MA	Return of Capital	05/04/2011	05/27/2016	9,273						9,273	9,273			0		
G0676@ 10 4	Avenue Europe Special Situations Fund II (U.S.), L.P.	New York	NY	Return of Capital	10/04/2011	05/16/2016	593,730						593,730	593,730			0		
000000 00 0	BlueBay Direct Lending Fund I, LP	Guernsey	GBR	Return of Capital	06/25/2013	06/15/2016	109,069						109,069	109,069			0		
000000 00 0	Colony American Homes Holdings III, L.P.	Santa Monica	CA	Return of Capital	01/30/2013	04/21/2016	1,124,702						1,124,702	1,124,702			0		
000000 00 0	EIF United States Power Fund IV, L.P.	Needham	MA	Return of Capital	11/28/2011	06/30/2016	110,252						110,252	110,252			0		
000000 00 0	EnCap Energy Capital Fund VIII, L.P.	Houston	TX	Return of Capital	11/30/2010	06/28/2016	9,603						9,603	9,603			0		
000000 00 0	Highbridge Specialty Loan Fund III LP	New York	NY	Return of Capital	05/06/2013	05/10/2016	38,144						38,144	38,144			0		
000000 00 0	New Canaan Funding Mezzanine V, L.P.	New Canaan	CT	Return of Capital	08/05/2011	04/08/2016	1,006						1,006	1,006			0		
000000 00 0	NGP Natural Resources X, L.P.	Irving	TX	Return of Capital	01/27/2012	06/29/2016	46,086						46,086	46,086			0		
000000 00 0	Resolution Recovery Partners, LP	New York	NY	Return of Capital	02/03/2012	05/20/2016	53,624						53,624	53,624			0		
2199999. Total - Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Unaffiliated								2,095,489	0	0	0	0	0	2,095,489	2,095,489	0	0	0	
4499999. Subtotal - Unaffiliated								2,586,471	0	0	0	0	0	2,586,471	2,586,471	0	0	0	0
4699999. Totals								2,586,471	0	0	0	0	0	2,586,471	2,586,471	0	0	0	0

SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired During the Current Quarter

1	2		3	4	5	6	7	8	9	10
CUSIP Identification	Description		Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Bonds - U.S. Government										
38378B A2 5	GNR 2012-95 Z.....			06/01/2016....	CAPITALIZED INTEREST.....		20,772	20,772		1.....
38378B G9 4	GNR 2012-109 Z.....			06/01/2016....	CAPITALIZED INTEREST.....		67,085	67,085		1.....
38378B M6 3	GNR 2012-120 Z.....			06/01/2016....	CAPITALIZED INTEREST.....		48,262	48,262		1.....
0599999	Total Bonds - U.S. Government.....						136,119	136,119	0	XXX
Bonds - U.S. States, Territories and Possessions										
917563 KZ 0	UTAH ST UNIV REVENUE.....			06/24/2016....	US BANCORP/PIPER JAFFRAY.....		3,160,000	3,160,000		1FE.....
1799999	Total Bonds - U.S. States, Territories and Possessions.....						3,160,000	3,160,000	0	XXX
Bonds - U.S. Special Revenue and Special Assessment										
3136A8 N5 5	FNR 2012-117 DZ.....			06/01/2016....	CAPITALIZED INTEREST.....		66,801	66,801		1.....
3136A8 SM 3	FNR 2012-102 AZ.....			06/01/2016....	CAPITALIZED INTEREST.....		61,468	61,468		1.....
3136A8 XR 6	FNR 2012-94 LZ.....			06/01/2016....	CAPITALIZED INTEREST.....		252,400	252,400		1.....
3199999	Total Bonds - U.S. Special Revenue and Special Assessment.....						380,669	380,669	0	XXX
Bonds - Industrial and Miscellaneous										
05524R AE 6	BAMLL 2013-FRR1 A2.....			06/13/2016....	PERFORMANCE TRUST.....		4,091,797	5,000,000		1F.....
174610 AL 9	CITIZENS FIN GRP.....			05/20/2016....	CREDIT SUISSE/FIRST BOSTON.....		2,555,332	2,600,000	39,000	2FE.....
25272K AN 3	DIAMOND 1 FIN/DIAMOND 2.....			05/17/2016....	JP MORGAN CHASE.....		1,998,540	2,000,000		2FE.....
30212P AL 9	EXPEDIA INC.....			05/06/2016....	JEFFERIES & CO.....		5,050,550	5,000,000	106,250	2FE.....
30219G AP 3	EXPRESS SCRIPTS.....			06/29/2016....	SALOMON/CITIGROUP.....		1,996,500	2,000,000		2FE.....
3137AU PG 8	FHMS K021 X3.....			04/01/2016....	BANK OF AMERICA.....		5,175,362		14,065	1.....
3137AV XQ 5	FHMS K022 X3.....			04/05/2016....	BANK OF AMERICA.....		4,963,351		18,849	1.....
3137BN GU 2	FHMS K054 X1.....			04/08/2016....	SALOMON/CITIGROUP.....		4,999,998		34,384	1FE.....
46644F AK 7	JPMBB 2015-C28 C.....			05/19/2016....	JP MORGAN CHASE.....		1,772,188	2,000,000	5,417	1FE.....
501797 AM 6	L BRAND INC.....			06/13/2016....	BANK OF AMERICA.....		1,000,000	1,000,000		3FE.....
52108H 7E 8	LBUBS 2005-C5 F.....			05/05/2016....	BANK OF AMERICA.....		2,308,191	2,301,000	9,722	1F.....
58551T AA 5	MELLON CAP IV.....			05/03/2016....	US BANCORP/PIPER JAFFRAY.....		3,177,719	4,075,000	20,169	2FE.....
59447P N3 1	MICHIGAN ST FIN AUTH TXBL.....			06/20/2016....	US BANCORP/PIPER JAFFRAY.....		4,259,960	4,000,000	43,569	1FE.....
59565A AB 6	MIDCONTINENT EXPRESS PIP.....			05/18/2016....	STIFEL, NICOLAUS & CO.....		882,851	933,000	11,808	2FE.....
62947Q AV 0	NXP SEMICONDUCTORS NV.....			05/18/2016....	BARCLAYS CAPITAL.....		1,000,000	1,000,000		3FE.....
649322 AD 6	NYPRES 4.063 08/01/56.....			06/21/2016....	GOLDMAN SACHS & CO.....		1,999,920	2,000,000		1FE.....
89171V AC 1	TPMT 2015-5 M1.....			06/23/2016....	BANK OF AMERICA.....		2,446,875	2,500,000	6,563	1FE.....
92978A AA 0	WFC 0 03/29/49.....			06/07/2016....	STIFEL, NICOLAUS & CO.....		2,996,250	3,000,000	40,381	2FE.....
94974B GT 1	WELLS FARGO CO.....			06/07/2016....	WELLS FARGO/WACHOVIA.....		1,997,680	2,000,000		1FE.....
95081Q AL 8	WESCO DISTRIBUTION INC.....			06/02/2016....	GOLDMAN SACHS & CO.....		1,000,000	1,000,000		4FE.....
09203W AL 9	BLACK 2016-1A A2B.....		F.....	04/29/2016....	JP MORGAN CHASE.....		11,500,000	11,500,000		1FE.....
224607 AF 8	CRTOS 2007-1A E.....		F.....	06/07/2016....	WELLS FARGO/WACHOVIA.....		5,217,188	5,250,000	18,047	3FE.....
69841B AG 8	PANG 2007-1A C.....		F.....	05/05/2016....	ROBERT W BAIRD.....		4,959,375	5,000,000	8,273	2FE.....
95736X AD 0	WCHC 2007-1A B.....		F.....	04/05/2016....	GOLDMAN SACHS & CO.....		2,812,500	3,000,000	5,894	1FE.....
3899999	Total Bonds - Industrial and Miscellaneous.....						80,162,127	67,159,000	382,391	XXX
Bonds - Hybrid Securities										

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SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
20035A AA 2	COMED FIN III.....		04/28/2016....	SALOMON/CITIGROUP.....		2,110,320	2,000,000	16,933	4F.....
4899999	Total Bonds - Hybrid Securities.....					2,110,320	2,000,000	16,933	XXX
8399997	Total Bonds - Part 3.....					85,949,235	72,835,788	399,324	XXX
8399999	Total Bonds.....					85,949,235	72,835,788	399,324	XXX
Common Stocks - Industrial and Miscellaneous									
02503X 10 5	AMERICAN CAPITAL AGENCY.....		05/18/2016....	WELLS FARGO.....	55,000.000	1,020,630	XXX		L.....
042315 50 7	ARMOUR RESIDENTIAL REIT.....		06/07/2016....	WELLS FARGO.....	79,400.000	1,539,518	XXX		L.....
09257W 10 0	BLACKSTONE MORTGAGE TRU CL-A.....		05/19/2016....	WELLS FARGO.....	72,000.000	1,964,398	XXX		L.....
19624R 10 6	COLONY MORTGAGE CAPITAL LTD.....		06/08/2016....	WELLS FARGO.....	102,259.000	1,838,673	XXX		L.....
19625X 10 2	COLONY STARWOOD HOMES.....		06/01/2016....	DISTRIBUTION.....	48,571.000	1,095,300	XXX		L.....
46131B 10 0	INVESCO MORTGAGE CAPITAL.....		05/23/2016....	WELLS FARGO.....	74,200.000	1,049,425	XXX		L.....
64828T 20 1	NEW RESIDENTAL INVESTMENT.....		05/13/2016....	WELLS FARGO.....	149,100.000	1,939,235	XXX		L.....
66704R 80 3	NORTHSTAR REALTY FINANCE COMMON STK.....		06/01/2016....	WELLS FARGO.....	331,124.000	4,246,992	XXX		L.....
66706L 10 1	NORTHSTAR REALTY EUROPE.....		06/08/2016....	WELLS FARGO.....	217,866.000	2,461,120	XXX		L.....
85571B 10 5	STARWOOD PROPERTY TRUST.....		05/23/2016....	WELLS FARGO.....	200,000.000	3,967,489	XXX		L.....
9099999	Total Common Stocks - Industrial and Miscellaneous.....					21,122,780	XXX	0	XXX
9799997	Total Common Stocks - Part 3.....					21,122,780	XXX	0	XXX
9799999	Total Common Stocks.....					21,122,780	XXX	0	XXX
9899999	Total Preferred and Common Stocks.....					21,122,780	XXX	0	XXX
9999999	Total Bonds, Preferred and Common Stocks.....					107,072,015	XXX	399,324	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

QE04.1

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Forfeiture	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest / Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U.S. Government																					
30250W	AB 9 SSGN 2010-S2 2A.....		05/29/2016..	MBS PAYDOWN.....		41,047	41,047	41,093	41,093				0		41,093		(46)	(46)	438	07/29/2047...	1
36296Q	RJ 0 GNSF POOL 698089.....		06/01/2016..	MBS PAYDOWN.....		44,461	44,461	42,356	44,222		239		239		44,461		0	0	738	04/15/2039...	1
38375U	SC 5 GNR 2014-H22 CI.....		06/30/2016..	INTEREST ONLY PAYMENT.....				134,869	128,790		(128,790)		(128,790)				0	0	7,569	11/20/2064...	1
38378N	XK 4 GNR 2014-17 IO.....		06/30/2016..	INTEREST ONLY PAYMENT.....				123,028	84,278		(84,278)		(84,278)				0	0	9,478	06/16/2048...	1
38378X	PE 5 GNR 2014-135 IO.....		06/30/2016..	INTEREST ONLY PAYMENT.....				72,887	65,615		(65,615)		(65,615)				0	0	4,725	01/16/2056...	1
805649	AA 8 EXIM - SAYARRA LTD.....	F	04/29/2016..	SINKING FUND REDEMPTION.....		264,561	264,561	264,561	264,561				0		264,561		0	0	3,669	10/29/2021...	1
0599999. Total Bonds - U.S. Government.....						350,069	350,069	678,794	628,559	0	(278,444)	0	(278,444)	0	350,115	0	(46)	(46)	26,617	XXX	XXX

Bonds - U.S. Special Revenue and Special Assessment																					
3128PK	WJ 9 FGCI J07849.....		06/01/2016..	MBS PAYDOWN.....		32,220	32,220	31,294	32,123		97		97		32,220		0	0	608	05/01/2023...	1
3128PL	AW 2 FGCI J08121.....		06/01/2016..	MBS PAYDOWN.....		13,182	13,182	13,088	13,173		9		9		13,182		0	0	284	06/01/2023...	1
31412B	DS 8 FN 920013.....		06/01/2016..	MBS PAYDOWN.....		922	922	917	922		0		0		922		0	0	23	10/01/2047...	1
31412M	2X 5 FN 929690.....		06/01/2016..	MBS PAYDOWN.....		1,380	1,380	1,342	1,377		3		3		1,380		0	0	26	07/01/2023...	1
31412T	AZ 6 FN 933924.....		06/01/2016..	MBS PAYDOWN.....		1,560	1,560	1,517	1,545		14		14		1,560		0	0	29	05/01/2023...	1
31412W	WB 8 FN 937242.....		06/01/2016..	MBS PAYDOWN.....		383	383	380	383		0		0		383		0	0	10	05/01/2047...	1
31412W	WC 6 FN 937243.....		06/01/2016..	MBS PAYDOWN.....		764	764	757	761		3		3		764		0	0	19	05/01/2047...	1
31412X	K4 5 FN 937815.....		06/01/2016..	MBS PAYDOWN.....		1,040	1,040	1,032	1,039		1		1		1,040		0	0	25	06/01/2047...	1
31414E	2V 5 FNCI 964388.....		06/01/2016..	MBS PAYDOWN.....		55,240	55,240	54,919	55,216		24		24		55,240		0	0	1,149	07/01/2023...	1
31414L	C4 8 FN 969091.....		06/01/2016..	MBS PAYDOWN.....		1,265	1,265	1,230	1,260		5		5		1,265		0	0	23	04/01/2023...	1
31414M	BH 8 FN 969940.....		06/01/2016..	MBS PAYDOWN.....		2,002	2,002	1,947	1,994		8		8		2,002		0	0	35	03/01/2023...	1
31414R	LG 8 FN 973827.....		06/01/2016..	MBS PAYDOWN.....		133	133	130	133		1		1		133		0	0	2	03/01/2023...	1
31414R	NV 3 FN 973904.....		06/01/2016..	MBS PAYDOWN.....		303	303	294	301		1		1		303		0	0	6	04/01/2023...	1
31414S	AA 1 FN 974401.....		06/01/2016..	MBS PAYDOWN.....		3,329	3,329	3,238	3,322		8		8		3,329		0	0	62	04/01/2023...	1
31414U	G3 6 FN 976418.....		06/01/2016..	MBS PAYDOWN.....		3,693	3,693	3,591	3,687		6		6		3,693		0	0	60	03/01/2023...	1
31415B	AE 9 FN 981605.....		06/01/2016..	MBS PAYDOWN.....		133	133	129	132		0		0		133		0	0	2	06/01/2023...	1
31415C	ND 5 FN 982888.....		06/01/2016..	MBS PAYDOWN.....		955	955	928	953		2		2		955		0	0	17	05/01/2023...	1
31415P	AE 8 FN 984805.....		06/01/2016..	MBS PAYDOWN.....		1,086	1,086	1,056	1,083		3		3		1,086		0	0	22	06/01/2023...	1
31415P	AR 9 FN 984816.....		06/01/2016..	MBS PAYDOWN.....		3,281	3,281	3,191	3,275		6		6		3,281		0	0	62	06/01/2023...	1
31415P	WA 2 FN 985441.....		06/01/2016..	MBS PAYDOWN.....		592	592	576	592		1		1		592		0	0	11	07/01/2023...	1
31415P	XP 8 FN 985486.....		06/01/2016..	MBS PAYDOWN.....		608	608	592	607		1		1		608		0	0	11	07/01/2023...	1
31415Q	BX 3 FN 985754.....		06/01/2016..	MBS PAYDOWN.....		2,342	2,342	2,277	2,337		5		5		2,342		0	0	51	06/01/2023...	1
31415Q	E8 5 FN 985859.....		06/01/2016..	MBS PAYDOWN.....		748	748	727	744		3		3		748		0	0	14	07/01/2023...	1
31415R	4B 7 FN 987418.....		06/01/2016..	MBS PAYDOWN.....		483	483	469	482		1		1		483		0	0	9	06/01/2023...	1
88276P	CH 7 TX PUB FIN-TXB-O.....		06/07/2016..	RAYMOND JAMES.....		3,140,175	2,500,000	2,929,875	2,926,813		(11,385)		(11,385)		2,915,429		224,746	224,746	166,450	02/15/2027...	2FE
3199999. Total Bonds - U.S. Special Revenue and Special Assessment.....						3,267,819	2,627,644	3,055,496	3,054,254	0	(11,183)	0	(11,183)	0	3,043,073	0	224,746	224,746	169,010	XXX	XXX

Bonds - Industrial and Miscellaneous

QE05

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	For E n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest / Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
021345	AA 1 ALTA WIND HOLDINGS.....		06/30/2016..	SINKING FUND REDEMPTION.....		96,127	96,127	96,415	96,126		1		1		96,127			0	3,364	06/30/2035	2FE
03235M	AA 0 AMTRAK SERIES-2001.....		06/01/2016..	SINKING FUND REDEMPTION.....		233,500	233,500	233,500	233,500				0		233,500			0	11,091	06/15/2017	1
045424	EX 2 ASC 1997-D4 B4.....		06/11/2016..	MBS PAYDOWN.....		160,045	160,045	157,644	159,396		649		649		160,045			0	5,023	04/14/2029	1FM
05947U	ZK 7 BACM 2004-6 E.....		06/23/2016..	MBS PAYDOWN.....		1,089,235	1,089,235	784,250	1,089,235				0		1,089,235			0	39,640	12/10/2042	1FM
064058	AB 6 BANK OF NEW YORK MELLON.....		05/03/2016..	US BANCORP/PIPER JAFFRAY.....		3,845,344	4,075,000	3,784,470	3,787,763		1,134		1,134		3,788,897		56,447	56,447	68,025	01/01/9999	2FE
12592K	BD 5 COMM 2014-UBS5 XA.....		06/30/2016..	INTEREST ONLY PAYMENT.....				9,789	8,169		(8,169)		(8,169)					0	673	09/10/2047	1FE
126175	AM 0 COMM 2003-LB1A H.....		06/01/2016..	MBS PAYDOWN.....		81,674	81,674	73,507	81,485		189		189		81,674			0	1,641	06/10/2038	1FM
126281	BB 9 CSAIL 2015-C1 XA.....		06/30/2016..	INTEREST ONLY PAYMENT.....				3,089	2,805		(2,805)		(2,805)					0	206	04/15/2050	1FE
12649X	BC 2 CSMC 2015-3 B2.....		06/01/2016..	MBS PAYDOWN.....		25,571	25,571	25,875			(2)		(2)		25,571			0	252	03/25/2045	1FE
12677#	AA 1 CVS CAREMARK CORP.....		06/15/2016..	SINKING FUND REDEMPTION.....		5,017	5,017	5,017	5,017				0		5,017			0	114	01/15/2040	2
134011	AL 9 CAMP PENDELTON/QUANTICO.....		04/02/2016..	CALL at 100.000.....		100,000	100,000	100,575	100,536		(536)		(536)		100,000			0	3,083	10/01/2050	1FE
173067	EH 8 CGCMT 2004-C2 B.....		06/01/2016..	MBS PAYDOWN.....		249,136	249,136	241,039	249,136				0		249,136			0	4,152	10/15/2041	1FM
17321L	AE 9 CMLTI 2013-J1 B1.....		06/01/2016..	MBS PAYDOWN.....		17,028	17,028	16,794			9		9		17,028			0	151	10/25/2043	1FE
17323E	AN 3 CMLTI 2014-J2 B2.....		06/01/2016..	MBS PAYDOWN.....		28,522	28,522	29,164	28,547		(25)		(25)		28,522			0	470	11/25/2044	1FM
20047P	AL 1 COMM 2005-LP5 D.....		06/01/2016..	MBS PAYDOWN.....		94,488	94,488	85,040	94,488				0		94,488			0	2,821	05/10/2043	1FM
209115	A* 5 CONSOLIDATED EDISON OF NY.....		06/30/2016..	SINKING FUND REDEMPTION.....		10,201	10,201	10,201	10,201				0		10,201			0	444	07/01/2022	1
21079R	AA 0 CONTINENTAL AIRLINES.....		04/19/2016..	SINKING FUND REDEMPTION.....		260,350	260,350	280,853	260,851		(500)		(500)		260,350			0	8,986	04/19/2022	3FE
24735T	AA 6 DELTA AIR 2012-1 B.....		05/07/2016..	SINKING FUND REDEMPTION.....		70,110	70,110	74,142	70,324		(214)		(214)		70,110			0	2,410	05/07/2019	2FE
26827E	AE 5 ECAF 2015-1A B1.....	R	06/15/2016..	MBS PAYDOWN.....		17,197	17,197	17,197	17,197				0		17,197			0	479	07/15/2040	2FE
268617	AC 1 EMAC 1998-1 A3.....		06/15/2016..	MBS PAYDOWN.....		5,132	5,887	3,889	4,290				0		4,290		843	843	171	01/15/2025	6*
29364L	AT 9 ENTERGY GULF STATES.....		06/20/2016..	CALL at 100.000.....		7,500,000	7,500,000	7,531,500	7,531,500		(31,500)		(31,500)		7,500,000			0	372,088	03/01/2035	1FE
29429C	AJ 4 CGCMT 2016-P3 XA.....		06/30/2016..	INTEREST ONLY PAYMENT.....				1,372			(1,372)		(1,372)					0	25	04/15/2049	1FE
30212P	AJ 4 EXPEDIA INC.....		05/06/2016..	JEFFERIES & CO.....		5,072,500	5,000,000	4,990,800	4,991,153		333		333		4,991,485		81,015	81,015	166,250	08/15/2024	2FE
3137AB	FW 6 FHMS K702 X1.....		06/30/2016..	INTEREST ONLY PAYMENT.....				22,998	14,418		(14,418)		(14,418)					0	3,235	02/25/2018	1
3137AE	V8 5 FHMS K703 X1.....		06/30/2016..	INTEREST ONLY PAYMENT.....				16,994	12,555		(12,555)		(12,555)					0	2,596	05/25/2018	1
3137AJ	MG 6 FHMS K016 X1.....		06/30/2016..	INTEREST ONLY PAYMENT.....				20,238	17,891		(17,891)		(17,891)					0	1,613	10/25/2021	1FE
3137AT	RX 2 FHMS K020 X1.....		06/30/2016..	INTEREST ONLY PAYMENT.....				31,245			(31,245)		(31,245)					0	1,678	05/25/2022	1FE
3137AW	QJ 7 FHMS K023 X1.....		06/30/2016..	INTEREST ONLY PAYMENT.....				10,114			(10,114)		(10,114)					0	681	08/25/2022	1FE
3137B1	UH 3 FHMS K027 X1.....		06/30/2016..	INTEREST ONLY PAYMENT.....				25,133	22,982		(22,982)		(22,982)					0	1,788	01/25/2023	1FE
3137B7	N2 1 FHMS K036 X1.....		06/30/2016..	INTEREST ONLY PAYMENT.....				8,291	7,462		(7,462)		(7,462)					0	535	10/25/2023	1FE
3137B8	G5 0 FHMS K037 X1.....		06/30/2016..	INTEREST ONLY PAYMENT.....				5,533	4,997		(4,997)		(4,997)					0	354	01/25/2024	1FE
3137BB	BE 9 FHMS K038 X1.....		06/30/2016..	INTEREST ONLY PAYMENT.....				8,771	7,957		(7,957)		(7,957)					0	538	03/25/2024	1FE
3137BN	GU 2 FHMS K054 X1.....		05/01/2016..	INTEREST ONLY PAYMENT.....				1,191			(1,191)		(1,191)					0	13	01/25/2026	1FE
316773	CP 3 FIFTH THIRD BANK.....		04/06/2016..	USB.....		3,689,035	3,500,000	3,650,101	3,634,341		(3,821)		(3,821)		3,630,520		58,515	58,515	108,694	01/16/2024	2FE
361849	F6 4 GMACC 2004-C2 B.....		04/01/2016..	MBS PAYDOWN.....		263,029	263,029	245,933	263,029				0		263,029			0	4,747	08/10/2038	5FM

QE05.1

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest / Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
36251F AY 2	GSMS 2015-GC28 XA		06/30/2016	INTEREST ONLY PAYMENT				5,380	4,814		(4,814)		(4,814)					0	354	02/10/2048	1FE
36298G AA 7	GSPA MONETIZATION TRUST		06/09/2016	SINKING FUND REDEMPTION		19,406	19,406	19,795	19,416		(9)		(9)		19,406			0	520	10/09/2029	2FE
396789 GA 1	GCCFC 2004-GG1 H		04/26/2016	ROBERT W BAIRD		2,803,125	3,250,000	3,022,500	3,215,016		2,441		2,441		3,217,456		(414,331)	(414,331)	115,337	06/10/2036	3FM
46625M ZE 2	JPMCC 2003-PM1A F		06/01/2016	MBS PAYDOWN		97,047	97,047	67,933	97,047				0		97,047			0	3,469	08/12/2040	1FM
46625Y XX 6	JPMCC 2005-LDP5 C		06/01/2016	MBS PAYDOWN		270,349	270,349	252,776	269,959		390		390		270,349			0	6,585	12/15/2044	1FM
46629P AC 2	JPMCC 2006-LDP9 A3		06/01/2016	MBS PAYDOWN		313,213	313,213	306,961	312,963		250		250		313,213			0	6,242	05/15/2047	1FM
46639G AG 1	JPMMT 2013-1 B3		06/01/2016	MBS PAYDOWN		44,832	44,832	44,833	44,833				0		44,833		(1)	(1)	659	03/25/2043	1FM
46645L BA 4	JPMBB 2016-C1 XA		06/30/2016	INTEREST ONLY PAYMENT				3,118			(3,118)		(3,118)					0	85	03/15/2049	1FE
478160 BJ 2	JOHNSON & JOHNSON		04/06/2016	JP MORGAN CHASE		4,881,716	4,230,000	4,841,838	4,820,683		(6,420)		(6,420)		4,814,264		67,452	67,452	62,202	12/05/2033	1FE
494368 BG 7	KIMBERLY CLARK CORP		06/29/2016	VARIOUS		2,681,550	2,000,000	1,982,640	1,984,072		155		155		1,984,227		697,323	697,323	88,775	03/01/2041	1FE
52465# AZ 8	LEGG MASON MTG CAP CORP		06/08/2016	SINKING FUND REDEMPTION		31,102	31,102	31,104	31,104				0		31,104		(1)	(1)	980	06/10/2021	1
54246# AA 5	LONG BEACH JUDICIAL PARTNERS		06/30/2016	SINKING FUND REDEMPTION		13,593	13,593	13,998	13,597		(4)		(4)		13,593			0	468	12/31/2047	1FE
59022H DX 7	MLMT 2004-KEY2 D		06/01/2016	MBS PAYDOWN		272,751	272,751	199,108	272,751				0		272,751			0	6,307	08/12/2039	1FM
61745M W7 4	MSC 2005-T17 B		06/01/2016	MBS PAYDOWN		843,311	843,311	710,489	833,199		10,112		10,112		843,311			0	18,100	12/13/2041	1FM
61750W AX 1	MSC 2006-IQ12 A4		06/01/2016	MBS PAYDOWN		5,874,166	5,874,166	4,466,202	5,777,004		97,162		97,162		5,874,166			0	148,903	12/15/2043	1FM
61761A AA 6	MSBAM 2012-C5 XA		06/30/2016	INTEREST ONLY PAYMENT				44,660			(44,660)		(44,660)					0	2,769	08/15/2045	1FE
667294 BE 1	NORTHWEST AIR 07-1		05/04/2016	SINKING FUND REDEMPTION		146,416	146,416	163,697	147,799		(1,383)		(1,383)		146,416			0	5,144	11/01/2019	1FE
677071 AU 6	OHANA MILITARY COMM LLC		04/01/2016	SINKING FUND REDEMPTION		19,626	19,626	19,320	19,625		1		1		19,626			0	589	10/01/2051	1FE
75086# AA 3	RAINIER GSA PORTFOLIO LLC		06/15/2016	SINKING FUND REDEMPTION		38,706	38,706	38,707	38,707				0		38,707			0	778	06/15/2036	1
75524R AA 7	CITIZENS FINANCIAL GROUP		05/20/2016	CREDIT SUISSE/FIRST BOSTON		2,682,108	2,600,000	2,701,115	2,689,955		(4,759)		(4,759)		2,685,196		(3,088)	(3,088)	71,034	09/28/2022	2FE
7574Q AA 8	RCMT 2015-2 A		06/01/2016	MBS PAYDOWN		129,376	129,376	129,214	129,374		2		2		129,376			0	1,748	06/25/2055	1FE
761118 AW 8	RALI 2005-QS9 A3		06/25/2016	MBS PAYDOWN		59,257	59,257	38,522	57,188		2,069		2,069		59,257			0	232	06/25/2041	1FM
785778 FK 2	SACO 2005-4 M1		06/25/2016	MBS PAYDOWN		174,734	174,734	142,408	161,596		13,137		13,137		174,734			0	942	06/25/2035	1FM
805564 GA 3	SAST 2000-2 MF2		05/01/2016	MBS PAYDOWN		11,500	11,500	9,315	11,349		151		151		11,500			0	301	07/25/2030	1FM
81745D AJ 0	SEMT 2013-9 B3		06/01/2016	MBS PAYDOWN		39,276	39,276	37,987	39,242		34		34		39,276			0	573	07/25/2043	1FM
86212U AB 2	STR 2013-1A A2		06/20/2016	MBS PAYDOWN		21,845	21,845	21,838	21,792		54		54		21,845			0	421	03/20/2043	1FE
86213A AB 5	STR 2013-3A A2		06/20/2016	MBS PAYDOWN		4,067	4,067	4,214	4,072		(5)		(5)		4,067			0	88	11/20/2043	1FE
86213B AB 3	STR 2014-1A A2		06/20/2016	MBS PAYDOWN		1,250	1,250	1,249	1,247		3		3		1,250			0	26	04/20/2044	1FE
89054X AB 1	TOPAZ SOLAR		03/30/2016	SINKING FUND REDEMPTION		31,096	31,096	31,096	31,096				0		31,096			0	758	09/30/2039	2FE
90345K AB 6	US AIRWAYS 2010-1B PTT		04/22/2016	SINKING FUND REDEMPTION		120,612	120,612	129,658	122,724		(2,112)		(2,112)		120,612			0	5,126	04/22/2017	3FE
90346W AB 9	US AIR 2013-1B		05/16/2016	SINKING FUND REDEMPTION		25,147	25,147	24,581	25,115		31		31		25,147			0	780	11/15/2021	3FE
90932P AB 4	UNITED AIR 2014-1 B PTT		04/11/2016	SINKING FUND REDEMPTION		128,321	128,321	128,057	128,174		147		147		128,321			0	3,048	04/11/2022	2FE
91474@ AA 2	UNIVERSITY OF MICHIGAN		06/15/2016	SINKING FUND REDEMPTION		15,206	15,206	15,206	15,206				0		15,206			0	224	06/15/2039	1
92930R AF 9	WFRBS 2012-C9 XA		06/30/2016	INTEREST ONLY PAYMENT				13,316			(13,316)		(13,316)					0	1,202	11/15/2045	1FE
92936T AF 9	WFRBS 2012-C7 XA		06/30/2016	INTEREST ONLY PAYMENT				41,680	30,618		(41,680)		(41,680)					0	3,527	06/15/2045	1FE

QE05.2

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Forfeign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest / Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
949746 RG 8	WELLS FARGO & COMPANY.....		06/07/2016..	VARIOUS.....		5,214,750	5,000,000	5,137,500	5,136,208		(591)		(591)		5,135,617		79,133	79,133	143,403	01/01/9999...	2FE.....
949834 AA 3	WFMS 2007-14 1A1.....		06/01/2016..	MBS PAYDOWN.....		86,951	86,951	79,895	85,868		1,083		1,083		86,951				2,238	10/25/2037...	1FM.....
94989D AZ 2	WFCM 2015-C27 XA.....		06/30/2016..	INTEREST ONLY PAYMENT.....				5,870	5,336		(5,336)		(5,336)						353	02/15/2048...	1FE.....
94989V AG 4	WFCM 2015-NXS3 XA.....		06/30/2016..	INTEREST ONLY PAYMENT.....				7,242	6,996		(6,996)		(6,996)						516	09/15/2057...	1FE.....
94989Y BC 6	WFCM 2016-C32 XA.....		06/30/2016..	INTEREST ONLY PAYMENT.....				6,428			(6,428)		(6,428)						248	01/15/2059...	1FE.....
963320 AT 3	WHIRLPOOL CORP.....		04/07/2016..	JEFFERIES & CO.....		5,217,500	5,000,000	4,994,851	4,995,314		114		114		4,995,428		222,072	222,072	80,681	05/01/2025...	2FE.....
97655J AH 5	WIN 2016-1 1A8.....		06/01/2016..	MBS PAYDOWN.....		1,230,453	1,230,453	1,254,293			(1,963)		(1,963)		1,230,453				13,794	01/20/2046...	1FE.....
983024 AN 0	WYETH.....		06/29/2016..	JEFFERIES & CO.....		7,977,960	6,000,000	6,438,800	6,396,864		(5,199)		(5,199)		6,391,666		1,586,294	1,586,294	271,717	04/01/2037...	1FE.....
BCC28G EW 7	ATLSS 2014-1 B.....		06/15/2016..	MBS PAYDOWN.....		187,800	187,800	187,800	187,800						187,800				5,367	12/15/2039...	2FE.....
05330K AA 3	AUTO METRO PR.....	F	06/30/2016..	SINKING FUND REDEMPTION.....		16,000	16,000	15,410	15,410						15,410		590	590	539	06/30/2035...	3FE.....
57064H AA 3	MPLT 2015-OD4 A.....	E	06/17/2016..	MBS PAYDOWN.....		1,730,346	1,730,346	1,722,532	1,722,187		8,159		8,159		1,730,346				22,678	12/18/2017...	1FE.....
77426N AA 1	ROCKW 2007-1A A1LA.....	F	05/02/2016..	MBS PAYDOWN.....		364,525	364,525	353,134	362,788		1,737		1,737		364,525				1,331	08/01/2024...	1FE.....
904764 AH 0	UNILEVER CAPITAL.....		06/20/2016..	SUSQUEHANNA INTL.....		5,503,905	4,010,000	4,053,589	4,043,299		(548)		(548)		4,042,751		1,461,153	1,461,153	139,640	11/15/2032...	1FE.....
EF6935 10 2	MITCHELLS & BUTLER.....	F	06/15/2016..	MBS PAYDOWN.....		85,468	85,468	71,530	84,652		816		816		85,468				445	12/15/2030...	1FE.....
3899999	Total Bonds - Industrial and Miscellaneous.....					72,323,603	67,419,865	66,636,053	67,221,410	0	(188,734)	0	(188,734)	0	68,430,189	0	3,893,416	3,893,416	2,059,277	XXX	XXX
8399997	Total Bonds - Part 4.....					75,941,491	70,397,578	70,370,343	70,904,223	0	(478,361)	0	(478,361)	0	71,823,377	0	4,118,116	4,118,116	2,254,904	XXX	XXX
8399999	Total Bonds.....					75,941,491	70,397,578	70,370,343	70,904,223	0	(478,361)	0	(478,361)	0	71,823,377	0	4,118,116	4,118,116	2,254,904	XXX	XXX
Common Stocks - Industrial and Miscellaneous																					
02503X 10 5	AMERICAN CAPITAL AGENCY.....		05/23/2016..	WELLS FARGO.....		285,400,000	5,403,332	XXX	5,031,550				0		5,031,550		371,782	371,782	189,159	XXX	L.....
035710 40 9	ANNALY CAPITAL MANAGEMENT INC.....		05/19/2016..	WELLS FARGO.....		516,000,000	5,544,420	XXX	5,010,150				0		5,010,150		534,270	534,270	154,800	XXX	L.....
66704R 80 3	NORTHSTAR REALTY FINANCE COMMON STK.....		05/31/2016..	WELLS FARGO.....		146,000,000	1,951,160	XXX	1,513,394				0		1,513,394		437,765	437,765	98,503	XXX	L.....
79466L 30 2	SALESFORCE.COM.....		04/05/2016..	MERRILL LYNCH ET AL.....		1,149,000	87,474	XXX	81,229				0		81,229		6,246	6,246	XXX	L.....	
9099999	Total Common Stocks - Industrial and Miscellaneous.....					12,986,386	XXX	11,636,323	0	0	0	0	0	0	11,636,323	0	1,350,063	1,350,063	442,462	XXX	XXX
9799997	Total Common Stocks - Part 4.....					12,986,386	XXX	11,636,323	0	0	0	0	0	0	11,636,323	0	1,350,063	1,350,063	442,462	XXX	XXX
9799999	Total Common Stocks.....					12,986,386	XXX	11,636,323	0	0	0	0	0	0	11,636,323	0	1,350,063	1,350,063	442,462	XXX	XXX
9899999	Total Preferred and Common Stocks.....					12,986,386	XXX	11,636,323	0	0	0	0	0	0	11,636,323	0	1,350,063	1,350,063	442,462	XXX	XXX
9999999	Total Bonds, Preferred and Common Stocks.....					88,927,877	XXX	82,006,666	70,904,223	0	(478,361)	0	(478,361)	0	83,459,700	0	5,468,179	5,468,179	2,697,366	XXX	XXX

QE05.3

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

**Sch. DB - Pt. A - Sn. 1
NONE**

**Sch. DB - Pt. B - Sn. 1
NONE**

**Sch. DB - Pt. D - Sn. 1
NONE**

**Sch. DB - Pt. D - Sn. 2
NONE**

**Sch. DL - Pt. 1
NONE**

**Sch. DL - Pt. 2
NONE**

PENN INSURANCE AND ANNUITY COMPANY
SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
Open Depositories								
State Street.....	New York, NY.....				6,742,843	7,937,036	9,516,558	XXX
FHLB.....	Pittsburgh, PA.....				1,000	1,000	333,117	XXX
JP Morgan Chase.....	Springfield, IL.....				71,805	65,845	61,262	XXX
Northern Trust Bank.....	Chicago, IL.....				14,733	15,646	15,263	XXX
PNC Bank.....	Philadelphia, PA.....				773,206	949,056	(1,490,661)	XXX
0199999. Total Open Depositories.....	XXX	XXX	0	0	7,603,587	8,968,583	8,435,539	XXX
0399999. Total Cash on Deposit.....	XXX	XXX	0	0	7,603,587	8,968,583	8,435,539	XXX
0599999. Total Cash.....	XXX	XXX	0	0	7,603,587	8,968,583	8,435,539	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
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NONE

QE13