

HARTFORD FINANCIAL SERVICES GROUP INC/DE
Form 11-K
June 28, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-13958

A. Full title of the Plan and the address of the Plan, if different from that of the issuer named below:
THE HARTFORD INVESTMENT AND SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the Plan and the address of its principal executive office:
THE HARTFORD FINANCIAL SERVICES GROUP, INC.

One Hartford Plaza, Hartford, Connecticut 06155

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The Hartford Investment and Savings Plan

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December 31, 2017 and 2016

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Exhibit Number

Exhibit Name

23.1 Consent of Independent Registered Public Accounting Firm
 All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Plan Participants and Plan Administrator of

The Hartford Investment and Savings Plan

Hartford, Connecticut

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of The Hartford Investment and Savings Plan (the Plan) as of December 31, 2017 and 2016, and the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related notes (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on the Plan s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Report on Supplemental Information

The supplemental schedule of assets (held at end of year) as of December 31, 2017, has been subjected to audit procedures performed in conjunction with the audit of the Plan s financial statements. The supplemental schedule is the responsibility of the Plan s management. Our audit procedures included determining whether the supplemental schedule reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in compliance with the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, such schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ DELOITTE & TOUCHE LLP

Hartford, Connecticut

June 28, 2018

We have served as the auditor of the Plan since 2001.

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EIN# 06-0383750

Plan# 100

THE HARTFORD INVESTMENT AND SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

AS OF DECEMBER 31, 2017 AND 2016

(\$ IN THOUSANDS)

	2017	2016
Assets		
Investments:		
Investments, at fair value (Note 4)	\$ 3,617,677	\$ 3,034,782
Investments, at contract value (Note 3)	728,166	742,213
Total investments	4,345,843	3,776,995
Receivables:		
Notes receivable from Members	64,137	61,140
Dividends and interest receivable	2,731	3,150
Total receivables	66,868	64,290
Total assets	4,412,711	3,841,285
Liabilities		
Investment management expenses payable	763	472
Administrative expenses payable	37	40
Total liabilities	800	512
Net assets available for benefits	\$ 4,411,911	\$ 3,840,773

See Notes to Financial Statements.

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EIN# 06-0383750

Plan# 100

THE HARTFORD INVESTMENT AND SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2017

(\$ IN THOUSANDS)

	2017
Additions to net assets attributed to:	
Contributions:	
Employee contributions	\$ 133,758
Employer contributions	108,704
Rollover contributions	18,651
Total contributions	261,113
Investment income (loss):	
Net appreciation in fair value of investments	597,293
Dividends	8,231
Total investment income	605,524
Interest income on notes receivable from Members	3,208
Total additions	869,845
Deductions from net assets attributed to:	
Benefits paid to Members	293,668
Investment management fees	4,829
Administrative expenses	210
Total deductions	298,707
Net increase in net assets	571,138
Net assets available for benefits:	
Beginning of year	3,840,773
End of year	\$ 4,411,911

See Notes to Financial Statements.

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THE HARTFORD INVESTMENT AND SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2017 AND 2016

AND FOR THE YEAR ENDED DECEMBER 31, 2017

(\$ IN THOUSANDS)

Note 1. Description of the Plan

The following description of The Hartford Investment and Savings Plan (the Plan or ISP) as of December 31, 2017 is provided for general information purposes only. Members should refer to the Plan document for more complete information. Members refers to eligible participants of the Plan.

The Hartford Financial Services Group, Inc. (HFSG , together with its subsidiaries, The Hartford , the Company) is an insurance and financial services company. The Hartford, headquartered in Connecticut, is among the largest providers of property and casualty insurance and group life and disability products to individual and business customers in the United States of America. The Hartford is also a provider of mutual funds to investors. The Plan Sponsor, Hartford Fire Insurance Company, is a wholly owned subsidiary of The Hartford.

Information with regard to eligibility, contributions, distributions, vesting, trustees, withdrawals, loans, fund redistribution and certain definitions are contained in the Plan Document. A Summary Plan Description (SPD) setting forth the highlights of the Plan is available to Members on the Fidelity Net Benefits website. Fidelity Workplace Services LLC serves as the record keeper of the Plan.

Plan Changes

See Note 9 for a general description of amendments made to the Plan Document during 2017 and 2016.

General

The Plan is a defined contribution plan covering substantially all full-time and part-time employees of the Company. The Pension Administration Committee of the Company controls and manages the operation and administration of the Plan, subject to certain exemptions that are specified in the Plan Document. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

The Trust, as defined in the Plan Document, is the aggregate funds held by the trustee, State Street Bank and Trust Company (the Trustee), under the trust agreement established for the purposes of the Plan. The Investment and Savings Plan Investment Committee (ISPIC) is responsible for the management of Plan assets except with respect to matters that are the responsibility of Newport Trust Company (formerly Evercore Trust Company) as fiduciary with respect to the common stock of HFSG (Hartford Stock) held in The Hartford Stock Fund. The ISPIC may from time to time add investment funds to, or eliminate investment funds from, the group of investment funds available under the Plan, provided, however, that the ISPIC has no authority with respect to the Hartford Stock in The Hartford Stock Fund.

Contributions

Members may elect to contribute a percentage of their eligible compensation (including, effective January 1, 2013, overtime and certain annual bonuses and sales incentives) and may designate their contributions as before-tax, Roth 401(k), after-tax or a combination thereof. Generally, Member contributions may be elected based on 1% to 30% of eligible compensation. Members who are highly compensated employees may have contribution limits of less than 30% due to the operation of certain tests required under the Internal Revenue Code of 1986, as amended (the IRC). If Members do not elect otherwise, they will be automatically enrolled to make before-tax contributions equal to 6% (3% prior to January 1, 2016) of eligible compensation.

Since January 1, 2013, the Company's contributions include a non-elective contribution of 2% of eligible compensation (Non-elective Company contributions) and a dollar-for-dollar matching contribution of up to 6% of eligible compensation contributed by the Member each pay period (Matching Company contributions). Prior to January 1, 2013, in addition to matching company contributions, the Company made floor company contributions equal to 0.5% of highly compensated eligible employees' base salary and 1.5% of all other eligible employees' base salary.

Member contributions in excess of 6% of the eligible compensation are Supplemental Savings that are not matched by the Company.

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Note 1. Description of the Plan (continued)

Administrative Costs

The Trust pays certain administrative expenses of the Plan out of the assets of the Trust. Expenses not paid by the Trust are borne by the Company.

Member Accounts

Individual accounts are maintained for each Member of the Plan. Each Member's account is credited with that Member's contributions and allocations of the associated Matching Company contributions, Non-Elective Company contributions and any investment earnings for the Member's account, and is charged with withdrawals and an allocation of administrative expenses and investment losses for the Member's account. Allocations are based on Member account balances, as defined in the Plan Document. The benefit to which a Member is entitled is the benefit that can be provided from that Member's vested account balance.

Vesting

Members are 100% vested at all times with respect to Member contributions and earnings thereon. Members first hired prior to January 1, 2016 are 100% vested in Matching Company and Non-Elective Company contributions made after January 1, 2013 after two years of service. Effective January 1, 2016, Members first hired on or after January 1, 2016 are 100% vested in Matching Company Contributions and Non-Elective Company contributions after three years of service.

Members are vested 20% in Matching Company contributions made prior to January 1, 2013 for each completed year of service, until five years of service at which time the Members are 100% vested. Members are fully vested in floor company contributions made prior to January 1, 2013.

Notwithstanding the foregoing statement, a Member becomes fully vested in such Member's Matching Company contribution account upon retirement (for retirement eligible Members), disability, death, reaching age 65, or upon the complete discontinuance of Company contributions or termination of the Plan.

Investment Options

Members may direct the investment of their future contributions and/or existing account balances into various investment options offered by the Plan and may change investments and transfer amounts between funds daily. As of December 31, 2017, Member contributions, Matching Company contributions and Non-Elective Company contributions may be invested in any of the twenty-six investment options of the Plan in multiples of 1%, as elected or deemed elected by the Member (Member directed investments).

Certain investment options are parties-in-interest with The Hartford. See Note 8 for further discussion.

Notes Receivable from Members

Members may borrow from their accounts a minimum of \$0.5 to a maximum equal to the lesser of \$50 or 50% of their vested account balance, reduced by any pre-existing outstanding loan amounts during the last 12 months. Loan

transactions are treated as transfers between the investment funds and the loan fund. Loan terms range from one to five years, or up to 15 years for the purchase of a primary residence. The loan is secured by the balance in the Member's account. The interest rate on a loan in a calendar quarter is set on the last business day of the prior February, May, August or November based on the prime rate provided by Thomson Reuters on that date plus one percentage point and is fixed for the term of the loan. Principal and interest is paid ratably through payroll deductions.

Payment of Benefits

On termination of service due to retirement, death, disability, or certain other reasons, Members or their designated beneficiaries may elect to receive either a lump sum amount equal to the value of their vested account balance, or, in the case of Members meeting certain requirements, annual installments over a period not greater than thirty years (subject to certain conditions), or annual installments over the recipient's life expectancy. If a Member was receiving installment payments, upon the Member's death, the designated beneficiary has the option of receiving the remaining value either in a lump sum or annual installments over the beneficiary's life expectancy.

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Note 1. Description of the Plan (continued)

Distributions may be paid in cash or, with respect to The Hartford Stock Fund, in stock distributions. Members or their designated beneficiaries may also elect to defer distributions subject to certain conditions.

Forfeitures

When a Member terminates employment before he or she has vested in his or her Matching Company and Non-Elective Company contributions, the non-vested portion of the Member's account as defined by the Plan, represents a forfeiture. The Plan document permits the use of forfeitures to either reduce future employer contributions or Plan administrative expenses for the Plan year. However, if a participant is re-employed and fulfills certain requirements, as defined in the Plan document, the account will be reinstated. At December 31, 2017 and 2016, forfeited non-vested account balances totaled \$17 and \$71, respectively.

These forfeitures are applied to reduce future Matching Company contributions. During the year ended December 31, 2017, Matching Company contributions were reduced by \$2,648 from forfeitures.

Note 2. Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management of the Plan to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan provides various investment options to its participants. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities, which are reflected in the Statement of Changes in Net Assets Available for Benefits, may occur in the near term and such changes could materially affect the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value, except for fully benefit-responsive guaranteed investment contracts (GICs), which are reported at contract value. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Contract value is the amount Plan participants would receive if they were to initiate permitted transactions under

the terms of the Plan (see Note 3). See Note 4 for discussion on fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Investment expenses charged to the Plan for investments in mutual funds and collective investment trusts are charged directly against the assets of the fund and are not separately reflected. Consequently, investment expenses are reflected as a reduction of investment gain for such investments. For investments other than mutual funds and collective investment trusts, investment expenses are reflected as investment management fees paid out of the assets of the Fund and are recognized as expenses of the Plan.

Payment of Benefits

Benefits paid to Members are recorded when distributed.

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Note 2. Accounting Policies (continued)

Contributions

Member and Matching Company contributions are recorded in the period during which the Company makes payroll deductions from Members' compensation.

Excess Contribution Payable

The Plan is required to return contributions received during the Plan year in excess of the IRC limits. There were no such excess contributions in 2017 or 2016.

Notes Receivable from Members

Notes receivable from Members are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent notes receivable from Member loans are recorded as deemed distributions based on the terms of the Plan Document.

Administrative Expenses

Certain administrative expenses of the Plan are paid by the Plan Sponsor as provided in the plan document. Recordkeeping fees of the Plan are paid by the Plan. All investment management and transaction fees directly related to the Plan investments are paid by the Plan.

Note 3. Fully Benefit-Responsive Investment Contract with Financial Institutions

The Plan's Stable Value Fund is comprised primarily of synthetic GICs, which are fully benefit responsive contracts. Fully benefit-responsive contracts provide for a stated return on principal invested over a specified period and permit withdrawals at contract value for benefit payments, loans, or transfers. The synthetic GIC contracts are included in the financial statements at contract value (see Note 2). Contract value represents contributions made under the contract, plus earnings, less Plan withdrawals and administrative expenses. A synthetic GIC is an investment contract issued by an insurance company or other financial institution where the contract issuer is contractually obligated to provide a specified interest rate return with respect to a portfolio of financial instruments owned by the Plan and not held or owned by that insurance company or financial institution. The interest rate return is provided under a benefit responsive wrap contract (or "wrapper"). Standish Mellon Asset Management Company LLC, a wholly owned subsidiary of The Bank of New York Mellon Corporation, provides investment management services to the Stable Value Fund. The fair value of the benefit-responsive wrapper contracts was (\$50) at December 31, 2017 and (\$28) at December 31, 2016. The wrapper provides that Members execute Plan transactions at contract value. Certain events, such as a Plan termination, divestiture or reduction in force may limit the ability of the Plan to transact at contract value or may allow for the termination of the wrapper at less than contract value.

The Plan Sponsor does not believe that it is probable that any such events would limit the ability of the Plan to transact at contract value.

Earnings on investments at contract value as reported on the Statements of Net Assets Available for Benefits are provided through the mechanism of the crediting rate formula. The crediting rate is based on the current

yield-to-maturity, the duration of the portfolio, and the amortization of gains and losses. Gains and losses are defined as the difference between the market value of the underlying securities and contract value of the synthetic GIC. Key factors that could influence future crediting rates include, but are not limited to, Plan cash flows, changes in interest rates, total return performance of the fair market value of the underlying securities within each synthetic GIC, default or credit failures of any of the securities, investment contracts, or other investments held in a trust that is owned by the Plan and the initiation of an extended termination of one or more synthetic GICs by the manager or the contract issuer. The rate of return earned on a synthetic GIC, or the crediting rate, is generally reset quarterly by the issuer but the rate cannot be less than zero.

The contract issuer is not allowed to terminate any of the synthetic GICs and settle at an amount different from contract value unless there is a breach of the contract which is not corrected within the applicable cure period. Actions that will result in a breach include, but are not limited to, material misrepresentation, failure to pay synthetic GIC fees, or any other payment due under the contract, and failure to adhere to investment guidelines. The Plan did not breach any terms of the synthetic GICs in 2017 or 2016.

Table of Contents**Note 3. Fully Benefit-Responsive Investment Contract with Financial Institutions (continued)**

During 2017, there were no changes in contracts within the Stable Value Fund.

Average yields:	2017	2016
Based on annualized earnings (1)	2.28%	2.30%
Based on interest rate credited to participants (2)	2.21%	2.35%

- (1) Calculated based on actual investment income from the underlying investments for the last month of the year, annualized, divided by the fair value of the investment portfolio as of December 31, 2017 and 2016, respectively.
- (2) Calculated based on the interest rate credited to participants from the underlying investments for the last month of the year, annualized, divided by the fair value of the investment portfolio as of December 31, 2017 and 2016, respectively.

The following table represents the contract value for each of the contracts as of December 31, 2017:

Contract Issuer	Contract Number	Major Credit Ratings	Investments at Contract Value
Transamerica Premier Life	MDA01097TR	AA- / Aa2	\$ 214,437
American General Life	1646368	AA / Aa2	101,686
American General Life	1635582	AA+ / Aaa	78,559
RGA	RGA00058	AA / Aa2	42,518
New York Life	GA29021	AA+ / Aaa	95,238
Prudential	GA62433	AA / Aa1	172,148
			704,586
Cash and cash equivalents			23,580
Total			\$ 728,166

The following table represents the contract value for each of the contracts as of December 31, 2016:

Contract Issuer	Contract Number	Major Credit Ratings	Investments at Contract Value
Transamerica Premier Life	MDA01097TR	AA- / Aa2	\$ 230,226
American General Life	1646368	AA / Aa2	99,884

American General Life	1635582	AA+ / Aaa	77,396
RGA	RGA00058	AA / Aa2	41,550
New York Life	GA29021	AA+ / Aaa	93,047
Prudential	GA62433	AA / Aa1	167,989
			710,092
Cash and cash equivalents			32,121
Total			\$ 742,213

Note 4. Fair Value Measurements

The Plan estimates of fair value are based on ASC 820, *Fair Value Measurements and Disclosures*, which provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and requires that observable inputs be used in valuations when available.

The disclosure of fair value estimates in the fair value accounting guidance hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Plan's significant market assumptions. The level in the fair value hierarchy within which the fair value measurement is reported is based on the level of the input that is least observable to the measurement in its entirety. The three levels of the hierarchy are as follows:

Level 1 - Fair values based primarily on unadjusted quoted prices for identical assets, or liabilities, in active markets that the Plan has the ability to access at the measurement date.

Table of Contents**Note 4. Fair Value Measurements (continued)**

Level 2 - Fair values primarily based on observable inputs, other than quoted prices included in Level 1, or based on prices for similar assets and liabilities.

Level 3 - Fair values derived when one or more of the significant inputs are unobservable (including assumptions about risk). With little or no observable market, the determination of fair values uses considerable judgment and represents the Plan's best estimate of an amount that could be realized in a market exchange for the asset or liability. Also included are securities that are traded within illiquid markets and/or priced by independent brokers.

Asset Valuation Techniques Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Generally, the Plan determines the estimated fair value of its equity securities and short-term investments using the market approach. The income approach is used for securities priced using a pricing matrix. The collective investment trust assets are measured at fair value using a NAV as a practical expedient. For Level 1 investments, which are comprised primarily of exchange-traded equity securities, valuations are based on observable inputs that reflect quoted prices for identical assets in active markets that the Plan has the ability to access at the measurement date.

Short-term Investments Primary inputs also include material event notices and new issue money market rates.

Mutual Funds Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Equity Securities Valued at the closing price reported on the active market on which the individual securities are traded.

Collective Investment Trusts Valued at the NAV of units of a collective trust. The NAV, as provided by the Trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Member transactions (purchases and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trust, the investment advisor reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner. As of December 31, 2017 and 2016 there were no unfunded commitments or redemption restrictions on collective investment trusts.

The following tables set forth by level within the fair value hierarchy a summary of the Plan's investments measured at fair value on a recurring basis at December 31, 2017 and 2016.

Investment Assets at Fair Value December 31, 2017
Other Significant

	Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Invested Assets				
Short Term Investments	\$	\$ 9,623	\$	\$ 9,623
Debt Securities				
Mutual Funds	970,675			970,675
Equity Securities	1,273,998			1,273,998
Total investments at fair value [1]	\$ 2,244,673	\$ 9,623	\$	\$ 2,254,296
Investments at net asset value:				
Collective investment trusts				1,363,381
Total investments				\$ 3,617,677

[1] Excludes \$1,310 of dividend receivable and \$1,421 of interest receivable recorded at fair value.

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	Investment Assets at Fair Value December 31, 2016			
	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Invested Assets				
Short Term Investments	\$	\$ 5,007	\$	\$ 5,007
Debt Securities				
Mutual Funds	825,115			825,115
Equity Securities	1,095,069			1,095,069
Total investments at fair value [1]	\$ 1,920,184	\$ 5,007	\$	\$ 1,925,191
Investments at net asset value:				