Jackson National Life Global Funding

U.S. $15,000,000,000

GLOBAL DEBT ISSUANCE PROGRAM

This supplement (this "***Third Base Prospectus Supplement***") is supplemental to and must be read in conjunction with the Offering Memorandum dated September 2, 2015 (the "***Base Prospectus***") and prior Base Prospectus Supplements, specifically, the First Base Prospectus Supplement dated November 18, 2015 and the Second Base Prospectus Supplement dated March 16, 2016 (referred to herein as the "***Prior Base Prospectus Supplements***")*,* prepared by Jackson National Life Global Funding (the "***Issuer***"), under the Issuer's Global Debt Issuance Program for the issuance of senior secured medium-term notes (the "***Notes***").

This Third Base Prospectus Supplement has been approved by the Central Bank of Ireland, as competent authority under the Directive 2003/71/EC (the "***Prospectus Directive***"). The Central Bank of Ireland only approves this Third Base Prospectus Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

This document constitutes a base prospectus supplement for the purposes of Article 16 of the Prospectus Directive. References herein to this document are to this Third Base Prospectus Supplement incorporating Annex 1, Annex 2, Annex 3 and Annex 4, hereto.

Annex 1 of this Third Base Prospectus Supplement contains the text of Jackson National Life Insurance Company's yearly audited statutory financial statements as of and for the years ended December 31, 2015 and 2014 (including any notes and schedules thereto, the "***2015 and 2014 Audited Statutory Financial Statements***").

Annex 2 of this Third Base Prospectus Supplement includes the Management Discussion and Analysis of Results of Operation, Financial Condition and Liquidity of Jackson National Life Insurance Company for the year ended December 31, 2015.

Annex 3 of this Third Base Prospectus Supplement amends and supplements the "Risks Related to Industry" risk factor beginning on page 25 of the Base Prospectus.

Annex 4 of this Third Base Prospectus Supplement amends and restates in its entirety the "ERISA" section of the Business of Jackson beginning on page 44 of the Base Prospectus.

Copies of the 2015 and 2014 Audited Statutory Financial Statements will be made available for inspection at the offices of the parties at whose offices documents are to be available for inspection as identified in "General Information" in the Base Prospectus.

Except as disclosed in this Third Base Prospectus Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus and the Prior Base Prospectus Supplements.

Each of the Issuer and Jackson accepts responsibility for the information contained in this Third Base Prospectus Supplement. To the best of the knowledge of each of the Issuer and Jackson (having taken all reasonable care to ensure that such is the case) the information contained in this Third Base Prospectus Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Where there is any inconsistency among the Base Prospectus, the Prior Base Prospectus Supplements and this Third Base Prospectus Supplement, the language used in this Third Base Prospectus Supplement shall prevail.

Third Base Prospectus Supplement dated April 22, 2016

Annex 1

JACKSON
NATIONAL LIFE INSURANCE COMPANY

Jackson National Life Insurance Company

Statutory Financial Statements

December 31, 2015 and 2014

Jackson National Life Insurance Company

Index to Statutory Financial Statements
December 31, 2015 and 2014

KPMG LLP
Suite 500
191 West Nationwide Blvd.
Columbus, OH 43215-2568

Independent Auditors' Report

The Board of Directors and Stockholder
Jackson National Life Insurance Company:

Report on the Financial Statements

We have audited the accompanying financial statements of Jackson National Life Insurance Company, which comprise the statutory statements of admitted assets, liabilities, capital and surplus as of December 31, 2015 and 2014, and the related statutory statements of operations and capital and surplus, and cash flow for the years then ended, and the related notes to the statutory financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

As described in note 2 to the financial statements, the financial statements are prepared by Jackson National Life Insurance Company using statutory accounting practices prescribed or permitted by the Michigan Department of Insurance and Financial Services, which is a basis of accounting other than U.S. generally accepted accounting principles. Accordingly, the financial statements are not intended to be presented in accordance with U.S. generally accepted accounting principles.

The effects on the financial statements of the variances between the statutory accounting practices and U.S. generally accepted accounting principles are described in note 2 to the financial statements.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the variances between statutory accounting practices and U.S. generally accepted accounting principles discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with U.S. generally accepted accounting principles, the financial position of Jackson National Life Insurance Company as of December 31, 2015 and 2014, or the results of its operations or its cash flows for the years then ended.

Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, capital and surplus of Jackson National Life Insurance Company as of December 31, 2015 and 2014, and the results of its operations and its cash flow for the years then ended, in accordance with statutory accounting practices prescribed or permitted by the Michigan Department of Insurance and Financial Services described in note 2.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in the accompanying Supplemental Schedule of Selected Financial Data, Supplemental Investment Risk Interrogatories, and Summary Investment Schedule is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Michigan Department of Insurance and Financial Services. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

/s/KPMG LLP

Columbus, Ohio
April 15, 2016

Jackson National Life Insurance Company
Statutory Statements of Admitted Assets, Liabilities, Capital and Surplus
December 31, 2015 and 2014
(In thousands, except per share information)

	2015	2014
Admitted Assets		
Bonds	$ 46,029,935	$ 45,233,687
Preferred stocks, at statement value (cost: 2015, $382; 2014, $382)	382	382
Common stocks - unaffiliated, at fair value (cost: 2015, $230,059; 2014, $458,911)	245,304	478,603
Common stocks - affiliated, on equity basis (cost: 2015, $482,323; 2014, $482,853)	443,512	409,772
Cash and short-term investments	776,964	565,808
Mortgage loans	6,431,162	5,989,673
Policy loans	4,373,447	4,358,580
Limited partnership interests	1,408,096	1,391,261
Real estate	224,089	168,168
Derivatives	387,564	356,608
Other invested assets	393,345	209,320
Total cash and invested assets	60,713,800	59,161,862
Investment income due and accrued	790,311	788,634
Premiums deferred and uncollected	112,997	124,491
Federal income taxes receivable	447,685	-
Net deferred tax asset	986,266	673,687
Value of business acquired and goodwill	327,520	383,928
Amounts due from reinsurers	49,726	40,332
Other admitted assets	25,760	29,872
From separate accounts statement	125,642,735	119,631,617
Total admitted assets	$ 189,096,800	$ 180,834,423
Liabilities, Capital and Surplus		
Liabilities:		
Aggregate reserves for life, accident and health and annuity contracts	$ 50,579,260	$ 49,262,029
Liability for deposit-type contracts	7,162,044	6,043,474
Policy and contract claims	658,634	653,612
Other contract liabilities	53,982	62,784
Remittances in process	31,616	23,289
Interest maintenance reserve	400,815	446,659
Commissions payable and expense allowances on reinsurance assumed	88,393	89,287
Asset valuation reserve	372,289	393,460
Funds held under reinsurance treaties with unauthorized and certified reinsurers	3,443,281	3,412,325
General expenses and taxes due and accrued	244,239	214,012
Accrued transfers to separate accounts	(5,533,474)	(5,322,866)
Federal income taxes payable	-	1,147
Borrowed money and interest thereon	97,512	250,019
Repurchase agreements	-	289,625
Payable for securities lending	269,981	190,459
Derivatives	(30,488)	(94,262)
Other liabilities	897,530	801,616
From separate accounts statement	125,642,735	119,631,617
Total liabilities	184,378,349	176,348,286
Capital and surplus:		
Capital stock (par value $1.15 per share; 50,000 shares authorized; 12,000 shares issued and outstanding)	13,800	13,800
Surplus notes	249,457	249,428
Gross paid-in and contributed surplus	3,233,811	3,233,811
Special surplus funds	(355,525)	(555,039)
Unassigned surplus	1,576,908	1,544,137
Total capital and surplus	4,718,451	4,486,137
Total liabilities, capital and surplus	$ 189,096,800	$ 180,834,423

See accompanying Notes to Statutory Financial Statements.

Jackson National Life Insurance Company
Statutory Statements of Operations
For the Years Ended December 31, 2015 and 2014
(In thousands)

	2015	2014
Income:		
Premiums and annuity considerations	$ 23,650,556	$ 23,578,610
Considerations for supplementary contracts with life contingencies	7,062	2,448
Net investment income	3,864,090	3,915,996
Amortization of interest maintenance reserve	151,554	165,756
Commissions and expense allowances on reinsurance ceded	62,155	58,024
Fee income from separate accounts	3,117,450	2,770,231
Other income	270,743	246,525
Total income	31,123,610	30,737,590
Benefits and other deductions:		
Death and other benefits	14,170,215	13,421,739
Increase (decrease) in aggregate reserves	1,317,231	(560,554)
Commissions	1,846,144	1,786,351
General insurance expenses	607,345	576,563
Taxes, licenses and fees	56,113	32,158
Amortization of value of business acquired and goodwill	56,408	68,542
Interest on funds withheld treaties	311,464	301,713
Change in loading and other	6,383	15,737
Net transfers to separate accounts	10,630,607	12,451,815
Total benefits and other deductions	29,001,910	28,094,064
Gain from operations before federal income tax expense and net realized capital losses	2,121,700	2,643,526
Dividends to policyholders	10,449	10,667
Gain from operations after dividends to policyholders and before federal income taxes	2,111,251	2,632,859
Federal income tax expense	580,034	775,612
Gain from operations before net realized capital losses	1,531,217	1,857,247
Net realized capital losses, less tax benefit of $340,439 in 2015 and $503,807 in 2014, excluding tax expense of $75,259 in 2015 and $107,314 in 2014 transferred to the IMR	(904,248)	(978,943)
Net income	$ 626,969	$ 878,304

See accompanying Notes to Statutory Financial Statements.

Jackson National Life Insurance Company
Statutory Statements of Capital and Surplus
For the Years Ended December 31, 2015 and 2014
(In thousands)

			Surplus			
	Capital stock	**Surplus notes**	**Gross paid-in and contributed**	**Special funds**	**Unassigned**	**Total**
Balances at December 31, 2013	$ 13,800	$ 249,401	$ 3,233,811	$ 1,250	$ 855,557	$ 4,353,819
Net income	-	-	-	-	878,304	878,304
Change in net unrealized capital gains and losses	-	-	-	-	445,749	445,749
Change in net deferred income tax					3,036	3,036
Change in asset valuation reserve	-	-	-	-	41,904	41,904
Change in non-admitted assets	-	-	-	-	16,604	16,604
Change in liability for reinsurance in unauthorized companies	-	-	-	-	(17)	(17)
Surplus notes accretion	-	27	-	-	-	27
Dividends to stockholder	-	-	-	-	(697,000)	(697,000)
Change in surplus as a result of permitted practice	-	-	-	(556,289)	-	(556,289)
Balances at December 31, 2014	13,800	249,428	3,233,811	(555,039)	1,544,137	4,486,137
Net income	-	-	-	-	626,969	626,969
Change in net unrealized capital gains and losses	-	-	-	-	(50,847)	(50,847)
Change in net deferred income tax	-	-	-	-	349,787	349,787
Change in asset valuation reserve	-	-	-	-	21,171	21,171
Change in non-admitted assets	-	-	-	-	(204,323)	(204,323)
Change in liability for reinsurance in unauthorized companies	-	-	-	-	14	14
Surplus notes accretion	-	29	-	-	-	29
Dividends to stockholder	-	-	-	-	(710,000)	(710,000)
Change in surplus as a result of permitted practice	-	-	-	199,514	-	199,514
Balances at December 31, 2015	$ 13,800	$ 249,457	$ 3,233,811	$ (355,525)	$ 1,576,908	$ 4,718,451

See accompanying Notes to Statutory Financial Statements.

Jackson National Life Insurance Company
Statutory Statements of Cash Flow
For the Years Ended December 31, 2015 and 2014
(In thousands)

	2015	2014
Cash from operations:		
Operating receipts:		
Premiums and annuity considerations	$ 23,622,144	$ 23,594,337
Net investment income	3,599,146	3,576,915
Other	3,438,679	3,063,918
Total cash received from operations	30,659,969	30,235,170
Operating disbursements:		
Benefit payments	13,850,168	13,175,633
Commissions, general expenses and taxes	2,465,213	2,393,692
Net transfers to separate accounts	10,841,215	12,911,364
Federal income taxes	763,291	247,899
Total cash disbursed from operations	27,919,887	28,728,588
Net cash from operations	2,740,082	1,506,582
Cash from investments:		
Proceeds from investments sold, matured, or repaid:		
Bonds	7,740,310	5,456,718
Stocks	468,157	148,426
Mortgage loans	1,154,717	1,380,825
Real estate	94	-
Limited partnerships and other invested assets	460,723	(309,802)
Total investment proceeds	9,824,001	6,676,167
Cost of investments acquired:		
Bonds	8,408,867	5,038,225
Stocks	243,796	164,617
Mortgage loans	1,596,503	1,314,647
Real estate	61,889	54,971
Limited partnerships and other invested assets	1,820,850	1,598,213
Total investments acquired	12,131,905	8,170,673
Net (increase) decrease in policy loans	(14,867)	2,275
Net cash used in investments	(2,322,771)	(1,492,231)
Cash from financing and miscellaneous sources:		
Cash provided (applied):		
Borrowed funds	(152,500)	50,000
Net deposits on deposit-type contracts	914,189	618,398
Dividends paid to stockholder	(710,000)	(697,000)
Other	(257,844)	230,935
Net cash (used in) from financing and miscellaneous sources	(206,155)	202,333
Net change in cash and short-term investments	211,156	216,684
Cash and short-term investments at beginning of year	565,808	349,124
Cash and short-term investments at end of year	$ 776,964	$ 565,808

See accompanying Notes to Statutory Financial Statements.

Note 1 - Organization

Jackson National Life Insurance Company (the "Company" or "Jackson") is wholly owned by Brooke Life Insurance Company ("Brooke Life" or the "Parent"), which is ultimately a wholly owned subsidiary of Prudential plc ("Prudential"), London, England. Jackson is licensed to sell group and individual annuity products (including immediate, index linked and deferred fixed annuities and variable annuities), guaranteed investment contracts ("GICs") and individual life insurance products, including variable universal life, in 49 states and the District of Columbia. There is not substantial doubt about the Company's ability to continue as a going concern.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Michigan Department of Insurance and Financial Services ("statutory"), which vary in some respects from U.S. generally accepted accounting principles ("GAAP") and include the following: (1) the costs related to acquiring business, principally commissions, bonus interest on certain products and certain policy issue and underwriting costs, are charged to income in the year incurred and, thus, are not capitalized and amortized over the periods benefited; (2) recognition of the value of business acquired ("VOBA") and goodwill is limited and is amortized over the life of the business acquired, up to ten years; (3) assets must be included in the statement of admitted assets, liabilities, capital and surplus at "admitted asset value," with "non-admitted assets" excluded through a charge to surplus; (4) bonds are generally carried at amortized cost and, for investments carried at fair value, changes in investment valuations are recorded in surplus (under GAAP, investments are generally carried at fair value, amortized cost for mortgage loans and policy loans, with changes in valuation recorded in other comprehensive income); (5) investments in subsidiaries or companies where Jackson has a controlling interest or is the primary beneficiary of a variable interest entity are reported as investments, but are consolidated under GAAP; (6) a net deferred tax asset ("DTA"), for the tax effect of timing differences between book and tax assets and liabilities, is only reported as an admitted asset to the extent that it is realizable within three years and represents less than 15% of capital and surplus (adjusted to exclude any net DTAs, electronic data processing ("EDP") equipment and operating system software and any net positive goodwill), subject to limits set by Statement of Statutory Accounting Principles ("SSAP") No. 101, with the change in net deferred tax asset or liability being recorded directly to surplus; (7) assets and liabilities for certain derivative contracts are reported net for statutory, but are reported gross under GAAP; (8) for derivative instruments carried at fair value, changes in fair value are recorded directly to surplus (under GAAP, derivative instruments are carried at fair value with changes in fair value generally recorded in income); (9) future policy benefit reserves for life insurance are based on statutory mortality and interest requirements without the consideration of withdrawals; (10) the Commissioners' Annuity Reserve Valuation Method ("CARVM") expense allowance associated with statutory reserving practices for deferred variable annuities held in the separate accounts is reported in the general account as a negative liability; (11) reserve credits for reinsurance ceded are netted against the reserve liability, but are reported as assets under GAAP; (12) surplus notes issued by the Company are recorded as surplus rather than as a liability under GAAP; (13) an asset valuation reserve ("AVR") is established by a direct charge to surplus to offset future potential credit related investment losses; (14) realized gains and losses, net of tax, resulting from changes in interest rates on fixed income investments are deferred in the interest maintenance reserve ("IMR") and amortized into investment income over the approximate remaining life of the investment sold; (15) gains or losses resulting from market value adjustments ("MVA") on policies and contracts backed by assets that are valued at book/adjusted carrying value are deferred in the IMR and amortized in a manner consistent with the determination of the MVA; (16) premiums for universal life and investment-type products, other than GICs and annuities certain, are recognized as income, but are accounted for as deposits to policyholders' accounts under GAAP; (17) statements of cash flow are prepared under a prescribed format, which differs from the indirect format under GAAP; and (18) there is no presentation of comprehensive income. Certain amounts in the 2014 notes to statutory financial statements have been reclassified to conform to the 2015 presentation.

A reconciliation of the Company's statutory to GAAP net income and statutory capital and surplus to GAAP stockholder's equity is as follows (in millions):

	Years Ended December 31, 2015	Years Ended December 31, 2014
Statutory net income	$ 627.0	$ 878.3
Adjustments:		
Future policy benefits and policyholders' account balances	1,330.0	777.7
Deferred acquisition costs and sales inducements	465.9	1,387.1
Net investment income, less interest on funds held	(613.3)	(706.1)
Net realized gains on investments	1,278.9	1,566.7
Fair value of hedging instruments	(1,621.7)	(3,488.5)
Amortization of value of business acquired and goodwill	54.0	68.5
Separate account CARVM allowance	(206.8)	(453.1)
Federal income taxes	(106.7)	282.2
Other, net	206.7	32.7
GAAP net income	$ 1,414.0	$ 345.5

	December 31, 2015	December 31, 2014
Statutory capital and surplus	$ 4,718.5	$ 4,486.1
Adjustments:		
Future policy benefits and policyholders' account balances	(4,115.4)	(4,915.8)
Deferred acquisition costs and sales inducements	9,545.3	9,079.4
Valuation of derivatives	547.8	585.4
Separate account CARVM allowance	(5,844.6)	(5,607.3)
Interest maintenance reserve	400.8	446.7
Asset valuation reserve	384.5	405.3
Federal income taxes	(363.3)	(12.1)
Valuation of investments	1,425.4	2,444.6
Surplus notes	(249.5)	(249.4)
Value of business acquired and goodwill	(287.0)	(383.9)
Non-admitted assets	102.0	150.3
Other, net	85.8	177.4
GAAP stockholder's equity	$ 6,350.3	$ 6,606.7

The Department of Insurance and Financial Services ("DIFS") recognizes statutory accounting practices prescribed or permitted by the state of Michigan for determining and reporting the financial condition and results of operations of an insurance company, and for determining its solvency under Michigan Insurance Law. The DIFS has adopted the National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual ("NAIC SAP") to the extent that the accounting practices, procedures, and reporting standards are not modified by the Michigan Insurance Code. The state of Michigan has adopted certain prescribed accounting practices that differ from those defined in NAIC SAP. The commissioner of insurance also has the right to permit other specific practices that deviate from prescribed practices.

Under Michigan law, the value of the book of business arising from the acquisition of a subsidiary or through reinsurance may be recognized as an admitted asset if certain criteria are met. In NAIC SAP, goodwill may be admitted in amounts not to exceed 10% of an insurer's capital and surplus, as adjusted, and is eliminated in the event of a merger.

The Valuation of Life Insurance Policies Model Regulation ("Model 830", also known as Regulation XXX), was effective for NAIC SAP in 2001. The state of Michigan did not permit Model 830 for reserve calculations until January 1, 2002. Thus, reserves for life business issued in calendar year 2001 are not valued according to Model 830 and NAIC SAP, but rather, are valued under the prior method of the Standard Valuation Law, referred to as the 'unitary' method.

Actuarial Guideline XXXV ("Actuarial Guideline 35") was adopted by the NAIC in December 1998. The purpose of Actuarial Guideline 35 is to interpret the standards for the valuation of statutory reserves for fixed index annuities. NAIC SAP requires application of Actuarial Guideline 35 for all fixed index annuities issued after December 31, 2000. Michigan law prescribes the valuation of fixed index annuities without consideration of Actuarial Guideline 35. As a result, Actuarial Guideline 35 is not reflected in the Company's accounts as of December 31, 2015 and 2014.

Permitted Practice

Effective December 31, 2008, the Company received approval from the DIFS regarding the use of a permitted practice. Since being initially granted, the permitted practice has been extended annually by the commissioner with a current expiration date of October 1, 2016. Any increase in capital and surplus resulting from this permitted practice may not be considered by the Company when determining the surplus available for dividends, nor in the determination of the nature of dividends as ordinary or extraordinary.

The permitted practice allows the Company to report the effectiveness of its hedging program related to interest rate swaps consistent with the system the Company has adopted in accordance with Section 943 (2) of the Michigan Insurance Code, as opposed to SSAP No. 86 – *Accounting for Derivative Instruments and Hedging Activities*. As a result, hedging transactions thus identified as effective were reported pursuant to the accounting guidance set forth in NAIC SSAP No. 86. The effect of this permitted practice, reflected as special surplus funds, was to decrease capital and surplus by $547.0 million ($355.5 million after tax) at December 31, 2015 and $583.2 million ($555.0 million after tax) at December 31, 2014, with no effect on net income.

Reconciliation to NAIC SAP

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed or permitted by the state of Michigan is shown below (in millions):

	Years Ended December 31,	
	2015	2014
Net income, as stated herein	$ 627.0	$ 878.3
Adjustments - prescribed practices:		
Valuation of Life Insurance Policies Model Regulation (XXX):		
Decrease in aggregate reserves for life and accident and health policies and contracts	0.3	-
Actuarial Guideline 35:		
Decrease in aggregate reserves for life and accident and health policies and contracts	83.3	17.9
Decrease in market values of financial derivatives used to hedge index linked liabilities	-	(7.4)
Amortization of value of business acquired	49.1	49.1
Prescribed practices adjustment	132.4	59.6
Tax effect of prescribed practice differences	(29.1)	(3.6)
Net income, NAIC SAP	$ 730.6	$ 934.3

	December 31,	
	2015	2014
Statutory Capital and Surplus, as stated herein	$ 4,718.5	$ 4,486.1
Adjustments - prescribed practices:		
Aggregate reserve for life policies and contracts		
Valuation of Life Insurance Policies Model Regulation (XXX):		
Reserve per Michigan basis	10.9	11.3
Reserve per NAIC SAP	28.4	29.1
Model Regulation (XXX) adjustment	(17.5)	(17.8)
Actuarial Guideline 35:		
Reserve per Michigan basis	8,497.2	8,583.0
Reserve per NAIC SAP	8,518.8	8,688.0
Actuarial Guideline 35 adjustment	(21.6)	(105.0)
Value of business acquired	(327.5)	(376.6)
Tax effect of prescribed practice differences	11.6	40.7
Net impact of prescribed practices	(355.0)	(458.7)
Adjustments - permitted practice:		
SSAP No. 86 - effectiveness of interest rate swaps per permitted practice	547.0	583.2
Tax effect of permitted practice differences	(191.5)	(28.2)
Net impact of permitted practice	355.5	555.0
Statutory capital and surplus, NAIC SAP	$ 4,719.0	$ 4,582.4

New and Pending Accounting Pronouncements

In 2015, Michigan became the 39th state to adopt the NAIC's 2009 revised valuation manual (principles based reserves). The new valuation manual will become effective for new contracts issued after the operative date, which is January 1 of the first calendar year following the first July 1 as of which the legislation was passed by at least 42 states, comprising at least 75% of the total 2008 direct written premium. The operative date will not be before January 1, 2017. In Michigan, the new valuation manual is currently effective, at the company's option, for policies or blocks of policies acquired by the company through a business acquisition or reinsurance transaction, regardless of when the policies were issued. Jackson has not determined the impact of the new valuation manual on the statutory financial statements.

Estimates

The preparation of the accompanying financial statements and notes requires the use of estimates and assumptions about future events that affect the amounts reported in the financial statements and the accompanying notes. Significant estimates or assumptions, as further discussed in the notes, include: 1) valuation of investments and derivative instruments, including fair values of securities deemed to be in an illiquid market and the determination of when an impairment is other-than-temporary; 2) assumptions used in calculating policy reserves and liabilities, including, but not limited to mortality rates, policyholder behavior, expenses, investment returns and policy crediting rates; 3) assumptions as to future earnings levels being sufficient to realize deferred tax benefits and whether or not certain deferred tax assets will reverse within three years; 4) estimates related to liabilities for lawsuits and establishment of liability for state guaranty fund assessments; 5) assumptions and estimates associated with the Company's tax positions which impact the amount of recognized tax benefits recorded by the Company; and 6) assumptions as to future earnings levels of acquired business being sufficient to recover the VOBA and goodwill. These estimates and assumptions are based on management's best estimates and judgments. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors as deemed appropriate. As facts and circumstances dictate, these estimates and assumptions may be adjusted. Since future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in estimates, including those resulting from continuing changes in the economic environment, will be reflected in the financial statements in the periods the estimates are changed.

Investments

Bonds not backed by other loans are stated at amortized cost except those with an NAIC designation of "6," which are stated at the lower of amortized cost or fair value. Acquisition premiums and discounts are amortized into investment income through call or maturity dates using the effective interest method.

Jackson recognizes an other-than-temporary impairment for non-loan-backed securities when the Company does not expect full recovery of amortized cost. These impairment losses are recognized in net realized capital losses for the full difference between fair value and amortized cost.

Loan-backed and structured securities, hereafter collectively referred to as "loan-backed securities," are also stated at amortized cost except those with an NAIC carry rating of "6," which are carried at the lower of amortized cost or fair value. The retrospective adjustment method is used to value loan-backed securities where the collection of all contractual cash flows is probable. For loan-backed securities where the collection of all contractual cash flows is not probable, the Company:

- Recognizes the accretable yield over the life of the loan-backed security as determined at the acquisition or transaction date;
- Continues to estimate cash flows expected to be collected at least quarterly; and
- Recognizes an other-than-temporary impairment loss if the loan-backed security is impaired (i.e., the fair value is less than the amortized cost basis) and if the Company does not expect to recover the entire amortized cost basis when compared to the present value of cash flows expected to be collected.

Investments are reduced to estimated fair value (discounted cash flows for loan-backed securities) for declines in value that are determined to be other-than-temporary. In determining whether an other-than-temporary impairment has occurred, the Company considers a security's forecasted cash flows as well as the severity and duration of depressed fair values.

If the Company intends to sell an impaired loan-backed security or does not have the intent and ability to retain the impaired loan-backed security for a period of time sufficient to recover the amortized cost basis, an other-than-temporary impairment has occurred. In these situations, the other-than-temporary impairment loss recognized is the difference between the amortized cost basis and fair value. For loan-backed securities, the credit portion of the recognized loss is recorded to the AVR and the non-credit portion is recorded to the IMR. If the Company does not expect to recover the entire amortized cost basis when compared to the present value of cash flows expected to be collected, it cannot assert that it has the ability to recover the loan-backed security's amortized cost basis even though it has no intent to sell and has the intent and ability to retain the loan-backed security. Therefore, an other-than-temporary impairment has occurred and a realized loss is recognized for the non-interest related decline, which is calculated as the difference between the loan-backed security's amortized cost basis and the present value of cash flows expected to be collected.

For situations where an other-than-temporary impairment is recognized, the previous amortized cost basis less the other-than-temporary impairment recognized as a realized loss becomes the new amortized cost basis of the loan-backed security. The new amortized cost basis is not adjusted for subsequent recoveries in fair value. Therefore, the prospective adjustment method is used for periods subsequent to other-than-temporary impairment loss recognition.

Unaffiliated common stocks are stated at fair value. The Company's investments in subsidiaries are recorded based on the equity method. Insurance subsidiaries are reported at their audited statutory capital and surplus and non-insurance subsidiaries are carried at their audited net worth as determined under GAAP. Included in common stocks is the Company's 100% interest in the common stock of Jackson National Life Insurance Company of New York ("Jackson New York"), a life insurance company. The Company has non-admitted $6.3 million of the unaudited equity of six subsidiaries, with a carrying value of $6.3 million.

Preferred stocks are stated at cost, except those with an NAIC Securities Valuation Office rating of "4" to "6," which are reported at the lower of cost or fair value.

Limited partnership interests, including limited liability company interests, are carried at fair value. Distributions of earnings from these entities are recorded as investment income and unrealized gains and losses are credited or charged directly to surplus. Included in limited partnership interests is $148.2 million and $135.6 million at December 31, 2015 and 2014, respectively, of the Company's 100% ownership of member interests in the following entities: Jackson National Asset Management, LLC, an investment advisor and transfer agent; Jackson National Life Distributors, LLC, a broker dealer; and Curian Clearing, LLC, a broker dealer. The Company has non-admitted its 100% ownership interests totaling $34.5 million and $87.8 million at December 31, 2015 and 2014, respectively, in Squire Reassurance Company LLC, a captive reinsurance company; Curian Capital, LLC, an investment advisor; PGDS (US One), LLC, an information technology service provider; and Hermitage Management, LLC ("Hermitage"), which holds and manages certain real estate related investments.

The Company also acquires controlling ownership interests in companies through troubled debt restructuring arrangements. These investments are held for sale and are not operated as subsidiaries. These equity investments are carried at fair value.

Derivative instruments afforded hedge accounting treatment are accounted for in a manner consistent with the hedged items. Derivative instruments not afforded hedge accounting treatment are stated at fair value. See Note 5 for more information on derivative instruments.

Cash and short-term investments, which primarily include high quality money market instruments, are carried at amortized cost. These investments have original maturities of twelve months or less, and are considered cash equivalents for reporting cash flow.

Commercial mortgage loans are carried at aggregate unpaid principal balances, net of unamortized discounts and premiums, impairments and any allowance for loan losses.

On a periodic basis, Jackson assesses the commercial mortgage loan portfolio for the need for an allowance for loan losses. In determining its allowance for loan losses, the Company evaluates each loan to determine if it is probable that amounts due according to the contractual terms of the loan agreement will not be collected. The allowance includes loan specific reserves for loans that are determined to be non-performing as a result of this loan review process. The loan specific portion of the loss allowance is based on the Company's assessment as to ultimate collectability of loan principal and interest, or other value expected in lieu of loan principal and interest. This review contemplates a variety of factors which may include, but are not limited to, current economic conditions, the physical condition of the property, the financial condition of the borrower, and the near and long-term prospects for change in these conditions. Changes in the allowance for loan losses are recorded in surplus.

Separately, Jackson also reviews individual loans in the portfolio for impairment based on an assessment of the factors identified above. Impairments deemed other-than-temporary are recorded initially against the established loan loss allowance and, if necessary, any additional amounts are recorded as realized losses. As deemed necessary based on cash flow expectations and other factors, Jackson may place loans on non-accrual status. In this case, all cash received is applied against the carrying value of the loan.

Policy loans are loans the Company issues to contract holders that use the cash surrender value of their life insurance policy or annuity contract as collateral. Policy loans are carried at unpaid principal balances.

Real estate is carried at depreciated cost and net of encumbrances. Buildings are depreciated over their estimated useful life, up to 40 years.

Realized capital gains and losses are recorded at the date of sale and are calculated on a specific cost identification basis.

Life and Annuity Reserves

Aggregate reserves for life insurance policies are based on statutory mortality and interest requirements without consideration for withdrawals. With respect to ordinary policies, the mortality assumptions range from the American Experience Table to the 1980/2001 Commissioners' Standard Ordinary Tables with interest assumptions ranging from 1.50% to 6.25%. With respect to older industrial policies, the mortality assumptions range from the American Experience Table to the 1961 Commissioners' Standard Industrial Table with interest assumptions ranging from 1.50% to 6.00%. As of both December 31, 2015 and 2014, approximately 27% of the life reserves were calculated on a net level reserve basis and 73% were calculated on a modified reserve basis.

Reserves for variable annuity products and related guarantees are determined using Actuarial Guideline 43. Actuarial Guideline 43 reserves are set at the greater of a standard scenario calculation and a principles-based stochastic calculation. The standard scenario calculation is based on the prescribed valuation tables and valuation interest rates applicable to issue years of the policies involved, as well as other generally prescribed assumptions as to policyholder behavior. The stochastic calculation uses prudent estimate assumptions for items such as expenses, mortality and policyholder behavior, as well as "real world" stochastically generated equity and interest rate scenarios. Both the standard scenario and stochastic calculations are adjusted to reflect the impact of hedge instruments owned on the valuation date, and in the case of the stochastic calculation, future assumed hedging activity.

Actuarial Guideline 43 defines the minimum reserving standard for variable annuities. However, in setting reported statutory reserves for variable annuities, Jackson considers additional metrics and attempts to balance several other considerations, including the desire to maintain strong and stable capital and financial strength ratios. At December 31, 2015 and 2014, the Company recorded $1.0 billion and $400.0 million, respectively, of additional voluntary variable annuity guaranteed benefit reserves in excess of those required under minimum statutory standards to partially mitigate the C-3 Phase II component of the risk based capital ("RBC") calculation.

The majority of all other annuity reserves and GIC deposits are established with an interest rate assumption ranging from 2.50% to 8.75% and are carried at the greater of surrender value or the greatest present value of the guaranteed benefits discounted at statutory valuation interest rates.

Jackson and Jackson National Life Funding, LLC have established a European Medium Term Note program, with up to $5.8 billion in aggregate principal amount outstanding at any one time. Jackson National Life Funding, LLC was formed as a special purpose vehicle solely for the purpose of issuing Medium Term Note instruments to institutional investors, the proceeds of which are deposited with Jackson and secured by the issuance of funding agreements. The liability for the outstanding balances totaled $10.5 million at both December 31, 2015 and 2014, and these liabilities are included in liability for deposit-type contracts. Issued instruments representing obligations denominated in a foreign currency have been hedged for changes in exchange rates using cross-currency swaps.

Jackson and Jackson National Life Global Funding have established a $15.0 billion aggregate Global Medium Term Note program. Jackson National Life Global Funding was formed as a statutory business trust, solely for the purpose of issuing Medium Term Note instruments to institutional investors, the proceeds of which are deposited with Jackson and secured by the issuance of funding agreements. The liability for the outstanding balances at December 31, 2015 and 2014 totaled $2.5 billion and $1.3 billion, respectively, and these liabilities are included in liability for deposit-type contracts. Issued instruments representing obligations denominated in a foreign currency have been hedged for changes in exchange rates using cross-currency swaps.

Jackson is a member of the regional Federal Home Loan Bank of Indianapolis (“FHLBI”) primarily for the purpose of participating in its mortgage-collateralized loan advance program with short-term and long-term funding facilities. Membership requires the Company to purchase and hold a minimum amount of FHLBI capital stock plus additional stock based on outstanding advances. Advances are in the form of short-term or long-term notes or funding agreements issued to FHLBI. At December 31, 2015 and 2014, Jackson held $99.2 million and $108.1 million, respectively, of FHLBI capital stock, supporting $2.0 billion and $1.9 billion of funding agreements at December 31, 2015 and 2014, respectively, included in liability for deposit-type contracts. The Company also held a bank loan with an outstanding balance of $97.5 million at December 31, 2015. The Company held $200.0 million of short-term borrowings and a bank loan with an outstanding balance of $50.0 million at December 31, 2014.

Actuarial Guideline 35 was adopted by the NAIC in December 1998. The purpose of Actuarial Guideline 35 is to interpret the standards for the valuation of statutory reserves for fixed index annuities. NAIC SAP requires application of Actuarial Guideline 35 for all fixed index annuities issued after December 31, 2000. Michigan law prescribes the valuation of fixed index annuities without consideration of Actuarial Guideline 35. As a result, and as demonstrated in the Company’s reconciliation of net income and capital and surplus between NAIC SAP and practices prescribed or permitted by the state of Michigan, Actuarial Guideline 35 is not reflected in the Company’s accounts as of December 31, 2015 and 2014.

Interest Maintenance Reserve

The Company is required to maintain an IMR, which is a reserve for the net, after tax, accumulated unamortized realized gains and losses on sales of fixed income investments primarily attributable to changes in interest rates. Net realized gains and losses charged or credited to the IMR are amortized into investment income over the approximate remaining life of the investment sold using the grouped method.

Gains or losses resulting from MVA on policies and contracts backed by assets that are valued at book/adjusted carrying value are deferred in the IMR and amortized in a manner consistent with the determination of the MVA using the grouped method. In 2015, MVA losses of $1.1 million, less a tax benefit of $0.4 million, were transferred to the IMR. In 2014, MVA losses of $1.8 million, less a tax benefit of $0.6 million, were transferred to the IMR.

Asset Valuation Reserve
The Company is required to maintain an AVR, which is computed in accordance with a formula prescribed by the NAIC and represents a provision for potential credit related investment losses. Changes in the AVR are recorded directly to surplus.

Revenue and Expense Recognition
Premiums for traditional life insurance are recognized as revenue when due. Annuity considerations are recognized as revenue when collected. GICs and other investment products with no mortality risk are accounted for using deposit accounting. Accordingly, premiums and withdrawals for GICs and other investment products are not reflected in the statement of operations, but are credited or charged directly to policyholders' accounts, while interest credited to the policyholders' accounts is reflected in the statement of operations. Fee income is recognized as revenue when earned. Commission and expense allowances, which are commission and expense reimbursements related to reinsurance ceded to other companies, are recognized as revenue when due. The CARVM allowance represents the excess of separate account contract values over statutory reserves for variable annuities and variable life. Benefits, claims and expenses (including the change in CARVM allowance) are recognized when incurred. Commissions, general expenses, and taxes, licenses and fees, including costs of acquiring new business, are charged to operations as incurred.

Investment Income
Income due and accrued was excluded from surplus on the following basis:

Bonds - securities in default and otherwise where collection is uncertain.

Mortgage loans - loans in foreclosure deemed in default, delinquent greater than one year or where collection of interest is uncertain.

Real estate - properties where rent is in arrears for more than three months.

Income due and accrued on investments where collection is not likely has been excluded from net investment income. For the years ended December 31, 2015 and 2014, the amounts excluded from investment income were $7.8 million and $11.1 million, respectively.

Furniture and Equipment
Furniture and equipment are carried at cost less accumulated depreciation, which is charged to operations on a straight line basis over the estimated useful lives of the related assets. Furniture and EDP equipment and software are depreciated over three to seven years. Furniture and equipment, except for certain EDP equipment and software reported in other admitted assets, is non-admitted. Depreciation expense on admitted assets totaled nil and $1 thousand for 2015 and 2014, respectively, while depreciation expense on non-admitted assets totaled $13.4 million and $14.2 million in 2015 and 2014, respectively.

Federal Income Taxes
Federal income taxes are charged to operations based on current taxable income. Current year federal income tax expense is based on financial reporting income or loss adjusted for certain timing differences, which are the result of dissimilar financial reporting and tax basis accounting methods. A net DTA, for the tax effect of timing differences between financial reporting and the tax basis of assets and liabilities, is allowed to be reported as an admitted asset only to the extent that it is realizable within three years and represents less than 15% of capital and surplus (adjusted to exclude any net DTAs, EDP equipment and operating system software and any net positive goodwill), with the change in net deferred tax asset or liability being recorded directly to surplus.

Non-admitted Assets
Certain assets designated as "non-admitted assets" (principally net deferred tax assets not realizable within three years, agents' debit balances, furniture, equipment, computer software, prepaid expenses, certain other receivables, and investments in certain common stocks and limited liability corporations) have been excluded from the statutory statements of admitted assets, liabilities, capital and surplus by a direct charge to surplus.

Separate Account Assets and Liabilities
The assets and liabilities associated with variable life and annuity contracts, which aggregated $125.4 billion and $119.3 billion at December 31, 2015 and 2014, respectively, are segregated in non-guaranteed separate accounts. The Company receives fees for assuming mortality and certain expense risks and for providing guaranteed benefits under the variable annuity contracts. These fees are recorded as earned.

The Company has issued a group variable annuity contract designed for use in connection with and issued to the Company's Defined Contribution Retirement Plan. These deposits are allocated to the non-guaranteed Jackson National Separate Account – II and aggregated $268.2 million and $332.0 million at December 31, 2015 and 2014, respectively.

Value of Business Acquired and Goodwill
The value of business acquired and goodwill relates to the acquisitions of Life of Georgia in 2005 and Reassure America Life Insurance Company ("REALIC") in 2012. The VOBA is amortized over the estimated life of the business, not to exceed 10 years. During 2015 and 2014, the Company recorded amortization expense of $56.4 million and $68.5 million, respectively, in the statement of operations.

Subsequent Events
The Company has evaluated events through April 15, 2016, which is the date the financial statements were available to be issued.

Note 3 - Fair Value of Financial Instruments

Fair value measurements are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's view of market assumptions in the absence of observable market information. Jackson utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. All financial assets and liabilities are required to be classified into one of the following categories:

Level 1 Observable inputs that reflect quoted prices for identical assets or liabilities in active markets that the Company has the ability to access at the measurement date. Level 1 securities include government securities and exchange traded equity securities and derivative instruments.

Level 2 Observable inputs, other than quoted prices included in Level 1, for the asset or liability or prices for similar assets and liabilities. Most debt securities that are model priced using observable inputs and freestanding derivative instruments that are priced using models with observable market inputs are included in Level 2.

Level 3 Valuations that are derived from techniques in which one or more of the significant inputs are unobservable (including assumptions about risk). Level 3 includes limited partnership interests and less liquid securities such as certain highly structured or lower quality asset-backed securities. Because Level 3 fair values, by their nature, contain unobservable market inputs, considerable judgment may be used to determine the Level 3 fair values. Level 3 fair values represent the Company's best estimate of an amount that could be realized in a current market exchange absent actual market exchanges.

In many situations, inputs used to measure the fair value of an asset or liability may fall into different levels of the fair value hierarchy. In these situations, the Company determines the level in which the fair value falls based upon the lowest level input that is significant to the determination of the fair value. As a result, both observable and unobservable inputs may be used in the determination of fair values that the Company has classified within Level 3.

The Company determines the fair values of certain financial assets and liabilities based on quoted market prices, where available. The Company may also determine fair value based on estimated future cash flows discounted at the appropriate current market rate. When appropriate, fair values reflect adjustments for counterparty credit quality, the Company's credit standing, liquidity and risk margins on unobservable inputs.

Where quoted market prices are not available, fair value estimates are made at a point in time, based on relevant market data, as well as the best information about the individual financial instrument. At times, illiquid market conditions may result in inactive markets for certain of the Company's financial instruments. In such instances, there may be no or limited observable market data for these assets and liabilities. Fair value estimates for financial instruments deemed to be in an illiquid market are based on judgments regarding current economic conditions, liquidity discounts, currency, credit and interest rate risks, loss experience and other factors. These fair values are estimates and involve considerable uncertainty and variability as a result of the inputs selected and may differ materially from the values that would have been used had an active market existed. As a result of market inactivity, such calculated fair value estimates may not be realizable in an immediate sale or settlement of the instrument. In addition, changes in the underlying assumptions used in the fair value measurement technique could significantly affect these fair value estimates.

The following is a discussion of the methodologies used to determine fair values of the financial instruments.

Bonds and Equity Securities
The fair values for bonds and equity securities are determined using information available from independent pricing services, broker-dealer quotes, or internally derived estimates. Priority is given to publicly available prices from independent sources, when available. Securities for which the independent pricing service does not provide a quotation are either submitted to independent broker-dealers for prices or priced internally. Typical inputs used by these three pricing methods include, but are not limited to, reported trades, benchmark yields, credit spreads, liquidity premiums, and/or estimated cash flows based on default and prepayment assumptions.

As a result of typical trading volumes and the lack of specific quoted market prices for most fixed maturities, independent pricing services will normally derive the security prices through recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available market observable information as outlined above. If there are no recently reported trades, the independent pricing services and broker-dealers may use matrix or pricing model processes to develop a security price where future cash flow expectations are developed based upon collateral performance and discounted at relevant market rates. Certain securities are priced using broker-dealer quotes, which may utilize proprietary inputs and models. Additionally, the majority of these quotes are non-binding.

Included in the pricing of loan-backed securities are estimates of the rate of future prepayments of principal over the remaining life of the securities. Such estimates are derived based on the characteristics of the underlying structure and prepayment assumptions believed to be relevant for the underlying collateral. Actual prepayment experience may vary from these estimates.

Internally derived estimates may be used to develop a fair value for securities for which the Company is unable to obtain either a reliable price from an independent pricing service or a suitable broker-dealer quote. These fair value estimates may incorporate Level 2 and Level 3 inputs and are generally derived using expected future cash flows, discounted at market interest rates available from market sources based on the credit quality and duration of the instrument. For securities that may not be reliably priced using these internally developed pricing models, a fair value may be estimated using indicative market prices. These prices are indicative of an exit price, but the assumptions used to establish the fair value may not be observable or corroborated by market observable information and, therefore, represent Level 3 inputs.

The Company performs a monthly analysis on the prices and credit spreads received from third parties to ensure that the prices represent a reasonable estimate of the fair value. This process involves quantitative and qualitative analysis and is overseen by investment and accounting professionals. Examples of procedures performed include, but are not limited to, initial and ongoing review of third party pricing service methodologies, review of pricing statistics and trends, back testing recent trades and monitoring of trading volumes. In addition, the Company considers whether prices received from independent broker-dealers represent a reasonable estimate of fair value through the use of internal and external cash flow models, which are developed based on spreads and, when available, market indices. As a result of this analysis, if the Company determines there is a more appropriate fair value based upon the available market data, the price received from the third party may be adjusted accordingly.

For those securities that were internally valued at December 31, 2015 and 2014, the pricing model used by the Company utilizes current spread levels of similarly rated securities to determine the market discount rate for the security. Furthermore, appropriate risk premiums for illiquidity and non-performance are incorporated in the discount rate. Cash flows, as estimated by the Company using issuer-specific default statistics and prepayment assumptions, are discounted to determine an estimated fair value.

On an ongoing basis, the Company reviews the independent pricing services' valuation methodologies and related inputs, and evaluates the various types of securities in its investment portfolio to determine an appropriate fair value hierarchy distribution based upon trading activity and the observability of market inputs. Based on the results of this evaluation, each price is classified into Level 1, 2, or 3. Most prices provided by independent pricing services, including broker-dealer quotes, are classified into Level 2 due to their use of market observable inputs.

At December 31, 2015 and 2014, bonds valued internally, including matrix-priced securities, had a book/adjusted carrying value of $5.3 billion and $5.4 billion, respectively, and an estimated fair value of $5.5 billion and $5.8 billion, respectively.

Commercial Mortgage Loans
Fair values are generally determined by discounting expected future cash flows at current market interest rates, inclusive of a credit spread, for similar quality loans. For loans whose value is dependent upon the underlying property, fair value is determined to be the estimated value of the collateral. Certain characteristics considered significant in determining the spread or collateral value may be based on internally developed estimates. As a result, these investments have been classified as Level 3 within the fair value hierarchy.

Policy Loans
Policy loans are funds provided to policyholders in return for a claim on the policies' values and function like demand deposits which are redeemable upon repayment, death or surrender, and there is only one market price at which the transaction could be settled – the then current carrying value. The funds provided are limited to the cash surrender value of the underlying policy. The nature of policy loans is to have a negligible default risk as the loans are fully collateralized by the value of the policy. Policy loans do not have a stated maturity and the balances and accrued interest are repaid either by the policyholder or with proceeds from the policy. Due to the collateralized nature of policy loans and unpredictable timing of payments, the Company believes the carrying value of policy loans approximates fair value.

Derivative Instruments
Fair values for derivatives priced using valuation models incorporate inputs that are predominantly observable in the market. Inputs used to value derivatives include, but are not limited to, interest rate swap curves, credit spreads, interest rates, counterparty credit risk, equity volatility and equity index levels.

Derivative instruments classified as Level 1 include futures, which are traded on active exchanges.

Derivative instruments classified as Level 2 include interest rate swaps, cross currency swaps, credit default swaps, put swaptions and equity index call and put options. The derivative valuations are determined by third party pricing services using pricing models with inputs that are observable in the market or can be derived principally from, or corroborated by, observable market data.

A derivative instrument containing Level 1 or Level 2 inputs could be classified as a Level 3 financial instrument if it includes at least one significant Level 3 input.

Limited Partnership Interests
Fair value for limited partnership interests is determined using the proportion of Jackson's investment in each fund ("NAV equivalent") as a practical expedient for fair value. No adjustments to these amounts were deemed necessary at December 31, 2015 or 2014. Limited partnership interests are categorized as Level 3 assets.

Separate Account Assets
Separate account assets are comprised of investments in mutual funds that transact regularly, but do not trade in active markets as they are not publically available, and are categorized as Level 2 assets.

Annuity Reserves
Fair values for immediate annuities, without mortality features, are derived by discounting the future estimated cash flows using current market interest rates for similar maturities. Fair values for deferred annuities, including fixed index annuities, are determined using projected future cash flows discounted at current market interest rates.

Reserves for Guaranteed Investment Contracts
Fair value is based on the present value of future cash flows discounted at current market interest rates.

Payable for Securities Lending
The Company's payable for securities lending is set equal to the cash collateral received. Due to the short-term nature of the loans, carrying value is a reasonable estimate of fair value.

Funds Held Under Reinsurance Treaties
The fair value of the funds held is equal to the fair value of the assets held as collateral, which primarily consist of policy loans and fixed maturities.

Repurchase Agreements
Carrying value of the Company's repurchase agreements is considered a reasonable estimate of fair value due to their short-term maturities.

Separate Account Liabilities
Separate account liabilities are carried at the fair value of the separate account assets.

Debt
Carrying value of the short-term borrowings is considered a reasonable estimate for fair value due to their short-term maturity. Fair value of surplus notes is based on the present value of future cash flows discounted at current market interest rates.

Fair Value Measurements at Reporting Date

The following tables provide information about the Company's financial assets and liabilities that are carried at fair value by hierarchy levels (in thousands):

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Bonds:				
Residential mortgage-backed securities	$ -	$ 126	$ -	$ 126
Government bonds	-	148	-	148
Common stock	122,407	122,786	111	245,304
Subtotal	122,407	123,060	111	245,578
Limited partnership interests	-	-	1,198,805	1,198,805
Derivative instruments (1)	-	290,212	97,352	387,564
Separate account assets	-	125,642,735	-	125,642,735
Total assets at fair value	$ 122,407	$ 126,056,007	$ 1,296,268	$ 127,474,682
Liabilities at fair value:				
Derivative instruments	$ -	$ (30,488)	$ -	$ (30,488)

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Bonds:				
Residential mortgage-backed securities	$ -	$ 464	$ -	$ 464
Commercial mortgage-backed securities	-	-	140	140
Other asset-backed securities	-	3,426	-	3,426
Common stock	131,718	346,636	249	478,603
Subtotal	131,718	350,526	389	482,633
Limited partnership interests	-	-	1,197,847	1,197,847
Derivative instruments (1)	-	356,608	-	356,608
Separate account assets	-	119,631,617	-	119,631,617
Total assets at fair value	$ 131,718	$ 120,338,751	$ 1,198,236	$ 121,668,705
Liabilities at fair value:				
Derivative instruments	$ -	$ (94,262)	$ -	$ (94,262)

(1) Excludes interest rate swaps measured on a cost basis in accordance with the permitted practice (see Note 2).

Changes in Level 3 Assets Measured at Fair Value

The Company's policy for determining and disclosing transfers between levels is to recognize transfers using beginning of period balances. The following tables summarize the changes in assets measured at fair value classified in Level 3 (in thousands). Gains and losses reported in these tables may include changes in fair value that are attributable to both observable and unobservable inputs.

	Balance as of January 1, 2015	Transfers in Level 3	Transfers out Level 3	Total gains and (losses) included in net income	Total gains and (losses) included in surplus	Purchases, issuances, sales and settlements	Balance as of December 31, 2015
Assets							
Commercial mortgage-backed securities	$ 140	$ -	$ (140)	$ -	$ -	$ -	$ -
Common stock	249	-	-	90	-	(228)	111
Limited partnerships	1,197,847	-	-	(50,463)	(7,174)	58,595	1,198,805
Derivative instruments	-	107,315	-	(16,031)	(104,227)	110,295	97,352

	Balance as of January 1, 2014	Transfers in Level 3	Transfers out Level 3	Total gains and (losses) included in net income	Total gains and (losses) included in surplus	Purchases, issuances, sales and settlements	Balance as of December 31, 2014
Assets							
Commercial mortgage-backed securities	$ 343	$ -	$ -	$ (1,376)	$ 1,173	$ -	$ 140
Common stock	249	-	-	-	-	-	249
Limited partnerships	1,346,414	-	-	(18,756)	(110,287)	(19,524)	1,197,847

The components of the amounts included in purchases, sales, issuances and settlements shown above are as follows (in thousands):

	December 31, 2015				
	Purchases	Sales	Issuances	Settlements	Total
Assets					
Common stock	$ -	$ (228)	$ -	$ -	$ (228)
Limited partnerships	194,721	(136,126)	-	-	58,595
Derivative instruments	110,849	(554)	-	-	110,295
Total	$ 305,570	$ (136,908)	$ -	$ -	$ 168,662

	December 31, 2014				
	Purchases	Sales	Issuances	Settlements	Total
Assets					
Limited partnerships	$ 155,540	$ (175,064)	$ -	$ -	$ (19,524)

During 2015, an unobservable input became a significant contribution to the fair value estimates for certain derivative instruments. $107.3 million of such derivative instruments were transferred from Level 2 to Level 3. During 2015, $0.1 million of commercial mortgage back securities classified as Level 3 were no longer carried at fair value as a result of the securities changing from an NAIC designation of "6". There were no transfers between Level 1 and Level 2 of the fair value hierarchy during 2015 or 2014.

Aggregate Fair Value of the Company's Financial Instruments
The following tables detail the aggregate fair value of the Company's financial instruments (in thousands):

December 31, 2015 Description	Aggregate Fair Value	Admitted Value	Level 1	Level 2	Level 3
Assets at fair value:					
Bonds	$ 47,964,612	$ 46,029,935	$ 5,143,090	$ 42,814,926	$ 6,596
Preferred stock	2,155	382	2,155	-	-
Common stock	245,304	245,304	122,407	122,786	111
Mortgage loans	6,579,868	6,431,162	-	-	6,579,868
Cash and cash equivalents	(186,665)	(186,665)	(186,665)	-	-
Short-term investments	963,629	963,629	963,629	-	-
Policy loans	4,373,447	4,373,447	-	-	4,373,447
Derivative instruments	935,393	387,564	-	838,041	97,352
Limited partnership interests	1,198,805	1,198,805	-	-	1,198,805
Securities lending assets	269,981	269,981	269,981	-	-
Separate account assets	125,642,735	125,642,735	-	125,642,735	-
Total assets at fair value	$ 187,989,264	$ 185,356,279	$ 6,314,597	$169,418,488	$ 12,256,179
Liabilities at fair value:					
Reserves for life insurance and annuities [1]	$ 40,949,573	$ 36,425,164	$ -	$ 1,167,979	$ 39,781,594
Liability for deposit-type contracts	7,240,001	7,162,044	-	-	7,240,001
Payable for securities lending	269,981	269,981	-	269,981	-
Funds held under reinsurance treaties	3,459,645	3,443,281	-	-	3,459,645
Separate account liabilities	125,642,735	125,642,735	-	125,642,735	-
Repurchase agreements	-	-	-	-	-
Derivative instruments	(30,488)	(30,488)	-	(30,488)	-
Borrowed money and interest thereon	97,512	97,512	-	97,512	-
Total liabilities at fair value	$ 177,628,959	$ 173,010,229	$ -	$127,147,719	$ 50,481,240

December 31, 2014 Description	Aggregate Fair Value	Admitted Value	Level 1	Level 2	Level 3
Assets at fair value:					
Bonds	$ 49,190,980	$ 45,233,687	$ 5,062,350	$ 44,107,509	$ 21,121
Preferred stock	2,600	382	2,600	-	-
Common stock	478,603	478,603	131,718	346,636	249
Mortgage loans	6,277,627	5,989,673	-	-	6,277,627
Cash and cash equivalents	(57,473)	(57,473)	(57,473)	-	-
Short-term investments	623,281	623,281	623,281	-	-
Policy loans	4,358,580	4,358,580	-	-	4,358,580
Derivative instruments	942,016	356,608	-	942,016	-
Limited partnership interests	1,197,847	1,197,847	-	-	1,197,847
Securities lending assets	190,459	190,459	190,459	-	-
Separate account assets	119,631,617	119,631,617	-	119,631,617	-
Total assets at fair value	$ 182,836,137	$ 178,003,264	$ 5,952,935	$165,027,777	$ 11,855,424
Liabilities at fair value:					
Reserves for life insurance and annuities [1]	$ 40,582,226	$ 34,812,392	$ -	$ 1,346,047	$ 39,236,179
Liability for deposit-type contracts	6,066,764	6,043,474	-	-	6,066,764
Payable for securities lending	190,459	190,459	-	190,459	-
Funds held under reinsurance treaties	3,431,854	3,412,325	-	-	3,431,854
Separate account liabilities	119,631,617	119,631,617	-	119,631,617	-
Repurchase agreements	289,625	289,625	-	289,625	-
Derivative instruments	(94,262)	(94,262)	-	(94,262)	-
Borrowed money and interest thereon	250,019	250,019	-	250,019	-
Total liabilities at fair value	$ 170,348,302	$ 164,535,649	$ -	$121,613,505	$ 48,734,797

(1) Annuity reserves represent only the components of deposits on investment contracts that are considered to be financial instruments.

There were no financial instruments for which it was not practicable to estimate fair value.

Note 4 - Investments

Investments are comprised primarily of debt securities and commercial mortgage loans. Debt securities primarily include publicly traded industrial, loan-backed, utility and government bonds. Loan-backed securities include mortgage-backed and other structured securities. The Company generates the majority of its general account deposits from interest-sensitive individual annuity contracts, life insurance products and GICs on which it has committed to pay a declared rate of interest. The Company's strategy of investing in fixed-income securities aims to ensure matching of the asset yield with the amounts credited to the interest-sensitive liabilities and to earn a stable return on its investments.

With the Company's primarily fixed-rate securities portfolio, it is exposed to interest rate risk, which is the risk that interest rates will change and cause a change in the value of its investments. Additionally, changes in interest rates may cause certain interest-sensitive products to become uncompetitive or may cause disintermediation. The Company mitigates this risk by charging fees for surrenders in early policy years, by offering products that transfer this risk to the purchaser and/or by attempting to match the maturity schedule of its assets with the expected payouts of its liabilities. To the extent that liabilities come due more quickly than assets mature, the Company could potentially have to borrow funds or sell assets prior to maturity and potentially recognize a gain or loss.

Debt Securities, Common and Preferred Stock

Debt securities consist of bonds and short-term investments. Cost or amortized cost, gross unrealized gains and losses, estimated fair value and book/adjusted carrying value of the Company's debt securities and unaffiliated equity investments are as follows (in thousands):

December 31, 2015	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Book/Adjusted Carrying Value
Governments	$ 4,587,805	$ 610,752	$ 10,986	$ 5,187,571	$ 4,587,805
Special revenue and special assessment	826,351	175,223	252	1,001,322	826,099
Industrial and miscellaneous	35,783,667	1,637,133	617,047	36,803,753	35,783,667
Residential mortgage-backed	1,749,233	83,038	12,909	1,819,362	1,749,196
Commercial mortgage-backed	3,188,412	106,500	17,750	3,277,162	3,188,412
Other asset-backed	858,385	16,551	35,865	839,071	858,385
Total debt securities	46,993,853	2,629,197	694,809	48,928,241	46,993,564
Common and preferred stock	237,421	11,524	1,486	247,459	245,686
Total securities	$ 47,231,274	$2,640,721	$ 696,295	$ 49,175,700	$ 47,239,250

December 31, 2014	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Book/Adjusted Carrying Value
Governments	$ 4,279,411	$ 828,516	$ 100	$ 5,107,827	$ 4,279,411
Special revenue and special assessment	802,461	209,239	62	1,011,638	802,461
Industrial and miscellaneous	34,480,536	2,745,038	134,445	37,091,129	34,480,535
Residential mortgage-backed	2,262,968	108,776	21,287	2,350,457	2,262,783
Commercial mortgage-backed	3,168,201	241,748	10,250	3,399,699	3,168,030
Other asset-backed	864,134	25,732	36,355	853,511	863,748
Total debt securities	45,857,711	4,159,049	202,499	49,814,261	45,856,968
Common and preferred stock	466,274	25,464	12,753	478,985	478,985
Total securities	$ 46,323,985	$ 4,184,513	$ 215,252	$ 50,293,246	$ 46,335,953

The amount of gross unrealized losses and the associated estimated fair value of debt securities and stocks (excluding wholly-owned subsidiaries) are as follows (in thousands):

	Less than 12 months		12 months or longer		Total	
December 31, 2015	**Gross Unrealized Losses**	**Estimated Fair Value**	**Gross Unrealized Losses**	**Estimated Fair Value**	**Gross Unrealized Losses**	**Estimated Fair Value**
Governments	$ 10,986	$ 715,080	$ -	$ -	$ 10,986	$ 715,080
Special revenue and special assessment	-	-	252	148	252	148
Industrial and miscellaneous	485,615	10,089,278	131,432	637,348	617,047	10,726,626
Residential mortgage-backed	1,206	65,086	11,703	169,179	12,909	234,265
Commercial mortgage-backed	12,213	605,357	5,537	52,616	17,750	657,973
Other asset-backed	2,635	323,829	33,230	169,396	35,865	493,225
Total debt securities	512,655	11,798,630	182,154	1,028,687	694,809	12,827,317
Common and preferred stock	1,458	122,756	28	57	1,486	122,813
Total temporarily impaired securities	$ 514,113	$ 11,921,386	$ 182,182	$ 1,028,744	$ 696,295	$ 12,950,130

	Less than 12 months		12 months or longer		Total	
December 31, 2014	**Gross Unrealized Losses**	**Estimated Fair Value**	**Gross Unrealized Losses**	**Estimated Fair Value**	**Gross Unrealized Losses**	**Estimated Fair Value**
Governments	$ -	$ -	$ 100	$ 9,796	$ 100	$ 9,796
Special revenue and special assessment	-	-	62	1,845	62	1,845
Industrial and miscellaneous	81,289	2,275,686	53,156	1,733,889	134,445	4,009,575
Residential mortgage-backed	1,409	102,354	19,878	241,273	21,287	343,627
Commercial mortgage-backed	1	2,821	10,249	150,990	10,250	153,811
Other asset-backed	13,552	176,364	22,803	159,126	36,355	335,490
Total debt securities	96,251	2,557,225	106,248	2,296,919	202,499	4,854,144
Common and preferred stock	7,476	135,653	5,277	36,800	12,753	172,453
Total temporarily impaired securities	$ 103,727	$ 2,692,878	$ 111,525	$ 2,333,719	$ 215,252	$ 5,026,597

Debt securities include investments in mortgage-backed securities which are collateralized by residential mortgage loans ("RMBS") and are neither explicitly nor implicitly guaranteed by U.S. government agencies. The Company's non-agency RMBS include investments in securities backed by prime, Alt-A, and subprime loans as follows (in thousands):

December 31, 2015	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Estimated Fair Value**	**Book/Adjusted Carrying Value**
Prime	$ 288,325	$ 12,464	$ 2,716	$ 298,073	$ 288,325
Alt-A	256,516	15,147	2,801	268,862	256,516
Subprime	267,039	7,137	5,633	268,543	267,003
Total non-agency RMBS	$ 811,880	$ 34,748	$ 11,150	$ 835,478	$ 811,844

December 31, 2014	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Estimated Fair Value**	**Book/Adjusted Carrying Value**
Prime	$ 388,539	$ 17,306	$ 3,695	$ 402,150	$ 388,538
Alt-A	348,678	17,715	3,028	363,365	348,531
Subprime	352,757	7,149	12,841	347,065	352,719
Total non-agency RMBS	$ 1,089,974	$ 42,170	$ 19,564	$ 1,112,580	$ 1,089,788

The Company defines its exposure to non-agency RMBS as follows. Prime loan-backed securities are collateralized by mortgage loans made to the highest rated borrowers. Alt-A loan-backed securities are collateralized by mortgage loans made to borrowers who lack credit documentation or necessary requirements to obtain prime borrower rates. Subprime loan-backed securities are collateralized by mortgage loans made to borrowers that have a FICO score of 680 or lower. 99% of the Company's investments in Alt-A related mortgage-backed securities and 97% of the Company's investments in subprime related mortgage-backed securities are rated investment grade by the NAIC.

Debt securities also include investments in securities which are collateralized by commercial mortgage loans ("CMBS"). The carrying value and estimated fair value of the Company's investment in CMBS are $3.2 billion and $3.3 billion, respectively, at December 31, 2015. Of these investments, 100% are rated investment grade by the NAIC.

Corporate securities include direct investments in below investment grade syndicated bank loans. Unlike most corporate debentures, syndicated bank loans are collateralized by specific tangible assets of the borrowers. As such, investors in these securities that become impaired have historically experienced less severe losses than corporate bonds. At December 31, 2015, the carrying value and estimated fair value of the Company's direct investments in bank loans are $29.6 million and $28.7 million, respectively.

Of the total carrying value for bonds in an unrealized loss position at December 31, 2015, 94% were investment grade and 6% were below investment grade based on NAIC designation. Unrealized losses on bonds that were below investment grade comprised approximately 11% of the aggregate gross unrealized losses on debt securities.

Corporate bonds in an unrealized loss position were diversified across industries. As of December 31, 2015, the industries comprising the larger proportion of unrealized losses included energy (33% of bonds gross unrealized losses) and basic industry (23%). The largest unrealized loss related to a single corporate obligor was $49.8 million at December 31, 2015.

The amortized cost, gross unrealized gains and losses, estimated fair value and book/adjusted carrying value of debt securities at December 31, 2015, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities where securities can be called or pre-paid with or without early redemption penalties.

Maturity distribution	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Book/ Adjusted Carrying Value
(in thousands)					
Due in 1 year or less	$ 1,759,113	$ 15,277	$ 252	$ 1,774,138	$ 1,758,861
Due after 1 year through 5 years	11,059,473	770,084	57,826	11,771,731	11,059,473
Due after 5 years through 10 years	19,271,562	526,335	452,510	19,345,387	19,271,562
Due after 10 years through 20	2,827,689	330,219	36,615	3,121,293	2,827,689
Due after 20 years	6,279,986	781,193	81,082	6,980,097	6,279,986
Residential mortgage-backed	1,749,233	83,038	12,909	1,819,362	1,749,196
Commercial mortgage-backed	3,188,412	106,500	17,750	3,277,162	3,188,412
Other asset-backed	858,385	16,551	35,865	839,071	858,385
Total debt securities	$46,993,853	$ 2,629,197	$ 694,809	$ 48,928,241	$ 46,993,564

Effective yields, which are used to calculate amortization, are adjusted periodically to reflect actual payments to date and anticipated future payments. Other than as discussed below for certain loan-backed securities, resultant adjustments to carrying values are included in investment income using the retrospective method. Prepayment assumptions for loan-backed securities were obtained from independent providers of broker-dealer estimates.

With regard to certain loan-backed securities deemed to be high-risk, meaning the Company might not recover substantially all of its recorded investment, changes in investment yields due to changes in estimated future cash flows are accounted for on a prospective basis. The book/adjusted carrying value of securities changing from the retrospective to the prospective methodology in 2015 and 2014 was $19.1 million and $3.1 million, respectively.

Debt securities are classified into six NAIC quality categories. These categories range from Class 1 (the highest) to Class 6 (the lowest). Performing securities are designated Classes 1 - 5. Securities in or near default are designated Class 6. Securities designated as Class 3, 4, 5, and 6 are non-investment grade securities. If a designation is not currently available from the NAIC, the Company's investment advisor provides the designation. At December 31, 2015, the Company's investment advisor provided the designation for debt securities with carrying values and estimated fair values of $240.1 million and $237.9 million, respectively.

The NAIC approved guidance to adjust the ratings (NAIC 1 through NAIC 6) for CMBS, RMBS and certain asset-backed securities. For CMBS and RMBS, the guidance replaces nationally recognized statistical rating organizations ("NRSRO") ratings with a two-step process based upon the book and/or carrying values of each security and prices derived from models developed by an independent third party contracted by the NAIC. For certain asset-backed securities, the guidance replaces NRSRO ratings with a two-step process based upon the book and/or carrying values of each security and prices derived from generic models. This method acknowledges that securities which have a lower comparative carrying value would have a lower risk of further loss and, therefore, a higher rating.

The Company's debt securities by NAIC designation are as follows at December 31, 2015 (in thousands):

Quality category per NAIC designation	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Book/Adjusted Carrying Value
Class 1	$ 26,019,442	$ 1,816,623	$ 152,329	$ 27,683,736	$ 26,019,442
Class 2	19,497,361	781,902	463,754	19,815,509	19,497,361
Class 3	1,024,422	20,540	51,213	993,749	1,024,422
Class 4	417,336	5,718	26,949	396,105	417,299
Class 5	34,689	874	312	35,251	34,689
Class 6	603	3,540	252	3,891	351
Total debt securities	$ 46,993,853	$ 2,629,197	$ 694,809	$ 48,928,241	$ 46,993,564

The book/adjusted carrying value and fair value of debt securities in default that were anticipated to be income producing when purchased were $0 and $3.3 million, respectively, at December 31, 2015 and $0 and $2.9 million, respectively, at December 31, 2014. The book/adjusted carrying value and fair value of debt securities that were non-income producing for the 12 months preceding December 31, 2015 were $5 thousand and $5.1 million, respectively, and for the 12 months preceding December 31, 2014 were $5 thousand and $4.6 million, respectively.

Debt securities with a book/adjusted carrying value of $123.1 million and $139.4 million at December 31, 2015 and 2014, respectively, were on deposit with regulatory authorities as required by law in various states in which business is conducted.

At December 31, 2015 and 2014, debt securities with a book/adjusted carrying value of $1,730.7 million and $1,810.1 million, respectively, were held in trust pursuant to the 100% coinsurance transactions ("retro treaties") with Swiss Re Life Capital Ltd ("Swiss Re") discussed in Note 7.

Other-Than-Temporary Impairment

The Company periodically reviews its debt securities and equities on a case-by-case basis to determine if any decline in fair value to below cost or amortized cost is other-than-temporary. Factors considered in determining whether a decline is other-than-temporary include the length of time a security has been in an unrealized loss position, the severity of the unrealized loss and the reasons for the decline in value and expectations for the amount and timing of a recovery in fair value, and the Company's intent and ability not to sell a security prior to a recovery in fair value. If it is determined that a decline in fair value of an investment is temporary, an impairment loss is not recorded. If the decline is considered to be other-than-temporary, a realized loss is recorded in the statement of operations. The AVR is also charged for the realized loss, with an offsetting credit to surplus.

Securities the Company determines are underperforming or potential problem securities are subject to regular review. To facilitate the review, securities with significant declines in value, or where other objective criteria evidencing credit deterioration have been met, are included on a watch list. Among the criteria for securities to be included on a watch list are: credit deterioration that has led to a significant decline in fair value of the security; a significant covenant related to the security has been breached; or an issuer has filed or indicated a possibility of filing for bankruptcy, has missed or announced it intends to miss a scheduled interest or principal payment, or has experienced a specific material adverse change that may impair its creditworthiness.

In performing these reviews, the Company considers the relevant facts and circumstances relating to each investment and exercises considerable judgment in determining whether a security is other-than-temporarily impaired. Assessment factors include judgments about an obligor's current and projected financial position, an issuer's current and projected ability to service and repay its debt obligations, the existence of, and realizable value of, any collateral backing the obligations and the macro-economic and micro-economic outlooks for specific industries and issuers. This assessment may also involve assumptions regarding underlying collateral such as prepayment rates, default and recovery rates, and third-party servicing capabilities.

Among the specific factors considered are whether the decline in fair value results from a change in the credit quality of the security itself, or from a downward movement in the market as a whole, and the likelihood of recovering the carrying value based on the near-term prospects of the issuer. Unrealized losses that are considered to be primarily the result of market conditions (e.g., minor increases in interest rates, temporary market illiquidity or volatility, or industry-related events) and where the Company also believes there exists a reasonable expectation for recovery in the near term are usually determined to be temporary. To the extent that factors contributing to impairment losses recognized affect other investments, such investments are also reviewed for other-than-temporary impairment and losses are recorded when appropriate.

In addition to the review procedures described above, investments in asset-backed securities where market prices are depressed are subject to a review of their future estimated cash flows, including expected and stress case scenarios, to identify potential shortfalls in contractual payments. These estimated cash flows are developed using available performance indicators from the underlying assets including current and projected default or delinquency rates, levels of credit enhancement, current subordination levels, vintage, expected loss severity and other relevant characteristics. These estimates reflect a combination of data derived by third parties and internally developed assumptions. Where possible, this data is benchmarked against third-party sources.

Even in the case of severely depressed market values on asset-backed securities, the Company places significant reliance on the results of its cash flow testing and its lack of an intent to sell these securities until their fair values recover when reaching other-than-temporary impairment conclusions with regard to these securities. Other-than-temporary impairment charges are recorded on asset-backed securities when the Company forecasts a contractual payment shortfall.

For mortgage-backed securities, credit impairment is assessed using a cash flow model that estimates the cash flows on the underlying mortgages, using the security-specific collateral characteristics and transaction structure. The model estimates cash flows from the underlying mortgage loans and distributes those cash flows to various tranches of securities, considering the transaction structure and any subordination and credit enhancements existing in that structure. The cash flow model incorporates actual cash flows on the mortgage-backed securities through the current period and then projects the remaining cash flows using a number of assumptions, including prepayment speeds, default rates and loss severity.

Specifically for prime and Alt-A RMBS, the assumed default percentage is dependent on the severity of delinquency status, with foreclosures and real estate owned receiving higher rates, but also includes the currently performing loans. As of December 31, 2015 and 2014, assumed default rates for delinquent loans ranged from 15% to 100%. At both December 31, 2015 and 2014, assumed loss severities were applied to generate and analyze cash flows of each bond and ranged from 25% to 68%.

Management develops specific assumptions using available market data, including internal estimates and references to data published by rating agencies and other third-party sources. These estimates are extrapolated along a default timing curve to estimate the total lifetime pool default rate.

The Company currently intends to hold securities with unrealized losses not considered other-than-temporary until they mature or for sufficient time to recover the amortized cost. However, if there are changes in the specific facts and circumstances surrounding a security, or the outlook for its industry sector, the Company may sell the security and realize a loss.

There were no loan-backed securities with a recognized other-than-temporary impairment where the Company has either the intent to sell the securities or may be forced to sell the securities prior to a recovery in value as of the statement date.

In 2015 and 2014, the Company recognized other-than-temporary impairments of $12.6 million and $14.2 million, respectively, related to loan-backed and structured securities. See Note 17 for a table detailing securities with recognized other-than-temporary impairment charges during 2015, where the Company has (or had at the quarterly reporting date) the intent and ability to hold the securities for sufficient time to recover the amortized cost.

The following table summarizes other-than-temporary impairment charges recorded for the years ended December 31, 2015 and 2014 (in thousands):

	2015	2014
Residential mortgage-backed securities:		
Prime	$ 575	$ 1,261
Alt-A	1,558	2,067
Subprime	1,845	1,791
Industrial and miscellaneous	46,900	6,503
Asset-backed securities	8,597	3,778
Limited partnership interests	81,077	132,122
Other	541	16,390
Total other-than-temporary impairment charges	$ 141,093	$ 163,912

Realized Gains and Losses on Investments
Net realized gains and losses on investments are as follows (in thousands):

	Years Ended December 31, 2015	Years Ended December 31, 2014
Sales of bonds		
Gross gains	$ 245,095	$ 232,879
Gross losses	(112,894)	(19,885)
Sales of stocks		
Gross gains	17,818	21,880
Gross losses	(22,312)	(1,357)
Derivative instruments	(1,055,507)	(1,234,281)
Mortgage loans on real estate	-	988
Other assets	5,910	(1,998)
Other-than-temporary impairment losses	(141,093)	(163,912)
Net realized losses	$ (1,062,983)	$ (1,165,686)
Net gains allocated to IMR	$ 181,703	$ 317,064
Net losses allocated to AVR	(1,244,686)	(1,482,750)
Net realized losses	$ (1,062,983)	$ (1,165,686)
Net losses allocated to AVR	$ (1,244,686)	$ (1,482,750)
Tax benefit	340,438	503,807
Reported net realized losses	$ (904,248)	$ (978,943)

Proceeds from the sale of bonds totaled $4.3 billion and $3.0 billion in 2015 and 2014, respectively.

Loan-Backed and Structured Securities
The Company has no significant concentrations as defined in SSAP No. 27, *Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk, Financial Instruments with Concentrations of Credit Risk and Disclosures about Fair Value of Financial Instruments*, arising from its investment in loan-backed securities.

The following table summarizes loan-backed and structured securities in an unrealized loss position as of December 31, 2015 (in thousands):

	Total	<12 Months	12+ Months
Fair value	$ 1,385,463	$ 994,272	$ 391,191
Unrealized loss	$ 66,524	$ 16,064	$ 50,460

At December 31, 2015, the carrying value and fair value of all loan-backed and structured securities, regardless of whether the security was in an unrealized loss position, were $5.8 billion and $5.9 billion, respectively.

Mortgage Loans on Commercial Real Estate
At December 31, 2015, mortgage loans were collateralized by properties located in 40 states. Jackson's commercial mortgage loan portfolio does not include single-family residential mortgage loans, and is therefore not exposed to the risk of defaults associated with residential subprime mortgage loans. The minimum and maximum lending rates for loans issued in 2015 were 2.9% and 4.7%, respectively. The maximum percentage of any one loan to the value of the security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages, was 79.8%.

During 2014, Jackson sold mortgage loans and other related assets with a fair value of $5.2 million to Hermitage.

The following table provides a summary of the allowance for losses in Jackson's commercial mortgage loan portfolio at December 31, 2014 (in thousands):

	2014
Balance at beginning of year	$ 352
Additions	10,740
Charge-offs	(11,092)
Recoveries	-
Net charge-offs	(352)
Provision for loan losses	-
Balance at end of year	$ -

There was no allowance for losses during 2015.

The following table provides a summary of the allowance for losses in Jackson’s commercial mortgage loan portfolio at December 31, 2014 (in thousands):

	Allowance for Loan Losses	**Recorded Investment**
Individually evaluated for impairment	$ -	$ 20,879
Collectively evaluated for impairment	-	-
Total	$ -	$ 20,879

The Company did not have investments in impaired loans at December 31, 2015.

As of December 31, 2015 and 2014, the Company’s commercial mortgage loan portfolio is current and accruing interest. Delinquency status is determined from the date of the first missed contractual payment.

Under Jackson's policy for monitoring commercial mortgage loans, all impaired commercial mortgage loans are closely evaluated subsequent to impairment. The tables below summarize the recorded investment, unpaid principal balance, related loan allowance, average recorded investment and investment income recognized on impaired loans during 2015 and 2014 (in thousands):

	Recorded Investment	Unpaid Principal Balance	Related Loan Allowance	Average Recorded Investment	Investment Income Recognized
At December 31, 2015:					
Impaired loans without a valuation allowance					
Apartment	$ -	$ -	$ -	$ 542	$ 50
Hotel	-	-	-	3,326	65
Total	-	-	-	3,868	115
Total impaired loans					
Apartment	-	-	-	542	50
Hotel	-	-	-	3,326	65
Total	$ -	$ -	$ -	$ 3,868	$ 115

	Recorded Investment	Unpaid Principal Balance	Related Loan Allowance	Average Recorded Investment	Investment Income Recognized
At December 31, 2014:					
Impaired loans with a valuation allowance					
Office	$ -	$ -	$ -	$ 662	$ 34
Impaired loans without a valuation allowance					
Apartment	821	821	-	840	64
Hotel	20,058	19,880	-	42,282	2,102
Office	-	-	-	13,862	3,381
Warehouse	-	-	-	2,678	297
Total	20,879	20,701	-	59,662	5,844
Total impaired loans					
Apartment	821	821	-	840	64
Hotel	20,058	19,880	-	42,282	2,102
Office	-	-	-	14,524	3,415
Warehouse	-	-	-	2,678	297
Total	$ 20,879	$ 20,701	$ -	$ 60,324	$ 5,878

The following tables provide information about the credit quality of commercial mortgage loans (in thousands):

	December 31, 2015				
	In Good Standing	Restructured	Greater than 90 Days Delinquent	In the Process of Foreclosure	Total Carrying Value
Apartment	$ 2,130,814	$ -	$ -	$ -	$ 2,130,814
Hotel	648,530	-	-	-	648,530
Office	732,060	-	-	-	732,060
Retail	1,149,054	-	-	-	1,149,054
Warehouse	1,770,704	-	-	-	1,770,704
Total	$ 6,431,162	$ -	$ -	$ -	$ 6,431,162

	December 31, 2014				
	In Good Standing	Restructured	Greater than 90 Days Delinquent	In the Process of Foreclosure	Total Carrying Value
Apartment	$ 1,919,623	$ -	$ -	$ -	$ 1,919,623
Hotel	530,044	20,058	-	-	550,102
Office	707,180	-	-	-	707,180
Retail	1,141,928	-	-	-	1,141,928
Warehouse	1,670,840	-	-	-	1,670,840
Total	$ 5,969,615	$ 20,058	$ -	$ -	$ 5,989,673

During 2015 and 2014, there were no commercial mortgage loans involved in troubled debt restructuring.

Limited Partnership and Limited Liability Interests

The limited partnerships and limited liability companies in which the Company has an interest primarily invest in securities. Income recognized by the Company was $741.4 million and $733.7 million in 2015 and 2014, respectively. In 2015 and 2014, $1.5 million and $2.3 million, respectively, of net unrealized gains were credited directly to surplus, including $542.2 million and $453.5 million, respectively, of dividends and membership distributions from subsidiaries. The Company recognized impairment writedowns of $81.1 million and $132.1 million on limited partnerships and limited liability companies during 2015 and 2014, respectively. See Note 15 for more information on the Curian Capital, LLC impairments during 2015 and 2014.

Securities Lending
The Company has entered into securities lending agreements with agent banks whereby blocks of securities are loaned to third parties, primarily major brokerage firms. At December 31, 2015 and 2014, the estimated fair value of loaned securities was $260.0 million and $183.3 million, respectively. The agreements require a minimum of 102 percent of the fair value of the loaned securities to be held as collateral, calculated on a daily basis. To further minimize the credit risks related to these programs, the financial condition of the counterparties is monitored on a regular basis. At December 31, 2015 and 2014, unrestricted cash collateral received in the amount of $270.0 million and $190.5 million, respectively, was included in other invested assets of the Company. In 2015 and 2014, an offsetting liability for the overnight and continuous loan of $270.0 million and $190.5 million, respectively, is included in payable for securities lending in the accompanying statutory statements of admitted assets, liabilities, capital and surplus.

Restricted Assets
At December 31, 2015, the Company has the following assets pledged to others as collateral or otherwise restricted (in thousands):

	Gross Restricted				Percentage	
Restricted Asset Category	Total General Account	Total Prior Year	Increase/ (Decrease)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted
Repurchase agreements	$ -	$ 269,312	$ (269,312)	$ -	0.00%	0.00%
FHLB capital stock	99,248	108,055	(8,807)	99,248	0.05%	0.05%
On deposit with state	123,120	139,397	(16,277)	123,120	0.07%	0.07%
Pledged as collateral to FHLB	2,639,211	2,922,850	(283,639)	2,639,211	1.40%	1.40%
Pledged as collateral for derivatives	459,306	281,216	178,090	459,306	0.24%	0.24%
Securities loaned for sec. lending agreements	270,576	189,081	81,495	270,576	0.14%	0.14%
Total restricted assets	$ 3,591,461	$ 3,909,911	$ (318,450)	$ 3,591,461	1.90%	1.90%

Note 5 – Derivative Instruments

The Company enters into financial derivative transactions, including, but not limited to, swaps, put-swaptions, futures and options to reduce and manage business risks. These transactions manage the risk of a change in the value, yield, price, cash flows, credit quality or degree of exposure with respect to assets, liabilities or future cash flows which the Company has acquired or incurred.

Derivative instruments are held primarily for hedging purposes. Derivative instruments afforded hedge accounting treatment are stated at either amortized cost or fair value and are accounted for in a manner consistent with the hedged items. Derivative instruments not afforded hedge accounting treatment are stated at fair value. Hedge accounting practices are supported by cash flow matching, duration matching or scenario testing.

Fair values for derivative instruments are based on quoted market prices, estimates received from financial institutions, or valuation models and generally reflect the estimated amounts that the Company would receive or pay upon sale or termination of the contracts as of the reporting date.

Cash requirements for derivative instrument activities are limited to settlements, payment commitments on swaps, margin requirements on cleared derivatives, and collateral posting requirements in accordance with derivatives' counterparty agreements.

The Company manages the potential credit exposure for over-the-counter derivative contracts through careful evaluation of the counterparty credit standing, collateral agreements, and master netting agreements. The Company is exposed to credit-related losses in the event of non-performance by counterparties; however, it does not anticipate non-performance. There were no charges incurred related to derivative counterparty non-performance during 2015 or 2014.

All of the Company's significant over-the-counter financial derivative counterparty master agreements contain netting provisions allowing for the offset of contractual payments either due from or due to counterparties. To the extent that the net market value of aggregate contracts with individual counterparties exceeds established threshold amounts, collateral posting in favor of the exposed party is required. Collateral must be high quality liquid securities or cash as directed by the agreements.

All of these master agreements also contain downgrade triggers that allow the party potentially harmed by the downgrade to, at its option, cause the related transactions to be unwound at market value or to be assigned to a different counterparty. All of these triggers are set in the BBB range and refer to Jackson's claims paying rating and the counterparty's senior debt rating. The intent of the triggers is to provide for a more orderly unwind of positions than might otherwise take place in the event of a bankruptcy. During 2015 and 2014, no counterparties triggered an event.

Interest rate swap agreements used for hedging purposes generally involve the exchange of fixed and floating payments based on a notional contract amount over the period for which the agreement remains outstanding without an exchange of the underlying notional amount.

With the permitted practice described in Note 2, interest rate swap agreements at December 31, 2015 and 2014 are included in derivatives reported at amortized cost. Net amounts paid or received on interest rate swaps and interest accruals are included in investment income.

Put-swaption contracts provide the purchaser with the right, but not the obligation, to require the writer to pay the present value of a long-term interest rate swap at future exercise dates. The Company purchases and writes put-swaptions for hedging purposes with original maturities of up to 10 years. Put-swaptions hedge against movements in interest rates. Written put-swaptions may be entered into in conjunction with associated put-swaptions purchased from the same counterparties ("linked put-swaptions"). Linked put-swaptions have identical notional amounts and strike prices, but have different underlying swap terms. Linked put-swaptions are presented at the fair value of the net position for each pair of contracts.

Put-swaption contracts and put-swaption contracts written are included in derivatives, both at fair value. Changes in fair value are recorded as unrealized capital gains or losses.

Equity index futures contracts and equity index options (including various call and put options, interest rate-contingent options, and put spreads) are used to hedge the Company's overall net exposure to equities. Equity index put options are included in derivatives reported at fair value.

Futures contracts are executed on regulated exchanges through brokers. Carrying value is equal to the initial cash margin and is included in derivative assets. Changes in variation margin are recorded as unrealized capital gains or losses.

Cross-currency swaps, which embody spot and forward currency swaps and, in some cases, interest rate and equity index swaps, are entered into for the purpose of hedging the Company issued foreign currency denominated guaranteed investment contracts.

Cross-currency swaps are included in derivatives at amortized cost. Amounts paid or received are netted with amounts paid or received on the hedged foreign currency denominated guaranteed investment contracts. Changes in fair value are recorded as unrealized capital gains or losses.

Credit default swaps, with maturities up to five years, are agreements where the Company has purchased default protection on certain underlying corporate bonds held in its portfolio. These contracts allow the Company to sell the protected bonds at par value to the counterparty if a defined "default event" occurs, in exchange for periodic payments made by the Company for the life of the agreement. Credit default swaps are carried at fair value and included in derivatives. Changes in fair value are recorded as unrealized capital gains or losses. The Company does not currently sell default protection using credit default swaps or other similar derivative instruments.

The fair value of derivatives reflects the estimated amounts, net of payment accruals, which the Company would receive or pay upon sale or termination of the contracts at the reporting date. With respect to swaps and put-swaptions, the notional amount represents the stated principal balance used as a basis for calculating payments. With respect to futures and options, the contractual amount represents the market exposure of outstanding positions.

A summary of the aggregate contractual or notional amounts, carrying values and fair values for derivative instruments outstanding is as follows (in thousands):

December 31, 2015

	Assets			Liabilities			
	Contractual/ Notional Amount	Carrying Value	Fair Value	Contractual/ Notional Amount	Carrying Value	Fair Value	Net Fair Value
Cross-currency swaps	$ 10,530	$ -	$ 868	$ -	$ -	$ -	$ 868
Equity index call options	15,000,000	10,389	10,389	-	-	-	10,389
Equity index put options	74,500,000	377,175	377,175	-	-	-	377,175
Put-swaptions	-	-	-	6,000,000	30,488	30,488	30,488
Futures	6,323,750	-	-	-	-	-	-
Interest rate swaps	21,100,000	-	546,962	-	-	-	546,962
Total	$116,934,280	$ 387,564	$ 935,394	$ 6,000,000	$ 30,488	$ 30,488	$ 965,882

December 31, 2014

	Assets			Liabilities			
	Contractual/ Notional Amount	Carrying Value	Fair Value	Contractual/ Notional Amount	Carrying Value	Fair Value	Net Fair Value
Cross-currency swaps	$ 10,530	$ -	$ 2,241	$ -	$ -	$ -	$ 2,241
Equity index call options	6,500,000	14,324	14,324	-	-	-	14,324
Equity index put options	72,750,000	342,284	342,284	-	-	-	342,284
Put-swaptions	-	-	-	6,000,000	94,262	94,262	94,262
Futures	3,200	-	-	-	-	-	-
Interest rate swaps	23,150,000	-	583,168	-	-	-	583,168
Total	$ 102,413,730	$ 356,608	$ 942,017	$ 6,000,000	$ 94,262	$ 94,262	$ 1,036,279

All of Jackson's master swap agreements contain credit downgrade provisions that allow a party to assign or terminate derivative transactions if the counterparty's credit rating declines below an established limit. At December 31, 2015 and 2014, the fair value of Jackson's net derivative assets by counterparty were $975.2 million and $1,050.8 million, respectively, and held collateral was $1,069.0 million and $1,065.1 million, respectively, related to these agreements. At December 31, 2015 and 2014, the fair value of Jackson's net derivative liabilities by counterparty was $9.3 million and $14.5 million, respectively, and provided collateral was nil and $18.5 million, respectively, related to these agreements. If all of the downgrade provisions had been triggered at December 31, 2015 or 2014, in aggregate, Jackson would have had to disburse $103.1 million and $10.3 million, respectively, to counterparties, representing the net fair values of derivatives by counterparty, less collateral held.

Note 6 - Investment Income

The sources of net investment income by major category are as follows (in thousands):

	Years Ended December 31, 2015	2014
Debt securities	$ 2,187,734	$ 2,294,308
Derivative instruments	282,337	251,750
Limited partnership interests	199,239	280,169
Mortgage loans on commercial real estate	286,043	298,613
Policy loans	398,833	395,836
Other investment income	599,122	480,205
Total investment income	3,953,308	4,000,881
Less investment expenses	55,733	53,041
Less interest expenses	33,485	31,844
Net investment income	$ 3,864,090	$ 3,915,996

Note 7 - Reinsurance

The Company assumes and cedes reinsurance from and to other insurance companies in order to limit losses from large exposures; however, if the reinsurer is unable to meet its obligations, the originating issuer of the coverage retains the liability. The Company reinsures certain of its risks to other reinsurers under a yearly renewable term, coinsurance or modified coinsurance basis. The Company regularly monitors the financial strength rating of reinsurers.

The Company maintains a reinsurance agreement with Jackson New York, whereby the Company assumes, on a 90% quota share basis, the guaranteed minimum withdrawal benefits ("GMWB") on all variable annuity contracts issued by Jackson New York. During 2015 and 2014, the reinsurance agreement resulted in assumed premiums of $74.1 million and $60.3 million, respectively. There was no liability for the assumed reserves at the end of either period.

The Company has also acquired certain lines of business that are wholly ceded to non-affiliates. These include direct and assumed accident and health business, direct and assumed life insurance business, and certain institutional annuities.

Prior to its acquisition by Jackson, REALIC entered into three retro treaties with Swiss Re on July 1, 2012. Pursuant to these retro treaties, REALIC ceded to Swiss Re, subject to pre-existing reinsurance with other parties, certain blocks of business written or assumed by REALIC. These blocks of business include the disability income and accident and health business written or assumed by REALIC, a mix of life and annuity insurance business written or assumed by REALIC, and the corporate owned life insurance business assumed by REALIC.

Pursuant to the retro treaties, the Company holds certain assets, primarily policy loans and fixed maturities, as collateral. This collateral is reported as funds held under reinsurance treaties on the statements of admitted assets, liabilities, capital and surplus. The income and realized gains on these assets are reported in income with a corresponding offset reported in interest on funds withheld treaties, with no impact on net income. At both December 31, 2015 and 2014, the funds held liability was $3.4 billion.

The effect of reinsurance on premiums and benefits was as follows (in thousands):

	Years Ended December 31, 2015	2014
Direct premiums and annuity considerations	$ 23,893,255	$ 23,874,015
Reinsurance assumed	249,461	259,473
Reinsurance ceded	(492,160)	(554,878)
Total premiums and annuity considerations	$ 23,650,556	$ 23,578,610
Direct benefits to policyholders and beneficiaries	$ 14,575,787	$ 13,814,644
Reinsurance assumed	458,834	448,609
Reinsurance ceded	(864,406)	(841,514)
Total benefits to policyholders and beneficiaries	$ 14,170,215	$ 13,421,739

Policy reserves and liabilities are stated net of reinsurance ceded to other companies. Reserves ceded were $7.2 billion and $7.3 billion at December 31, 2015 and 2014, respectively, which included reserves ceded to Brooke Life of $34.1 million and $37.2 million at December 31, 2015 and 2014, respectively.

Note 8 - Federal Income Taxes

The Company is subject to federal income taxation as a life insurance company and files a consolidated federal income tax return with Brooke Life and Jackson New York. The Company has entered into a written tax sharing agreement that is generally based on separate return calculations. Intercompany balances are settled on a quarterly basis.

In 2015, a tax expense of $1.1 million was recognized by the Company in accordance with the tax sharing agreement with Brooke Life. In 2014, a tax benefit of $15.1 million, primarily resulting from Brooke Life's interest deductions on its notes payable of $49.0 million, was recognized by the Company in accordance with the tax sharing agreement.

The Company is generally no longer subject to U.S. federal, state, and local income tax examinations by tax authorities for years prior to 2012.

Net Deferred Tax Asset

The components of the net DTA at December 31 are as follows (in thousands):

	December 31, 2015			December 31, 2014			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Total gross DTA	$ 2,194,227	$ 65,969	$ 2,260,196	$ 1,388,200	$ 46,133	$ 1,434,333	$ 806,027	$ 19,836	$ 825,863
Statutory valuation allowance	-	-	-	-	-	-	-	-	-
Adjusted gross DTA	2,194,227	65,969	2,260,196	1,388,200	46,133	1,434,333	806,027	19,836	825,863
DTA nonadmitted	248,886	-	248,886	175,980	-	175,980	72,906	-	72,906
Subtotal net admitted DTA	1,945,341	65,969	2,011,310	1,212,220	46,133	1,258,353	733,121	19,836	752,957
Deferred tax liabilities	(956,535)	(68,509)	(1,025,044)	(405,645)	(179,021)	(584,666)	(550,890)	110,512	(440,378)
Net admitted DTA	$ 988,806	$ (2,540)	$ 986,266	$ 806,575	$ (132,888)	$ 673,687	$ 182,231	$ 130,348	$ 312,579

Admission calculation components for SSAP No. 101 are as follows (in thousands):

		December 31, 2015			December 31, 2014			Change		
		Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a)	Federal income taxes Paid in prior years recoverable through loss carrybacks	$ 520,466	$ 8,081	$ 528,547	$ 456,181	$ 5,208	$ 461,389	$ 64,285	$ 2,873	$ 67,158
(b)	Adjusted gross DTA Expected to be realized after application of the threshold limitation (Lesser of (b)1 or (b)2 below)	457,229	490	457,719	211,983	316	212,299	245,246	174	245,420
	1. Adjusted gross DTA Expected to be realized following the balance sheet date			457,719			212,299			245,420
	2. Adjusted gross DTA Allowed per limitation threshold			559,828			571,683			(11,855)
(c)	Adjusted gross DTA (Excluding the amount of DTA from (a) and (b) above) offset by gross DTL	967,646	57,398	1,025,044	544,056	40,610	584,666	423,590	16,788	440,378
(d)	DTA admitted as the result of application of SSAP No. 101	$ 1,945,341	$ 65,969	$ 2,011,310	$ 1,212,220	$ 46,133	$ 1,258,353	$ 733,121	$ 19,836	$ 752,957

	2015	2014
Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount	812.9%	791.4%
Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation Amount (in thousands)	$ 4,313,531	$ 4,251,421

The impact of tax planning strategies was as follows (in thousands):

	December 31, 2015		December 31, 2014		Change	
	Ordinary	Capital	Ordinary	Capital	Ordinary	Capital
Determination of Adjusted Gross DTA and Net Admitted DTA, by Tax Character as a Percentage						
1. Adjusted gross DTAs	$ 2,194,227	$ 65,969	$ 1,388,200	$ 46,133	$ 806,027	$ 19,836
2. Percentage of adjusted gross DTAs by Tax character attributable to the impact of tax planning strategies	0%	0%	0%	0%	0%	0%
3. Net admitted adjusted gross DTAs	$ 1,945,341	$ 65,969	$ 1,212,220	$ 46,133	$ 733,121	$ 19,836
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0%	0%	0%	0%	0%	0%

The Company's tax planning strategies do not include the use of reinsurance.

The main components of the DTAs and deferred tax liabilities are as follows (in thousands):

	2015	2014	Change
Deferred tax assets resulting from book/tax differences in:			
Ordinary:			
Deferred acquisition costs	$ 400,419	$ 404,231	$ (3,812)
Insurance reserves	853,454	529,610	323,844
Unrealized hedge losses	188,766	179,960	8,806
Investments	484,773	12,091	472,682
Deferred compensation	139,758	131,624	8,134
Deferred and uncollected premium	7,662	6,770	892
Net operating loss carryforward	78,486	86,270	(7,784)
Other	40,909	37,644	3,265
Total ordinary gross & adjusted gross deferred tax assets	2,194,227	1,388,200	806,027
Deferred tax assets nonadmitted	(248,886)	(175,980)	(72,906)
Admitted ordinary gross deferred tax assets per NAIC SAP	1,945,341	1,212,220	733,121
Capital:			
Investments	64,845	39,709	25,136
Unrealized capital losses	1,124	6,424	(5,300)
Total capital gross & adjusted gross deferred tax assets	65,969	46,133	19,836
Deferred tax assets nonadmitted	-	-	-
Admitted capital gross deferred tax assets per NAIC SAP	65,969	46,133	19,836
Total admitted deferred tax assets	$ 2,011,310	$ 1,258,353	$ 752,957
Deferred tax liabilities resulting from book/tax differences in:			
Ordinary:			
Investments	$ 771,411	$ 211,522	$ 559,889
Fixed assets	8,593	8,678	(85)
Insurance reserves	118,130	145,188	(27,058)
Unrealized hedge gains	17,632	1,100	16,532
Due and deferred premium	40,568	38,691	1,877
Other	201	466	(265)
Total ordinary deferred tax liabilities	956,535	405,645	550,890
Total capital deferred tax liabilities	68,509	179,021	(110,512)
Total deferred tax liabilities	1,025,044	584,666	440,378
Total net admitted deferred tax asset	$ 986,266	$ 673,687	$ 312,579

The change in the net deferred income taxes is comprised of the following (this analysis is exclusive of the non-admitted DTAs as the Change in Non-admitted Assets is reported separately from the Change in Net Deferred Income Taxes in the Statutory Statements of Capital and Surplus) (in thousands):

	2015	2014	Change
Total deferred tax assets	$ 2,260,196	$ 1,434,334	$ 825,862
Total deferred tax liabilities	(1,025,044)	(584,666)	(440,378)
Net deferred tax assets/liabilities	1,235,152	849,668	385,484
Statutory valuation allowance adjustment	-	-	-
Net DTA after statutory valuation allowance adjustment	1,235,152	849,668	385,484
Tax effect of unrealized gains (losses)	(103,748)	(68,051)	(35,697)
Change in net deferred income tax	$ 1,131,404	$ 781,617	$ 349,787

There are no temporary differences for which deferred tax liabilities have not been recognized. Accordingly, there are no events that would cause unrecognized temporary differences to become taxable. There are no unrecognized deferred tax liabilities in foreign subsidiaries and foreign corporate joint ventures that are permanent in duration.

Taxes Incurred

Current income taxes incurred consist of the following major components (in thousands):

	2015	2014	Change
Federal taxes from operations	$ 663,055	$ 769,635	$ (106,580)
Federal tax benefit on capital losses	(283,004)	(397,829)	114,825
Utilization of operating loss carry forwards	(8,490)	(7,717)	(773)
Other	(57,102)	13,695	(70,797)
Total federal current taxes incurred	$ 314,459	$ 377,784	$ (63,325)

Federal taxes incurred are reflected in the accompanying statements as follows (in thousands):

	2015	2014
Federal taxes incurred	$ 580,034	$ 775,612
Capital gains tax transferred to AVR	(340,439)	(503,807)
Taxes transferred to IMR	75,259	107,314
Taxes on liability gains released from the IMR	(395)	(1,335)
Total federal current taxes incurred	$ 314,459	$ 377,784

A reconciliation of the more significant book to tax differences and the related tax effects (at a 35% statutory rate) is as follows (in thousands):

	Years Ended December 31,			
	2015		2014	
	Amount	Tax Effect	Amount	Tax Effect
Income before taxes	$ 1,047,139	$ 366,499	$ 1,465,331	$ 512,866
Brooke Life expense (benefit)	3,987	1,395	(55,614)	(19,465)
Dividends received deduction	(1,210,294)	(423,603)	(793,946)	(277,881)
Interest maintenance reserve	(151,554)	(53,044)	(165,756)	(58,015)
Limited liability companies impact	527,430	184,601	573,118	200,591
Amortization of value of business acquired and goodwill	56,408	19,743	68,542	23,990
Tax credits	(72,948)	(25,532)	-	-
Adjustment to invested asset basis	(315,742)	(110,510)	-	-
Other	14,637	5,123	(20,968)	(7,339)
Taxable income and current tax on operations	$ (100,937)	$ (35,328)	$ 1,070,707	$ 374,747
Federal and foreign taxes incurred		$ 580,034		$ 775,612
Tax on capital losses		(265,575)		(397,829)
Change in net deferred taxes		(349,787)		(3,036)
Total statutory taxes		$ (35,328)		$ 374,747

At December 31, 2015, the Company had a federal income tax ordinary loss carryforward of $224.2 million, which begins to expire in 2026, and an alternative minimum tax credit carryover of $17.8 million, attributable to the Company's acquisition of REALIC.

In February 2012, the Company's parent, Brooke Life Insurance Company, received a Notice of Proposed Adjustment from the Internal Revenue Service ("IRS") regarding an assessment related to its tax treatment of interest expense on intercompany debt in 2007 and 2008. Due to the intercompany tax sharing agreement, the effect of an adjustment, if any, would impact Jackson's tax expense. Brooke Life did not agree with the assessment, believed its position was sustainable and filed a protest with the Appellate Division of the IRS. In March 2014, the IRS formally conceded the debt / equity issue for the years under examination in favor of the Company.

The following are income taxes incurred in the current year and prior years that will be available for recoupment in the event of future net losses:

	Ordinary	Capital	Total
2015	$ 284,951,168	$ 99,969,470	$ 384,920,638
2014	$ 267,059,071	$ 99,506,686	$ 366,565,757

Losses from operations may be carried back three taxable years to recoup prior income taxes incurred. The Company has no deposits under Internal Revenue Code Section 6603.

The Company does not believe that it is reasonably possible that the liability related to any federal or foreign tax loss contingencies will significantly increase within the next 12 months.

Note 9 - Capital, Surplus and Dividend Restrictions

Under Michigan insurance law, while Jackson must provide notification to the Michigan commissioner of insurance prior to payment of any dividend, ordinary dividends on capital stock may only be distributed out of earned surplus, excluding any unrealized capital gains and the effect of permitted practices (referred to as adjusted earned surplus). At December 31, 2015, adjusted earned surplus was approximately $1,242.5 million. Ordinary dividends in any twelve month period are also limited to the greater of 10% of statutory surplus as of the preceding year-end, excluding any increase arising from the application of permitted practices, or the statutory net income, excluding any net realized investment gains, for the twelve month period ended on the preceding December 31. The commissioner may approve payment of dividends in excess of these amounts, which would be deemed an extraordinary dividend. The maximum dividend that can be paid to Brooke Life in 2016, subject to the availability of earned surplus, without prior approval of the commissioner is approximately $606.6 million.

The Company received no capital contributions during 2015 or 2014.

The Company made dividend payments to Brooke Life of $710.0 million and $697.0 million, respectively, in 2015 and 2014.

The NAIC has developed certain RBC requirements for life insurance companies. Under those requirements, compliance is determined by a ratio of a company's total adjusted capital ("TAC"), calculated in a manner prescribed by the NAIC to its authorized control level RBC ("ACL RBC"), calculated in a manner prescribed by the NAIC. Companies below specific trigger points or ratios are classified within certain levels, each of which requires specified corrective action. The minimum level of TAC before corrective action commences is twice ACL RBC ("company action level RBC"). At December 31, 2015 and 2014, the Company's TAC was more than 450% of the company action level RBC.

Note 10 - Debt

Surplus Notes

On March 15, 1997, the Company issued 8.15% surplus notes in the principal amount of $250.0 million due March 15, 2027. These surplus notes were issued pursuant to Rule 144A under the Securities Act of 1933, and are unsecured and subordinated to all present and future indebtedness, policy claims and other creditor claims and may not be redeemed at the option of the Company or any holder prior to maturity.

Under Michigan insurance law, the surplus notes are not part of the legal liabilities of the Company and are considered capital and surplus for statutory reporting purposes. Payments of interest or principal may only be made with the prior approval of the commissioner of insurance of the state of Michigan and only out of surplus earnings which the commissioner determines to be available for such payments under Michigan insurance law. Payments of interest on surplus notes are considered to be dividends for purposes of calculating whether a dividend is ordinary or extraordinary.

Interest is payable semi-annually on March 15 and September 15 of each year. Interest paid on surplus notes was $20.4 million in both 2015 and 2014.

Federal Home Loan Bank Loans

The Company received loans of $50.0 million from the FHLBI under its community investment program in both 2015 and 2014, which amortize on a straight line basis over the loan term. The weighted average interest rate on these loans was 0.36% in 2015 and 0.14% in 2014. The outstanding balance on these loans was $97.5 million and $50.0 million at December 31, 2015 and 2014, respectively. During 2015 and 2014, interest expense for these loans totaled $139 thousand and $71 thousand, respectively.

Federal Home Loan Bank Advances
The Company entered into a short-term advance program with the FHLBI in which interest rates were either fixed or variable based on the FHLBI cost of funds or market rates. At December 31, 2015, there were no advances outstanding. At December 31, 2014, advances of $200.0 million were outstanding and were recorded in other liabilities. The Company paid interest of $53 thousand and $22 thousand on such advances in 2015 and 2014, respectively.

Repurchase Agreements
The Company routinely enters into repurchase agreements whereby the Company agrees to sell and repurchase securities. These agreements are accounted for as financing transactions, with the assets and associated liabilities included in the balance sheet. Short-term borrowings under such agreements averaged $53.3 million and $97.5 million during 2015 and 2014, respectively, with weighted average interest rates of 0.19% in 2015 and 0.12% in 2014. There was no outstanding repurchase agreement balance at December 31, 2015. At December 31, 2014, the outstanding repurchase agreement balance was $289.6 million, collateralized with U.S. Treasury notes and maturing within 30 days. Interest paid totaled $0.1 million in both 2015 and 2014. The highest level of short-term borrowings at any month end was $215.3 million in 2015 and $289.6 million in 2014.

Note 11 - Life and Annuity Reserves

The Company waives deductions of deferred fractional premiums upon death of the insured and returns premiums paid and due beyond the date of death. A reserve is held where a surrender value is promised in excess of the minimum required basic reserves.

At December 31, 2015 and 2014, 82% and 83%, respectively, of annuity reserves and deposit liabilities were subject to surrender charges of at least 5% or at market value in the event of discretionary withdrawal by policyholders.

For policies issued on substandard lives, either the gross premiums are calculated on a rated age basis, or an extra premium is charged in addition to the standard premium at the true issue age. Mean reserves are calculated as the regular mean reserve for the plan at the rated age, the regular mean reserve for the plan at the true issue age plus one-half of the extra premium charged, or a substandard reserve based on the appropriate multiple of the standard.

The Company had insurance in force, for which the gross premiums are less than the net premiums of approximately $19.0 billion and $19.8 billion, at December 31, 2015 and 2014, respectively, according to the valuation standard set by the state of Michigan.

The Company’s incurred but not reported claim provision is based on the Company’s historical experience. The provision was $93.2 million and $110.9 million at December 31, 2015 and 2014, respectively.

The Company issues variable annuity and life contracts through its separate accounts for which investment income and investment gains and losses accrue directly to, and investment risk is borne by, the contract holder (traditional variable annuities and life). The Company also issues variable annuity contracts through separate accounts where the Company contractually guarantees to the contract holder (variable contracts with guarantees) either a) return of no less than total deposits made to the contract adjusted for any partial withdrawals, b) total deposits made to the contract adjusted for any partial withdrawals plus a minimum return, or c) the highest contract value on a specified anniversary date adjusted for any withdrawals following the contract anniversary. These guarantees include benefits that are payable in the event of death (guaranteed minimum death benefit (“GMDB”)), at annuitization (guaranteed minimum income benefit (“GMIB”)), upon depletion of funds (guaranteed minimum withdrawal benefits (“GMWB”)) or at the end of a specified period (guaranteed minimum accumulated benefit (“GMAB”)).

The Company provided variable annuity contracts with guarantees, for which the net amount at risk is defined as the amount of guaranteed benefit in excess of current account value, as follows (dollars in millions):

December 31, 2015	Minimum Return	Separate Account Value	Net Amount at Risk	General Account Reserve [(1)]	Weighted Average Attained Age
Return of net deposits plus a minimum return					
GMDB	0-6%	$ 98,078.8	$ 3,707.4		65.4 years
GMWB - premium only	0%	2,604.8	77.3		
GMWB - for life	0-5% *	316.4	32.2		
GMAB - premium only	0%	65.8	0.1		
Total				$ 392.0	
Highest specified anniversary account value minus withdrawals post-anniversary					
GMDB		8,850.0	756.3		65.5 years
GMWB - highest anniversary only		2,781.3	280.6		
GMWB - for life		980.5	142.3		
Total				14.7	
Combination net deposits plus minimum return, highest specified anniversary account value minus withdrawals post-anniversary					
GMDB	0-6%	5,996.8	943.4		68.3 years
GMIB	0-6%	1,990.7	728.8		
GMWB - for life	0-8% *	88,093.2	10,714.0		
Total				7.9	

(1) Before reinsurance assumed or ceded.

* Ranges shown based on simple interest. The upper limits of 5% or 8% simple interest are approximately equal to 4.1% and 6%, respectively, on a compound interest basis over a typical 10-year bonus period.

December 31, 2014	Minimum Return	Separate Account Value	Net Amount at Risk	General Account Reserve [(1)]	Weighted Average Attained Age
Return of net deposits plus a minimum return					
GMDB	0-6%	$ 94,600.5	$ 2,220.2		65 years
GMWB - premium only	0%	3,095.1	47.3		
GMWB - for life	0-5% *	385.8	25.1		
GMAB - premium only	0%	82.2	0.1		
Total				$ 77.7	
Highest specified anniversary account value minus withdrawals post-anniversary					
GMDB		8,828.4	258.4		65 years
GMWB - highest anniversary only		3,092.4	125.9		
GMWB - for life		1,233.7	86.5		
Total				1.8	
Combination net deposits plus minimum return, highest specified anniversary account value minus withdrawals post-anniversary					
GMDB	0-6%	6,202.9	471.4		67.5 years
GMIB	0-6%	2,366.6	535.4		
GMWB - for life	0-8% *	83,758.2	2,981.6		
Total				1.8	

(1) Before reinsurance assumed or ceded.

* Ranges shown based on simple interest. The upper limits of 5% or 8% simple interest are approximately equal to 4.1% and 6%, respectively, on a compound interest basis over a typical 10-year bonus period.

Amounts shown as GMWB above include a 'not-for-life' component up to the point at which the guaranteed withdrawal benefit is exhausted, after which benefits paid are considered to be 'for-life' benefits. For this table, the net amount at risk of the 'not-for-life' component is the undiscounted excess of the guaranteed withdrawal benefit over the account value, and the 'for-life' component is the estimated value of additional life contingent benefits paid after the guaranteed withdrawal benefit is exhausted.

The average period until expected annuitization for the GMIB is 0.5 years and 1.4 years as of December 31, 2015 and 2014, respectively. GMIB benefits are reinsured, subject to aggregate annual claim limits. Deductibles also apply on reinsurance of GMIB business issued since March 1, 2005. Reinsurance credits of $12.0 million and $9.4 million were taken in 2015 and 2014, respectively. Due to the inability to economically reinsure or hedge new issues of the GMIB, the Company discontinued offering the benefit in 2009.

Account balances of contracts with guarantees were invested in variable separate accounts as follows (in millions):

	December 31,	
Fund type:	2015	2014
Equity	$ 76,596	$ 73,343
Bond	15,934	16,302
Balanced	18,681	18,825
Money market	1,180	1,010
Total	$ 112,391	$ 109,480

Reserves for variable annuities and associated guarantees are calculated using Actuarial Guideline 43. Required direct reserves and net amounts at risk associated with guaranteed benefits were $414.6 million and $17.4 billion, respectively, at December 31, 2015 and $81.3 million and $6.8 billion, respectively, at December 31, 2014.

Analysis of annuity reserves and deposit liabilities by withdrawal characteristics is as follows (in thousands):

	December 31, 2015			
	General Account	Guaranteed Separate Account	Nonguaranteed Separate Account	Total
Subject to discretionary withdrawal:				
With market value adjustment	$ 3,848,624	$ 7,714	$ -	$ 3,856,338
At book value without market value adjustment and with current surrender charge of 5% or more	10,552,083	-	-	10,552,083
At fair value	-	-	119,973,030	119,973,030
At book value without market value adjustment and with current surrender charge less than 5%	21,569,031	-	-	21,569,031
Total subject to discretionary withdrawal	35,969,738	7,714	119,973,030	155,950,482
Not subject to discretionary withdrawal	7,853,684	-	42,139	7,895,823
Total gross	43,823,422	7,714	120,015,169	163,846,305
Reinsurance ceded	317,668	-	-	317,668
Total, net of reinsurance	$ 43,505,754	$ 7,714	$ 120,015,169	$ 163,528,637

	December 31, 2014			
	General Account	Guaranteed Separate Account	Nonguaranteed Separate Account	Total
Subject to discretionary withdrawal:				
With market value adjustment	$ 4,023,408	$ 8,401	$ -	$ 4,031,809
At book value without market value adjustment and with current surrender charge of 5% or more	11,183,830	-	-	11,183,830
At fair value	47	-	114,171,124	114,171,171
At book value without market value adjustment and with current surrender charge less than 5%	20,136,624	-	-	20,136,624
Total subject to discretionary withdrawal	35,343,909	8,401	114,171,124	149,523,434
Not subject to discretionary withdrawal	6,681,010	-	31,795	6,712,805
Total gross	42,024,919	8,401	114,202,919	156,236,239
Reinsurance ceded	334,649	-	-	334,649
Total, net of reinsurance	$ 41,690,270	$ 8,401	$ 114,202,919	$ 155,901,590

Universal Life Insurance Secondary Guarantees

The Company previously issued universal life contracts with secondary guarantees, also called "no-lapse" guarantees. No-lapse guarantees are offered in the form of minimum premium guarantees or no-lapse account values. Reserves are calculated according to the Standard Valuation Law, Universal Life Insurance Model Regulation, Valuation of Life Insurance Policies Model Regulation, and Actuarial Guideline 38.

Reserves for variable universal life contracts are calculated according to the Standard Valuation Law, Universal Life Insurance Model Regulation, Variable Life Insurance Model Regulation and Actuarial Guideline 37. Reserve balances were $96.9 million and $104.0 million at December 31, 2015 and 2014, respectively.

At both December 31, 2015 and 2014, approximately 88% of the Company's fixed interest rate annuity account values correspond to crediting rates that are at the minimum guaranteed interest rates. The following tables show the distribution of the fixed interest rate annuities' account values within the presented ranges of minimum guaranteed interest rates at December 31 (in millions):

Minimum Guaranteed Interest Rate	2015 Account Value Fixed	Fixed Index	Variable	Total
1.0%	$ 2,469.6	$ 1,848.8	$ 3,494.1	$ 7,812.5
>1.0% - 2.0%	1,311.7	7,076.3	2,484.8	10,872.8
>2.0% - 3.0%	8,591.4	3,365.9	1,054.5	13,011.8
>3.0% - 4.0%	1,861.9	-	-	1,861.9
>4.0% - 5.0%	2,415.9	-	-	2,415.9
>5.0% - 5.5%	312.4	-	-	312.4
Total	$ 16,962.9	$ 12,291.0	$ 7,033.4	$ 36,287.3

Minimum Guaranteed Interest Rate	2014 Account Value Fixed	Fixed Index	Variable	Total
1.0%	$ 2,042.6	$ 1,477.2	$ 2,259.1	$ 5,778.9
>1.0% - 2.0%	1,816.4	7,463.8	2,618.1	11,898.3
>2.0% - 3.0%	8,845.4	3,655.2	992.8	13,493.4
>3.0% - 4.0%	1,932.2	-	-	1,932.2
>4.0% - 5.0%	2,442.8	-	-	2,442.8
>5.0% - 5.5%	321.9	-	-	321.9
Total	$ 17,401.3	$ 12,596.2	$ 5,870.0	$ 35,867.5

Note 12 – Separate Accounts

Reserves of the non-guaranteed separate accounts are subject to discretionary withdrawal at fair value. Reserves for minimum guaranteed death benefits on variable life and annuity contracts, as well as minimum guaranteed living benefits on variable annuity contracts, are held in the general account. All assets of the separate accounts are carried at fair value. Premiums, considerations or deposits totaled $18.2 billion and $18.5 billion for 2015 and 2014, respectively. Reserves in the separate accounts totaled $120.1 billion and $114.3 billion at December 31, 2015 and 2014, respectively.

A reconciliation of net transfers to separate accounts for the years ended December 31, 2015 and 2014 is as follows (in thousands):

	2015	2014
Transfers as reported in the Summary of Operations of the Separate Accounts Statement:		
Transfers to separate accounts	$ 19,554,893	$ 20,774,980
Transfers from separate accounts	7,733,063	7,226,850
Net transfers to separate accounts	11,821,830	13,548,130
Reconciling adjustments:		
Benefit fees (guaranteed minimum income/withdrawal) and other	(1,484,594)	(1,282,947)
Other	293,371	186,632
Transfers as reported in the accompanying Statements of Operations	$ 10,630,607	$ 12,451,815

The difference between the CARVM reserve and the fair value of assets is recognized as an expense allowance in the general account. The total CARVM allowance reduced the general account liability by $5.5 billion and $5.3 billion at December 31, 2015 and 2014, respectively.

Note 13 - Employee Retirement Plans

The Company has a defined contribution retirement plan covering substantially all employees. To be eligible to participate in the Company's contribution, an employee must have attained the age of 21, completed at least 1,000 hours of service in a 12-month period and passed their 12-month employment anniversary. In addition, the employee must be employed on the applicable January 1 or July 1 entry date. The Company's annual contributions, as declared by the board of directors, are based on a percentage of eligible compensation paid to participating employees during the year. In addition, the Company matches a participant's elective contribution, up to 6 percent of eligible compensation, to the plan during the year. The Company's expense related to this plan was $23.5 million and $22.0 million in 2015 and 2014, respectively.

The Company maintains non-qualified voluntary deferred compensation plans for certain agents and employees of Jackson and certain affiliates. At December 31, 2015 and 2014, the liability for such plans totaled $539.7 million and $496.9 million, respectively. The Company's expense related to these plans, including a match of elective deferrals for the agents' deferred compensation plan and the change in value of participant elected deferrals, was $11.8 million and $30.2 million in 2015 and 2014, respectively. Previously, Jackson invested in selected mutual funds in amounts similar to participant elections as a hedge against significant movement in the payout liability. In December 2015, the Company liquidated its investment in these mutual funds and, instead, is hedging this liability within its overall hedging strategy. Investment (loss) income from the mutual funds previously invested in totaled $(1.1) million and $13.2 million in 2015 and 2014, respectively.

Note 14 – Other Related Party Transactions

The Company's investment portfolio is managed by PPM America, Inc. ("PPMA"), a registered investment advisor, and PPM Finance, Inc. (collectively "PPM"). PPM is ultimately a wholly owned subsidiary of Prudential. The Company paid $43.6 million and $43.7 million to PPM for investment advisory services in 2015 and 2014, respectively.

Jackson has entered into shared services and administrative agreements with certain affiliates. Under the agreements, Jackson allocated $65.2 million and $55.4 million of certain management and administrative services expenses to affiliates in 2015 and 2014, respectively.

The Company contracts with PGDS to provide certain information technology services. The cost of the services, totaling $138.7 million and $118.7 million in 2015 and 2014, respectively, is based on the cost to PGDS.

Jackson provided a $40.0 million revolving credit facility to Nicole Finance, Inc. ("Nicole"), a former upstream holding company. Effective December 31, 2015, Nicole merged into its parent, Brooke (Holdco 1) Inc., which assumed all of Nicole's liabilities. The loan is unsecured, matures in December 2016, accrues interest at 1.27% per annum and has a commitment fee of 0.10% per annum. There was no balance outstanding at December 31, 2015 or 2014. The highest outstanding loan balance during 2015 and 2014 was nil and $16.8 million, respectively. Interest and commitment fees totaled $40 thousand and $132 thousand during 2015 and 2014, respectively.

Jackson provides a $40.0 million revolving credit facility to PPMA. The loan is unsecured, matures in 2018, accrues interest at LIBOR plus 2% per annum, and has a commitment fee of 0.25% per annum. There was no balance outstanding at December 31, 2015 or 2014. Interest and commitment fees totaled $134 thousand and $100 thousand during 2015 and 2014, respectively.

Jackson provides a $50.0 million revolving credit facility to PGDS. The loan is unsecured, matures in 2016, accrues interest at LIBOR plus 2% per annum, and has a commitment fee of 0.10% per annum. The balance outstanding at December 31, 2015 and 2014 was $50.0 million and $46.7 million, respectively. The highest outstanding loan balance during both 2015 and 2014 was $50.0 million. Interest and commitment fees totaled $1.1 million during both 2015 and 2014.

Jackson provides a $350.0 million revolving credit facility to Curian Clearing, LLC. The loan is unsecured, matures in 2020, accrues interest at LIBOR plus 2% per annum, and has a commitment fee of 0.10% per annum. There was no balance outstanding at December 31, 2015 or 2014. The highest outstanding loan balance during 2015 and 2014 was $310.0 million and $85.0 million, respectively. Interest and commitment fees totaled $293 thousand and $68 thousand during 2015 and 2014, respectively.

The Company provides a $6.0 million revolving credit facility to National Planning Holdings, Inc. The loan is unsecured, matures in 2017, accrues interest at LIBOR plus 2% per annum, and has a commitment fee of 0.10% per annum. There was no balance outstanding at December 31, 2015 or 2014. Interest and commitment fees totaled $6 thousand during both 2015 and 2014.

Jackson provides a $20.0 million revolving credit facility to Brooke Holdings LLC. The loan is unsecured, matures in 2019, accrues interest at LIBOR plus 2% per annum and has a commitment fee of 0.25% per annum. The balance outstanding at both December 31, 2015 and December 31, 2014 was $0.1 million. The highest outstanding loan balance during both 2015 and 2014 was $0.1 million. Interest and commitment fees totaled $52 thousand and $50 thousand during 2015 and 2014, respectively.

In 2015, the Company received a net return of capital of $18.3 million and a dividend of $18.2 million from Hermitage.

In 2014, the Company received dividends of $4.0 million from Curian Clearing, LLC, respectively.

In 2015 and 2014, the Company received membership distributions of $524.0 million and $449.5 million from Jackson National Asset Management, LLC, respectively.

In 2014, the Company made a net capital contribution of $60.0 million to Curian Capital, LLC.

Note 15 – Commitments and Contingent Liabilities

The Company and its subsidiaries are involved in litigation arising in the ordinary course of business. It is the opinion of management that the ultimate disposition of such litigation will not have a material adverse affect on the Company's financial condition. Jackson has been named in civil litigation proceedings, which appear to be substantially similar to other class action litigation brought against many life insurers including a modal premium case and allegations of misconduct in the sale of insurance products. The Company accrues for legal contingencies once the contingency is deemed to be probable and reasonably estimable. At December 31, 2015 and 2014, Jackson recorded accruals totaling $9.5 million and $8.5 million, respectively.

The Company has provided an unlimited guarantee for the policyholder obligations of its wholly owned life insurance subsidiary, Jackson New York. The maximum potential amount of future payments cannot be estimated as Jackson New York continues to write new business. This guarantee is not expected to result in future required payments by the Company and is not considered to result in a material contingent exposure of the Company’s assets to liability because the Company and Jackson New York share the same management and Jackson New York is subject to regulatory supervision of the state of New York. Accordingly, the Company has not accrued any liability for this guarantee (exception allowed under SSAP No. 5R, paragraph 17f).

In 2014, Jackson commenced a review of its wholly owned subsidiaries (Curian Capital, LLC and Curian Clearing, LLC). During its review, Jackson discovered that Curian Capital's receipt of certain fees may have been inconsistent with applicable regulations. Jackson promptly reported these issues to regulatory authorities and retained independent outside legal counsel to conduct a thorough investigation. As of December 31, 2015, Curian Capital has recorded cumulative expenses of $76.5 million related to actual expenses incurred/customer payments and has a liability of $8.6 million for currently estimable outstanding exposures related to these issues. The reserve represents Jackson's best estimate of the outstanding exposure as of December 31, 2015. Continuing work and regulatory discussions may result in future expenses, which are not estimable at this time. Based on current information, however, management believes that any additional exposure is unlikely to be material to Jackson. During 2015 and 2014, the Company recognized impairment writedowns of $31.0 million and $113.4 million, respectively, on Curian Capital.

At December 31, 2015, the Company had unfunded commitments related to its investments in limited partnerships and limited liability companies totaling $440.0 million, including $48.9 million to limited partnerships and limited liability companies on which the Company has recognized an impairment charge. Unfunded commitments related to fixed-rate commercial mortgage loan and other fixed maturities totaled $94.5 million at December 31, 2015.

At December 31, 2015, the Company had pledged mortgage related securities and commercial mortgage loans with a fair value of $2.7 billion in connection with funding agreements issued to and borrowed money from the FHLBI. Securities for which all or a portion of Jackson's holdings have been pledged continue to be reported as invested assets.

In connection with the reinsurance treaty with Jackson New York described in Note 7, Jackson placed high quality securities with a carrying value and fair value of $42.9 million and $48.8 million, respectively, at December 31, 2015, in a trust for the benefit of Jackson New York. These securities had a carrying value and fair value at December 31, 2014 of $99.0 million and $109.8 million, respectively. The trust is required in order for Jackson New York to record a credit for the reserves ceded to Jackson. The securities are reported as invested assets.

In connection with other life business ceded to non-affiliates, Jackson placed high quality securities in a trust for the benefit of the assuming company. These securities had a carrying value and fair value of $331.7 million and $360.2 million, respectively, at December 31, 2015. These securities had a carrying value and fair value at December 31, 2014 of $362.5 million and $405.7 million, respectively. The securities are reported as invested assets.

The Company leases office space and equipment under several operating leases that expire at various dates through 2051. Certain leases include escalating lease rates and, as a result, at December 31, 2015, Jackson recorded a liability of $7.2 million for future lease payments. Lease expense was $33.1 million and $29.8 million in 2015 and 2014, respectively.

At December 31, 2015, future minimum payments under noncancellable operating leases were as follows (in thousands):

2016	$ 18,838
2017	16,754
2018	14,463
2019	11,970
2020	11,780
Thereafter	32,203
Total	$ 106,008

Jackson had previously received regulatory inquiries on an industry-wide matter regarding claims settlement practices and compliance with unclaimed property laws. During 2015, Jackson has reached agreements to settle issues related to these inquiries. At December 31, 2015 and 2014, the estimated accrual for claims, penalties and interest on the unclaimed property matters is approximately $24.3 million and $20.0 million, respectively.

The Company has two separate service agreements with third party administrators to provide policyholder administrative services. These agreements, subject to certain termination provisions, have ten-year terms and expire in 2019 and 2020.

Note 16 – Share-Based Payments

The Company's employees participate in various share-based payment plans sponsored by Prudential, which are further described below. These plans relate to either Prudential shares and/or American Depositary Receipts ("ADRs") that are tradable on the New York Stock Exchange. Under these plans, with the exception of the performance-related share award plan described below, the Company is not directly liable for obligations under the plans, but does incur related compensation costs.

The Group Performance Share Plan is a Prudential incentive plan in which all executive directors of Prudential and other senior executives can participate. Awards are granted in the form of a nil cost option with a vesting period of three years. The performance measure for the awards is that Prudential's Total Shareholder Return ("TSR") outperforms an index comprised of peer companies over a three-year period. Vesting of the awards between each performance period is on a straight line sliding scale basis ranging from 0% (less than the peer index TSR return) to 100% (more than 120% of the peer index TSR return). Participants are entitled to the value of reinvested dividends that would have accrued on the shares that vest. The Company's expense related to this plan was $0.5 million and $3.9 million in 2015 and 2014, respectively.

The Business Unit Performance Plan is a Prudential incentive plan created to provide a common framework under which awards would be made to Chief Executive Officers of Prudential's business units. Awards under this nil cost plan for Jackson are based on compound annual growth in Jackson Shareholder Capital Value on a European Embedded Value ("EEV") basis with performance measured over three years. Awards granted in 2009 and later are settled in ADRs after vesting. Participants are entitled to receive the value of reinvested dividends over the performance period for those shares/ADRs that vest. The compound annual growth parameters for the awards are based on factors relevant to the U.S. business and vesting between each performance point is on a straight line sliding scale basis ranging from 0% (less than 8% growth) to 100% (more than 12% growth). The Company's expense related to this plan was $0.5 million and $3.4 million in 2015 and 2014, respectively.

At certain times, the Company may grant one-off type retention awards to certain key senior executives within Jackson. These awards are subject to the prior approval of the Jackson Remuneration Committee and are nil cost options with a contingent right to receive Prudential ADRs. The awards are contingent upon continued employment of the recipient through the award vesting date. There are no performance measurements with these awards. The Company's expense related to this plan was $3.3 million and $2.9 million in 2015 and 2014, respectively.

The Company recognizes share-based compensation expense associated with the above plans based on the grant-date award fair value as determined using either the Black-Scholes model or the Monte Carlo model ratably over the requisite service period of each individual grant, which generally equals the vesting period.

The Company also has a performance-related share award plan which, subject to the prior approval of the Jackson Remuneration Committee, may grant share awards to eligible employees in the form of a contingent right to receive Prudential ADRs, or a conditional allocation of Prudential ADRs. Under this plan, the Company has a direct obligation and, therefore, is required to apply the provisions of SSAP No. 104R *Share-Based Payments* ("SSAP 104R"). These share awards are based on the compound annual EEV imputed growth in shareholder value of the U.S. business, have vesting periods of four years and are at nil cost to the employee. Share awards vest between 0% (less than 8% growth) and 150% (more than 17.5% growth) of the grant amounts dependent on the compound annual growth rate attained over the performance period. Award holders do not have any right to dividends or voting rights attached to the ADRs granted during the performance period, but may select a cash settlement option upon vesting. The Company's expense related to this plan was $0.9 million and $5.6 million in 2015 and 2014, respectively. In 2013, this plan was replaced by the Prudential Long-Term Incentive Plan ("PLTIP") as further described below.

Under this performance-related share award plan, the Company's outstanding non-vested Prudential ADRs granted were as follows:

	Performance Award Plan	
	ADRs	Weighted Average Grant Date Fair Value
At December 31, 2013	477,024	$ 20.21
Granted	-	-
Exercised	217,638	15.97
Lapsed/Forfeited	16,844	23.75
At December 31, 2014	242,542	23.76
Granted	-	-
Exercised	120,449	23.27
Lapsed/Forfeited	19,488	24.24
At December 31, 2015	102,605	$ 24.24

The PLTIP is a Prudential incentive plan, in which the Company may grant share awards to eligible employees in the form of a contingent right to receive Prudential ADRs, or a conditional allocation of Prudential ADRs, subject to the prior approval of the Jackson Remuneration Committee. These share awards vest based on the achievement of planned International Financial Reporting Standards ("IFRS") pretax operating income for the U.S. business, have vesting periods of three years and are at nil cost to the employee. Share awards vest between 0% (less than 90% of plan) and 100% (more than 110% of plan) of the grant amounts dependent on IFRS pretax operating income attained over the performance period. Award holders do not have any right to dividends or voting rights attached to the ADRs granted during the performance period. Upon vesting, a number of ADRs equivalent to the value of dividends that otherwise would have been received over the performance period are added to vested awards. Participants have the option to select a cash settlement alternative under the plan. The Company's expense related to this plan was $44.9 and $30.6 million during the years ended December 31, 2015 and 2014, respectively.

The Company recognizes compensation expense related to the performance-related share award plan and the PLTIP based on the change in fair value of the award at the end of each reporting period. At December 31, 2015 and 2014, the Company had a liability of $94.9 million and $68.3 million, respectively, for future payments under all of the above plans.

The Company either acquires shares/ADRs or reimburses Prudential for the costs of any shares/ADRs that were distributed to participants in the above plans, or may be distributed in the future. The shares/ADRs acquired for all the share-award plans are held at cost in a trust account for future distributions. At December 31, 2015 and 2014, the Company had $31.9 million and $27.1 million of shares/ADRs held at cost in the trust, respectively.

Note 17 – Loan Backed Securities' Other-Than-Temporary Impairments

The following table details loan-backed securities with a recognized other-than-temporary impairment recorded in 2015 where the Company has the intent and ability to hold the securities for sufficient time to recover the amortized cost:

1 CUSIP	2 Book/Adj Carrying Value Amortized cost before current period OTTI	3 Projected Cash Flows	4 Recognized other-than-temporary impairment	5 Amortized cost after other-than temporary impairment	6 Fair Value	7 Financial Statement Reporting Period
05950LAE2	9,360,904	9,327,418	33,487	9,327,418	9,184,694	Q1-2015
1248MBAL9	5,768,038	5,713,203	54,835	5,713,203	5,489,696	Q1-2015
12498NAC7	2,611,626	2,560,535	51,091	2,560,535	2,084,922	Q1-2015
12666UAD5	10,916,421	10,758,559	157,862	10,758,559	10,007,843	Q1-2015
16163BAZ7	6,548,939	6,213,001	335,937	6,213,001	6,525,584	Q1-2015
31359UVM4	119,980	107,068	12,912	107,068	10,656	Q1-2015
32051GE92	2,572,951	2,522,881	50,070	2,522,881	2,542,250	Q1-2015
32051GL78	7,575,794	7,510,353	65,441	7,510,353	7,302,592	Q1-2015
32051GVK8	6,764,936	6,626,690	138,246	6,626,690	6,574,132	Q1-2015
32052TAB2	11,852,218	11,327,566	524,652	11,327,566	11,796,462	Q1-2015
46628SAG8	6,429,505	6,389,537	39,968	6,389,537	6,381,913	Q1-2015
46629QAE6	11,198,183	11,018,538	179,646	11,018,538	11,044,027	Q1-2015
52523KAH7	10,073,340	10,008,229	65,111	10,008,229	8,582,404	Q1-2015
74959RAB2	18,939,653	17,055,803	1,883,849	17,055,803	13,681,040	Q1-2015
74959RAD8	25,449,915	22,744,792	2,705,123	22,744,792	18,978,300	Q1-2015
74959RAF3	19,990,056	17,995,522	1,994,533	17,995,522	14,571,070	Q1-2015
05948KE88	10,600,983	10,465,738	135,244	10,465,738	10,031,703	Q2-2015
05950LAE2	8,732,793	8,679,684	53,109	8,679,684	8,552,364	Q2-2015
1248MBAL9	5,552,888	5,515,380	37,508	5,515,380	5,335,037	Q2-2015
12498NAC7	2,570,432	2,510,145	60,287	2,510,145	2,062,392	Q2-2015
126673P55	497,250	349,332	147,918	349,332	422,531	Q2-2015
12669ATR5	362,734	357,009	5,725	357,009	316,682	Q2-2015
46630KAC0	4,702,898	4,632,343	70,555	4,632,343	4,566,565	Q2-2015
52523KAH7	9,985,173	9,921,459	63,714	9,921,459	8,585,505	Q2-2015
759950ES3	222,453	210,197	12,256	210,197	205,466	Q2-2015
74959RAB2	17,068,153	16,703,809	364,344	16,703,809	13,141,060	Q3-2015
74959RAD8	22,910,081	22,266,549	643,532	22,266,549	18,211,230	Q3-2015
74959RAF3	17,977,781	17,571,527	406,254	17,571,527	14,020,850	Q3-2015
57643MJV7	3,382,567	3,236,113	146,454	3,236,113	2,211,602	Q3-2015
79548KH84	358,329	356,665	1,664	356,665	355,189	Q3-2015
12669ATR5	330,770	308,784	21,987	308,784	295,952	Q3-2015
32051GYJ8	8,442,549	8,413,512	29,036	8,413,512	8,340,467	Q3-2015
31359VHD8	306,736	191,651	115,085	191,651	189,715	Q3-2015
12498NAC7	2,519,500	2,325,439	194,061	2,325,439	2,045,680	Q3-2015
1248MBAL9	5,365,486	5,345,862	19,624	5,345,862	5,187,538	Q3-2015
46630KAC0	4,521,488	4,507,923	13,565	4,507,923	4,450,027	Q3-2015
52523KAH7	9,933,399	9,781,846	151,553	9,781,846	8,428,982	Q3-2015
759950ES3	200,949	191,283	9,666	191,283	176,788	Q3-2015
38374GCH3	14,022	8,904	5,118	8,904	1,616	Q3-2015
05949CMV5	827,793	823,103	4,690	823,103	823,152	Q4-2015
1248MBAL9	5,189,878	5,179,043	10,835	5,179,043	5,055,695	Q4-2015
12498NAC7	2,333,440	2,270,511	62,930	2,270,511	2,151,117	Q4-2015

126673Z54	171,069	36,492	134,576	36,492	100,153	Q4-2015
12667GKB8	18,826,880	18,652,471	174,409	18,652,471	18,450,680	Q4-2015
31359VHD8	184,698	136,053	48,645	136,053	176,567	Q4-2015
32051GYJ8	7,851,844	7,755,395	96,449	7,755,395	7,566,953	Q4-2015
38374GCH3	8,234	2,550	5,685	2,550	1,359	Q4-2015
46630KAC0	4,397,012	4,315,614	81,398	4,315,614	4,284,354	Q4-2015
52523KAH7	9,794,702	9,588,361	206,341	9,588,361	8,364,897	Q4-2015
759950ES3	181,935	162,280	19,654	162,280	125,580	Q4-2015
87804AAD4	7,092,574	6,952,035	140,539	6,952,035	5,961,418	Q4-2015
91927RAB5	14,897,175	14,297,851	599,324	14,297,851	13,042,500	Q4-2015
Total			**12,586,497**			

Additional Information
Jackson National Life Insurance Company
Supplemental Schedule of Selected Financial Data
December 31, 2015

Investment income earned

U.S. government bonds	$	167,260,346
Other bonds (unaffiliated)		2,020,473,183
Bonds exempt from U.S. tax		-
Bonds of affiliates		-
Preferred stocks (unaffiliated)		-
Preferred stocks of affiliates		-
Common stocks (unaffiliated)		11,818,613
Common stocks of affiliates		-
Mortgage loans		289,196,989
Real estate		26,340,711
Contract loans		398,833,100
Cash, cash equivalents and short-term investments		637,224
Derivative instruments		281,039,993
Other invested assets		741,410,128
Aggregate write-ins for investment income		16,694,531
Total investment income	$	3,953,704,818
Real estate owned - book value less encumbrances	$	224,088,666
Mortgage loans by type - book value		
Farm mortgages	$	-
Residential mortgages		-
Commercial mortgages		6,431,161,683
Total mortgage loans	$	6,431,161,683
Mortgage loans by standing - book value		
Good standing	$	6,431,161,683
Good standing with restructured loans	$	-
Interest overdue more than 90 days, not in foreclosure	$	-
Foreclosure in process	$	-
Other long term assets - statement value	$	1,408,095,946
Contract loans	$	4,373,447,233
Bonds & stocks of parents, subsidiaries and affiliates - book value		
Bonds	$	-
Preferred stocks	$	-
Common stocks	$	449,781,986

Continued

Additional Information
Jackson National Life Insurance Company
Supplemental Schedule of Selected Financial Data
December 31, 2015

Bonds and short-term investments by class and maturity:	
Bonds by maturity - statement value	
Due within one year or less	$ 2,975,804,984
Over 1 year through 5 years	14,115,789,054
Over 5 years through 10 years	21,047,647,658
Over 10 years through 20 years	2,684,050,426
Over 20 years	6,170,271,862
Total by maturity	$ 46,993,563,984
Bonds by class - statement value	
Class 1	$ 26,019,441,516
Class 2	19,497,361,067
Class 3	1,024,421,731
Class 4	417,299,393
Class 5	34,689,522
Class 6	350,755
Total by class	$ 46,993,563,984
Total bonds publicly traded	$ 35,977,478,974
Total bonds privately placed	$ 11,016,085,010
Preferred stocks - statement value	$ 382,120
Common stocks - market value	$ 688,816,016
Short-term investments - book value	$ 963,628,956
Options, caps and floors owned - statement value	$ 391,339,200
Options, caps and floors written & in force - statement value	$ 26,712,111
Collar, swap and forward agreements open - statement value	$ -
Futures contracts open - current value	$ -
Cash on deposit	$ (186,727,728)
Cash equivalents	$ 49,769
Life insurance in force	
Industrial	$ 337,715,000
Ordinary	$ 112,145,363,000
Credit life	$ -
Group life	$ 1,259,622,000
Amount of accidental death benefits in force under ordinary policies	$ 3,727,358,000

Continued

Schedule 1

Additional Information
Jackson National Life Insurance Company
Supplemental Schedule of Selected Financial Data
December 31, 2015

Life insurance policies with disability provisions in force		
Industrial	$	172,000
Ordinary	$	12,295,356,000
Credit life	$	-
Group life	$	310,869,000
Supplementary contracts in force:		
Ordinary - not involving life contingencies-		
Amount on deposit	$	453,038,884
Income payable	$	11,213,843
Ordinary - involving life contingencies-		
Amount on deposit	$	13,643,831
Income payable	$	7,027,829
Group - not involving life contingencies-		
Amount on deposit	$	58,633
Income payable	$	-
Group - involving life contingencies-		
Income payable	$	174,824
Income payable	$	212,554
Annuities:		
Ordinary-		
Immediate - amount of income payable	$	250,216,743
Deferred - fully paid account balance	$	14,457,178,693
Deferred - not fully paid - account balance	$	17,995,804,264
Group-		
Amount of income payable	$	15,148,741
Fully paid account balance	$	1,506,875,331
Not fully paid - account balance	$	2,179,087,368
Accident and health insurance - premiums in force:		
Ordinary	$	-
Group	$	-
Credit	$	-
Deposit funds and dividend accumulations:		
Deposit funds - account balance	$	33,825,443
Dividend accumulations - account balance	$	51,084,973

See accompanying independent auditors' report.

Schedule 2

JACKSON NATIONAL LIFE INSURANCE COMPANY

Supplemental Investment Risks Interrogatories

December 31, 2015

1) Total admitted assets (excluding Separate Accounts): $ 63,454,064,705

2) 10 largest exposures to a single issuer/borrower/investment (excluding US Government):

Issuer	Category		Amount	Percentage
Jackson National Life Insurance Co of New York	Affiliated domestic securities	$	443,511,797	0.7%
JPMorgan Chase & Co	Unaffiliated domestic securities	$	290,481,791	0.5%
Bank of America Corp	Unaffiliated domestic securities	$	289,328,173	0.5%
Duke Energy Corp	Unaffiliated domestic securities	$	254,745,121	0.4%
Prologis, Inc	Commercial mortgage loan	$	253,677,566	0.4%
Wells Fargo & Company	Unaffiliated domestic securities	$	239,305,386	0.4%
BP Capital Markets Plc	Unaffiliated foreign securities	$	236,236,954	0.4%
Anheuser-Busch InBev Finance Inc	Unaffiliated domestic securities	$	228,405,772	0.4%
Verizon Communications Inc	Unaffiliated domestic securities	$	226,909,209	0.4%
General Electric Co	Unaffiliated domestic securities	$	205,740,844	0.3%

3) Amounts and percentages of total admitted assets held in bonds and preferred stocks by NAIC rating.

Bonds		Amount	Percentage	Preferred stock		Amount	Percentage
NAIC-1	$	26,019,441,516	41.0%	P/RP-1	$	—	0.0%
NAIC-2	$	19,497,361,067	30.7%	P/RP-2	$	—	0.0%
NAIC-3	$	1,024,421,731	1.6%	P/RP-3	$	—	0.0%
NAIC-4	$	417,299,393	0.7%	P/RP-4	$	—	0.0%
NAIC-5	$	34,689,522	0.1%	P/RP-5	$	—	0.0%
NAIC-6	$	350,755	0.0%	P/RP-6	$	382,120	0.0%

4) Assets held in foreign investments:

		Amount	Percentage
Total admitted assets held in foreign investments	$	5,277,436,600	8.3%

5) Aggregate foreign investment exposure categorized by NAIC sovereign rating:

		Amount	Percentage
Countries rated NAIC-1	$	5,095,051,513	8.0%
Countries rated NAIC-2	$	136,550,800	0.2%
Countries rated NAIC-3 or below	$	45,834,287	0.1%

6) Two largest foreign investment exposures in a single country, categorized by the country's NAIC sovereign rating:

		Amount	Percentage
Countries rated NAIC-1:			
United Kingdom	$	1,797,557,199	2.8%
Australia	$	829,787,313	1.3%
Countries rated NAIC-2:			
Spain	$	80,564,636	0.1%
Panama	$	35,334,041	0.1%
Countries rated NAIC-3 or below:			
Liberia	$	27,106,887	0.0%
Marshall Islands	$	10,000,000	0.0%

7) There is no unhedged foreign currency exposure.

8) There is no unhedged foreign currency exposure.

9) There is no unhedged foreign currency exposure.

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

Issuer	NAIC Rating		Amount	Percentage
BP Capital Markets Plc	1	$	236,236,954	0.4%
Rio Tinto Finance Ltd	1	$	159,018,428	0.3%
Vodafone Group Plc	2	$	120,394,748	0.2%
GE Capital International Holdings Corp	1	$	105,212,402	0.2%
Anglo American Capital Plc	2	$	93,558,968	0.1%
Deutsche Telekom Intl Finance B.V.	2	$	88,154,416	0.1%
British Telecommunications Plc	2	$	88,144,121	0.1%
LYB International Finance B.V.	2	$	87,579,224	0.1%
Actavis Funding Services	2	$	83,159,995	0.1%
BHP Billiton Ltd	1	$	82,964,799	0.1%

Continued

JACKSON NATIONAL LIFE INSURANCE COMPANY

Supplemental Investment Risks Interrogatories

December 31, 2015

11) There were no assets held in Canadian investments that exceeded 2.5% of the Company's total admitted assets.

12) There were no assets held in investments with contractual sales restrictions that exceeded 2.5% of the Company's total admitted assets.

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

Issuer		Amount	Percentage
Jackson National Life Insurance Co of New York	$	443,511,797	0.7%
PPM America Low Duration Bond Fund	$	122,755,909	0.2%
PPM America Private Equity Fund III, L.P.	$	105,432,685	0.2%
FHLBI Class B-1	$	99,248,200	0.2%
Curian Clearing, LLC	$	90,289,884	0.1%
PPM America Private Equity Fund V, L.P.	$	85,931,344	0.1%
PPM America Private Equity Fund IV, L.P.	$	62,958,943	0.1%
PPM America Private Equity Fund, L.P.	$	53,479,418	0.1%
PPM America Private Equity Fund II, L.P.	$	48,526,471	0.1%
JNAM, LLC	$	43,193,649	0.1%

14) There were no assets held in nonaffiliated, privately placed equities, exceeding 2.5% of the Company’s total admitted assets.

15) There were no assets held in general partnership interests that exceeded 2.5% of the Company’s total admitted assets.

16) Amounts and percentages of total admitted assets held in the ten largest mortgage loans:

Type		Amount	Percentage
Commercial	$	253,677,566	0.4%
Commercial	$	194,913,088	0.3%
Commercial	$	171,797,038	0.3%
Commercial	$	159,825,389	0.3%
Commercial	$	145,220,900	0.2%
Commercial	$	128,566,003	0.2%
Commercial	$	128,093,154	0.2%
Commercial	$	125,187,000	0.2%
Commercial	$	111,500,000	0.2%
Commercial	$	102,159,625	0.2%

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

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

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

		Commercial	
Loan to Value		Amount	Percentage
above 95%	$	—	0.0%
91 to 95%	$	—	0.0%
81 to 90%	$	—	0.0%
71 to 80%	$	593,898,021	0.9%
below 70%	$	5,837,263,662	9.2%

18) There were no assets held in real estate that exceeded 2.5% of the Company's total admitted assets.

Continued

Schedule 2

JACKSON NATIONAL LIFE INSURANCE COMPANY

Supplemental Investment Risks Interrogatories

December 31, 2015

19) There were no assets held in mezzanine real estate loans that exceeded 2.5% of the Company's total admitted assets.

20) Amounts and percentages of total admitted assets subject to the following types of agreements:

	At year end		At end of each quarter		
Agreement type	**Amount**	**Percentage**	**1st Qtr**	**2nd Qtr**	**3rd Qtr**
Securities lending	$ 270,576,098	0.4%	$ 207,495,553	$ 191,151,353	$ 220,783,765
Repurchase	—	—	—	224,965,661	—
Reverse repurchase	—	—	—	—	—
Dollar repurchase	—	—	—	—	—
Dollar reverse repurchase	—	—	—	—	—

21) Amounts and percentages of total admitted assets for warrants not attached to other financial instruments, options, caps and floors:

	Owned		Written	
Type	**Amount**	**Percentage**	**Amount**	**Percentage**
Hedging	$ 391,339,200	0.6%	$ 26,712,111	0.0%

22) Amounts and percentages of total admitted assets of potential exposure for collars, swaps and forwards:

	At year end		At end of each quarter		
Type	**Amount**	**Percentage**	**1st Qtr**	**2nd Qtr**	**3rd Qtr**
Hedging	$ 244,222,424	0.4%	$ 269,507,491	$ 260,054,024	$ 252,133,565

23) Amounts and percentages of total admitted assets of potential exposure for futures contracts:

	At year end		At end of each quarter		
Type	**Amount**	**Percentage**	**1st Qtr**	**2nd Qtr**	**3rd Qtr**
Hedging	$ 522,671,000	0.8%	$ 274,193,100	$ 320,193,100	$ 421,430,400

See accompanying independent auditors' report.

Schedule 3

JACKSON NATIONAL LIFE INSURANCE COMPANY

Summary Investment Schedule

December 31, 2015

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	Amount	Percentage	Amount	Securities Lending Reinvested Collateral Amount	Total Amount	Percentage
Bonds:						
U.S. Treasury securities	$ 4,550,159,529	7.494%	$ 4,550,159,529	$ —	$ 4,550,159,529	7.494%
U.S. government agency obligations	835,633,473	1.376%	835,633,473	—	835,633,473	1.376%
Foreign government	25,227,581	0.042%	25,227,581	—	25,227,581	0.042%
States, territories and possessions general obligations	0	—%	0	—	0	—%
Revenue and assessment obligations	2,883,878	0.005%	2,883,878	—	2,883,878	0.005%
Mortgage-backed securities:						
Pass-through securities:						
GNMA	94,614,077	0.156%	94,614,077	—	94,614,077	0.156%
FNMA and FHLMC	582,185,840	0.959%	582,185,840	—	582,185,840	0.959%
CMO's and REMIC's:						
GNMA, FNMA, FHLMC or VA	308,834,936	0.509%	308,834,936	—	308,834,936	0.509%
Non-U.S. Government	0	—%	0	—	0	—%
All other	4,810,357,573	7.923%	4,810,357,573	—	4,810,357,573	7.923%
Other debt and other fixed income securities:						
Unaffiliated domestic securities	28,242,627,305	46.518%	28,242,627,305	—	28,242,627,305	46.518%
Unaffiliated foreign securities	6,577,410,838	10.833%	6,577,410,838	—	6,577,410,838	10.833%
Affiliated securities	0	—%	0	—	0	—%
Equity interests:						
Investments in mutual funds	122,785,669	0.202%	122,785,669	—	122,785,669	0.202%
Preferred stocks:						
Affiliated	0	—%	0	—	0	—%
Unaffiliated	382,120	0.001%	382,120	—	382,120	0.001%
Publicly traded equity securities:						
Unaffiliated	11,746,351	0.019%	11,746,351	—	11,746,351	0.019%
Other equity securities:						
Affiliated	443,511,797	0.730%	443,511,797	—	443,511,797	0.730%
Unaffiliated	110,772,199	0.182%	110,772,199	—	110,772,199	0.182%
Mortgage loans:						
Multifamily residential properties	1,925,092,337	3.171%	1,925,092,337	—	1,925,092,337	3.171%
Commercial loans	4,506,069,346	7.422%	4,506,069,346	—	4,506,069,346	7.422%
Real estate investments:						
Property occupied by the Company	216,218,239	0.356%	216,218,239	—	216,218,239	0.356%
Property held for the production of income (including $0 of property acquired in satisfaction of debt)	7,172,124	0.012%	7,172,124	—	7,172,124	0.012%
Property held for sale (including $0 property acquired in satisfaction of debt)	698,303	0.001%	698,303	—	698,303	0.001%
Contract loans	4,373,447,233	7.203%	4,373,447,233	—	4,373,447,233	7.203%
Derivatives	934,525,337	1.539%	934,525,337	—	934,525,337	1.539%
Receivables for securities	123,364,746	0.203%	123,364,746	—	123,364,746	0.203%
Securities Lending	269,980,932	0.445%	269,980,932	XXX	XXX	XXX
Cash, cash equivalents and short-term investments	776,963,717	1.280%	776,963,717	269,980,932	1,046,944,649	1.725%
Other invested assets	861,134,335	1.419%	861,134,335	—	861,134,335	1.419%
Total invested assets	$ 60,713,799,815	100.000%	$ 60,713,799,815	$ 269,980,932	$ 60,713,799,815	100.000%

See accompanying independent auditors' report.

Annex 2

Jackson National Life Insurance Company

NAIC Number 65056 NAIC Group Number 0918

Management's Discussion and Analysis of Financial Condition and Results of Operations December 31, 2015

The following discussion provides an assessment by management of the results of operations and financial condition and liquidity of Jackson. Information presented in this discussion supplements the financial statements, exhibits, and schedules in the 2015 Annual Statement.

Results of Operations

Net Income

Pretax operating income totaled $2,111.3 million for the year ended December 31, 2015, as compared to $2,632.9 million for the year ended December 31, 2014. The decrease in pretax operating income was primarily due to larger increases in variable annuity guaranteed benefit reserves ($265.1 million) and voluntary reserves related to variable annuity guaranteed benefits ($500.0 million), offset somewhat by an increase in fee income ($343.0 million) compared to 2014. The increase in variable annuity reserves was a result of the decline in separate account returns and an increase in variable annuity assets allocated to the general account in 2015.

Net income totaled $627.0 million for the year ended December 31, 2015, as compared to $878.3 million for the year ended December 31, 2014. This decrease was due to the decrease in operating income, offset somewhat by lower realized losses ($74.7 million) and a lower effective tax rate.

Sales and Revenues

Premiums and annuity considerations totaled $23.65 billion for the year ended December 31, 2015, as compared to $23.58 billion in 2014. In 2015, variable annuity premiums were $21.39 billion, compared to $21.26 billion in 2014.

In 2015, net investment income, which represents gross income earned on invested assets reduced by investment expenses, decreased to $3.86 billion from $3.92 billion in 2014. Gross investment income earned on invested assets totaled $3.95 billion in 2015, compared to $4.02 billion in 2014. This decrease was primarily the result of lower yields in 2015. The yield earned on average invested assets, adjusted for various leverage transactions, decreased to 6.62% on average adjusted invested assets of $58.40 billion in 2015, compared to 6.83% on average adjusted invested assets of $57.36 billion in 2014.

In 2015, fee income from separate accounts increased to $3.07 billion from $2.73 billion in 2014, due to an $11.55 billion higher average separate account balance in 2015, a result of positive variable annuity flows.

Other income increased to $319.5 million in 2015 from $291.1 million in 2014. Other income in both 2015 and 2014, was comprised primarily of marketing fees, which increased due to higher average separate account balances and general account policy fees.

Reserves, Benefits and Expenses

Annuity benefits and annuity and life surrenders, which include systematic withdrawals and death benefits on annuities, as well as annuity surrender benefits and partial withdrawals, increased to $12.88 billion in 2015 from $12.17 billion in 2014, primarily due to an increase in variable annuity surrenders on a much larger base of in-force contracts. As a percentage of mean account value, variable annuity withdrawal rates decreased slightly from 5.54% in 2014 to 5.36% in 2015. Fixed annuity surrender rates also decreased as withdrawals were 7.12% and 7.80% of the mean account value in 2015 and 2014, respectively. As a percentage of mean life reserves, life withdrawal rates decreased from 2.68% in 2014 to 2.61% in 2015. Jackson regularly monitors liquidity and believes that the investment portfolio and other sources of funds provide sufficient liquidity for anticipated general account withdrawals.

In 2015, aggregate reserves for life and annuity contracts increased $1,317.2 million, compared to a decrease of $560.6 million in 2014. The significant increase in change in reserves in 2015 was due primarily to the increase in guaranteed benefit reserves resulting from a decline in separate account returns and an increase in variable annuity assets allocated to the general account. The 2014 decrease in reserves was primarily the result of the decline of the life and fixed annuity books. Jackson no longer issues life insurance and in the current low interest rate environment, the fixed annuity book is also declining. The average interest rate credited on interest sensitive liabilities (excluding institutional product and fixed-index annuity liabilities) was 3.41% in 2015, as compared to 3.53% in 2014, primarily due to lower crediting rates being established upon inforce policy anniversary dates, as well as lower crediting rates on new business in 2015.

At December 31, 2015 and 2014, the Company recorded $1,000.0 million and $400.0 million, respectively, of additional voluntary variable annuity guaranteed benefit reserves in excess of those required under minimum statutory standards as defined in Actuarial Guideline XLIII. The voluntary reserve increased $600.0 million in 2015, compared to a $100.0 million increase in 2014.

Interest credited on institutional investment products totaled $82.8 million in 2015, as compared to $72.9 million in 2014, due to an increase in the average balance of $947.0 million, offset somewhat by lower crediting rates.

Commissions totaled $1.85 billion in 2015, compared to $1.79 billion in 2014. Average commission rates on direct business increased to 7.72% of total premiums in 2015, from 7.48% in 2014, due to an increase in asset based commissions, which are trail commissions based on policy account value, not on premium received.

In 2015, general insurance expenses increased to $607.3 million from $576.6 million in 2014. The increase in expenses was due primarily to an increase in compensation related costs, due to headcount increases to manage the growing inforce book.

Net transfers to separate accounts decreased to $10.63 billion in 2015 from $12.45 billion in 2014, primarily due to the higher surrenders and periodic withdrawals, as well as a lower percentage of variable annuity premium being allocated to the separate accounts.

Federal income tax expense on operations totaled $580.0 million in 2015, compared to $775.6 million in 2014, resulting in effective tax rates of 27.5% and 29.5% in 2015 and 2014, respectively. The effective tax rate differs from the expected 35% rate, primarily due to the dividends received deduction and the current tax benefit on unrealized hedge losses, partially offset by an increase in non-deductible voluntary variable annuity guaranteed benefit reserves.

Realized Gains and Losses

Realized gains and losses were as follows (in millions):

	2015	2014
Net realized gains (losses):		
Sales of bonds	$ 132.2	$ 213.0
Sales of stocks	(4.5)	20.5
Derivative instruments	(1,055.5)	(1,234.3)
Mortgage loans on real estate	-	1.0
Other assets	6.0	(2.0)
Impairment writedowns	(141.1)	(163.9)
Total	(1,062.9)	(1,165.7)
Less: Transferred to IMR	181.7	317.1
Transferred to AVR	(1,244.6)	(1,482.8)
Tax benefit	340.4	503.8
Per Income Statement	$ (904.2)	$ (978.9)

Jackson's hedging program is structured to manage the economic impact of movements in interest rates and equity levels, rather than the accounting results. Accordingly, while the program remains effective on an economic basis, results may differ from the accounting perspective in any discrete period. From an economic point of view, current losses on derivative instruments are offset by the benefit of higher future fees and lower future benefits on increased separate account balances. However, given the nature of the regulatory accounting requirements, these future impacts are not fully reflected in the current year accounting results.

Impairment writedowns as a percentage of Jackson's average invested assets totaled 0.2% and 0.3% in 2015 and 2014, respectively. The impairments due to limited partnerships and limited liability companies, which are carried at fair value, totaled $81.1 million and $132.1 million in 2015 and 2014, respectively, and had minimal impact on surplus as these realized impairment losses were offset by the release of an unrealized loss.

Net realized capital gains and losses transferred to the interest maintenance reserve ("IMR") are amortized into income over the approximate remaining lives of the investments sold. Gains of $181.7 million and $317.1 million were transferred to the IMR in 2015 and 2014, respectively. At December 31, 2015 and 2014, the IMR balance was $400.8 million and $446.7 million, respectively.

Financial Condition and Liquidity

Capital and surplus was $4.72 billion at December 31, 2015, compared to $4.49 billion at December 31, 2014. The increase in capital and surplus was comprised primarily of net income ($627.0 million) and an increase in the admitted net deferred income tax asset ($312.6 million), partially offset by dividend payments ($710.0 million).

In 2014, Jackson commenced a review of its wholly owned subsidiaries (Curian Capital, LLC and Curian Clearing, LLC). During its review, Jackson discovered that Curian Capital's receipt of certain fees may have been inconsistent with applicable regulations. Jackson promptly reported these issues to regulatory authorities and retained independent outside legal counsel to conduct a thorough investigation. As of December 31, 2015, Curian Capital has recorded expenses of $76.5 million related to actual expenses incurred/customer payments and has a liability of $8.6 million for currently estimable outstanding exposures related to these issues. The reserve represents Jackson's best estimate of the outstanding exposure as of December 31, 2015. Continuing work and regulatory discussions may result in future expenses, which are not estimable at this time. Based on current information, however, management believes that any additional exposure is unlikely to be material to Jackson. As of July 31, 2015, Curian no longer accepts new business. They will continue to actively manage existing accounts into 2016 to allow for the transition of accounts, but are expected to exit the business during 2016.

Admitted assets totaled $189.10 billion at December 31, 2015, as compared to $180.83 billion at December 31, 2014. This increase is primarily attributable to a $6.01 billion increase in separate account assets supporting variable annuity liabilities. The increase in separate account assets was primarily due to variable annuity net sales of $21.39 billion in 2015.

The Company received approval from the Department of Insurance and Financial Services regarding the use of a permitted practice. Since being initially granted, the permitted practice has been extended annually by the commissioner with a current expiration date of October 1, 2016. The permitted practice allows Jackson to carry interest rate swaps at book value, as if statutory hedge accounting were in place, instead of at fair value as would have been otherwise required. As a condition of granting the permitted practice, Jackson must demonstrate the effectiveness of its interest rate swap program pursuant to the Michigan Insurance Code. The effect of the permitted practice, reflected as special surplus, was to decrease statutory surplus by $547.0 million ($355.5 million after tax) at December 31, 2015 and $583.2 million ($555.0 million after tax) at December 31, 2014, with no effect on net income. Jackson's adjusted capital and surplus was well in excess of regulatory requirements both with and without the permitted practice.

General account cash and invested assets totaled $60.71 billion at December 31, 2015, as compared to $59.16 billion at December 31, 2014.

Jackson's investment portfolio is broadly diversified with more than 1,500 issuers. Below investment grade bonds totaled 2.4% of cash and invested assets at December 31, 2015, as compared to 3.2% at December 31, 2014. Jackson's direct exposure to the subprime mortgage market is $267.0 million at December 31, 2015. Most of this exposure is in fixed rate, residential mortgage-backed securities that hold first liens on the underlying collateral. Jackson had gross unrealized gains of $2,629.2 million and gross unrealized losses of $694.8 million on its debt securities at December 31, 2015. Of the total carrying value of bonds in an unrealized loss position at December 31, 2015, 94% were investment grade. Unrealized losses on bonds that were below investment grade comprised 11% of the aggregate gross unrealized loss on debt securities. For Statutory reporting, Jackson's debt securities are primarily reported at amortized cost, so the unrealized gains and losses are generally not reflected in income or capital and surplus. At December 31, 2015, Jackson held $4.59 billion of U.S. Treasuries, up from $4.28 billion at December 31, 2014.

Mortgage loans with balances totaling $6.43 billion at December 31, 2015, consisted of 495 commercial first mortgage loans with an average loan balance of approximately $13.0 million, collateralized by properties located in 39 states and the District of Columbia. Approximately 33% of this portfolio was multi-family residential, 28% was distribution/warehouse, 18% was retail, 11% was office and 10% was hotel. At December 31, 2015, approximately 15% of this portfolio was secured by properties located in California, 8% by properties located in Texas, 7% by properties located in Florida, 7% by properties located in Illinois, 6% by properties located in Georgia and no more than 6% of this portfolio was secured by properties in any other single state. At the time of their origination or purchase, Jackson's mortgage loans had loan-to-value ratios of 80% or less. At year-end 2015 and 2014, loans delinquent by more than 90 days, foreclosed loans and restructured loans were not significant in relation to the total mortgage loan portfolio. Jackson sold mortgage loans and other related assets with a fair value of approximately $5.2 million during 2014, to Hermitage Management LLC ("Hermitage"), a wholly owned subsidiary.

Other invested assets, which totaled $1.41 billion at December 31, 2015, were comprised of investment vehicles that primarily have holdings in unaffiliated private equities of $1.19 billion, other unaffiliated investments of $14.5 million, investment in affiliates of $148.2 million, and $61.1 million of affiliated notes. Other invested assets are generally accounted for using the equity method of accounting.

Investments in common and preferred stocks are minimal, representing less than 2% of cash and invested assets at December 31, 2015. Jackson's investments in common stocks are primarily investments in subsidiaries.

At December 31, 2015, derivatives were primarily comprised of $89.50 billion notional amount of options, $21.10 billion aggregate notional amount of swaps, $6.00 billion in aggregate notional amount of put swaptions and $6.3 billion in aggregate notional amount of futures. Interest rate swaps with a book/adjusted carrying value of nil and fair value of $547.0 million were reported at book/adjusted carrying value per the aforementioned permitted practice. Overall, the net fair value of Jackson's derivatives at December 31, 2015, was $965.9 million, as compared to $1.04 billion at December 31, 2014. Included in surplus at December 31, 2015 and 2014, were unrealized losses on derivatives of $489.0 million and $394.2 million, respectively. These unrealized losses exclude unrealized gains on interest rate swaps due to the permitted practice.

Jackson is a member of the Federal Home Loan Bank of Indianapolis ("FHLBI"), primarily for the purpose of participating in its mortgage-collateralized loan advance program with short-term and long-term funding facilities. Advances are in the form of short-term or long-term notes or funding agreements issued to the FHLBI and are collateralized by commercial mortgage-related securities and commercial mortgage loans.

Jackson maintains short-term funding facilities with the FHLBI. Interest rates on advances were either fixed or variable and based on the FHLBI cost of funds or market rates. At December 31, 2015, there were no advances outstanding. At December 31, 2014, advances of $200.0 million were outstanding. There was $53 thousand and $22 thousand of interest paid on such borrowings in 2015 and 2014, respectively.

The Company received loans of $50.0 million from the FHLBI under its community investment program in both 2015 and 2014, which amortize on a straight line basis over the loan term. The weighted average interest rate on these loans was 0.36% in 2015 and 0.14% in 2014. The outstanding balance on these loans was $97.5 million and $50.0 million at December 31, 2015 and 2014, respectively. During 2015 and 2014, interest expense for these loans totaled $139 thousand and $71 thousand, respectively.

Additional sources of liquidity include premium deposits, investment income and cash provided from maturing or sold investments. With 77% of Jackson's cash and invested assets being comprised of bonds and cash and short-term investments, Jackson's investment portfolio is highly liquid. Considering the composition of Jackson's investment and liability portfolio coupled with significant new annual sales and credit availability through funding agreements issued to, and short-term borrowings from, the FHLBI, Jackson is well positioned to meet its current and future cash needs.

Jackson carefully monitors cash and short-term investments to maintain adequate balances for timely payment of claims, policy benefits, expenses and taxes. In addition, regulatory authorities establish minimum liquidity and capital standards.

Annex 3

Addition to Risk Factors

The following is added to the Base Prospectus Risk Factors section, **Risks Related to Industry** subsection, as the first full paragraph on page 28:

DOL fiduciary rules may adversely affect Jackson's business, financial condition, or results of operations

On April 6, 2016, the U.S. Department of Labor (the "DOL") issued final rules, rule amendments, and related exemptions affecting the manner in which financial advisers provide investment advice and products to retirement plans and accounts. The regulations provide for a one year implementation period and therefore do not take effect until April 10, 2017. The regulations may precipitate changes to Jackson's sales practices and compensation paid to financial professionals who distribute Jackson's products, and the types of services or products Jackson makes available in the retirement solutions area. Such changes may affect the sales levels or profitability of certain Jackson products, thereby materially and adversely affecting Jackson's business, financial condition, or results of operations. Because the final rule and exemptions were recently issued, Jackson is in the early stages of analyzing the nature and scope of their impact on its business.

Annex 4

Update to Business of Jackson

The ERISA paragraph on page 44 of the Base Prospectus is deleted in entirety and replaced by the following:

ERISA

On April 6, 2016, the U.S. Department of Labor (the "DOL") issued final rules, rule amendments, and related exemptions affecting the manner in which financial advisers provide investment advice and products to retirement plans and accounts. The regulations provide for a one year implementation period and therefore do not take effect until April 10, 2017. The regulations may precipitate changes to Jackson's sales practices and compensation paid to financial professionals who distribute Jackson's products, and the types of services or products Jackson makes available in the retirement solutions area. Such changes may affect the sales levels or profitability of certain Jackson products, thereby materially and adversely affecting Jackson's business, financial condition, or results of operations. Because the final rule and exemptions were recently issued, Jackson is in the early stages of analyzing the nature and scope of their impact on its business.