AMERCO /NV/
Form 10-Q
August 05, 2015

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

[x]QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended June 30, 2015

or

[ ]TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from __________________ to __________________

Commission File Number	Registrant, State of Incorporation, Address and Telephone Number	I.R.S. Employer Identification No.
1-11255	AMERCO (Nevada Corporation) 1325 Airmotive Way, Ste. 100 Reno, Nevada 89502-3239 Telephone (775) 688-6300	88-0106815

N/A
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [x] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [x]   Accelerated filer [ ]

Non-accelerated filer [ ] (Do not check if a smaller reporting company)   Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [x]

19,607,788 shares of AMERCO Common Stock, $0.25 par value, were outstanding at August 1, 2015.

TABLE OF CONTENTS

Part i Financial information

ITEM 1. Financial Statements

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED balance sheets

	June 30, 2015	March 31, 2015
	(Unaudited)	
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents	$475,562	$441,850
Reinsurance recoverables and trade receivables, net	209,274	189,869
Inventories, net	69,889	69,472
Prepaid expenses	67,511	126,296
Investments, fixed maturities and marketable equities	1,334,199	1,304,962
Investments, other	322,894	268,720
Deferred policy acquisition costs, net	115,388	115,422
Other assets	96,097	106,157
Related party assets	134,653	141,790
	2,825,467	2,764,538
Property, plant and equipment, at cost:		
Land	488,931	467,482
Buildings and improvements	1,812,899	1,728,033
Furniture and equipment	359,500	355,349
Rental trailers and other rental equipment	449,810	436,642
Rental trucks	3,133,198	3,059,987
	6,244,338	6,047,493
Less: Accumulated depreciation	(1,979,171)	(1,939,856)
Total property, plant and equipment	4,265,167	4,107,637
Total assets	$7,090,634	$6,872,175
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	$470,925	$495,135
Notes, loans and leases payable	2,192,671	2,190,869
Policy benefits and losses, claims and loss expenses payable	1,074,173	1,062,188
Liabilities from investment contracts	711,782	685,745
Other policyholders' funds and liabilities	13,467	8,999
Deferred income	26,438	18,081
Deferred income taxes, net	552,117	526,799
Total liabilities	5,041,573	4,987,816

Commitments and contingencies (notes 4, 8, and 9)		
Stockholders' equity:		
Series preferred stock, with or without par value, 50,000,000 shares authorized:		
Series A preferred stock, with no par value, 6,100,000 shares authorized; 6,100,000 shares issued and none outstanding as of June 30 and March 31, 2015	–	–
Series B preferred stock, with no par value, 100,000 shares authorized; none issued and outstanding as of June 30 and March 31, 2015	–	–
Series common stock, with or without par value, 150,000,000 shares authorized:		
Series A common stock of $0.25 par value, 10,000,000 shares authorized; none issued and outstanding as of June 30 and March 31, 2015	–	–
Common stock, with 0.25 par value, 150,000,000 shares authorized:		
Common stock of $0.25 par value, 150,000,000 shares authorized; 41,985,700 issued and 19,607,788 outstanding as of June 30 and March 31, 2015	10,497	10,497
Additional paid-in capital	450,203	449,668
Accumulated other comprehensive loss	(22,818)	(34,365)
Retained earnings	2,294,291	2,142,600
Cost of common shares in treasury, net (22,377,912 shares as of June 30 and March 31, 2015)	(525,653)	(525,653)
Cost of preferred shares in treasury, net (6,100,000 shares as of June 30 and March 31, 2015)	(151,997)	(151,997)
Unearned employee stock ownership plan shares	(5,462)	(6,391)
Total stockholders' equity	2,049,061	1,884,359
Total liabilities and stockholders' equity	$7,090,634	$6,872,175

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

1

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED Statements of operations

	Quarter Ended June 30,	
	2015	2014
	(Unaudited)	
	(In thousands, except share and per share data)	
Revenues:		
Self-moving equipment rentals	$629,286	$575,475
Self-storage revenues	57,191	49,134
Self-moving and self-storage products and service sales	77,258	74,479
Property management fees	6,111	5,677
Life insurance premiums	40,266	37,930
Property and casualty insurance premiums	10,556	9,618
Net investment and interest income	21,972	21,046
Other revenue	42,165	45,596
Total revenues	884,805	818,955
Costs and expenses:		
Operating expenses	363,169	363,299
Commission expenses	73,058	66,340
Cost of sales	41,255	41,628
Benefits and losses	43,391	40,784
Amortization of deferred policy acquisition costs	4,778	4,184
Lease expense	17,064	22,470
Depreciation, net of (gains) losses on disposals of ($45,984) and ($22,959), respectively	50,982	61,051
Total costs and expenses	593,697	599,756
Earnings from operations	291,108	219,199
Interest expense	(22,100)	(24,148)
Pretax earnings	269,008	195,051
Income tax expense	(97,723)	(70,577)
Earnings available to common stockholders	$171,285	$124,474
Basic and diluted earnings per common share	$8.74	$6.36
Weighted average common shares outstanding: Basic and diluted	19,596,129	19,577,802

Related party revenues for the first quarter of fiscal 2016 and 2015, net of eliminations, were $8.5 million and $8.7 million, respectively.

Related party costs and expenses for the first quarter of fiscal 2016 and 2015, net of eliminations, were $15.6 million and $15.0 million, respectively.

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

2

AMERCO AND CONSOLIDATED ENTITIES

Condensed consolidatED statements of COMPREHENSIVE INCOME (loss)

Quarter Ended June 30, 2015	Pre-tax	Tax	Net
	(Unaudited)		
	(In thousands)		
Comprehensive income:			
Net earnings	$269,008	$(97,723)	$171,285
Other comprehensive income:			
Foreign currency translation	2,533	–	2,533
Unrealized net gain on investments	10,653	(3,728)	6,925
Change in fair value of cash flow hedges	3,370	(1,281)	2,089
Total comprehensive income	$285,564	$(102,732)	$182,832

Quarter Ended June 30, 2014	Pre-tax	Tax	Net
	(Unaudited)		
	(In thousands)		
Comprehensive income:			
Net earnings	$195,051	$(70,577)	$124,474
Other comprehensive income:			
Foreign currency translation	2,743	–	2,743
Unrealized net gain on investments	26,612	(9,314)	17,298
Change in fair value of cash flow hedges	1,345	(511)	834
Total comprehensive income	$225,751	$(80,402)	$145,349

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

AMERCO AND CONSOLIDATED ENTITIES

Condensed consolidatED statements of cash flows

	Quarter Ended June 30,	
	2015	2014
	(Unaudited)	
	(In thousands)	
Cash flows from operating activities:		
Net earnings	$171,285	$124,474
Adjustments to reconcile net earnings to cash provided by operations:		
Depreciation	96,966	84,010
Amortization of deferred policy acquisition costs	4,778	4,184
Change in allowance for losses on trade receivables	(61)	22
Change in allowance for inventory reserves	(248)	(1,760)
Net gain on sale of real and personal property	(45,984)	(22,959)
Net gain on sale of investments	(1,453)	(874)
Deferred income taxes	18,866	12,407
Net change in other operating assets and liabilities:		
Reinsurance recoverables and trade receivables	(19,349)	(717)
Inventories	(140)	(561)
Prepaid expenses	56,624	5,368
Capitalization of deferred policy acquisition costs	(7,137)	(6,575)
Other assets	10,111	(6,814)
Related party assets	5,666	8,089
Accounts payable and accrued expenses	51,912	94,004
Policy benefits and losses, claims and loss expenses payable	11,669	(9,878)
Other policyholders' funds and liabilities	4,468	1,827
Deferred income	8,342	7,683
Related party liabilities	1,438	1,878
Net cash provided by operating activities	367,753	293,808
Cash flow from investing activities:		
Purchase of:		
Property, plant and equipment	(452,572)	(343,988)
Short term investments	(73,517)	(62,293)
Fixed maturity investments	(47,072)	(69,426)
Equity securities	(967)	(3,281)
Preferred stock	(2)	(2)
Real estate	(23)	(4,211)
Mortgage loans	(82,839)	(5,069)
Proceeds from sales and paydowns of:		
Property, plant and equipment	194,133	128,989
Short term investments	88,332	62,631
Fixed maturity investments	30,340	25,624

Equity securities	799	2,009
Preferred stock	–	1,000
Mortgage loans	14,306	12,069
Net cash used by investing activities	(329,082)	(255,948)
Cash flow from financing activities:		
Borrowings from credit facilities	88,206	207,152
Principal repayments on credit facilities	(82,797)	(52,464)
Debt issuance costs	–	(2,422)
Capital lease payments	(33,974)	(18,007)
Leveraged Employee Stock Ownership Plan	929	87
Investment contract deposits	39,252	37,892
Investment contract withdrawals	(13,215)	(11,551)
Net cash provided (used) by financing activities	(1,599)	160,687
Effects of exchange rate on cash	(3,360)	(1,074)
Increase in cash and cash equivalents	33,712	197,473
Cash and cash equivalents at the beginning of period	441,850	495,112
Cash and cash equivalents at the end of period	$475,562	$692,585

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

4

AMERCO and consolidated entities

notes to condensed consolidatED financial statements

1.Basis of Presentation

AMERCO, a Nevada corporation ("AMERCO"), has a first fiscal quarter that ends on the 30th of June for each year that is referenced. Our insurance company subsidiaries have a first quarter that ends on the 31st of March for each year that is referenced. They have been consolidated on that basis. Our insurance companies' financial reporting processes conform to calendar year reporting as required by state insurance departments. Management believes that consolidating their calendar year into our fiscal year financial statements does not materially affect the presentation of financial position or results of operations. We disclose any material events, if any, occurring during the intervening period. Consequently, all references to our insurance subsidiaries' years 2015 and 2014 correspond to fiscal 2016 and 2015 for AMERCO.

Accounts denominated in non-U.S. currencies have been translated into U.S. dollars. Certain amounts reported in previous years have been reclassified to conform to the current presentation.

The condensed consolidated balance sheet as of June 30, 2015 and the related condensed consolidated statements of operations, comprehensive income (loss) and cash flows for the first quarter of fiscal 2016 and 2015 are unaudited.

In our opinion, all adjustments necessary for the fair presentation of such condensed consolidated financial statements have been included. Such adjustments consist only of normal recurring items. Interim results are not necessarily indicative of results for a full year. The information in this Quarterly Report on Form 10-Q ("Quarterly Report") should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2015.

Intercompany accounts and transactions have been eliminated.

Description of Legal Entities

AMERCO is the holding company for:

U-Haul International, Inc. ("U-Haul"),

Amerco Real Estate Company ("Real Estate"),

Repwest Insurance Company ("Repwest"), and

Oxford Life Insurance Company ("Oxford").

Unless the context otherwise requires, the term "Company," "we," "us" or "our" refers to AMERCO and all of its legal subsidiaries.

Description of Operating Segments

AMERCO has three reportable segments. They are Moving and Storage, Property and Casualty Insurance and Life Insurance.

The Moving and Storage operating segment (“Moving and Storage”) includes AMERCO, U-Haul, and Real Estate and the wholly-owned subsidiaries of U-Haul and Real Estate. Operations consist of the rental of trucks and trailers, sales of moving supplies, sales of towing accessories, sales of propane, and the rental of fixed and mobile self-storage units to the “do-it-yourself” mover and management of self-storage properties owned by others. Operations are conducted under the registered trade name U-Haul® throughout the United States and Canada.

5

AMERCO and consolidated entities

notes to condensed consolidatED financial statements (Continued)

The Property and Casualty Insurance operating segment ("Property and Casualty Insurance") includes Repwest and its wholly-owned subsidiaries and ARCOA risk retention group ("ARCOA"). Property and Casualty Insurance provides loss adjusting and claims handling for U-Haul through regional offices across North America. Property and Casualty Insurance also underwrites components of the Safemove, Safetow, Safemove Plus, Safestor and Safestor Mobile protection packages to U-Haul customers. The business plan for Property and Casualty Insurance includes offering property and casualty products in other U-Haul related programs. ARCOA is a group captive insurer owned by us and our wholly-owned subsidiaries whose purpose is to provide insurance products related to the moving and storage business.

The Life Insurance operating segment ("Life Insurance") includes Oxford and its wholly-owned subsidiaries. Life Insurance provides life and health insurance products primarily to the senior market through the direct writing and reinsuring of life insurance, Medicare supplement and annuity policies.

2. Earnings per Share

Our earnings per share is calculated by dividing our earnings available to common stockholders by the weighted average common shares outstanding, basic and diluted.

The weighted average common shares outstanding exclude post-1992 shares of the employee stock ownership plan that have not been committed to be released. The unreleased shares, net of shares committed to be released, were 10,851 and 26,787 as of June 30, 2015 and June 30, 2014, respectively.

3. Investments

Expected maturities may differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

We deposit bonds with insurance regulatory authorities to meet statutory requirements. The adjusted cost of bonds on deposit with insurance regulatory authorities was $17.6 million and $16.4 million at June 30, 2015 and March 31, 2015, respectively.

Available-for-Sale Investments

Available-for-sale investments at June 30, 2015 were as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses More than 12 Months	Gross Unrealized Losses Less than 12 Months	Estimated Market Value
	(Unaudited)				
	(In thousands)				

U.S. treasury securities and government obligations	$88,561	$5,796	$–	$(33)	$94,324
U.S. government agency mortgage-backed securities	29,224	2,712	–	(2)	31,934
Obligations of states and political subdivisions	162,859	14,467	(34)	(87)	177,205
Corporate securities	917,476	52,995	(1,489)	(1,867)	967,115
Mortgage-backed securities	19,259	994	(1)	–	20,252
Redeemable preferred stocks	18,053	591	(54)	(38)	18,552
Common stocks	18,143	6,786	–	(112)	24,817
	$1,253,575	$84,341	$(1,578)	$(2,139)	$1,334,199

6

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

Available-for-sale investments at March 31, 2015 were as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses More than 12 Months	Gross Unrealized Losses Less than 12 Months	Estimated Market Value
	(In thousands)				
U.S. treasury securities and government obligations	$99,722	$5,658	$(64)	$–	$105,316
U.S. government agency mortgage-backed securities	30,569	2,614	(39)	(3)	33,141
Obligations of states and political subdivisions	165,724	13,052	(298)	(10)	178,468
Corporate securities	885,470	44,426	(2,522)	(2,966)	924,408
Mortgage-backed securities	19,874	806	(1)	–	20,679
Redeemable preferred stocks	18,052	521	(253)	(24)	18,296
Common stocks	17,975	6,719	–	(40)	24,654
	$1,237,386	$73,796	$(3,177)	$(3,043)	$1,304,962

The available-for-sale tables include gross unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

We sold available-for-sale securities with a fair value of $29.7 million during the first quarter of fiscal 2016. The gross realized gains on these sales totaled $1.2 million. There were no gross realized losses on these sales.

The unrealized losses of more than twelve months in the available-for-sale tables are considered temporary declines. We track each investment with an unrealized loss and evaluate them on an individual basis for other-than-temporary impairments including obtaining corroborating opinions from third party sources, performing trend analysis and reviewing management’s future plans. Certain of these investments may have declines determined by management to be other-than-temporary and we recognize these write-downs, if any, through earnings. There were no write downs in the first quarter of fiscal 2016 or 2015.

The investment portfolio primarily consists of corporate securities and U.S. government securities. We believe we monitor our investments as appropriate. Our methodology of assessing other-than-temporary impairments is based on security-specific analysis as of the balance sheet date and considers various factors including the length of time to maturity, the extent to which the fair value has been less than the cost, the financial condition and the near-term prospects of the issuer, and whether the debtor is current on its contractually obligated interest and principal payments. Nothing has come to management’s attention that would lead to the belief that each issuer would not have the ability to meet the remaining contractual obligations of the security, including payment at maturity. We have the ability and intent not to sell our fixed maturity and common stock investments for a period of time sufficient to allow us to recover our costs.

The portion of other-than-temporary impairment related to a credit loss is recognized in earnings. The significant inputs utilized in the evaluation of mortgage backed securities credit losses include ratings, delinquency rates, and prepayment activity. The significant inputs utilized in the evaluation of asset backed securities credit losses include the time frame for principal recovery and the subordination and value of the underlying collateral.

There were no credit losses recognized in earnings for which a portion of an other-than-temporary impairment was recognized in accumulated other comprehensive income (loss) for the first quarter of fiscal 2016.

7

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

The adjusted cost and estimated market value of available-for-sale investments by contractual maturity, were as follows:

	June 30, 2015		March 31, 2015	
	Amortized Cost	Estimated Market Value	Amortized Cost	Estimated Market Value
	(Unaudited)			
	(In thousands)			
Due in one year or less	$52,734	$53,626	$36,355	$37,055
Due after one year through five years	182,786	194,033	198,488	209,404
Due after five years through ten years	494,677	519,766	474,639	492,782
Due after ten years	467,923	503,153	472,003	502,092
	1,198,120	1,270,578	1,181,485	1,241,333
Mortgage backed securities	19,259	20,252	19,874	20,679
Redeemable preferred stocks	18,053	18,552	18,052	18,296
Equity securities	18,143	24,817	17,975	24,654
	$1,253,575	$1,334,199	$1,237,386	$1,304,962

4. Borrowings

Long-Term Debt

Long-term debt was as follows:

	2016 Rate (a)	Maturities	June 30, 2015	March 31, 2015
			(Unaudited)	
			(In thousands)	
Real estate loan (amortizing term)	1.69% - 6.93%	2015 - 2023	$237,500	$240,000
Senior mortgages	2.19% - 5.75%	2015 - 2038	694,118	717,512
Working capital loan (revolving credit)	-	2016	–	–
Fleet loans (amortizing term)	1.95% - 5.57%	2015 - 2022	323,236	317,784
Fleet loan (securitization)	4.90%	2017	72,591	75,846
Fleet loans (revolving credit)	1.18% - 2.03%	2017 - 2019	185,000	190,000
Capital leases (rental equipment)	2.19% - 7.84%	2016 - 2022	598,747	602,470
Other obligations	0.22% - 8.00%	2015 - 2045	81,479	47,257
Total notes, loans and leases payable			$2,192,671	$2,190,869

(a) Interest rate as of June 30, 2015, including the effect of applicable hedging instruments

Real Estate Backed Loans

Real Estate Loan

Amerco Real Estate Company and certain of its subsidiaries and U-Haul Company of Florida are borrowers under a Real Estate Loan. As of June 30, 2015, the outstanding balance on the Real Estate Loan was $237.5 million. U-Haul International, Inc. is a guarantor of this loan. The Real Estate Loan requires monthly principal and interest payments, with the unpaid loan balance and accrued and unpaid interest due at maturity. The Real Estate Loan is secured by various properties owned by the borrowers. The final maturity of the term loan is April 2023.

8

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

The interest rate, per the provisions of the amended loan agreement, is the applicable London Inter-Bank Offer Rate ("LIBOR") plus the applicable margin. At June 30, 2015, the applicable LIBOR was 0.19% and the applicable margin was 1.50%, the sum of which was 1.69% which applied to $25.0 million of the Real Estate Loan and matures September 2015, but can be paid off in full before this date. The rate on the remaining balance of $212.5 million of the Real Estate Loan is hedged with an interest rate swap fixing the rate at 6.93% based on current margin. The interest rate swap expires in August 2018, after this date the remaining balance will incur interest at a rate of LIBOR plus a margin of 1.50%. The default provisions of the Real Estate Loan include non-payment of principal or interest and other standard reporting and change-in-control covenants. There are limited restrictions regarding our use of the funds.

Senior Mortgages

Various subsidiaries of Amerco Real Estate Company and U-Haul International, Inc. are borrowers under certain senior mortgages. These senior mortgage loan balances as of June 30, 2015 were in the aggregate amount of $694.1 million and mature between 2015 and 2038. The senior mortgages require monthly principal and interest payments with the unpaid loan balance and accrued and unpaid interest due at maturity. The senior mortgages are secured by certain properties owned by the borrowers. The fixed interest rates, per the provisions of the senior mortgages, range between 4.22% and 5.75%. Additionally, $141.1 million of these loans have variable interest rates comprised of applicable LIBOR base rates between 0.18% and 0.19% plus margins between 2.00% and 2.50%, the sum of which was between 2.18% and 2.69%. Amerco Real Estate Company and U-Haul International, Inc. have provided limited guarantees of the senior mortgages. The default provisions of the senior mortgages include non-payment of principal or interest and other standard reporting and change-in-control covenants. There are limited restrictions regarding our use of the funds.

Working Capital Loans

Amerco Real Estate Company is a borrower under an asset backed working capital loan. The maximum amount that can be drawn at any one time is $25.0 million. At June 30, 2015, the full $25.0 million was available to be drawn. This loan is secured by certain properties owned by the borrower. This loan agreement provides for revolving loans, subject to the terms of the loan agreement. This agreement matures in April 2016. This loan requires monthly interest payments with the unpaid loan balance and accrued and unpaid interest due at maturity. U-Haul International, Inc. and AMERCO are the guarantors of this loan. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants. The interest rate is the applicable LIBOR plus a margin of 1.25%.

Fleet Loans

Rental Truck Amortizing Loans

U-Haul International, Inc. and several of its subsidiaries are borrowers under amortizing term loans. The balance of the loans as of June 30, 2015 was $208.2 million with the final maturities between July 2015 and June 2022.

The Amortizing Loans require monthly principal and interest payments, with the unpaid loan balance and accrued and unpaid interest due at maturity. These loans were used to purchase new trucks. The interest rates, per the provision of the Loan Agreements, are the applicable LIBOR plus the applicable margins. At June 30, 2015, the applicable LIBOR was between 0.18% and 0.19% and applicable margins were between 1.35% and 2.50%. The interest rates are hedged with interest rate swaps fixing the rates between 2.82% and 5.57% based on current margins. Additionally, $95.6

million of these loans are carried at fixed rates ranging between 1.95% and 3.94%.

AMERCO and U-Haul International, Inc. are guarantors of these loans. The default provisions of these loans include non-payment of principal or interest and other standard reporting and change-in-control covenants.

9

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

A subsidiary of U-Haul International, Inc. is a borrower under amortizing term loans with an aggregate balance of $115.0 million that were used to fund new truck acquisitions. The final maturity date of these notes is August 2016. The agreements contain options to extend the maturity through May 2017. These notes are secured by the purchased equipment and the corresponding operating cash flows associated with their operation. These notes have fixed interest rates between 3.52% and 3.53%. At June 30, 2015, the aggregate outstanding balance was $115.0 million.

AMERCO and U-Haul International, Inc. are guarantors of these loans. The default provisions of these loans include non-payment of principal or interest and other standard reporting and change-in-control covenants.

Rental Truck Securitizations

2010 U-Haul S Fleet and its subsidiaries (collectively, “2010 USF”) issued a $155.0 million asset-backed note (“2010 Box Truck Note”) on October 28, 2010. 2010 USF is a bankruptcy-remote special purpose entity wholly-owned by U-Haul International, Inc. The net proceeds from the securitized transaction were used to finance new box truck purchases. U.S. Bank, NA acts as the trustee for this securitization.

The 2010 Box Truck Note has a fixed interest rate of 4.90% with an expected final maturity of October 2017. At June 30, 2015, the outstanding balance was $72.6 million. The note is secured by the box trucks purchased and the corresponding operating cash flows associated with their operation.

The 2010 Box Truck Note is subject to certain covenants with respect to liens, additional indebtedness of the special purpose entity, the disposition of assets and other customary covenants of bankruptcy-remote special purpose entities. The default provisions of this note include non-payment of principal or interest and other standard reporting and change-in-control covenants.

Rental Truck Revolvers

Various subsidiaries of U-Haul International, Inc. entered into a revolving fleet loan for $75 million, which can be increased to a maximum of $225 million. The loan matures in September 2018. The interest rate, per the provision of the Loan Agreement, is the applicable LIBOR plus the applicable margin. At June 30, 2015, the applicable LIBOR was 0.19% and the margin was 1.75%, the sum of which was 1.94%. Only interest is paid during the first four years of the loan with principal due monthly over the last nine months. As of June 30, 2015, the outstanding balance was $75.0 million.

Various subsidiaries of U-Haul International, Inc. entered into a revolving fleet loan for $100 million, which can be increased to a maximum of $125 million. The loan matures in October 2017. The interest rate, per the provision of the Loan Agreement, is the applicable LIBOR plus the applicable margin. At June 30, 2015, the applicable LIBOR was 0.18% and the margin was 1.00%, the sum of which was 1.18%. Only interest is paid during the first three years of the loan with principal due monthly over the last nine months. As of June 30, 2015, the outstanding balance was $76.0 million.

Various subsidiaries of U-Haul International, Inc. entered into a revolving fleet loan for $70 million. The loan matures in May 2019. This agreement contains an option to extend the maturity through February 2020. At June 30, 2015, the applicable LIBOR was 0.18% and the margin was 1.85%, the sum of which was 2.03%. Only interest is paid during the first five years of the loan with principal due upon maturity. As of June 30, 2015, the outstanding balance was $34.0 million.

Capital Leases

We regularly enter into capital leases for new equipment with the terms of the leases between 5 and 7 years. At June 30, 2015, the balance of these leases was $598.7 million. The net book value of the corresponding capitalized assets was $736.7 million at June 30, 2015.

10

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

Other Obligations

In February 2011, the Company and US Bank, National Association (the "Trustee") entered into the U-Haul Investors Club Indenture. The Company and the Trustee entered into this indenture to provide for the issuance of notes by us directly to investors over our proprietary website, uhaulinvestorsclub.com ("U-Notes"). The U-Notes are secured by various types of collateral including rental equipment and real estate. U-Notes are issued in smaller series that vary as to principal amount, interest rate and maturity. U-Notes are obligations of the Company and secured by the associated collateral; they are not guaranteed by any of the Company's affiliates or subsidiaries.

At June 30, 2015, the aggregate outstanding principal balance of the U-Notes issued was $57.9 million of which $6.4 million is held by our insurance subsidiaries and eliminated in consolidation. Interest rates range between 3.00% and 8.00% and maturity dates range between 2015 and 2045.

Our Life Insurance subsidiary is a member of the Federal Home Loan Bank ("FHLB") and as such has the ability to borrow under the FHLB's securities backed credit program. As of March 31, 2015, we have borrowed $30.0 million in the form of a variable rate credit advance which carried a rate of 0.22%. The rate is calculated daily based upon a spread of the overnight FED funds benchmark and is payable monthly. The borrowing does not have a scheduled maturity date.

Annual Maturities of Notes, Loans and Leases Payable

The annual maturities of long-term debt, including capital leases, as of June 30, 2015 for the next five years and thereafter are as follows:

	Year Ended June 30,					
	2016	2017	2018	2019	2020	Thereafter
	(Unaudited)					
	(In thousands)					
Notes, loans and leases payable, secured	$248,670	$482,362	$317,165	$292,793	$175,023	$676,658

Interest on Borrowings

Interest Expense

Components of interest expense include the following:

	Quarter Ended June 30,	
	2015	2014
	(Unaudited)	
	(In thousands)	
Interest expense	$18,542	$19,921
Capitalized interest	(551)	(167)
Amortization of transaction costs	743	753
Interest expense resulting from derivatives	3,366	3,641
Total interest expense	$22,100	$24,148

Interest paid in cash, including payments related to derivative contracts, amounted to $22.0 million and $23.4 million for the first quarter of fiscal 2016 and 2015, respectively.

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

Interest Rates

Interest rates and Company borrowings were as follows:

	Revolving Credit Activity Quarter Ended June 30,	
	2015	2014
	(Unaudited)	
	(In thousands, except interest rates)	
Weighted average interest rate during the year	1.65%	1.76%
Interest rate at year end	1.65%	1.77%
Maximum amount outstanding during the year	$ 191,000	$ 164,632
Average amount outstanding during the year	$ 180,714	$ 142,170
Facility fees	$ 94	$ 117

5. Derivatives

We manage exposure to changes in market interest rates. Our use of derivative instruments is limited to highly effective interest rate swaps to hedge the risk of changes in cash flows (future interest payments) attributable to changes in LIBOR swap rates, the designated benchmark interest rate being hedged on certain of our LIBOR indexed variable rate debt and a variable rate operating lease. The interest rate swaps effectively fix our interest payments on certain LIBOR indexed variable rate debt. We monitor our positions and the credit ratings of our counterparties and do not currently anticipate non-performance by the counterparties. Interest rate swap agreements are not entered into for trading purposes.

Original variable rate debt and lease amount		Agreement Date	Effective Date	Expiration Date	Designated cash flow hedge date
(Unaudited)					
(In millions)					
$ 300.0		8/16/2006	8/18/2006	8/10/2018	8/4/2006
19.0		8/27/2008	8/29/2008	7/10/2015	4/10/2008
30.0		9/24/2008	9/30/2008	9/10/2015	9/24/2008
15.0	(a)	3/24/2009	3/30/2009	3/30/2016	3/25/2009
14.7	(a)	7/6/2010	8/15/2010	7/15/2017	7/6/2010
25.0	(a)	4/26/2011	6/1/2011	6/1/2018	6/1/2011
50.0	(a)	7/29/2011	8/15/2011	8/15/2018	7/29/2011
20.0	(a)	8/3/2011	9/12/2011	9/10/2018	8/3/2011
15.1	(b)	3/27/2012	3/28/2012	3/28/2019	3/26/2012
25.0		4/13/2012	4/16/2012	4/1/2019	4/12/2012

44.3	1/11/2013	1/15/2013	12/15/2019	1/11/2013

(a) forward swaps

(b) operating lease

As of June 30, 2015, the total notional amount of our variable interest rate swaps on debt and an operating lease was $319.9 million and $10.5 million, respectively

12

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

The derivative fair values located in Accounts payable and accrued expenses in the balance sheets were as follows:

	Net Liability Derivative Fair Value as of	
	June 30, 2015	March 31, 2015
	(Unaudited)	
	(In thousands)	
Interest rate contracts designated as hedging instruments	$21,121	$24,484

	The Effect of Interest Rate Contracts on the Statements of Operations Quarter Ended June 30,	
	2015	2014
	(Unaudited)	
	(In thousands)	
Loss recognized in income on interest rate contracts	$3,366	$3,641
Gain recognized in AOCI on interest rate contracts (effective portion)	$(3,370)	$(1,345)
Loss reclassified from AOCI into income (effective portion)	$3,360	$3,647
(Gain) loss recognized in income on interest rate contracts (ineffective portion and amount excluded from effectiveness testing)	$6	$(6)

Gains or losses recognized in income on derivatives are recorded as interest expense in the statements of operations. At June 30, 2015, we expect to reclassify $12.3 million of net losses on interest rate contracts from accumulated other comprehensive income to earnings as interest expense over the next twelve months. During the first quarter of fiscal 2016, we recognized an increase in the fair value of our cash flow hedges of $2.1 million, net of taxes. Embedded in this gain was $3.4 million of losses reclassified from accumulated other comprehensive income to interest expense during the first quarter of fiscal 2016, net of taxes.

6. Comprehensive Income (Loss)

A summary of accumulated other comprehensive income (loss) components, net of tax, were as follows:

	Foreign Currency Translation	Unrealized Net Gain on Investments	Fair Market Value of Cash Flow Hedges	Postretirement Benefit Obligation Net Loss	Accumulated Other Comprehensive Income (Loss)
	(Unaudited)				
	(In thousands)				
Balance at March 31, 2015	$(59,170)	$41,181	$(15,235)	$(1,141)	$(34,365)
Foreign currency translation	2,533	–	–	–	2,533
	–	6,925	–	–	6,925

Unrealized net gain on investments					
Change in fair value of cash flow hedges	–	–	5,449	–	5,449
Amounts reclassified from AOCI	–	–	(3,360)	–	(3,360)
Other comprehensive income (loss)	2,533	6,925	2,089	–	11,547
Balance at June 30, 2015	$(56,637)	$48,106	$(13,146)	$(1,141)	$(22,818)

7. Stockholders' Equity

On June 5, 2015, we declared a cash dividend on our Common Stock of $1.00 per share to holders of record on June 19, 2015. The dividend was paid on July 1, 2015.

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

8. Contingent Liabilities and Commitments

We lease a portion of our rental equipment and certain of our facilities under operating leases with terms that expire at various dates substantially through 2019. As of June 30, 2015, we have guaranteed $52.0 million of residual values for these rental equipment assets at the end of the respective lease terms. Certain leases contain renewal and fair market value purchase options as well as mileage and other restrictions. At the expiration of the lease, we have the option to renew the lease, purchase the asset for fair market value, or sell the asset to a third party on behalf of the lessor. We have been leasing equipment since 1987 and have experienced no material losses relating to these types of residual value guarantees.

Lease commitments for leases having terms of more than one year were as follows:

	Property, Plant and Equipment	Rental Equipment	Total
	(Unaudited)		
	(In thousands)		
Year-ended June 30:			
2016	$ 15,219	$ 22,886	$ 38,105
2017	15,004	13,212	28,216
2018	14,524	10,854	25,378
2019	13,732	7,279	21,011
2020	13,658	431	14,089
Thereafter	57,388	–	57,388
Total	$ 129,525	$ 54,662	$ 184,187

9. Contingencies

PODS Enterprises, Inc. v. U-Haul International, Inc.

On July 3, 2012, PODS Enterprises, Inc. (“PEI”), filed a lawsuit against U-Haul International, Inc. (“U-Haul”), in the United States District Court for the Middle District of Florida, Tampa Division, alleging (1) Federal Trademark Infringement under Section 32 of the Lanham Act, (2) Federal Unfair Competition under Section 43(a) of the Lanham Act, (3) Federal Trademark dilution by blurring in violation of Section 43(c) of the Lanham Act, (4) common law trademark infringement under Florida law, (5) violation of the Florida Dilution; Injury to Business Reputation statute, (6) unfair competition and trade practices, false advertising and passing off under Florida common law, (7) violation of the Florida Deceptive and Unfair Trade Practices Act, and (8) unjust enrichment under Florida law.

The claims arose from U-Haul’s use of the word “pod” and “pods” as a generic term for its U-Box moving and storage product. PEI alleged that such use is an inappropriate use of its PODS mark. Under the claims alleged in its Complaint, PEI sought a Court Order permanently enjoining U-Haul from: (1) the use of the PODS mark, or any other trade name or trademark confusingly similar to the mark; and (2) the use of any false descriptions or representations or committing any acts of unfair competition by using the PODS mark or any trade name or trademark confusingly similar to the mark. PEI also sought a Court Order (1) finding all of PEI’s trademarks valid and enforceable and (2) requiring U-Haul to alter all web pages to promptly remove the PODS mark from all websites owned or operated on behalf of U-Haul. Finally, PEI sought an award of damages in an amount to be proven at trial, but which are alleged to be approximately $70 million. PEI also sought pre-judgment interest, trebled damages, and punitive damages.

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

U-Haul does not believe that PEI's claims have merit and vigorously defended the lawsuit. On September 17, 2012, U-Haul filed its Counterclaims, seeking a Court Order declaring that: (1) U-Haul's use of the term "pods" or "pod" does not infringe or dilute PEI's purported trademarks or violate any of PEI's purported rights; (2) The purported mark "PODS" is not a valid, protectable, or registrable trademark; and (3) The purported mark "PODS PORTABLE ON DEMAND STORAGE" is not a valid, protectable, or registrable trademark. U-Haul also sought a Court Order cancelling the marks at issue in the case.

The case was tried to an 8-person jury, beginning on September 8, 2014. On September 19, 2014, the Court granted U-Haul's motion for directed verdict on the issue of punitive damages. The Court deferred ruling on U-Haul's motion for directed verdict on its defense that the words "pod" and "pods" were generic terms for a container used for the moving and storage of goods at the time PEI obtained its trademark ("genericness defense"). Closing arguments were on September 22, 2014.

On September 25, 2014, the jury returned a unanimous verdict, finding in favor of PEI and against U-Haul on all claims and counterclaims. The jury awarded PEI $45 million in actual damages and $15.7 million in U-Haul's alleged profits attributable to its use of the term "pod" or "pods".

On October 1, 2014, the Court ordered briefing on U-Haul's oral motion for directed verdict on its genericness defense, the motion on which the Court had deferred ruling during trial. Pursuant to the Court's order, the parties' briefing on that motion was completed by October 21, 2014.

On March 11, 2015, the Court denied U-Haul's Renewed Motion for Directed Verdict, For Judgment as a Matter of Law, Or in the Alternative, Motion for a New Trial. Also on March 11, 2015, the Court entered Judgment on the jury verdict in favor of PEI and against U-Haul in the amount of $60.7 million.

The parties have filed a series of post-Judgment motions:

On March 25, 2015, PEI filed a motion for an award of attorneys' fees and expenses in the amount of $6.5 million. On April 27, 2015, U-Haul filed its opposition brief to that motion.

On March 25, 2015, PEI filed a Proposed Bill of Costs in the amount of $186,411. On April 14, 2015, U-Haul filed an opposition to PEI's proposed bill of costs. On May 1, 2015, PEI filed an amended bill of costs, in the amount of $196,133.

On April 6, 2015, U-Haul filed, with PEI's consent, a motion to stay execution of the Judgment, pending the trial court's rulings on U-Haul's post-Judgment motions. That motion was supported by a supersedeas bond in the amount of $60.9 million, which represents 100% of the Judgment plus post-Judgment interest at the rate of 0.25% per year for 18 months. PEI and U-Haul both reserved the right to modify the amount of the bond in the event the Judgment is modified by the Court's rulings on the parties' post-Judgment motions (described below). On April 7, 2015, the Court granted U-Haul's motion on consent, staying the Judgment pending rulings on U-Haul's post-Judgment motions.

On April 8, 2015, U-Haul filed its Renewed Motion for Judgment As Matter of Law, or in the Alternative, Motion for New Trial, or to Alter the Judgment. U-Haul argued that it is entitled to judgment as a matter of law because even when all evidence is viewed in PEI's favor, it was legally insufficient for the jury to find for PEI. Alternatively, U-Haul argued that it is entitled to a new trial because the verdict is against the weight of the evidence. Alternatively, U-Haul argued that the Court should reduce the damages and profits award under principles of equity. On April, 27, 2015, PEI filed its opposition brief.

On April 8, 2015, PEI filed a Motion to Amend the Judgment pursuant to Fed. R. Civ. P. 59(e), in which it asked that the Judgment be amended to include (i) the entry of a permanent injunction; (ii) an award of pre-Judgment interest in the amount of $4.9 million; (iii) an award of post-Judgment interest in the amount of $11,441 and continuing to accrue at the rate of 0.25% while the case proceeds; (iv) doubling of the damages award to $121.4 million; and (v) the entry of an order directing the Patent and Trademark Office to dismiss the cancellation proceedings that U-Haul filed, which sought cancellation of the PODS trademarks. On April 27, 2015, U-Haul filed its opposition brief arguing, among other things, that (1) PEI is not entitled to recover double the windfall the jury incorrectly awarded it; (2) PEI is not entitled to the overreaching injunction it seeks; (3) PEI is not entitled to pre-judgment interest; (4) PEI has overstated the amount of post-Judgment interest to which it is entitled; and (5) PEI's request that the Court order the Trademark Trial and Appeal Board to dismiss U-Haul's cancellation proceeding is premature.

15

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

On April 9, 2015, U-Haul filed a protective Notice of Appeal. We expect that this notice of appeal will be automatically stayed and will become effective upon the disposition of (1) U-Haul's renewed motion for judgment or a new trial or alteration of the Judgment or (2) PEI's motion to alter or amend the Judgment, whichever comes later.

As of June 30, 2015, the parties' post-Judgement motions remain before the trial court for decision.

Environmental

Compliance with environmental requirements of federal, state and local governments may significantly affect Real Estate's business operations. Among other things, these requirements regulate the discharge of materials into the air, land and water and govern the use and disposal of hazardous substances. Real Estate is aware of issues regarding hazardous substances on some of its properties. Real Estate regularly makes capital and operating expenditures to stay in compliance with environmental laws and has put in place a remedial plan at each site where it believes such a plan is necessary. Since 1988, Real Estate has managed a testing and removal program for underground storage tanks.

Based upon the information currently available to Real Estate, compliance with the environmental laws and its share of the costs of investigation and cleanup of known hazardous waste sites are not expected to result in a material adverse effect on AMERCO's financial position or results of operations.

Other

We are named as a defendant in various other litigation and claims arising out of the normal course of business. In management's opinion, none of these other matters will have a material effect on our financial position and results of operations.

10. Related Party Transactions

As set forth in the Audit Committee Charter and consistent with NASDAQ Listing Rules, our Audit Committee (the "Audit Committee") reviews and maintains oversight over related party transactions which are required to be disclosed under the Securities and Exchange Commission ("SEC") rules and regulations and in accordance with the generally accepted accounting principles ("GAAP"). Accordingly, all such related party transactions are submitted to the Audit Committee for ongoing review and oversight. Our internal processes are designed to ensure that our legal and finance departments identify and monitor potential related party transactions that may require disclosure and Audit Committee oversight.

AMERCO has engaged in related party transactions and has continuing related party interests with certain major stockholders, directors and officers of the consolidated group as disclosed below. Management believes that the transactions described below and in the related notes were completed on terms substantially equivalent to those that would prevail in arm's-length transactions.

SAC Holding Corporation and SAC Holding II Corporation, (collectively "SAC Holdings") were established in order to acquire and develop self-storage properties. These properties are being managed by us pursuant to management agreements. In the past, we sold real estate and various self-storage properties to SAC Holdings, and such sales provided significant cash flows to us.

Related Party Revenue

	Quarter Ended June 30,	
	2015	2014
	(Unaudited)	
	(In thousands)	
U-Haul interest income revenue from SAC Holdings	$1,239	$1,704
U-Haul interest income revenue from Private Mini	1,126	1,326
U-Haul management fee revenue from SAC Holdings	4,814	4,523
U-Haul management fee revenue from Private Mini	746	636
U-Haul management fee revenue from Mercury	551	518
	$8,476	$8,707

16

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

During the first quarter of fiscal 2016, a subsidiary of ours held a junior unsecured note from SAC Holdings. Substantially all of the equity interest of SAC Holdings is controlled by Blackwater Investments, Inc. (“Blackwater”). Blackwater is wholly-owned by Mark V. Shoen, a significant stockholder of AMERCO. We do not have an equity ownership interest in SAC Holdings. We received cash interest payments of $1.2 million and $1.6 million from SAC Holdings during the first quarter of fiscal 2016 and 2015, respectively. The largest aggregate amount of the note receivable outstanding during the first quarter of fiscal 2016 was $50.4 million and the aggregate note receivable balance at June 30, 2015 was $50.2 million. In accordance with the terms of this note, SAC Holdings may prepay the note without penalty or premium at any time. The scheduled maturity of this note is 2017.

During the first quarter of fiscal 2016, AMERCO held a junior note issued by Private Mini Storage Realty, L.P. (“Private Mini”). The equity interests of Private Mini are ultimately controlled by Blackwater. We received cash interest payments of $1.1 million and $1.3 million from Private Mini during the first quarters of fiscal 2016 and 2015, respectively. The largest aggregate amount outstanding during the first quarter of fiscal 2016 was $56.5 million and the aggregate note receivable balance at June 30, 2015 was $56.5 million. In July 2015, Private Mini repaid its note and all outstanding interest due AMERCO totalling $56.8 million.

We currently manage the self-storage properties owned or leased by SAC Holdings, Mercury Partners, L.P. (“Mercury”), Four SAC Self-Storage Corporation (“4 SAC”), Five SAC Self-Storage Corporation (“5 SAC”), Galaxy Investments, L.P. (“Galaxy”) and Private Mini pursuant to a standard form of management agreement, under which we receive a management fee of between 4% and 10% of the gross receipts plus reimbursement for certain expenses. We received management fees, exclusive of reimbursed expenses, of $9.0 million and $9.3 million from the above mentioned entities during the first quarter of fiscal 2016 and 2015, respectively. This management fee is consistent with the fee received for other properties we previously managed for third parties. SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini are substantially controlled by Blackwater. Mercury is substantially controlled by Mark V. Shoen. James P. Shoen, a significant stockholder of AMERCO and an estate planning trust benefitting the Shoen children have an interest in Mercury.

Related Party Costs and Expenses

	Quarter Ended June 30,	
	2015	2014
	(Unaudited)	
	(In thousands)	
U-Haul lease expenses to SAC Holdings	$654	$655
U-Haul commission expenses to SAC Holdings	13,991	13,484
U-Haul commission expenses to Private Mini	980	862
	$15,625	$15,001

We lease space for marketing company offices, vehicle repair shops and hitch installation centers from subsidiaries of SAC Holdings, 5 SAC and Galaxy. The terms of the leases are similar to the terms of leases for other properties owned by unrelated parties that are leased to us.

At June 30, 2015, subsidiaries of SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini acted as U-Haul independent dealers. The financial and other terms of the dealership contracts with the aforementioned companies and their subsidiaries are substantially identical to the terms of those with our other independent dealers whereby commissions are paid by us based upon equipment rental revenues.

These agreements and notes with subsidiaries of SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini, excluding Dealer Agreements, provided revenues of $7.9 million, expenses of $0.7 million and cash flows of $8.2 million during the first quarter of fiscal 2016. Revenues and commission expenses related to the Dealer Agreements were $68.9 million and $15.0 million, respectively during the first quarter of fiscal 2016.

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

Pursuant to the variable interest entity model under ASC 810 – Consolidation ("ASC 810"), Management determined that the junior notes of SAC Holdings and Private Mini as well as the management agreements with SAC Holdings, Mercury, 4 SAC, 5 SAC, Galaxy, and Private Mini represent potential variable interests for us. Management evaluated whether it should be identified as the primary beneficiary of one or more of these VIE's using a two-step approach in which management (i) identified all other parties that hold interests in the VIE's, and (ii) determined if any variable interest holder has the power to direct the activities of the VIE's that most significantly impact their economic performance.

Management determined that they do not have a variable interest in the holding entities SAC Holding II Corporation, Mercury, 4 SAC, 5 SAC, or Galaxy based upon management agreements which are with the individual operating entities or through the issuance of junior debt; therefore, we are precluded from consolidating these entities.

We have junior debt with the holding entities SAC Holding Corporation and Private Mini which represents a variable interest in each individual entity. Though we have certain protective rights within these debt agreements, we have no present influence or control over these holding entities unless their protective rights become exercisable, which management considers unlikely based on their payment history. As a result, we have no basis under ASC 810 to consolidate these entities.

We do not have the power to direct the activities that most significantly impact the economic performance of the individual operating entities which have management agreements with U-Haul. There are no fees or penalties disclosed in the management agreement for termination of the agreement. Through control of the holding entities' assets, and its ability and history of making key decisions relating to the entity and its assets, Blackwater, and its owner, are the variable interest holder with the power to direct the activities that most significantly impact each of the individual holding entities and the individual operating entities' performance. As a result, we have no basis under ASC 810 to consolidate these entities.

We have not provided financial or other support explicitly or implicitly during the quarter ended June 30, 2015 to any of these entities that it was not previously contractually required to provide. In addition, we currently have no plan to provide any financial support to any of these entities in the future. The carrying amount and classification of the assets and liabilities in our balance sheets that relate to our variable interests in the aforementioned entities are as follows, which approximate the maximum exposure to loss as a result of our involvement with these entities:

Related Party Assets

	June 30, 2015	March 31, 2015
	(Unaudited)	
	(In thousands)	
U-Haul notes, receivables and interest from Private Mini	$59,259	$59,375
U-Haul notes receivable from SAC Holding Corporation	50,167	50,428
U-Haul interest receivable from SAC Holdings	4,660	4,579
U-Haul receivable from SAC Holdings	18,482	20,108
U-Haul receivable from Mercury	3,549	6,667
Other (a)	(1,464)	633
	$134,653	$141,790

(a) Timing differences for intercompany balances with insurance subsidiaries resulting from the three month difference in reporting periods.

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

11. Consolidating Financial Information by Industry Segment

AMERCO's three reportable segments are:

- Moving and Storage, comprised of AMERCO, U-Haul, and Real Estate and the subsidiaries of U-Haul and Real Estate,
- Property and Casualty Insurance, comprised of Repwest and its subsidiaries and ARCOA, and
- Life Insurance, comprised of Oxford and its subsidiaries.

Management tracks revenues separately, but does not report any separate measure of the profitability for rental vehicles, rentals of self-storage spaces and sales of products that are required to be classified as a separate operating segment and accordingly does not present these as separate reportable segments. Deferred income taxes are shown as liabilities on the condensed consolidating statements.

The information includes elimination entries necessary to consolidate AMERCO, the parent, with its subsidiaries.

Investments in subsidiaries are accounted for by the parent using the equity method of accounting.

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

11. Financial Information by Consolidating Industry Segment:

Consolidating balance sheets by industry segment as of June 30, 2015 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations		AMERCO Consolidated
	(Unaudited) (In thousands)					
Assets:						
Cash and cash equivalents	$459,636	$10,091	$5,835	$–		$475,562
Reinsurance recoverables and trade receivables, net	49,542	127,081	32,651	–		209,274
Inventories, net	69,889	–	–	–		69,889
Prepaid expenses	67,511	–	–	–		67,511
Investments, fixed maturities and marketable equities	–	234,595	1,099,604	–		1,334,199
Investments, other	34,788	48,966	239,140	–		322,894
Deferred policy acquisition costs, net	–	–	115,388	–		115,388
Other assets	92,473	1,123	2,501	–		96,097
Related party assets	138,553	13,231	546	(17,677)	(c)	134,653
	912,392	435,087	1,495,665	(17,677)		2,825,467
Investment in subsidiaries	457,337	–	–	(457,337)	(b)	–
Property, plant and equipment, at cost:						
Land	488,931	–	–	–		488,931
Buildings and improvements	1,812,899	–	–	–		1,812,899
Furniture and equipment	359,500	–	–	–		359,500
Rental trailers and other rental equipment	449,810	–	–	–		449,810
Rental trucks	3,133,198	–	–	–		3,133,198
	6,244,338	–	–	–		6,244,338
Less: Accumulated depreciation	(1,979,171)	–	–	–		(1,979,171)
Total property, plant and equipment	4,265,167	–	–	–		4,265,167
Total assets	$5,634,896	$435,087	$1,495,665	$(475,014)		$7,090,634

(a) Balances as of March 31, 2015

(b) Eliminate investment in subsidiaries
(c) Eliminate intercompany receivables and payables

20

amerco and consolidated subsidiaries

notes to condensed consolidated financial statements – (continued)

Consolidating balance sheets by industry segment as of June 30, 2015 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations		AMERCO Consolidated
	(Unaudited)					
	(In thousands)					
Liabilities:						
Accounts payable and accrued expenses	$466,528	$–	$4,397	$–		$470,925
Notes, loans and leases payable	2,162,671	–	30,000	–		2,192,671
Policy benefits and losses, claims and loss expenses payable	369,943	270,836	433,394	–		1,074,173
Liabilities from investment contracts	–	–	711,782	–		711,782
Other policyholders' funds and liabilities	–	3,647	9,820	–		13,467
Deferred income	26,438	–	–	–		26,438
Deferred income taxes	545,506	(16,771)	23,382	–		552,117
Related party liabilities	14,749	2,353	575	(17,677)	(c)	–
Total liabilities						