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U-HAUL HOLDING CO /NV/

FORM 10-Q
(Quarterly Report)

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	RENO, NV, 89511
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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 September 30, 201 6

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** (A Nevada Corporation) 5555 Kietzke Lane , Ste. 100 Reno, Nevada 89511 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 definition s 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 November 1 , 201 6

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PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

AMERCO AND CONSOLIDATED ENTITIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2016	March 31, 2016
	(Unaudited)	
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents	$ 921,327	$ 600,646
Reinsurance recoverables and trade receivables, net	183,243	175,210
Inventories, net	81,609	79,756
Prepaid expenses	87,968	134,300
Investments, fixed maturities and marketable equities	1,632,420	1,510,538
Investments, other	382,065	310,072
Deferred policy acquisition costs, net	118,652	136,386
Other assets	85,600	77,210
Related party assets	80,171	85,734
	3,573,055	3,109,852
Property, plant and equipment, at cost:		
Land	616,969	587,347
Buildings and improvements	2,401,802	2,187,400
Furniture and equipment	448,990	399,943
Rental trailers and other rental equipment	490,451	462,379
Rental trucks	3,720,268	3,514,175
	7,678,480	7,151,244
Less: Accumulated depreciation	(2,244,417)	(2,133,733)
Total property, plant and equipment	5,434,063	5,017,511
Total assets	$ 9,007,118	$ 8,127,363
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	$ 438,921	$ 502,613
Notes, loans and leases payable	2,992,490	2,665,396
Policy benefits and losses, claims and loss expenses payable	1,088,128	1,071,412
Liabilities from investment contracts	1,043,129	951,490
Other policyholders' funds and liabilities	10,211	8,650
Deferred income	27,801	22,784
Deferred income taxes	791,524	653,612
Total liabilities	6,392,204	5,875,957
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 September 30 and March 31, 2016	–	–
Series B preferred stock, with no par value, 100,000 shares authorized; none		
issued and outstanding as of September 30 and March 31, 2016	–	–
Series common stock, with or without par value, 250,000,000 shares authorized:		
Series A common stock of $0.25 par value, 10,000,000 shares authorized;		
none issued and outstanding as of September 30 and March 31, 2016	–	–
Common stock, with $0.25 par value, 250,000,000 shares authorized:		
Common stock of $0.25 par value, 250,000,000 shares authorized; 41,985,700		
issued and 19,607,788 outstanding as of September 30 and March 31, 2016	10,497	10,497
Additional paid-in capital	451,909	451,629
Accumulated other comprehensive loss	(19,890)	(60,525)
Retained earnings	2,857,289	2,533,641
Cost of common shares in treasury, net (22,377,912 shares as of September 30 and March 31, 2016)	(525,653)	(525,653)
Cost of preferred shares in treasury, net (6,100,000 shares as of September 30 and March 31, 2016)	(151,997)	(151,997)
Unearned employee stock ownership plan shares	(7,241)	(6,186)
Total stockholders' equity	2,614,914	2,251,406
Total liabilities and stockholders' equity	$ 9,007,118	$ 8,127,363

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

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Quarter Ended September 30,	
	2016	2015
	(Unaudited)	
	(In thousands, except share and per share amounts)	
Revenues:		
Self-moving equipment rentals	$ 711,710	$ 698,219
Self-storage revenues	72,163	62,060
Self-moving and self-storage products and service sales	70,330	70,703
Property management fees	6,712	6,320
Life insurance premiums	40,893	40,515
Property and casualty insurance premiums	14,009	13,372
Net investment and interest income	25,816	22,151
Other revenue	57,278	49,563
Total revenues	998,911	962,903
Costs and expenses:		
Operating expenses	398,213	406,282
Commission expenses	80,462	80,799
Cost of sales	40,952	39,881
Benefits and losses	46,836	43,428
Amortization of deferred policy acquisition costs	5,989	5,643
Lease expense	9,349	12,724
Depreciation, net of (gains) on disposals of (($9,618) and ($32,821), respectively)	109,904	63,078
Total costs and expenses	691,705	651,835
Earnings from operations	307,206	311,068
Interest expense	(28,215)	(23,973)
Pretax earnings	278,991	287,095
Income tax expense	(102,516)	(103,716)
Earnings available to common stockholders	$ 176,475	$ 183,379
Basic and diluted earnings per common share	$ 9.01	$ 9.36
Weighted average common shares outstanding: Basic and diluted	19,586,411	19,597,717

Related party revenues for the second quarter of fiscal 201 7 and 201 6 , net of eliminations, were $ 7.9 million and $ 7.6 million , respectively.

Related party costs and expenses for the second quarter of fiscal 201 7 and 201 6 , net of eliminations, were $ 17.3 million and $ 17.0 million , respectively.

Please see N ote 10, Related Party Transactions, of the Notes to Condensed Consolidated Financial Statements for more information on the related party revenues and costs and expenses.

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

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Six Months Ended September 30,	
	2016	2015
	(Unaudited)	
	(In thousands, except share and per share amounts)	
Revenues:		
Self-moving equipment rentals	$ 1,358,046	$ 1,327,505
Self-storage revenues	139,885	119,251
Self-moving and self-storage products and service sales	147,633	147,961
Property management fees	13,316	12,431
Life insurance premiums	81,785	80,781
Property and casualty insurance premiums	25,264	23,928
Net investment and interest income	53,365	44,123
Other revenue	103,026	91,728
Total revenues	1,922,320	1,847,708
Costs and expenses:		
Operating expenses	783,295	769,451
Commission expenses	154,278	153,857
Cost of sales	84,314	81,136
Benefits and losses	93,839	86,819
Amortization of deferred policy acquisition costs	13,931	10,421
Lease expense	20,397	29,788
Depreciation, net of (gains) on disposals of (($28,258) and ($78,805), respectively)	205,285	114,060
Total costs and expenses	1,355,339	1,245,532
Earnings from operations	566,981	602,176
Interest expense	(54,859)	(46,073)
Pretax earnings	512,122	556,103
Income tax expense	(188,474)	(201,439)
Earnings available to common stockholders	$ 323,648	$ 354,664
Basic and diluted earnings per common share	$ 16.52	$ 18.10
Weighted average common shares outstanding: Basic and diluted	19,586,240	19,596,921

Related party revenues for the first six months of fiscal 201 7 and 201 6 , net of eliminations, were $ 15.8 million and $ 16.0 million , respectively.

Related party costs and expenses for the first six months of fiscal 201 7 and 201 6 , net of eliminations, were $34.3 million and $ 32.6 million , respectively.

Please see N ote 10, Related Party Transactions, of the Notes to Condensed Consolidated Financial Statements for more information on the related party revenues and costs and expenses.

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

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Quarter Ended September 30, 2016	**Pre-tax**	**Tax**	**Net**
	(Unaudited) (In thousands)		
Comprehensive income:			
Net earnings	$ 278,991	$ (102,516)	$ 176,475
Other comprehensive income (loss):			
Foreign currency translation	(1,704)	–	(1,704)
Unrealized net gain on investments	30,790	(10,777)	20,013
Change in fair value of cash flow hedges	3,105	(1,179)	1,926
Total comprehensive income	$ 311,182	$ (114,472)	$ 196,710

Quarter Ended September 30, 2015	**Pre-tax**	**Tax**	**Net**
	(Unaudited) (In thousands)		
Comprehensive income:			
Net earnings	$ 287,095	$ (103,716)	$ 183,379
Other comprehensive income (loss):			
Foreign currency translation	(13,098)	–	(13,098)
Unrealized net loss on investments	(31,625)	11,069	(20,556)
Change in fair value of cash flow hedges	1,235	(469)	766
Total comprehensive income	$ 243,607	$ (93,116)	$ 150,491

Six Months Ended September 30, 2016	**Pre-tax**	**Tax**	**Net**
	(Unaudited) (In thousands)		
Comprehensive income:			
Net earnings	$ 512,122	$ (188,474)	$ 323,648
Other comprehensive income (loss):			
Foreign currency translation	(1,982)	–	(1,982)
Unrealized net gain on investments	60,618	(21,217)	39,401
Change in fair value of cash flow hedges	5,186	(1,970)	3,216
Total comprehensive income	$ 575,944	$ (211,661)	$ 364,283

Six Months Ended September 30, 2015	**Pre-tax**	**Tax**	**Net**
	(Unaudited) (In thousands)		
Comprehensive income:			
Net earnings	$ 556,103	$ (201,439)	$ 354,664
Other comprehensive income (loss):			
Foreign currency translation	(10,565)	–	(10,565)
Unrealized net loss on investments	(20,972)	7,341	(13,631)
Change in fair value of cash flow hedges	4,605	(1,750)	2,855
Total comprehensive income	$ 529,171	$ (195,848)	$ 333,323

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

AMERCO AND CONSOLIDATED ENTITIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended September 30,	
	2016	2015
	(Unaudited)	
	(In thousands)	
Cash flow from operating activities:		
Net earnings	$ 323,648	$ 354,664
Adjustments to reconcile net earnings to cash provided by operations:		
Depreciation	233,543	192,865
Amortization of deferred policy acquisition costs	13,931	10,421
Amortization of debt issuance costs	1,765	1,512
Interest credited to policyholders	11,028	10,484
Change in allowance for losses on trade receivables	34	(9)
Change in allowance for inventory reserves	800	(603)
Net gain on sale of real and personal property	(28,258)	(78,805)
Net gain on sale of investments	(4,645)	(3,022)
Deferred income taxes	114,724	27,259
Net change in other operating assets and liabilities:		
Reinsurance recoverables and trade receivables	(8,102)	13,618
Inventories	(2,674)	(2,107)
Prepaid expenses	46,248	71,813
Capitalization of deferred policy acquisition costs	(14,360)	(15,636)
Other assets	(8,695)	16,794
Related party assets	5,195	57,767
Accounts payable and accrued expenses	45,162	59,525
Policy benefits and losses, claims and loss expenses payable	16,922	11,702
Other policyholders' funds and liabilities	1,563	2,684
Deferred income	5,034	2,339
Related party liabilities	232	(97)
Net cash provided by operating activities	753,095	733,168
Cash flows from investing activities:		
Purchases of:		
Property, plant and equipment	(761,277)	(720,265)
Short term investments	(409,925)	(249,082)
Fixed maturities investments	(168,817)	(169,899)
Equity securities	(489)	(1,315)
Preferred stock	–	(3)
Real estate	(15,788)	(23)
Mortgage loans	(136,682)	(86,361)
Proceeds from sales and paydowns of:		
Property, plant and equipment	310,409	379,198
Short term investments	386,508	243,634
Fixed maturities investments	120,525	89,085
Equity securities	–	808
Preferred stock	2,651	–
Real estate	831	–
Mortgage loans	105,731	29,895
Net cash used by investing activities	(566,323)	(484,328)
Cash flows from financing activities:		
Borrowings from credit facilities	331,787	461,735
Principal repayments on credit facilities	(158,479)	(187,958)
Debt issuance costs	(2,085)	(5,957)
Capital lease payments	(83,414)	(77,786)
Employee Stock Ownership Plan	(4,653)	(1,484)
Securitization deposits	245	298
Common stock dividends paid	(19,586)	(19,594)
Investment contract deposits	130,166	140,220
Investment contract withdrawals	(49,555)	(25,974)
Net cash provided by financing activities	144,426	283,500
Effects of exchange rate on cash	(10,517)	(12,543)
Increase in cash and cash equivalents	320,681	519,797
Cash and cash equivalents at the beginning of period	600,646	441,850
Cash and cash equivalents at the end of period	$ 921,327	$ 961,647

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

1.Basis of Presentation

AMERCO, a Nevada corporation (“AMERCO”), has a second fiscal quarter that ends on the 30 th of September for each year that is referenced. Our insurance company subsidiaries have a second quarter that ends on the 3 0 th of June 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 201 6 and 20 15 correspond to fiscal 201 7 and 201 6 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 September 30 , 201 6 and the related condensed consolidated statements of operations , comprehensive income (loss) for the second quarter and first six months and cash flows for the first six months of fiscal 201 7 and 201 6 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, 201 6 .

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”),

Rep w est Insurance Company (“Rep w est”), and

Oxford Life Insurance Company (“Oxford”).

Unless the context otherwise requires, the term s “Company,” “we,” “us” or “our” refer 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 operati ng segment (“Moving and Storage”) include s AMERCO, U-Haul, 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 towin g accessories, sales of propane and the rental of fixed and portable moving and 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.

The Property and Casualty Insurance operating segment ("Property and Casualty Insurance") includes Rep w est and its wholly-owned subsidiaries and ARCOA R isk R etention G roup ("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 21,219 and 9,280 as of September 30 , 201 6 and 201 5 , 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 $ 17.2 million and $17.3 million at September 30 , 201 6 and March 31, 2016, respectively .

Available-for-Sale Investments

Available-for-sale investments at September 30 , 201 6 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	$ 73,751	$ 7,216	$ –	$ –	$ 80,967
U.S. government agency mortgage-backed securities	29,902	2,116	(6)	(2)	32,010
Obligations of states and political subdivisions	161,620	16,285	(11)	–	177,894
Corporate securities	1,198,017	67,183	(7,775)	(3,266)	1,254,159
Mortgage-backed securities	42,765	1,238	–	(38)	43,965
Redeemable preferred stocks	15,332	795	–	(127)	16,000
Common stocks	17,970	9,482	(10)	(17)	27,425
	$ 1,539,357	$ 104,315	$ (7,802)	$ (3,450)	$ 1,632,420

Available-for-sale investments at March 31 , 201 6 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	$ 85,861	$ 3,791	$ –	$ (193)	$ 89,459
U.S. government agency mortgage-backed securities	21,845	1,596	(6)	(39)	23,396
Obligations of states and political subdivisions	166,725	10,660	(81)	(414)	176,890
Corporate securities	1,143,125	26,861	(8,013)	(28,181)	1,133,792
Mortgage-backed securities	42,991	475	–	(62)	43,404
Redeemable preferred stocks	17,977	556	–	(105)	18,428
Common stocks	17,732	7,822	(10)	(375)	25,169
	$ 1,496,256	$ 51,761	$ (8,110)	$ (29,369)	$ 1,510,538

The available-for-sale table s 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 $120.7 million during the first six months of fiscal 201 7 . The gross realized gains on these sales totaled $3.1 million. The gross realized losses on these sales totaled $0.9 million .

The unrealized losses of more than twelve months in the available-for-sale table s are considered temporary declines. We track each investment with an unrealized loss and evaluate it 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 second quarter or for the first six months of fiscal 2017 or 2016.

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 credit losses on mortgage backed securities include ratings, delinquency rates, and prepayment activity. The significant inputs utilized in the evaluation of credit losses on asset backed securities 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 second quarter or first six months of fiscal 2017.

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

	September 30, 2016		March 31, 2016	
	Amortized Cost	Estimated Market Value	Amortized Cost	Estimated Market Value
	(Unaudited)			
	(In thousands)			
Due in one year or less	$ 29,344	$ 29,790	$ 48,679	$ 49,146
Due after one year through five years	316,614	330,006	250,576	256,597
Due after five years through ten years	570,836	602,486	557,984	557,961
Due after ten years	546,496	582,748	560,317	559,833
	1,463,290	1,545,030	1,417,556	1,423,537
Mortgage backed securities	42,765	43,965	42,991	43,404
Redeemable preferred stocks	15,332	16,000	17,977	18,428
Common stocks	17,970	27,425	17,732	25,169
	$ 1,539,357	$ 1,632,420	$ 1,496,256	$ 1,510,538

4. Borrowings

Long-Term Debt

Long-term debt was as follows:

	2016 Rate (a)	Maturities	September 30, 2016	March 31, 2016
			(Unaudited)	
			(In thousands)	
Real estate loan (amortizing term)	2.02% - 6.93%	2023	$ 174,289	$ 205,000
Senior mortgages	2.53% - 5.50%	2017 - 2038	1,202,737	1,121,897
Working capital loan (revolving credit)	-	2018	–	–
Fleet loans (amortizing term)	1.95% - 4.76%	2017 - 2023	227,781	218,998
Fleet loans (securitization)	4.90%	2017	56,195	62,838
Fleet loans (revolving credit)	1.67% - 2.37%	2018 - 2021	462,000	347,000
Capital leases (rental equipment)	2.12% - 7.69%	2016 - 2023	826,931	672,825
Other obligations	3.00% - 8.00%	2016 - 2045	66,238	60,200
Notes, loans and leases payable			3,016,171	2,688,758
Less: Debt issuance costs			(23,681)	(23,362)
Total notes, loans and leases payable			$ 2,992,490	$ 2,665,396

(a) Interest rate as of September 30, 2016, 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 September 30, 2016 , the outstanding balance on the Real Estate Loan was $174.3 million . 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 20 23 .

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 September 30, 201 6 , the applicable LIBOR was 0.52 % and the applicable margin was 1.50%, the sum of which was 2.02 % , which was applied to $41.5 million of the Real Estate Loan. The rate of the remaining balance of $132.8 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 which 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 September 30, 2016 were in the aggregate amount of $ 1,202.7 million and mature between 2017 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 3 . 72 % and 5.5 0 %. Certain senior mortgages have an anticipated repayment date and a maturity date. If these senior mortgages are not repaid by the anticipated repayment date the interest rate on these mortgages would increase from the current fixed rate. We are using the anticipated repayment date for our maturity schedule. Additionally , $ 133.6 million of these loans have variable interest rates comprised of applicable LIBOR base rates between 0.51 % and 0.53% plus margins between 2.00% and 2.50%, the sum of which was between 2.53 % and 3.03 %. 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 $ 50 .0 million. At September 30, 201 6 the full $50.0 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. The final maturity of this loan is September 2018. This loan requires monthly interest payments with the unpaid loan balance and accrued and unpaid interest due at maturity. The interest rate is the applicable LIBOR plus a margin of 1.25% . AMERCO is the guarantor 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.

Fleet Loans

Rental Truck Amortizing Loans

U-Haul International, Inc. and /or several of its subsidiaries are borrowers under amortizing term loans. The balance of the loans as of September 30, 2016 was $ 227.8 million with the final maturities between July 201 7 and Sept 202 3 .

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 margin s . At September 30, 2016 , the applicable LIBOR was 0.52 % and applicable margins were between 1.72% and 2.50%. The interest rates are hedged with interest rate swaps fixing the rates between 2.82% and 4.76% based on current margins. Additionally, $ 155.6 million of these loans are carried at fixed rates ranging between 1.95% and 3.94%.

AMERCO and , in some cases, 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"). 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 September 30, 2016 , the outstanding balance was $ 56.2 million . The note is secur ed 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 $ 150 million, which can be increased to a maximum of $225 million. The loan matures in Septem ber 2018. The interest rate, per the provision of the Loan Agreement, is the applicable LIBOR plus the applicable margin . At September 30, 2016 , the applicable LIBOR was 0.52 % and the margin was 1.1 5% , the sum of which was 1.67 %. Only interest is paid on the loan until the last nine months when principal is due monthly . As of September 30, 2016, the outstanding balance was $ 150.0 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 $215 million . This loan matures March 2020. The interest rate, per the provision of the Loan Agreement, is the applicable LIBOR plus the applicable margin. At September 30, 2016, the applicable LIBOR was 0.52 % and the margin was 1.15%, the sum of which was 1.67 %. Only interest is paid on the loan until the last nine months when principal is due monthly . As of September 30, 2016 , the outstanding balance was $ 147.0 million .

Various subsidiaries of U-Haul International, Inc. entered into a revolving fleet loan for $70 million . The loan matures in May 2019 . In August 2016, the amount was reduced to $50.0 million. This agreement contains an option to extend the maturity through January 2020. At September 30, 2016 , the applicable LIBOR was 0.52 % and the margin was 1.85%, the sum of which was 2.37 % . Only interest is paid during the first five years of the loan with principal due upon maturity. As of September 30, 2016 , the outstanding balance was $ 40.0 million .

Various subsidiaries of U-Haul International, Inc. entered into a revolving fleet loan for $ 12 5 million. The loan matures in November 2021 . The interest rate, per the provision of the Loan Agreement, is the a pplicable LIBOR plus the applicable margin . At September 30, 2016 , the applicable LIBOR was 0.52 % and the margin was 1.1 5%, the sum of which was 1.67 %. Only interest is paid on the loan until the last nine months when principal is due monthly . As of September 30, 2016, the outstanding balance was $125.0 million .

Capital Leases

We regularly enter into capital leases for new equipment with the terms of the leases between five and seven years. During the first six months of fiscal 2017, we entered into $233.9 million of new capital leases. At September 30, 2016, the balance of our capital leases was $ 826.9 million . The net book value of the corresponding capitalized assets was $ 1,161.1 million at September 30, 2016.

Other Obligations

In February 2011 , AMERCO and U . S . Bank, NA (the "Trustee") entered into the U-Haul Investors Club ® Indenture. AMERCO 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 September 30, 2016, the aggregate outstanding principal balance of the U-N otes issued was $71.1 million of which $ 4.9 million is held by our insurance subsidiaries and eliminated in consolidation. I nterest rates range between 3.00% and 8.00% and maturity dates range between 2016 and 2045.

Oxford is a member of the Federal Home Loan Bank ("FHLB") and as such the FHLB has made a deposit with Oxford. As of June 30, 2016, the deposit balance was $30.0 million which Oxford pays a fixed interest rate of 0.57% due on the maturity date of September 30, 2016. The balance of the deposit is included within Liabilities from investment contracts on the consolidated balance sheet.

Annual Maturities of Notes, Loans and Leases Payable

The annual maturities of long-term debt , including capital leases and excluding debt issuance costs, as of September 30 , 201 6 for the next five years and thereafter are as follows:

	Twelve Months Ending September 30,					
	2017	2018	2019	2020	2021	Thereafter
	(Unaudited)					
	(In thousands)					
Notes, loans and leases payable, secured	$ 346,831	$ 495,063	$ 375,839	$ 350,039	$ 340,688	$ 1,107,711

Interest on Borrowings

Interest Expense

Components of interest expense include the following:

	Quarter Ended September 30,	
	2016	2015
	(Unaudited)	
	(In thousands)	
Interest expense	$ 26,105	$ 20,762
Capitalized interest	(985)	(871)
Amortization of transaction costs	804	748
Interest expense resulting from derivatives	2,291	3,334
Total interest expense	28,215	23,973

	Six Months Ended September 30,	
	2016	2015
	(Unaudited)	
	(In thousands)	
Interest expense	$ 50,408	$ 39,304
Capitalized interest	(2,298)	(1,422)
Amortization of transaction costs	1,647	1,491
Interest expense resulting from derivatives	5,102	6,700
Total interest expense	54,859	46,073

Interest paid in cash , including payments related to derivative contracts, amounted to $ 28.1 million and $ 22.6 million for the second quarter of fiscal 201 7 and 201 6, respectively and $55.3 million and $44.6 million for the first six months of fiscal 2017 and 2016, respectively.

Interest Rates

Interest rates and Company borrowings were as follows:

	Revolving Credit Activity Quarter Ended September 30,	
	2016	2015
	(Unaudited)	
	(In thousands, except interest rates)	
Weighted average interest rate during the quarter	1.73%	1.63%
Interest rate at the end of the quarter	1.73%	1.63%
Maximum amount outstanding during the quarter	$ 462,000	$ 250,000
Average amount outstanding during the quarter	$ 431,815	$ 234,348
Facility fees	$ 49	$ 50

	Revolving Credit Activity Six Months Ended September 30,	
	2016	2015
	(Unaudited)	
	(In thousands, except interest rates)	
Weighted average interest rate during the period	1.73%	1.64%
Interest rate at the end of the period	1.73%	1.63%
Maximum amount outstanding during the period	$ 462,000	$ 250,000
Average amount outstanding during the period	$ 400,896	$ 207,678
Facility fees	$ 89	$ 144

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 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
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 swap
(b) operating lease

As of September 30, 2016 , the total notional amount of our variable interest rate swaps on debt and an operating lease was $ 205.9 million and $8.6 million, respectively .

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

	Liability Derivatives Fair Values as of	
	September 30, 2016	March 31, 2016
	(Unaudited)	
	(In thousands)	
Interest rate contracts designated as hedging instruments	$ 9,654	$ 14,845

	The Effect of Interest Rate Contracts on the Statements of Operations for the Six Months Ended	
	September 30, 2016	September 30, 2015
	(Unaudited)	
	(In thousands)	
Loss recognized in income on interest rate contracts	$ 5,102	$ 6,700
Gain recognized in AOCI on interest rate contracts (effective portion)	$ (5,186)	$ (4,605)
Loss reclassified from AOCI into income (effective portion)	$ 5,107	$ 6,621
(Gain) loss recognized in income on interest rate contracts (ineffective portion and amount excluded from effectiveness testing)	$ (5)	$ 79

Gains or losses recognized in income on derivatives are recorded as interest expense in the statements of operations. During the first six months of fiscal 201 7 , we recognized an increase in the fair value of our cash flow hedges of $3.2 million, net of taxes. Embedded in this gain was $5.1 million of losses reclassified from accumulated other comprehensive income to interest expense during the first six months of fiscal 2017, net of taxes. At September 30, 2016, we expect to reclassify $6.9 million of net losses on interest rate contracts from accumulated other comprehensive income to earnings as interest expense over the next twelve months.

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, 2016	$ (63,643)	$ 14,115	$ (9,208)	$ (1,789)	$ (60,525)
Foreign currency translation	(1,982)	–	–	–	(1,982)
Unrealized net gain on investments	–	39,401	–	–	39,401
Change in fair value of cash flow hedges	–	–	8,323	–	8,323
Amounts reclassified from AOCI	–	–	(5,107)	–	(5,107)
Other comprehensive income (loss)	(1,982)	39,401	3,216	–	40,635
Balance at September 30, 2016	$ (65,625)	$ 53,516	$ (5,992)	$ (1,789)	$ (19,890)

7 . Stockholders' Equity

On March 15, 2016, we declared a cash dividend on our Common Stock of $1.00 per share to holders of record on April 5, 2016. The dividend was paid on April 21, 2016.

On October 5, 2016, we declared a cash dividend on our Common Stock of $1.00 per share to holders of record on October 20, 2016. The dividend was paid on November 3, 2016.

On June 8, 2016, the stockholder's approved the 2016 AMERCO Stock Option Plan (Shelf Stock Option Plan). As of September 30, 2016 , no awards had been issued under this plan .

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 September 30, 2016 , we have guaranteed $ 20.4 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 ha ve experienced no material losses relating to these types of residual value guarantees.

Operating l ease commitments for leases having terms of more than one year were as follows:

	Property, Plant and Equipment	Rental Equipment	Total
		(Unaudited) (In thousands)	
Twelve Months Ended September 30:			
2017	$ 15,966	$ 12,110	$ 28,076
2018	14,908	10,395	25,303
2019	14,769	5,428	20,197
2020	15,556	–	15,556
2021	15,363	–	15,363
Thereafter	45,168	–	45,168
Total	$ 121,730	$ 27,933	$ 149,663

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 were alleged to be approximately $70 million. PEI also sought pre-judgment interest, trebled damages, and punitive damages.

U-Haul d id not believe that PEI's claims ha d 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) t he purported mark "PODS" is not a valid, protectable, or registrable trademark; and (3) t he 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 a jury beginning on September 8, 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.

After hearing previously deferred motions, 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. This was recorded as an accrual in our financial statements.

On August 24, 2015, the Court entered a permanent injunction, and awarded PEI $4.9 million in pre-judgment interest, $82,727 in costs, and post-judgment interest at the rate of 0.25%, beginning March 11, 2015, computed daily and compounded annually. This was recorded as an accrual of $5.0 million in our financial statements during fiscal 2016.

On September 13, 2016, before oral argument, before the Eleventh Circuit Court of Appeals, the parties reached a settlement in principle, for $41.4 million. On October 10, 2016, the parties signed a formal written settlement agreement. U-Haul wired the settlement payment on or about October 12, 2016. The parties are in the process of completing their remaining respective performances under the terms of the settlement agreement.

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 N ASDAQ 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 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 September 30,	
	2016	2015
	(Unaudited)	
	(In thousands)	
U-Haul interest income revenue from SAC Holdings	$ 1,232	$ 1,249
U-Haul interest income revenue from Private Mini	–	–
U-Haul management fee revenue from SAC Holdings	5,189	4,883
U-Haul management fee revenue from Private Mini	931	878
U-Haul management fee revenue from Mercury	592	559
	$ 7,944	$ 7,569

	Six Months Ended September 30,	
	2016	2015
	(Unaudited)	
	(In thousands)	
U-Haul interest income revenue from SAC Holdings	$ 2,455	$ 2,488
U-Haul interest income revenue from Private Mini	–	1,126
U-Haul management fee revenue from SAC Holdings	10,308	9,697
U-Haul management fee revenue from Private Mini	1,832	1,624
U-Haul management fee revenue from Mercury	1,176	1,110
	$ 15,771	$ 16,045

During the first six months of fiscal 201 7 , 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 Willow Grove Holdings LP, which is owned by Mark V. Shoen (a significant stock holder), and various trusts associated with Edward J. Shoen (our Chairman of the Board, President and a significant shareholder) and Mark V. Shoen . We do not have an equity ownership interest in SAC Holdings. We received cash interest payments of $ 2.3 million from SAC Holdings during both the first six months of fiscal 201 7 and 201 6 . The largest aggregate amount of notes receivable outstanding during the first six months of fiscal 201 7 was $ 49.3 million and the aggregate notes receivable balance at September 30 , 201 6 was $ 48.7 million. In accordance with the terms of th i s note, SAC Holdings may prepay the notes without penalty or premium at any time . T he scheduled maturity of th i s note is 2017.

During the first six months of fiscal 201 7 , 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 $1.5 million from Private Mini during the first six months of fiscal 201 6 . In July 2015, Private Mini repaid its note and all outstanding interest due AMERCO totaling $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 cash payments for management fees, exclusive of reimbursed expenses, of $15.5 million from the above mentioned entities during both the first six months of fiscal 201 7 and 201 6 . 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. Mark V. Shoen controls the general partner of Mercury . The limited partner interests of Mercury are indirectly owned by Mark V. Shoen , James P. Shoen, (a significant stock holder) and a trust benefitting the children and grandchild of Edward J. Shoen .

Related Party Costs and Expenses

	Quarter Ended September 30,	
	2016	2015
	(Unaudited)	
	(In thousands)	
U-Haul lease expenses to SAC Holdings	$ 684	$ 654
U-Haul commission expenses to SAC Holdings	16,007	15,268
U-Haul commission expenses to Private Mini	1,121	1,058
	$ 17,812	$ 16,980

	Six Months Ended September 30,	
	2016	2015
	(Unaudited)	
	(In thousands)	
U-Haul lease expenses to SAC Holdings	$ 1,372	$ 1,308
U-Haul commission expenses to SAC Holdings	30,708	29,259
U-Haul commission expenses to Private Mini	2,173	2,038
	$ 34,253	$ 32,605

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 September 30 , 201 6 , 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 note with subsidiaries of SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini, excluding Dealer Agreements, provided revenues of $14.6 million, expenses of $ 1.4 million and cash flows of $ 13.6 million during the first six months of fiscal 201 7 . Revenues and commission expenses related to the Dealer Agreements were $ 152.6 million and $ 32.9 million, respectively during the first six months of fiscal 201 7 .

Pursuant to the variable interest entity model under Accounting Standards Codification (“ ASC ”) 810 – *Consolidation* (“ASC 810”) , Management determined that the junior note of SAC Holdings as well as the management agreements with SAC Holdings, Mercury, 4 SAC, 5 SAC, Galaxy, and Private Mini represent s potential variable interests for us. Management evaluated whether it should be identified as the primary beneficiary of one or more of these VIEs using a two - step approach in which management (i) identified all other parties that hold interests in the VIEs, and (ii) determined if any variable interest holder has the power to direct the activities of the VIEs 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, Private Mini, 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 entity SAC Holding Corporation which represents a variable interest in the entity . Though we have certain protective rights within th is debt agreement, we have no present influence or control over th i s holding entit y unless the 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 th i s entit y .

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 September 3 0 , 201 6 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 sheet s 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

	September 30, 2016	March 31, 2016
	(Unaudited)	
	(In thousands)	
U-Haul notes, receivables and interest from Private Mini	$ 2,394	$ 2,752
U-Haul note receivable from SAC Holdings	48,742	49,322
U-Haul interest receivable from SAC Holdings	5,167	4,970
U-Haul receivable from SAC Holdings	18,013	20,375
U-Haul receivable from Mercury	5,105	8,016
Other (a)	750	299
	$ 80,171	$ 85,734

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

1 1 . 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 Rep w est 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.

1 1 . Financial Information by Consolidating Industry Segment:

Consolidating balance sheets by industry segment as of September 30, 2016 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations		AMERCO Consolidated
			(Unaudited) (In thousands)			
Assets:						
Cash and cash equivalents	$ 907,861	$ 11,775	$ 1,691	$ –		$ 921,327
Reinsurance recoverables and trade receivables, net	40,590	111,548	31,105	–		183,243
Inventories, net	81,609	–	–	–		81,609
Prepaid expenses	87,968	–	–	–		87,968
Investments, fixed maturities and marketable equities	–	245,627	1,386,793	–		1,632,420
Investments, other	22,579	66,862	292,624	–		382,065
Deferred policy acquisition costs, net	–	–	118,652	–		118,652
Other assets	82,272	1,005	2,323	–		85,600
Related party assets	82,278	13,246	507	(15,860)	(c)	80,171
	1,305,157	450,063	1,833,695	(15,860)		3,573,055
Investment in subsidiaries	488,557	–	–	(488,557)	(b)	–
Property, plant and equipment, at cost:						
Land	616,969	–	–	–		616,969
Buildings and improvements	2,401,802	–	–	–		2,401,802
Furniture and equipment	448,990	–	–	–		448,990
Rental trailers and other rental equipment	490,451	–	–	–		490,451
Rental trucks	3,720,268	–	–	–		3,720,268
	7,678,480	–	–	–		7,678,480
Less: Accumulated depreciation	(2,244,417)	–	–	–		(2,244,417)
Total property, plant and equipment	5,434,063	–	–	–		5,434,063
Total assets	$ 7,227,777	$ 450,063	$ 1,833,695	$ (504,417)		$ 9,007,118

(a) Balances as of June 30, 2016

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

Consolidating balance sheets by industry segment as of September 30, 2016 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	$ 431,130	$ 3,303	$ 4,488	$ –		$ 438,921
Notes, loans and leases payable	2,992,490	–	–	–		2,992,490
Policy benefits and losses, claims and loss expenses payable	399,325	249,931	438,872	–		1,088,128
Liabilities from investment contracts	–	–	1,043,129	–		1,043,129
Other policyholders' funds and liabilities	–	3,581	6,630	–		10,211
Deferred income	27,801	–	–	–		27,801
Deferred income taxes	749,144	12,028	30,352	–		791,524
Related party liabilities	12,973	2,780	107	(15,860)	(c)	–
Total liabilities	4,612,863	271,623	1,523,578	(15,860)		6,392,204
Stockholders' equity:						
Series preferred stock:						
Series A preferred stock	–	–	–	–		–
Series B preferred stock	–	–	–	–		–
Series A common stock	–	–	–	–		–
Common stock	10,497	3,301	2,500	(5,801)	(b)	10,497
Additional paid-in capital	452,119	91,120	26,271	(117,601)	(b)	451,909
Accumulated other comprehensive income (loss)	(19,890)	11,926	41,590	(53,516)	(b)	(19,890)
Retained earnings	2,857,079	72,093	239,756	(311,639)	(b)	2,857,289
Cost of common shares in treasury, net	(525,653)	–	–	–		(525,653)
Cost of preferred shares in treasury, net	(151,997)	–	–	–		(151,997)
Unearned employee stock ownership plan shares	(7,241)	–	–	–		(7,241)
Total stockholders' equity	2,614,914	178,440	310,117	(488,557)		2,614,914
Total liabilities and stockholders' equity	$ 7,227,777	$ 450,063	$ 1,833,695	$ (504,417)		$ 9,007,118

(a) Balances as of June 30, 2016

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

Consolidating balance sheets by industry segment as of March 31, 201 6 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations		AMERCO Consolidated
Assets:			(In thousands)			
Cash and cash equivalents	$ 585,666	$ 14,049	$ 931	$ –		$ 600,646
Reinsurance recoverables and trade receivables, net	34,451	111,978	28,781	–		175,210
Inventories, net	79,756	–	–	–		79,756
Prepaid expenses	134,300	–	–	–		134,300
Investments, fixed maturities and marketable equities	–	238,570	1,271,968	–		1,510,538
Investments, other	21,431	47,374	241,267	–		310,072
Deferred policy acquisition costs, net	–	–	136,386	–		136,386
Other assets	71,719	3,088	2,403	–		77,210
Related party assets	88,022	12,465	613	(15,366)	(c)	85,734
	1,015,345	427,524	1,682,349	(15,366)		3,109,852
Investment in subsidiaries	432,277	–	–	(432,277)	(b)	–
Property, plant and equipment, at cost:						
Land	587,347	–	–	–		587,347
Buildings and improvements	2,187,400	–	–	–		2,187,400
Furniture and equipment	399,943	–	–	–		399,943
Rental trailers and other rental equipment	462,379	–	–	–		462,379
Rental trucks	3,514,175	–	–	–		3,514,175
	7,151,244	–	–	–		7,151,244
Less: Accumulated depreciation	(2,133,733)	–	–	–		(2,133,733)
Total property, plant and equipment	5,017,511	–	–	–		5,017,511
Total assets	$ 6,465,133	$ 427,524	$ 1,682,349	$ (447,643)		$ 8,127,363

(a) Balances as of December 31, 2015
(b) Eliminate investment in subsidiaries
(c) Eliminate intercompany receivables and payables

Consolidating balance sheets by indus try segment as of March 31, 2016 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMERCO Consolidated
			(In thousands)		
Liabilities:					
Accounts payable and accrued expenses	$ 492,982	$ 1,535	$ 8,096	$ –	$ 502,613
Notes, loans and leases payable	2,665,396	–	–	–	2,665,396
Policy benefits and losses, claims and loss expenses payable	386,366	252,819	432,227	–	1,071,412
Liabilities from investment contracts	–	–	951,490	–	951,490
Other policyholders' funds and liabilities	–	3,017	5,633	–	8,650
Deferred income	22,784	–	–	–	22,784
Deferred income taxes	633,061	7,526	13,025	–	653,612
Related party liabilities	13,138	2,067	161	(15,366) (c)	–
Total liabilities	4,213,727	266,964	1,410,632	(15,366)	5,875,957
Stockholders' equity:					
Series preferred stock:					
Series A preferred stock	–	–	–	–	–
Series B preferred stock	–	–	–	–	–
Series A common stock	–	–	–	–	–
Common stock	10,497	3,301	2,500	(5,801) (b)	10,497
Additional paid-in capital	451,839	91,120	26,271	(117,601) (b)	451,629
Accumulated other comprehensive income (loss)	(60,525)	3,611	10,504	(14,115) (b)	(60,525)
Retained earnings	2,533,431	62,528	232,442	(294,760) (b)	2,533,641
Cost of common shares in treasury, net	(525,653)	–	–	–	(525,653)
Cost of preferred shares in treasury, net	(151,997)	–	–	–	(151,997)
Unearned employee stock ownership plan shares	(6,186)	–	–	–	(6,186)
Total stockholders' equity	2,251,406	160,560	271,717	(432,277)	2,251,406
Total liabilities and stockholders' equity	$ 6,465,133	$ 427,524	$ 1,682,349	$ (447,643)	$ 8,127,363

(a) Balances as of December 31, 2015
(b) Eliminate investment in subsidiaries
(c) Eliminate intercompany receivables and payables

Consolidating statement of operations by industry segment for the quarter ended September 30, 2016 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations		AMERCO Consolidated
			(Unaudited) (In thousands)			
Revenues:						
Self-moving equipment rentals	$ 712,739	$ –	$ –	$ (1,029)	(c)	$ 711,710
Self-storage revenues	72,163	–	–	–		72,163
Self-moving and self-storage products and service sales	70,330	–	–	–		70,330
Property management fees	6,712	–	–	–		6,712
Life insurance premiums	–	–	40,893	–		40,893
Property and casualty insurance premiums	–	14,009	–	–		14,009
Net investment and interest income	2,353	3,878	19,767	(182)	(b)	25,816
Other revenue	56,103	–	1,301	(126)	(b)	57,278
Total revenues	920,400	17,887	61,961	(1,337)		998,911
Costs and expenses:						
Operating expenses	386,527	7,220	5,611	(1,145)	(b,c)	398,213
Commission expenses	80,462	–	–	–		80,462
Cost of sales	40,952	–	–	–		40,952
Benefits and losses	–	3,573	43,263	–		46,836
Amortization of deferred policy acquisition costs	–	–	5,989	–		5,989
Lease expense	9,395	–	–	(46)	(b)	9,349
Depreciation, net of (gains) losses on disposals	109,904	–	–	–		109,904
Total costs and expenses	627,240	10,793	54,863	(1,191)		691,705
Earnings from operations before equity in earnings of subsidiaries	293,160	7,094	7,098	(146)		307,206
Equity in earnings of subsidiaries	9,305	–	–	(9,305)	(d)	–
Earnings from operations	302,465	7,094	7,098	(9,451)		307,206
Interest expense	(28,361)	–	–	146	(b)	(28,215)
Pretax earnings	274,104	7,094	7,098	(9,305)		278,991
Income tax expense	(97,629)	(2,406)	(2,481)	–		(102,516)
Earnings available to common shareholders	$ 176,475	$ 4,688	$ 4,617	$ (9,305)		$ 176,475

(a) Balances for the quarter ended June 30, 2016
(b) Eliminate intercompany lease / interest income
(c) Eliminate intercompany premiums
(d) Eliminate equity in earnings of subsidiaries

Consolidating statement of operations by industry segment for the quarter ended September 30, 2015 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations		AMERCO Consolidated
			(Unaudited) (In thousands)			
Revenues:						
Self-moving equipment rentals	$ 699,184	$ –	$ –	$ (965)	(c)	$ 698,219
Self-storage revenues	62,060	–	–	–		62,060
Self-moving and self-storage products and service sales	70,703	–	–	–		70,703
Property management fees	6,320	–	–	–		6,320
Life insurance premiums	–	–	40,515	–		40,515
Property and casualty insurance premiums	–	13,372	–	–		13,372
Net investment and interest income	1,845	3,253	17,248	(195)	(b)	22,151
Other revenue	48,182	–	1,424	(43)	(b)	49,563
Total revenues	888,294	16,625	59,187	(1,203)		962,903
Costs and expenses:						
Operating expenses	394,660	7,089	5,530	(997)	(b,c)	406,282
Commission expenses	80,799	–	–	–		80,799
Cost of sales	39,881	–	–	–		39,881
Benefits and losses	–	3,471	39,957	–		43,428
Amortization of deferred policy acquisition costs	–	–	5,643	–		5,643
Lease expense	12,770	–	–	(46)	(b)	12,724
Depreciation, net of (gains) losses on disposals	63,078	–	–	–		63,078
Total costs and expenses	591,188	10,560	51,130	(1,043)		651,835
Earnings from operations before equity in earnings of subsidiaries	297,106	6,065	8,057	(160)		311,068
Equity in earnings of subsidiaries	9,179	–	–	(9,179)	(d)	–
Earnings from operations	306,285	6,065	8,057	(9,339)		311,068
Interest expense	(24,133)	–	–	160	(b)	(23,973)
Pretax earnings	282,152	6,065	8,057	(9,179)		287,095
Income tax expense	(98,773)	(2,123)	(2,820)	–		(103,716)
Earnings available to common shareholders	$ 183,379	$ 3,942	$ 5,237	$ (9,179)		$ 183,379

(a) Balances for the quarter ended June 30, 2015

(b) Eliminate intercompany lease / interest income

(c) Eliminate intercompany premiums

(d) Eliminate equity in earnings of subsidiaries

Consolidating statements of operations by industry for the six months ended September 30, 2016 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations		AMERCO Consolidated
			(Unaudited) (In thousands)			
Revenues:						
Self-moving equipment rentals	$ 1,359,855	$ –	$ –	$ (1,809)	(c)	$ 1,358,046
Self-storage revenues	139,885	–	–	–		139,885
Self-moving and self-storage products and service sales	147,633	–	–	–		147,633
Property management fees	13,316	–	–	–		13,316
Life insurance premiums	–	–	81,785	–		81,785
Property and casualty insurance premiums	–	25,264	–	–		25,264
Net investment and interest income	4,465	9,508	39,761	(369)	(b)	53,365
Other revenue	101,077	–	2,210	(261)	(b)	103,026
Total revenues	1,766,231	34,772	123,756	(2,439)		1,922,320
Costs and expenses:						
Operating expenses	760,199	13,505	11,642	(2,051)	(b,c)	783,295
Commission expenses	154,278	–	–	–		154,278
Cost of sales	84,314	–	–	–		84,314
Benefits and losses	–	6,670	87,169	–		93,839
Amortization of deferred policy acquisition costs	–	–	13,931	–		13,931
Lease expense	20,490	–	–	(93)	(b)	20,397
Depreciation, net of (gains) losses on disposals	205,285	–	–	–		205,285
Total costs and expenses	1,224,566	20,175	112,742	(2,144)		1,355,339
Earnings from operations before equity in earnings of subsidiaries	541,665	14,597	11,014	(295)		566,981
Equity in earnings of subsidiaries	16,879	–	–	(16,879)	(d)	–
Earnings from operations	558,544	14,597	11,014	(17,174)		566,981
Interest expense	(55,154)	–	–	295	(b)	(54,859)
Pretax earnings	503,390	14,597	11,014	(16,879)		512,122
Income tax expense	(179,742)	(5,032)	(3,700)	–		(188,474)
Earnings available to common shareholders	$ 323,648	$ 9,565	$ 7,314	$ (16,879)		$ 323,648

(a) Balances for the six months ended June 30, 2016
(b) Eliminate intercompany lease / interest income
(c) Eliminate intercompany premiums
(d) Eliminate equity in earnings of subsidiaries

Consolidating statements of operations by industry for the six months ended September 30, 2015 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations		AMERCO Consolidated
			(Unaudited) (In thousands)			
Revenues:						
Self-moving equipment rentals	$ 1,329,223	$ –	$ –	$ (1,718)	(c)	$ 1,327,505
Self-storage revenues	119,251	–	–	–		119,251
Self-moving and self-storage products and service sales	147,961	–	–	–		147,961
Property management fees	12,431	–	–	–		12,431
Life insurance premiums	–	–	80,781	–		80,781
Property and casualty insurance premiums	–	23,928	–	–		23,928
Net investment and interest income	4,662	7,587	32,268	(394)	(b)	44,123
Other revenue	89,606	–	2,207	(85)	(b)	91,728
Total revenues	1,703,134	31,515	115,256	(2,197)		1,847,708
Costs and expenses:						
Operating expenses	746,515	13,428	11,292	(1,784)	(b,c)	769,451
Commission expenses	153,857	–	–	–		153,857
Cost of sales	81,136	–	–	–		81,136
Benefits and losses	–	5,544	81,275	–		86,819
Amortization of deferred policy acquisition costs	–	–	10,421	–		10,421
Lease expense	29,881	–	–	(93)	(b)	29,788
Depreciation, net of (gains) losses on disposals	114,060	–	–	–		114,060
Total costs and expenses	1,125,449	18,972	102,988	(1,877)		1,245,532
Earnings from operations before equity in earnings of subsidiaries	577,685	12,543	12,268	(320)		602,176
Equity in earnings of subsidiaries	16,129	–	–	(16,129)	(d)	–
Earnings from operations	593,814	12,543	12,268	(16,449)		602,176
Interest expense	(46,393)	–	–	320	(b)	(46,073)
Pretax earnings	547,421	12,543	12,268	(16,129)		556,103
Income tax expense	(192,757)	(4,390)	(4,292)	–		(201,439)
Earnings available to common shareholders	$ 354,664	$ 8,153	$ 7,976	$ (16,129)		$ 354,664

(a) Balances for the six months ended June 30, 2015
(b) Eliminate intercompany lease / interest income
(c) Eliminate intercompany premiums
(d) Eliminate equity in earnings of subsidiaries

C onsolidating cash flow statements by industry segment for the six months ended September 30, 2016 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	AMERCO Consolidated
			(Unaudited)		
Cash flows from operating activities:			(In thousands)		
Net earnings	$ 323,648	$ 9,565	$ 7,314	$ (16,879)	$ 323,648
Earnings from consolidated entities	(16,879)	–	–	16,879	–
Adjustments to reconcile net earnings to the cash provided by operations:					
Depreciation	233,543	–	–	–	233,543
Amortization of deferred policy acquisition costs	–	–	13,931	–	13,931
Amortization of debt issuance costs	1,765	–	–	–	1,765
Interest credited to policyholders	–	–	11,028	–	11,028
Change in allowance for losses on trade receivables	92	–	(58)	–	34
Change in allowance for inventory reserve	800	–	–	–	800
Net gain on sale of real and personal property	(28,258)	–	–	–	(28,258)
Net gain on sale of investments	–	(2,709)	(1,936)	–	(4,645)
Deferred income taxes	114,112	24	588	–	114,724
Net change in other operating assets and liabilities:					
Reinsurance recoverables and trade receivables	(6,265)	429	(2,266)	–	(8,102)
Inventories	(2,674)	–	–	–	(2,674)
Prepaid expenses	46,248	–	–	–	46,248
Capitalization of deferred policy acquisition costs	–	–	(14,360)	–	(14,360)
Other assets	(10,925)	2,150	80	–	(8,695)
Related party assets	5,718	(523)	–	–	5,195
Accounts payable and accrued expenses	41,958	1,766	1,438	–	45,162
Policy benefits and losses, claims and loss expenses payable	13,165	(2,888)	6,645	–	16,922
Other policyholders' funds and liabilities	–	566	997	–	1,563
Deferred income	5,034	–	–	–	5,034
Related party liabilities	(170)	456	(54)	–	232
Net cash provided (used) by operating activities	720,912	8,836	23,347	–	753,095
Cash flows from investing activities:					
Purchases of:					
Property, plant and equipment	(761,277)	–	–	–	(761,277)
Short term investments	–	(36,646)	(373,279)	–	(409,925)
Fixed maturities investments	–	(13,469)	(155,348)	–	(168,817)
Equity securities	–	–	(489)	–	(489)
Real estate	(3,510)	(4,580)	(7,698)	–	(15,788)
Mortgage loans	(1,982)	(3,063)	(131,637)	–	(136,682)
Proceeds from sales and paydown's of:					
Property, plant and equipment	310,409	–	–	–	310,409
Short term investments	–	17,771	368,737	–	386,508
Fixed maturities investments	–	16,623	103,902	–	120,525
Preferred stock	–	2,651	–	–	2,651
Real estate	–	–	831	–	831
Mortgage loans	4,345	9,603	91,783	–	105,731
Net cash provided (used) by investing activities	(452,015)	(11,110)	(103,198)	–	(566,323)

(page 1 of 2)

(a) Balance for the period ended June 30, 2016

Continuation of consolidating cash flow statements by industry segment for the six months ended September 30, 2016 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	AMERCO Consolidated
			(Unaudited)		
Cash flows from financing activities:			(In thousands)		
Borrowings from credit facilities	304,787	–	27,000	–	331,787
Principal repayments on credit facilities	(131,479)	–	(27,000)	–	(158,479)
Debt issuance costs	(2,085)	–	–	–	(2,085)
Capital lease payments	(83,414)	–	–	–	(83,414)
Employee Stock Ownership Plan	(4,653)	–	–	–	(4,653)
Securitization deposits	245	–	–	–	245
Common stock dividend paid	(19,586)	–	–	–	(19,586)
Investment contract deposits	–	–	130,166	–	130,166
Investment contract withdrawals	–	–	(49,555)	–	(49,555)
Net cash provided (used) by financing activities	63,815	–	80,611	–	144,426
Effects of exchange rate on cash	(10,517)	–	–	–	(10,517)
Increase (decrease) in cash and cash equivalents	322,195	(2,274)	760	–	320,681
Cash and cash equivalents at beginning of period	585,666	14,049	931	–	600,646
Cash and cash equivalents at end of period	$ 907,861	$ 11,775	$ 1,691	$ –	$ 921,327

(a) Balance for the period ended June 30, 2016

Consolidating cash flow statements by industry segment for the six months ended September 30, 2015 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	AMERCO Consolidated
			(Unaudited)		
Cash flows from operating activities:			(In thousands)		
Net earnings	$ 354,664	$ 8,153	$ 7,976	$ (16,129)	$ 354,664
Earnings from consolidated entities	(16,129)	–	–	16,129	–
Adjustments to reconcile net earnings to cash provided by operations:					
Depreciation	192,865	–	–	–	192,865
Amortization of deferred policy acquisition costs	–	–	10,421	–	10,421
Amortization of debt issuance costs	1,512	–	–	–	1,512
Interest credited to policyholders	–	–	10,484	–	10,484
Change in allowance for losses on trade receivables	(21)	–	12	–	(9)
Change in allowance for inventory reserve	(603)	–	–	–	(603)
Net gain on sale of real and personal property	(78,805)	–	–	–	(78,805)
Net gain on sale of investments	–	(810)	(2,212)	–	(3,022)
Deferred income taxes	23,125	3,127	1,007	–	27,259
Net change in other operating assets and liabilities:					
Reinsurance recoverables and trade receivables	1,021	8,827	3,770	–	13,618
Inventories	(2,107)	–	–	–	(2,107)
Prepaid expenses	71,813	–	–	–	71,813
Capitalization of deferred policy acquisition costs	–	–	(15,636)	–	(15,636)
Other assets	15,609	1,097	88	–	16,794
Related party assets	58,373	(606)	–	–	57,767
Accounts payable and accrued expenses	51,340	1,243	6,942	–	59,525
Policy benefits and losses, claims and loss expenses payable	20,648	(13,336)	4,390	–	11,702
Other policyholders' funds and liabilities	–	(1,308)	3,992	–	2,684
Deferred income	2,339	–	–	–	2,339
Related party liabilities	(26)	(75)	4	–	(97)
Net cash provided (used) by operating activities	695,618	6,312	31,238	–	733,168
Cash flows from investing activities:					
Purchases of:					
Property, plant and equipment	(720,265)	–	–	–	(720,265)
Short term investments	–	(19,247)	(229,835)	–	(249,082)
Fixed maturities investments	–	(20,286)	(149,613)	–	(169,899)
Equity securities	–	–	(1,315)	–	(1,315)
Preferred stock	–	(3)	–	–	(3)
Real estate	–	(6)	(17)	–	(23)
Mortgage loans	(11,748)	–	(74,613)	–	(86,361)
Proceeds from sales and paydown's of:					
Property, plant and equipment	379,198	–	–	–	379,198
Short term investments	–	20,865	222,769	–	243,634
Fixed maturities investments	–	12,783	76,302	–	89,085
Equity securities	–	–	808	–	808
Mortgage loans	10,011	4,253	15,631	–	29,895
Net cash provided (used) by investing activities	(342,804)	(1,641)	(139,883)	–	(484,328)

(page 1 of 2)

(a) Balance for the period ended June 30, 2015

Continuation of consolidating cash flow statements by industry segment for the six months ended September 30, 2015 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	AMERCO Consolidated
			(Unaudited)		
Cash flows from financing activities:			(In thousands)		
Borrowings from credit facilities	414,735	–	47,000	–	461,735
Principal repayments on credit facilities	(140,958)	–	(47,000)	–	(187,958)
Debt issuance costs	(5,957)	–	–	–	(5,957)
Capital lease payments	(77,786)	–	–	–	(77,786)
Employee Stock Ownership Plan	(1,484)	–	–	–	(1,484)
Securitization deposits	298	–	–	–	298
Common stock dividend paid	(19,594)	–	–	–	(19,594)
Investment contract deposits	–	–	140,220	–	140,220
Investment contract withdrawals	–	–	(25,974)	–	(25,974)
Net cash provided (used) by financing activities	169,254	–	114,246	–	283,500
Effects of exchange rate on cash	(12,543)	–	–	–	(12,543)
Increase (decrease) in cash and cash equivalents	509,525	4,671	5,601	–	519,797
Cash and cash equivalents at beginning of period	431,873	8,495	1,482	–	441,850
Cash and cash equivalents at end of period	$ 941,398	$ 13,166	$ 7,083	$ –	$ 961,647

(page 2 of 2)

(a) Balance for the period ended June 30, 2015

1 2 . Industry Segment and Geographic Area Data

	United States	Canada	Consolidated
	(Unaudited)		
	(All amounts are in thousands of U.S. $'s)		
Quarter ended September 30, 2016			
Total revenues	$ 950,141	$ 48,770	$ 998,911
Depreciation and amortization, net of (gains) losses on disposals	114,794	1,099	115,893
Interest expense	28,213	2	28,215
Pretax earnings	270,644	8,347	278,991
Income tax expense	100,272	2,244	102,516
Identifiable assets	8,710,057	297,061	9,007,118
Quarter ended September 30, 2015			
Total revenues	$ 915,906	$ 46,997	$ 962,903
Depreciation and amortization, net of (gains) losses on disposals	68,983	(262)	68,721
Interest expense	23,973	–	23,973
Pretax earnings	276,263	10,832	287,095
Income tax expense	100,926	2,790	103,716
Identifiable assets	7,376,921	223,624	7,600,545

	United States	Canada	Consolidated
	(Unaudited)		
	(All amounts are in thousands of U.S. $'s)		
Six Months ended September 30, 2016			
Total revenues	$ 1,831,088	$ 91,232	$ 1,922,320
Depreciation and amortization, net of (gains) losses on disposals	216,794	2,422	219,216
Interest expense	54,857	2	54,859
Pretax earnings	495,557	16,565	512,122
Income tax expense	184,017	4,457	188,474
Identifiable assets	8,710,057	297,061	9,007,118
Six Months ended September 30, 2015			
Total revenues	$ 1,757,369	$ 90,339	$ 1,847,708
Depreciation and amortization, net of (gains) losses on disposals	125,722	(1,241)	124,481
Interest expense	45,962	111	46,073
Pretax earnings	535,390	20,713	556,103
Income tax expense	196,021	5,418	201,439
Identifiable assets	7,376,921	223,624	7,600,545

1 3 . Employee Benefit Plans

The components of the net periodic benefit costs with respect to postretirement benefits were as follows:

	Quarter Ended September 30,	
	2016	2015
	(Unaudited) (In thousands)	
Service cost for benefits earned during the period	$ 257	$ 240
Interest cost on accumulated postretirement benefit	203	188
Other components	22	9
Net periodic postretirement benefit cost	$ 482	$ 437

	Six Months Ended September 30,	
	2016	2015
	(Unaudited) (In thousands)	
Service cost for benefits earned during the period	$ 513	$ 480
Interest cost on accumulated postretirement benefit	407	376
Other components	44	18
Net periodic postretirement benefit cost	$ 964	$ 874

1 4 . Fair Value Measurements

Fair values of cash equivalents approximate carrying value due to the short period of time to maturity. Fair values of short term investments, investments available-for-sale, long term investments, mortgage loans and notes on real estate, and interest rate swap contracts are based on quoted market prices, dealer quotes or discounted cash flows. Fair values of trade receivables approximate their recorded value.

Our financial instruments that are exposed to concentrations of credit risk consist primarily of temporary cash investments, trade receivables, reinsurance recoverables and notes receivable. Limited credit risk exists on trade receivables due to the diversity of our customer base and their dispersion across broad geographic markets. We place our temporary cash investments with financial institutions and limit the amount of credit exposure to any one financial institution.

We have mortgage receivables, which potentially expose us to credit risk. The portfolio of notes is principally collateralized by self- storage facilities and commercial properties. We have not experienced any material losses related to the notes from individual or groups of notes in any particular industry or geographic area. The estimated fair values were determined using the discounted cash flow method and using interest rates currently offered for similar loans to borrowers with similar credit ratings.

The carrying amount of long term debt and short term borrowings are estimated to approximate fair value as the actual interest rate is consistent with the rate estimated to be currently available for debt of similar term and remaining maturity.

Other investments including short term investments are substantially current or bear reasonable interest rates. As a result, the carrying values of these financial instruments approximate fair value.

Certain a ssets and liabilities are recorded at fair value on the condensed consolidated balance sheets and are measured and classified based upon a three tiered approach to valuation. ASC 820 - *Fair Value Measurements and Disclosure* ("ASC 820") requires that financial assets and liabilities recorded at fair value be classified and disclosed in one of the following three categories:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices for identical or similar financial instruments in markets that are not considered to be active, or similar financial instruments for which all significant inputs are observable, either directly or indirectly, or inputs other than quoted prices that are observable, or inputs that are derived principally from or corroborated by observable market data through correlation or other means; and

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and are unobservable. These reflect management's assumptions about the assumptions a market participant would use in pricing the asset or liability.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following table s represent the financial assets and liabilities on the condensed consolidated balance sheet at September 30, 2016 and March 31, 2016 , that are subject to ASC 820 and the valuation approach applied to each of these items.

As of September 30, 2016	Total	Level 1	Level 2	Level 3
		(Unaudited)		
		(In thousands)		
Assets				
Short-term investments	$ 850,260	$ 850,058	$ 202	$ –
Fixed maturities - available for sale	1,588,995	98,825	1,489,836	334
Preferred stock	16,000	16,000	–	–
Common stock	27,425	27,425	–	–
Derivatives	3,534	3,534	–	–
Total	$ 2,486,214	$ 995,842	$ 1,490,038	$ 334
Liabilities				
Guaranteed residual values of TRAC leases	$ –	$ –	$ –	$ –
Derivatives	9,654	–	9,654	–
Total	$ 9,654	$ –	$ 9,654	$ –

As of March 31, 2016	Total	Level 1	Level 2	Level 3
		(In thousands)		
Assets				
Short-term investments	$ 499,491	$ 499,288	$ 203	$ –
Fixed maturities - available for sale	1,466,941	96,328	1,370,275	338
Preferred stock	18,428	18,428	–	–
Common stock	25,169	25,169	–	–
Derivatives	3,344	3,344	–	–
Total	$ 2,013,373	$ 642,557	$ 1,370,478	$ 338
Liabilities				
Guaranteed residual values of TRAC leases	$ –	$ –	$ –	$ –
Derivatives	14,845	–	14,845	–
Total	$ 14,845	$ –	$ 14,845	$ –

The following table represents the fair value measurements for our assets at September 30, 2016 using significant unobservable inputs (Level 3).

	Fixed Maturities - Asset Backed Securities
	(Unaudited)
	(In thousands)
Balance at March 31, 2016	$ 338
Fixed Maturities - Asset Backed Securities - redeemed	(8)
Fixed Maturities - Asset Backed Securities - net gain (realized)	–
Fixed Maturities - Asset Backed Securities - net loss (unrealized)	4
Balance at September 30, 2016	$ 334

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

We begin Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") with the overall strategy of AMERCO, followed by a description of , and strategy related to, our operating segments to give the reader an overview of the goals of our businesses and the direction in which our businesses and products are moving. We then discuss our critical accounting policies and estimates that we believe are important to understanding the assumptions and judgments incorporated in our reported financial results. Next, w e discuss our results of operations for the second quarter and first six months of fiscal 201 7 , compared with the second quarter and first six months of fiscal 201 6 , which is followed by an analysis of changes in our balance sheets and cash flows, and a discussion of our financial commitments in the sections entitled Liquidity and Capital Resources - Summary and Disclosures about Contractual Obligations and Commercial Commitments and a discussion of off-balance sheet arrangements . We conclude this MD&A by discussing our current outlook for the remainder of fiscal 201 7 .

This MD&A should be read in conjunction with the other sections of this Quarterly Report, including the Notes to Condensed Consolidated Financial Statements. The various sections of this MD&A contain a number of forward-looking statements, as discussed under the caption , Cautionary Statements Regarding Forward-Looking Statements , all of which are based on our current expectations and could be affected by the uncertainties and risk s described throughout this filing or in our most recent Annual Report on Form 10-K for the fiscal year ended March 31, 201 6 . Many of these risks and uncertainties are beyond our control and our actual results may differ materially from these forward-looking statements.

AMERCO, a Nevada corporation , has a second fiscal quarter that ends on the 30 th of September for each year that is referenced. Our insurance company subsidiaries have a second quarter that ends on the 3 0 th of June 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 financial position or results of operations. We disclose any material events occurring during the intervening period. Consequently, all references to our insurance subsidiaries' years 201 6 and 20 15 correspond to fiscal 201 7 and 201 6 for AMERCO.

Overall Strategy

Our overall strategy is to maintain our leadership position in the North American "do-it-yourself" moving and storage industry. We accomplish this by providing a seamless and integrated supply chain to the "do-it-yourself" moving and storage market. As part of executing this strategy, we leverage the brand recognition of U-Haul with our full line of moving and self-storage related products and services and the convenience of our broad geographic presence.

Our primary focus is to provide our customers with a wide selection of moving rental equipment, convenient self-storage rental facilities , portable moving and storage units and related moving and self-storage products and services. We are able to expand our distribution and improve customer service by increasing the amount of moving equipment and storage rooms and portable moving and storage units available for rent, expanding the number of independent dealers in our network and expanding and taking advantage of our eMove ® capabilities.

Property and Casualty Insurance is focused on providing and administering property and casualty insurance to U-Haul and its customers, its independent dealers and affiliates.

Life Insurance is focused on long-term capital growth through direct writing and reinsuring of life insurance , Medicare supplement and annuity products in the senior marketplace.

Description of Operating Segments

AMERCO's three reportable segments are:

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

Moving and Storage

Moving and Storage consists of the rental of trucks, trailers, portable moving and storage units, specialty rental items and self-storage spaces primarily to the household mover as well as sales of moving supplies, towing accessories and propane. Operations are conducted under the registered trade name U-Haul ® throughout the United States and Canada.

With respect to our truck, trailer, specialty rental items and self-storage rental business, we are focused on expanding our dealer network, which provides added convenience for our customers and expanding the selection and availability of rental equipment to satisfy the needs of our customers.

U-Haul brand self-moving related products and services, such as boxes, pads and tape allow our customers to, among other things; protect their belongings from potential damage during the moving process. We are committed to providing a complete line of products selected with the "do-it-yourself" moving and storage customer in mind.

uhaul.com is an online marketplace that connects consumers to our operations as well as independent Moving Help ® service providers and thousands of independent Self-Storage Affiliates. Our network of customer rated affiliates and service providers furnish pack and load help, cleaning help, self-storage and similar services, all over North America. Our goal is to further utilize our web-based technology platform to increase service to consumers and businesses in the moving and storage market.

Since 1945, U-Haul has incorporated sustainable practices into its everyday operations. We believe that our basic business premise of equipment sharing helps reduce greenhouse gas emissions and reduces the inventory of total large capacity vehicles. We continue to look for ways to reduce waste within our business and are dedicated to manufacturing reusable components and recyclable products. We believe that our commitment to sustainability, through our products and services and everyday operations has helped us to reduce our impact on the environment.

Property and Casualty Insurance

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. We continue to focus on increasing the penetration of these products into the moving and storage market. The business plan for Property and Casualty Insurance includes offering property and casualty products in other U-Haul related programs.

Life Insurance

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.

Critical Accounting Policies and Estimates

Our financial statements have been prepared in accordance with GAAP in the United States. The methods, estimates and judgments we use in applying our accounting policies can have a significant impact on the results we report in our financial statements. Certain accounting policies require us to make difficult and subjective judgments and assumptions, often as a result of the need to estimate matters that are inherently uncertain.

Following is a detailed description of the accounting policies that we deem most critical to us and that require management's most difficult and subjective judgments. These estimates are based on historical experience, observance of trends in particular areas, information and valuations available from outside sources and on various other assumptions that are believed to be reasonable under the circumstances and which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual amounts may differ from these estimates under different assumptions and conditions; such differences may be material.

We also have other policies that we consider key accounting policies, such as revenue recognition; however, these policies do not meet the definition of critical accounting estimates, because they do not generally require us to make estimates or judgments that are difficult or subjective. The accounting policies that we deem most critical to us, and involve the most difficult, subjective or complex judgments include the following:

Principles of Consolidation

We appl y ASC 810 - *Consolidation* ("ASC 810") in our principles of consolidation. ASC 810 addresses arrangements where a company does not hold a majority of the voting or similar interests of a variable interest entity ("VIE"). A company is required to consolidate a VIE if it has determined it is the primary beneficiary. ASC 810 also addresses the policy when a company owns a majority of the voting or similar rights and exercises effective control.

As promulgated by ASC 810, a VIE is not self-supportive due to having one or both of the following conditions: (i) it has an insufficient amount of equity for it to finance its activities without receiving additional subordinated financial support or (ii) its owners do not hold the typical risks and rights of equity owners. This determination is made upon the creation of a variable interest and is re-assessed on an on-going basis should certain changes in the operations of a VIE, or its relationship with the primary beneficiary trigger a reconsideration under the provisions of ASC 810. After a triggering event occurs the facts and circumstances are utilized in determining whether or not a company is a VIE, which other company(s) have a variable interest in the entity, and whether or not the company's interest is such that it is the primary beneficiary.

We will continue to monitor our relationships with the other entities regarding who is the primary beneficiary, which could change based on facts and circumstances of any reconsideration events.

Recoverability of Property, Plant and Equipment

Our p roperty, plant and equipment is stated at cost. Interest expense incurred during the initial construction of buildings and rental equipment is considered part of cost. Depreciation is computed for financial reporting purposes using the straight-line or an accelerated method based on a declining balance formula over the following estimated useful lives: rental equipment 2-20 years and buildings and non-rental equipment 3-55 years. Routine maintenance costs are charged to operating expense as they are incurred. Gains and losses on dispositions of property, plant and equipment are netted against depreciation expense when realized. Equipment depreciation is recognized in amounts expected to result in the recovery of estimated residual values upon disposal, i.e., minimize gains or losses. In determining the depreciation rate, historical disposal experience, holding periods and trends in the market for vehicles are reviewed. As a result of changes in IRS regulations regarding the capitalization of assets, beginning in the first quarter of fiscal 2017, we raised the value threshold before certain assets are capitalized within our depreciation policy. This change in threshold, results in the immediate recognition of reported operating costs with a lagging decrease in depreciation expense over the term that these assets would have been depreciated. This change in threshold is expected to benefit us through the immediate recognition of tax deductible costs.

We regularly perform reviews to determine whether facts and circumstances exist which indicate that the carrying amount of assets, including estimates of residual value, may not be recoverable or that the useful life of assets are shorter or longer than originally estimated. Reductions in residual values (i.e., the price at which we ultimately expect to dispose of revenue earning equipment) or useful lives will result in an increase in depreciation expense over the remaining life of the equipment. Reviews are performed based on vehicle class, generally subcategories of trucks and trailers. We assess the recoverability of our assets by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their estimated remaining lives against their respective carrying amounts. We consider factors such as current and expected future market price trends on used vehicles and the expected life of vehicles included in the fleet. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets . If asset residual values are determined to be recoverable, but the useful lives are shorter or longer than originally estimated, the net book value of the assets is depreciated over the newly determined remaining useful lives.

M anagement determined that additions to the fleet resulting from purchase s should be depreciated on an accelerated method based upon a declining formula. Under the declining balances method (2.4 times declining balance), the book value of a rental truck is reduced approximately 16%, 13%, 11%, 9%, 8%, 7%, and 6% during years one through seven, respectively , and then reduced on a straight line basis to a salvage value of 20 % by the end of year fifteen. Beginning in October 2012, rental equipment subject to this depreciation schedule will be depreciated to a salvage value of 15%. Comparatively, a standard straight line approach would reduce the book value by approximately 5. 7 % per year over the life of the truck.

Although we intend to sell our used vehicles for prices approximating book value, the extent to which we realize a gain or loss on the sale of used vehicles is dependent upon various factors including but not limited to, the general state of the used vehicle market, the age and condition of the vehicle at the time of its disposal and the depreciation rates with respect to the vehicle . We typically sell our used vehicles at our sales centers throughout North America, on our web site at uhaul.com/trucksales or by phone at 1-866-404-0355. Additionally, we sell a large portion of our pickup and cargo van fleet at automobile dealer auctions.

Insurance Reserves

Liabilities for life insurance and certain annuity and health policies are established to meet the estimated future obligations of policies in force, and are based on mortality, morbidity and withdrawal assumptions from recognized actuarial tables which contain margins for adverse deviation. In addition, liabilities for health, disability and other policies include estimates of payments to be made on insurance claims for reported losses and estimates of losses incurred, but not yet reported (“IBRN”) . Liabilities for annuity contracts consist of contract account balances that accrue to the benefit of the policyholders.

Insurance reserves for Property and Casualty Insurance and U-Haul take into account losses incurred based upon actuarial estimates and are management's best approximation of future payments. These estimates are based upon past claims experience and current claim trends as well as social and economic conditions such as changes in legal theories and inflation. These reserves consist of case reserves for reported losses and a provision for losses IBNR, both reduced by applicable reinsurance recoverables, resulting in a net liability .

Due to the nature of the underlying risks and high degree of uncertainty associated with the determination of the liability for future policy benefits and claims, the amounts to be ultimately paid to settle these liabilities cannot be precisely determined and may vary significantly from the estimated liability, especially for long-tailed casualty lines of business such as excess workers' compensation. As a result of the long-tailed nature of the excess workers ' compensation policies written by Repwest during 1983 through 200 1 , it may take a number of years for claims to be fully reported and finally settled.

On a regular basis insurance reserve adequacy is reviewed by management to determine if existing assumptions need to be updated . In determining the assumptions for calculating workers ' compensation reserves, management considers multiple factors including the following:

- Claimant longevity
- Cost trends associated with claimant treatments
- Changes in ceding entity and third party administrator reporting practices
- Changes in environmental factors including legal and regulatory
- Current conditions affecting claim settlements
- Future economic conditions including inflation

We have reserved each claim based upon the accumulation of current claim costs projected through each claimant ' s life expectancy, and then adjusted for applicable reinsurance arrangements. Management reviews each claim bi-annually to determine if the estimated life-time claim costs have increased and then adjusts the reserve estimate accordingly at that time. We have factored in an estimate of what the potential cost increases could be in our IBNR liability. We have not assumed settlement of the existing claims in calculating the reserve amount, unless it is in the final stages of completion.

Continued increases in claim costs, including medical inflation and new treatments and medications could lead to future adverse development resulting in additional reserve strengthening. Conversely, settlement of existing claims or if injured workers return to work or expire prematurely, could lead to future positive development.

Impairment of Investments

Investments are evaluated pursuant to guidance contained in ASC 320 - *Investments - Debt and Equity Securities* to determine if and when a decline in market value below amortized cost is other-than-temporary. Management makes certain assumptions or judgments in its assessment including but not limited to: our ability and intent to hold the security, quoted market prices, dealer quotes or discounted cash flows, industry factors, financial factors, and issuer specific information such as credit strength. Other-than-temporary impairment in value , if any, is recognized in the current period operating results. There were no write downs in the second quarter or first six months of fiscal 2017 or 2016.

Income Taxes

We file a consolidated tax return with all of its legal subsidiaries.

Our tax returns are periodically reviewed by various taxing authorities. The final outcome of these audits may cause changes that could materially impact our financial results.

Fair Values

Fair values of cash equivalents approximate carrying value due to the short period of time to maturity. Fair values of short term investments, investments available-for-sale, long term investments, mortgage loans and notes on real estate, and interest rate swap contracts are based on quoted market prices, dealer quotes or discounted cash flows. Fair values of trade receivables approximate their recorded value.

Our financial instruments that are exposed to concentrations of credit risk consist primarily of temporary cash investments, trade receivables, reinsurance recoverables and notes receivable. Limited credit risk exists on trade receivables due to the diversity of our customer base and their dispersion across broad geographic markets. We place our temporary cash investments with f inancial institutions and limit the amount of credit exposure to any one financial institution.

We have mortgage receivables, which potentially expose us to credit risk. The portfolio of notes is principally collateralized by self- storage facilities and commercial properties. We have not experienced any material losses related to the notes from individual or groups of notes in any particular industry or geographic area. The estimated fair values were determined using the discounted cash flow method and using interest rates currently offered for similar loans to borrowers with similar credit ratings.

The carrying amount of long term debt and short term borrowings are estimated to approximate fair value as the actual interest rate is consistent with the rate estimated to be currently available for debt of similar term and remaining maturity.

Other investments including short term investments are substantially current or bear reasonable interest rates. As a result, the carrying values of these financial instruments approximate fair value.

Adoption of New Accounting Pronouncements

In March 2015, the Financial Accounting Standards Board (“ FASB ”) issued Accounting Standards Update (“ ASU ”) 2015-03, *Simplifying the Presentation of Debt Issuance Costs* . The amendments in this update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this update. The guidance wa s effective for interim periods and the annual period beginning after December 15, 2015. T he adoption of this standard did not have a material impact on our consolidated financial statements.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* , an updated standard on revenue recognition. The standard creates a five-step model for revenue recognition that requires companies to exercise judgment when considering contract terms and relevant facts and circumstances. The standard requires expanded disclosure surrounding revenue recognition. Early application is not permitted. The standard was initially to be effective for fiscal periods beginning after December 15, 2016 and allows for either full retrospective or modified retrospective adoption. In July 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers, Deferral of Effective Date* , which delays the effective date of ASU 2014-09 by one year to fiscal periods beginning after December 15, 2017. In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers, Principal versus Agent Considerations (Reporting Revenue Gross versus Net)* , which is intended to improve the operability and understandability of the implementation guidance on principal versus agent considerations and the effective date is the same as requirements in ASU 2015-14. We are currently evaluating the impact of the adoption of this standard on our consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01 , *Financial Instruments – Overall (subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.* ASU 2016-01 addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. Among other provisions, the new guidance requires the fair value measurement of investments in certain equity securities. For investments without readily determinable fair values, entities have the option to either measure these investments at fair value or at cost adjusted for changes in observable prices minus impairment. All changes in measurement will be recognized in net income. The guidance is effective for interim periods and annual period beginning after December 15, 201 7 . Early adoption is not permitted, except for certain provisions relating to financial liabilities. We are currently evaluating the impact of the adoption of this standard on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02 , *Leases – (Topic 842)* . This update will require lessees to recognize all leases with terms greater than 12 months on their balance sheet as lease liabilities with a corresponding right-of-use asset. This update maintains the dual model for lease accounting, requiring leases to be classified as either operating or finance, with lease classification determined in a manner similar to existing lease guidance. The basic principle is that leases of all types convey the right to direct the use and obtain substantially all the economic benefits of an identified asset, meaning they create an asset and liability for lessees. Lessees will classify leases as either finance leases (comparable to current capital leases) or operating leases (comparable to current operating leases). Costs for a finance lease will be split between amortization and interest expense, with a single lease expense reported for operating leases. This update also will require both qualitative and quantitative disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The guidance is effective for interim periods and annual period beginning after December 15, 201 8; however e arly adoption is permitted. We are currently evaluating the impact of the adoption of this standard on our consolidated financial statements. For the last nine years, we have reported a discounted estimate of the off-balance sheet lease obligations in our MD&A.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)* . This update will require that financial assets measured at amortized cost be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis. The income statement reflects the measurement of credit losses for newly recognized financial assets, as well as the expected credit losses during the period. The measurement of expected credit losses is based upon historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. Credit losses relating to available-for-sale debt securities will be recorded through an allowance for credit losses rather than as a direct write-down to the security. This update will become effective for the Company for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently evaluating the impact of this standard on our consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* (“ASU 2016-15”) . This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The effective date of ASU 2016-15 is for interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted. The Company is currently evaluating the impact of this standard on our consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, *Income Taxes - Intra-Entity Transfers of Assets Other Than Inventory* , which will require an entity to recognize the income tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs. This update will become effective for the Company for fiscal years beginning after December 31, 2017, and interim periods within those fiscal years with early adoption permitted. The Company is currently evaluating the impact of this standard on our consolidated financial statements.

In October 2016, the FASB issued ASU 2016-17, *Interests Held through Related Parties That Are under Common Control* , which modifies existing guidance with respect to how a decision maker that holds an indirect interest in a variable interest entity ("VIE") through a common control party determines whether it is the primary beneficiary of the VIE as part of the analysis of whether the VIE would need to be consolidated. Under the ASU, a decision maker would need to consider only its proportionate indirect interest in the VIE held through a common control party. Previous guidance had required the decision maker to treat the common control party's interest in the VIE as if the decision maker held the interest itself. As a result of the ASU, in certain cases, previous consolidation conclusions may change. This update will become effective for the Company for fiscal years beginning after December 31, 2016, and interim periods within those years, with early adoption permitted. The Company is currently evaluating the impact of this standard on our consolidated financial statements.

From time to time, new accounting pronouncements are issued by the FASB or the SEC that are adopted by us as of the specified effective date. Unless otherwise discussed, these ASUs entail technical corrections to existing guidance or affect guidance related to specialized industries or entities and therefore will have minimal, if any, impact on our financial position or results of operations upon adoption.

Results of Operations

AMERCO and Consolidated Entities

Quarter Ended September 30, 201 6 compared with the Quarter Ended September 30, 201 5

Listed below on a consolidated basis are revenues for our major product lines for the second quarter of fiscal 201 7 and the second quarter of fiscal 201 6 :

	Quarter Ended September 30,	
	2016	2015
	(Unaudited)	
	(In thousands)	
Self-moving equipment rentals	$ 711,710	$ 698,219
Self-storage revenues	72,163	62,060
Self-moving and self-storage products and service sales	70,330	70,703
Property management fees	6,712	6,320
Life insurance premiums	40,893	40,515
Property and casualty insurance premiums	14,009	13,372
Net investment and interest income	25,816	22,151
Other revenue	57,278	49,563
Consolidated revenue	$ 998,911	$ 962,903

Self-moving equipment rental revenues increased $ 13.5 million during the second quarter of fiscal 201 7 , compared with t he second quarter of fiscal 201 6 . The improvement in revenue was generated from an increase in transactions. The average number of rental trucks in the fleet increased compared with the same quarter last year.

Self-storage revenues increased $ 10.1 million during the second quarter of fiscal 201 7 , com pared with the second quarter of fiscal 201 6. The average monthly amount of occupied square feet increased by 12.8 % during the second quarter of fiscal 2017 compared with the same period last year. The growth in revenues and square feet rented comes from a combination of improved rates per square foot, occupancy gains at existing locations and from the addition of new facilities to the portfolio. Over the last twelve months we added approximately 3.5 million net rentable square feet or a 15.7 % increase, with approximately 0.5 mil lion of that coming on during the second quarter of fiscal 2017 .

Life insurance premiums in c reased $ 0.4 million during the second quarter of fiscal 201 7 , compared with the second quarter of fiscal 2016 due primarily to increased life and Medicare supplement premiums .

Property and casualty insurance premiums increased $ 0.6 million during the second quarter of fiscal 2017, compared with the second quarter of fiscal 2016 due to an increase in Safetow and Safestor sales which is a reflection of the increased equipment and storage rental transactions.

Net investment and interest income increased $ 3.7 million during the second quarter of fiscal 201 7 , compared with the second quarter of fiscal 201 6 due to a larger invested asset base at our insurance companies and gains generated from our mortgage loan portf o lio.

Other revenue in creased $ 7.7 million during the second quarter of fiscal 201 7 , compared with the second quarter of fiscal 201 6, primarily coming from growth in our U-Box ™ program.

As a result of the items mentioned above, revenues for AMERCO and its consolidated entities were $ 998.9 million for the second quarter of fiscal 201 7 , compared with $ 962.9 million for the second quarter of fiscal 201 6 .

Listed below are revenues and earnings from operations at each of our operating segments for the second quarter of fiscal 201 7 and the second quarter of fiscal 201 6 . The insurance companies second quarters ended June 30 , 201 6 and 20 15 .

	Quarter Ended September 30,	
	2016	2015
	(Unaudited)	
	(In thousands)	
Moving and storage		
Revenues	$ 920,400	$ 888,294
Earnings from operations before equity in earnings of subsidiaries	293,160	297,106
Property and casualty insurance		
Revenues	17,887	16,625
Earnings from operations	7,094	6,065
Life insurance		
Revenues	61,961	59,187
Earnings from operations	7,098	8,057
Eliminations		
Revenues	(1,337)	(1,203)
Earnings from operations before equity in earnings of subsidiaries	(146)	(160)
Consolidated results		
Revenues	998,911	962,903
Earnings from operations	307,206	311,068

Total costs and expenses increased $ 39.9 million during the second quarter of fiscal 201 7 , compared with the second quarter of fiscal 201 6. Our insurance segments accounted for $4.0 million of the increase primarily due to increased benefit costs. Moving and Storage total costs and expenses increased $36.1 million . In October 2016, we settled the litigation with PODS Enterprises, LLC (“PEI”), see Note 9, Contingencies. As part of this settlement, we paid $41.4 million to PEI. In fiscal 2015 and fiscal 2016, we recorded $66.0 million as accrued contingencies and interest. During the second quarter of fiscal 2017, we recognized the difference between our contingency accrual and the actual settlement as a $24.6 million reduction of operating expenses. Excluding the effect of the reversal of this accrual during the quarter, o perating expenses for Moving and Storage in creased $ 16.5 million . P ersonnel costs , equipment maintenance, property tax and a change in the accounting threshold for the expensing of smaller capital items led to the additional costs. Depreciation expense increased $ 23.6 million due to the additional amount of equipment in the rental fleet. G ains from the disposal of property, plant and equipment decreased $23.2 million. This resulted in an increase of $46.8 million in depreciation expense, net. Compared with the second quarter of last year we have sold fewer used trucks. On average the trucks sold had a higher average cost and we experienced a decrease in the average sales proceeds per unit. L ease expense decreased $ 3.4 million as a result of our shift in financing new equipment on the balance sheet versus through operating leases ; this ongoing shift in financing allocation also contributed to the increase in depreciation expense .

As a result of the above mentioned changes in revenues and expenses, earnings from operations de creased to $ 307.2 million for the second quarter of fiscal 201 7 , compared with $ 311.1 million for the second quarter of fiscal 201 6 .

Interest expense for the second quarter of fiscal 2017 was $ 28.2 million, compared with $ 24.0 million for the second quarter of fiscal 201 6 primarily due to increased borrowings.

Income tax expense was $ 102.5 million for the second quarter of fiscal 201 7 , compared with $ 103.7 million for the second quarter of fiscal 201 6 .

As a result of the above mentioned items, earnings available to common shareholders were $ 176.5 million for the second quarter of fiscal 201 7 , compared with $ 183.4 million for the second quarter of fiscal 201 6 .

Basic and diluted earnings per share for the second quarter of fiscal 201 7 were $ 9.01 , compared with $ 9.36 for the second quarter of fiscal 201 6 .

The weighted average common shares outstanding basic and diluted were 19,586,411 for the second quarter of fiscal 201 7 , compared with 19,5 97 , 717 for the second quarter of fiscal 201 6 .

Moving and Storage

Quarter Ended September 30, 201 6 compared with the Quarter Ended September 30, 201 5

Listed below are revenues for the major product lines at our Moving and Storage operating segment for the second quarter of fiscal 201 7 and the second quarter of fiscal 201 6 :

	Quarter Ended September 30,	
	2016	2015
	(Unaudited)	
	(In thousands)	
Self-moving equipment rentals	$ 712,739	$ 699,184
Self-storage revenues	72,163	62,060
Self-moving and self-storage products and service sales	70,330	70,703
Property management fees	6,712	6,320
Net investment and interest income	2,353	1,845
Other revenue	56,103	48,182
Moving and Storage revenue	$ 920,400	$ 888,294

Self-moving equipment rental revenues increased $ 13.6 million during the second quarter of fiscal 201 7 , compared with the second quarter of fiscal 201 6 . The improvement in revenue was generated from an increase in transactions. The average number of rental trucks in the fleet increased compared to the same quarter last year.

Self-storage revenues increased $ 10.1 million during the second quarter of fiscal 201 7 , com pared with the second quarter of fiscal 201 6. The average monthly amount of occupied square feet increased by 12.8 % during the second quarter of fiscal 2017 compared with the same period last year. The growth in revenues and square feet rented comes from a combination of improved rates per square foot, occupancy gains at existing locations and from the addition of new facilities to the portfolio. Over the last twelve months we added approximately 3.5 million net rentable square feet or a 15.7 % increase, with approximately 0.5 mil lion of that coming on during the second quarter of fiscal 2017 .

Net investment and interest income increased $0.5 million during the second quarter of fiscal 2017, compared with the second quarter of fiscal 201 6 .

Other revenue in creased $ 7.9 million during the second quarter of fiscal 201 7 , compared with the second quarter of fiscal 201 6 caused primarily by growth in the U-Box ™ program.

The Company owns and manages self-storage facilities. Self-storage revenues reported in the consolidated financial statements represent Company-owned locations only. Self-storage data for our owned storage locations follows:

	Quarter Ended September 30,	
	2016	2015
	(Unaudited)	
	(In thousands, except occupancy rate)	
Room count as of September 30	294	252
Square footage as of September 30	25,480	22,023
Average number of rooms occupied	230	205
Average occupancy rate based on room count	78.9%	84.0%
Average square footage occupied	20,722	18,364

Over the last twelve months we added approximately 3.5 million net rentable square feet of new storage to the system. This was a mix of existing storage locations we acquired and new development. On average, the occupancy rate of this new capacity on the date it was added was 19%.

Total costs and expenses in creased $ 36.1 million during the second quarter of fiscal 201 7 , compared with the second quarter of fiscal 201 6 . In October 2016, we settled the litigation with PEI, see Note 9, Contingencies. As part of this settlement, we paid $41.4 million to PEI. In fiscal 2015 and fiscal 2016, we recorded $66.0 million as accrued contingencies and interest. During the second quarter of fiscal 2017, we recognized the difference between our contingency accrual and the actual settlement as a $24.6 million reduction of operating expenses. Excluding the effect of the reversal of this accrual during the quarter, o perating expenses for Moving and Storage in creased $ 16.5 million . P ersonnel costs , equipment maintenance, property tax and a change in the accounting threshold for the expensing of smaller capital items led to the additional costs. Depreciation expense increased $ 23.6 million due to the additional amount of equipment in the rental fleet. G ains from the disposal of property, plant and equipment decreased $23.2 million. This resulted in an increase of $46.8 million in depreciation expense, net. Compared with the second quarter of last year we have sold fewer used trucks. On average the trucks sold had a higher average cost and we experienced a decrease in the average sales proceeds per unit.

As a result of the above mentioned changes in revenues and expenses, earnings from operations for Moving and Storage before consolidation of the equity in the earnings of the insurance subsidiaries , de creased to $ 293.2 million for the second quarter of fiscal 2017, compared with $297.1 million for the second quarter of fiscal 2016.

Equity in the earnings of AMERCO's insurance subsidiaries was $ 9.3 million and $ 9.2 million for the second quarter of fiscal 201 7 and 201 6, respectively .

As a result of the above mentioned changes in revenues and expenses, earnings from operations de creased to $ 302.5 million for the second quarter of fiscal 201 7 , compared with $ 306.3 million for the second quarter of fiscal 201 6 .

Property and Casualty Insurance

Quarter Ended June 30 , 201 6 compared with the Quarter Ended June 30, 2015

Net premiums were $ 14.0 million and $1 3.4 million for the second quarters ended June 30, 201 6 and 201 5 , respectively. A significant portion of Repwest's premiums are from policies sold in conjunction with U-Haul rental transactions. The premium increase corresponded with the increased moving and storage transactions at U-Haul during the same time period as well as from sales of Safestor through independent storage operators not owned or managed by U-Haul.

Net investment income was $3. 9 million and $ 3.3 million for the second quarters ended June 30, 201 6 and 201 5 , respectively. The increase was the result of a larger invested asset base .

Net operating expenses were $ 7.2 million and $ 7.1 million for the second quarters ended June 30, 201 6 and 201 5 , respectively an i ncrease in current year commission expense was offset by various reductions in operating costs .

Benefits and losses incurred were $ 3.6 million and $ 3.5 million for the second quarters ended June 30, 201 6 and 201 5, due to increased incurred losses resulting from additional premium volume .

As a result of the above mentioned changes in revenues and expenses, pretax earnings from operations were $ 7.1 million and $ 6.1 million for the second quarters ended June 30, 201 6 and 201 5 , respectively.

Life Insurance

Quarter Ended June 30, 2016 compared with the Quarter Ended June 30 , 20 15

Net premiums were $40.9 million and $40.5 million for the quarters ended June 30 , 201 6 and 201 5 , respectively . Medicare Supplement premiums increased $0.3 million due to an increase in renewal premium, offset by a decrease in new sales. Life and other premiums increased $0.1 million. Annuity deposits, which are accounted for on the balance sheet as deposits, were $56.0 million, a decrease of $20.4 million compared with the same period last year.

Net investment and interest income was $ 19.8 million and $ 17.2 million for the quarters ended June 30 , 201 6 and 201 5 , respectively . Investment income increased by $2.6 million due to a gain from our mortgage loan portfolio and a larger invested asset base.

Net operating expenses were $ 5.6 million and $5.5 million for the quarters ended June 30 , 201 6 and 201 5.

Benefits and losses incurred were $ 43.3 million and $ 40.0 million for the quarters ended June 30 , 201 6 and 201 5 , respectively . Incurred Medicare supplement benefits increased $2.5 million resulting from the increase in policies in force and the increased benefit to premium ratio. Life and other incurred benefits decreased $0.3 million. Interest credited to policyholders increased $1.1 million from the increased deferred annuity deposit base, offset by lower interest credited on policyholder accounts indexed to an S&P index.

Amortization of deferred acquisition costs (“DAC”) , sales inducement asset (“SIA”) and the value of business acquired (“VOBA”) was $ 6.0 million and $ 5.6 million for the quarters ended June 30 , 201 6 and 201 5 , respectively . The variance was primarily due to an increase in the deferred costs associated with more in force annuity policies.

As a result of the above mentioned changes in revenues and expenses, pretax earnings from operations were $ 7.1 million and $ 8.1 million for the quarters ended June 30 , 201 6 and 201 5 , respectively.

AMERCO and Consolidated Entities

Six Months Ended September 30, 201 6 compared with the Six Months Ended September 30, 20 15

Listed below on a consolidated basis are revenues for our major product lines for the first six months of fiscal 201 7 and the first six months of fiscal 201 6 :

	Six Months Ended September 30,	
	2016	2015
	(Unaudited)	
	(In thousands)	
Self-moving equipment rentals	$ 1,358,046	$ 1,327,505
Self-storage revenues	139,885	119,251
Self-moving and self-storage products and service sales	147,633	147,961
Property management fees	13,316	12,431
Life insurance premiums	81,785	80,781
Property and casualty insurance premiums	25,264	23,928
Net investment and interest income	53,365	44,123
Other revenue	103,026	91,728
Consolidated revenue	$ 1,922,320	$ 1,847,708

Self-moving equipment rental revenues increased $ 30.5 million during the first six months of fiscal 201 7 , compared with t he first six months of fiscal 201 6. The improvement in revenue was generated from an increase in transactions. The average number of rental trucks in the fleet increased compared with the same period last year.

Self-storage revenues increased $ 20.6 million during the first six months of fiscal 201 7 , com pared with the first six months of fiscal 201 6. The average monthly amount of occupied square feet increased by 13.5 % during the first six months of fiscal 2017 compared with the same period last year. The growth in revenues and square feet rented comes from a combination of improved rates per square foot, occupancy gains at existing locations and from the addition of new facilities to the portfolio. Over the last twelve months we added approximately 3.5 million net rentable square feet or a 15.7 % increase, with approximately 1.5 mil lion of that coming on during the first six months of fiscal 2017 .

Life insurance premiums in c reased $ 1.0 million during the first six months of fiscal 201 7 , compared with the first six months of fiscal 2016 due primarily to increased life and Medicare supplement premiums .

Property and casualty insurance premiums increased $ 1.3 million during the first six months of fiscal 2017, compared with the first six months of fiscal 2016 due to an increase in Safetow and Safestor sales which is a reflection of the increased equipment and storage rental transactions.

Net investment and interest income increased $ 9.2 million during the first six months of fiscal 201 7 , compared with the first six months of fiscal 201 6 due to a larger invested asset base at our insurance companies and gains generated from our mortgage loan portf o lio .

Other revenue in creased $ 11.3 million during the first six months of fiscal 201 7 , compared with the first six months of fiscal 201 6, primarily coming from growth in our U-Box ™ program.

As a result of the items mentioned above, revenues for AMERCO and its consolidated entities were $ 1,922.3 million for the first six months of fiscal 201 7 , as compared with $ 1,847.7 million for the first six months of fiscal 201 6 .

Listed below are revenues and earnings from operations at each of our operating segments for the first six months of fiscal 201 7 and the first six months of fiscal 201 6 . The insurance companies ' first six months ended June 30, 201 6 and 20 15 .

	Six Months Ended September 30,	
	2016	2015
	(Unaudited)	
	(In thousands)	
Moving and storage		
Revenues	$ 1,766,231	$ 1,703,134
Earnings from operations before equity in earnings of subsidiaries	541,665	577,685
Property and casualty insurance		
Revenues	34,772	31,515
Earnings from operations	14,597	12,543
Life insurance		
Revenues	123,756	115,256
Earnings from operations	11,014	12,268
Eliminations		
Revenues	(2,439)	(2,197)
Earnings from operations before equity in earnings of subsidiaries	(295)	(320)
Consolidated results		
Revenues	1,922,320	1,847,708
Earnings from operations	566,981	602,176

Total costs and expenses increased $ 109.8 million during the first six months of fiscal 201 7 , compared with the first six months of fiscal 201 6. Our insurance segments accounted for $11.0 million of the increase primarily due to increased benefit costs.

Moving and Storage total costs and expenses increased $99.1 million . In October 2016, we settled the litigation with PEI, see Note 9, Contingencies. As part of this settlement, we paid $41.4 million to PEI. In fiscal 2015 and fiscal 2016, we recorded $66.0 million as accrued contingencies and interest. During the second quarter of fiscal 2017, we recognized the difference between our contingency accrual and the actual settlement as a $24.6 million reduction of operating expenses. Excluding the effect of the reversal of this accrual during fiscal 2017, o perating expenses for Moving and Storage in creased $ 38.3 million . Pe rsonnel costs , equipment maintenance, property tax and a change in the accounting threshold for the expensing of smaller capital items led to the additional costs. Depreciation expense increased $ 40.7 million due to the additional amount of equipment in the rental fleet. G ains from the disposal of property, plant and equipment decreased $50.5 million. This resulted in an increase of $91.2 million in depreciation expense, net. Compared with the first six months of last year we have sold fewer used trucks. On average the trucks sold had a higher average cost and we experienced a decrease in the average sales proceeds per unit. L ease expense decreased $ 9.4 million as a result of our shift in financing new equipment on the balance sheet versus through operating leases ; this ongoing shift in financing allocation also contributed to the increase in depreciation expense .

As a result of the above mentioned changes in revenues and expenses, earnings from operations de creased to $ 567.0 million for the first six months of fiscal 2017 , as compared with $ 602.2 million for the first six months of fiscal 201 6 .

Interest expense for the first six months of fiscal 2017 was $ 54.9 million, compared with $4 6.1 million for the first six months of fiscal 201 6 primarily due to increased borrowings .

Income tax expense was $ 188.5 million for the first six months of fiscal 201 7 , compared with $ 201.4 million for first six months of fiscal 201 6 due to higher pretax earnings for the first six months of fiscal 2016.

As a result of the above mentioned items, earnings available to common shareholders were $ 323.6 million for the first six months of fiscal 201 7 , compared with $ 354.7 million for the first six months of fiscal 201 6 .

Basic and diluted earnings per common share for the first six months of fiscal 201 7 were $ 16.52 , compared with $ 18.10 for the first six months of fiscal 201 6 .

The weighted average common shares outstanding basic and diluted were 19,586,240 for the first six months of fiscal 201 7 , compared with 19,5 96 , 921 for the first six months of fiscal 201 6 .

Moving and Storage

Six Months Ended September 30, 201 6 compared with the Six Months Ended September 30, 20 15

Listed below are revenues for the major product lines at our Moving and Storage operating segment for the first six months of fiscal 201 7 and the first six months of fiscal 2016 :

	Six Months Ended September 30,	
	2016	2015
	(Unaudited)	
	(In thousands)	
Self-moving equipment rentals	$ 1,359,855	$ 1,329,223
Self-storage revenues	139,885	119,251
Self-moving and self-storage products and service sales	147,633	147,961
Property management fees	13,316	12,431
Net investment and interest income	4,465	4,662
Other revenue	101,077	89,606
Moving and Storage revenue	$ 1,766,231	$ 1,703,134

Self-moving equipment rental revenues increased $ 30.6 million during the first six months of fiscal 201 7 , compared with the first six months of fiscal 201 6. The improvement in revenue was generated from an increase in transactions. The average number of rental trucks in the fleet increased compared to the same period last year.

Self-storage revenues increased $ 20.6 million during the first six months of fiscal 201 7 , com pared with the first six months of fiscal 201 6. The average monthly amount of occupied square feet increased by 13.5 % during the first six months of fiscal 2017 compared with the same period last year. The growth in revenues and square feet rented comes from a combination of improved rates per square foot, occupancy gains at existing locations and from the addition of new facilities to the portfolio. Over the last twelve months we added approximately 3.5 million net rentable square feet or a 15.7 % increase, with approximately 1.5 mil lion of that coming on during the first six months of fiscal 2017 .

Net investment and interest income decreased $0.2 million during the first six months of fiscal 2017, compared with the first six months of fiscal 201 6 .

Other revenue in creased $ 11.5 million during the first six months of fiscal 201 7 , compared with the first six months of fiscal 201 6 caused primarily by growth in the U-Box ™ program.

The Company owns and manages self-storage facilities. Self -storage revenues reported in the consolidated financial statements represent Company-owned locations only. Self -storage data for our owned storage locations follows:

	Six Months Ended September 30,	
	2016	2015
	(Unaudited)	
	(In thousands, except occupancy rate)	
Room count as of September 30	294	252
Square footage as of September 30	25,480	22,023
Average number of rooms occupied	225	200
Average occupancy rate based on room count	78.2%	83.2%
Average square footage occupied	20,257	17,849

Over the last twelve months we added approximately 3.5 million net rentable square feet of new storage to the system. This was a mix of existing storage locations we acquired and new development. On average, the occupancy rate of this new capacity on the date it was added was 19%.

Total costs and expenses in creased $ 99.1 million during the first six months of fiscal 201 7 , compared with the first six months of fiscal 201 6 . In October 2016, we settled the litigation with PEI, see Note 9, Contingencies. As part of this settlement, we paid $41.4 million to PEI. In fiscal 2015 and fiscal 2016, we recorded $66.0 million as accrued contingencies and interest. During the second quarter of fiscal 2017, we recognized the difference between our contingency accrual and the actual settlement as a $24.6 million reduction of operating expenses. Excluding the effect of the reversal of this accrual during fiscal 2017, o perating expenses for Moving and Storage in creased $ 38.3 million . Pe rsonnel costs , equipment maintenance, property tax and a change in the accounting threshold for the expensing of smaller capital items led to the additional costs. Depreciation expense increased $ 40.7 million due to the additional amount of equipment in the rental fleet. G ains from the disposal of property, plant and equipment decreased $50.5 million. This resulted in an increase of $91.2 million in depreciation expense, net. Compared with the first six months of last year we have sold fewer used trucks. On average the trucks sold had a higher average cost and we experienced a decrease in the average sales proceeds per unit. L ease expense decreased $ 9.4 million as a result of our shift in financing new equipment on the balance sheet versus through operating leases ; this ongoing shift in financing allocation also contributed to the increase in depreciation expense .

As a result of the above mentioned changes in revenues and expenses, earnings from operations for Moving and Storage before consolidation of the equity in the earnings of the insurance subsidiaries de creased to $ 541.7 million for the first six months of fiscal 2017, compared with $577.7 million for the first six months of fiscal 2016.

Equity in the earnings of AMERCO’s insurance subsidiaries was $ 16.9 million for the first six months of fiscal 201 7 , compared with $16.1 million for the first six months of fiscal 201 6 .

As a result of the above mentioned changes in revenues and expenses, earnings from operations de creased to $ 558.5 million for the first six months of fiscal 2017 , compared with $ 593.8 million for the first six months of fiscal 201 6 .

Property and Casualty Insurance

Six Months Ended June 30, 201 6 compared with the Six Months Ended June 30, 201 5

Net premiums were $2 5.3 million and $2 3 . 9 million for the six months ended June 30, 2016 and 2015, respectively. A significant portion of Repwest's premiums are from policies sold in conjunction with U-Haul rental transactions. The premium increase corresponded with increased moving and storage transactions at U-Haul during the same time period.

Net investment income was $ 9.5 million and $ 7.6 million for the six months ended June 30, 2016 and 2015, respectively. The increase was primarily due to $2. 4 million in gains on the repayment of mortgage lo ans compared with $0.7 million in the same period last year along with additional income from an increased invested asset base.

Net operating expenses were $13. 5 million and $1 3 . 4 million for the six months ended June 30, 2016 and 2015, respectively, due primarily to an increase in commissions partially offset by various reductions in operating costs .

Benefits and losses incurred were $ 6.7 million and $ 5.5 million for the six months ended June 30, 2016 and 2015, respectively. The increase was primarily due to $0.4 million of adverse development during the six months ended June 30, 2016 coupled with $0.5 million of positive re serve development in the six months ended June 30, 2015. The majority of the reserve development in both years occurred in the Safe programs.

As a result of the above mentioned changes in revenues and expenses, pretax earnings from operations were $ 14.6 million and $1 2.5 million for the six months ended June 30, 2016 and 2015, respectively.

Life Insurance

Six Months Ended June 30, 201 6 compared with the Six Months Ended June 30, 20 15

Net premiums were $ 81.8 million and $ 80.8 million for the six months ended June 30 , 201 6 and 201 5 , respectively . The increase was primarily due to a $0.7 million increase in Medicare supplement renewal premiums offset by the reduction in sales. Other Annuity deposits, which are accounted for on the balance sheet, were $111.8 million an increase of $1.5 million, compared with the same period last year.

Net investment income was $ 39.8 million and $ 32.3 million for the six months ended June 30 , 201 6 and 201 5 , respectively. The increase was attributable to gains from our mortgage loan portfolio in addition to increased investment income from a larger invested asset base.

Net operating expenses were $ 11.6 million and $ 11.3 million for the six months ended June 30 , 201 6 and 201 5 , respectively.

Benefits and losses incurred were $ 87.2 million and $ 81.3 million for the six months ended June 3 0 , 201 6 and 201 5 , respectively . Medicare supplement benefits increased by $5.3 million as a result of the increase in policies in force and the increased benefit to premium ratio. All other products lines accounted for a $0.6 million increase.

Amortization of DAC, SIA and VOBA was $13.9 million and $10.4 million for the six months ended June 30, 2016 and 2015, respectively. The increase was due to additional DAC amortization generated by investment gains along with increased amortization associated with a larger DAC asset.

As a result of the above mentioned changes in revenues and expenses, pretax earnings from operations were $11.0 million and $12.3 million for the six months ended June 30, 2016 and 2015, respectively.

Liquidity and Capital Resources

We believe our current capital structure is a positive factor that will enable us to pursue our operational plans and goals , and provide us with sufficient liquidity for the foreseeable future. T here are many factors which could affect our liquidity, including some which are beyond our control, and there is no assurance that future cash flows and liquidity resources will be sufficient to meet our outstanding debt obligations and our other future capital needs.

At September 30, 2016 , cash and cash equivalents totaled $ 921.3 million, compared with $ 600.6 million at March 31, 201 6 . The assets of our insurance subsidiaries are generally unavailable to fulfill the obligations of non-insurance operations (Moving and Storage). As of September 30, 2016 (or as otherwise indicated), cash and cash equivalents, other financial assets (receivables, short-term investments, other investments, fixed maturities, and related party assets) and debt obligations of each operating segment were:

	Moving & Storage	Property & Casualty Insurance (a)	Life Insurance (a)
		(Unaudited)	
		(In thousands)	
Cash and cash equivalents	$ 907,861	$ 11,775	$ 1,691
Other financial assets	145,447	437,283	1,711,029
Debt and lease obligations	2,992,490	–	–

(a) As of June 30, 2016

At September 30, 2016, Moving and Storage had additional cash available under existing credit facilities of $ 63.0 million . The majority of invested cash at the Moving and Storage segment is held in government money market funds.

Net cash pro vided by operating activities increased $ 19.9 million in the first six months of fiscal 201 7 compared with the first six months of fiscal 201 6. The improvement in Moving and Storage was due to a reduction in federal income tax payments. The first six months of fiscal 2016 included a $56.8 million payment from Private Mini that did not recur this year.

Net cash used in investing activities in creased $ 82.0 million in the first six months of fiscal 201 7, compared with the first six months of fiscal 201 6 . Purchases of property, plant and equipment, which are reported net of cash from sales and lease-back transactions, in creased $ 41.0 million. Cash from the sales of property, plant and equipment decreased $ 68.8 million largely due to reduced fleet sales. For our insurance subsidiaries, net cash used in investing activities decreased $27.2 million due to higher investment sales proceeds compared with the prior year period.

Net cash provided by fina ncing activities de creased $139.1 million in the first six months of fiscal 201 7 , as compared with the first six months of fiscal 201 6. This was due to a combination of decreased debt and capital lease repayments of $23.9 million, a decrease in cash from borrowings of $129.9 million and a decrease in net annuity deposits from Life Insurance of $33.6 million.

Liquidity and Capital Resources and Requirements of Our Operating Segments

Moving and Storage

To meet the needs of our customers, U-Haul maintains a large fleet of rental equipment. Capital expenditures have primarily consisted of new rental equipment acquisitions and the buyouts of existing fleet from leases. The capital to fund these expenditures has historically been obtained internally from operations and the sale of used equipment and externally from debt and lease financing. In the future, we anticipate that our internally generated funds will be used to service the existing debt and fund operations. U-Haul estimates that during fiscal 201 7, we will reinvest in our truck and trailer rental fleet approximately $ 665 million , net of equipment sales excluding any lease buyouts. Through the first six months of fiscal 2017, we have invested , net of sales, approximately $ 357 million before any lease buyouts in our truck and trailer fleet of this projected amount . Fleet investments in fiscal 201 7 and beyond will be dependent upon several factors including availability of capital, the truck rental environment and the used-truck sales market. We anticipate that the fiscal 201 7 investments will be funded largely through debt financing, external lease financing and cash from operations. Management considers several factors including cost and tax consequences when selecting a method to fund capital expenditures. Our allocation between debt and lease financing can change from year to year based upon financial market conditions which may alter the cost or availability of financing options.

Real Estate has traditionally financed the acquisition of self-storage properties to support U-Haul's growth through debt financing and funds from operations and sales. Our plan for the expansion of owned storage properties includes the acquisition of existing self-storage locations from third parties, the acquisition and development of bare land, and the acquisition and redevelopment of existing buildings not currently used for self-storage. We are funding these development projects through construction loans and internally generated funds. For the first six months of fiscal 201 7 , we invested approximately $252 million in real estate acquisitions, new construction and renovation and major repair s . For the remainder of fiscal 201 7 , the timing of new projects will be dependent upon several factors including the entitlement process, availability of capital, weather, and the identification and successful acquisition of target properties. U-Haul's growth plan in self-storage also includes the expansion of the U-Haul Storage Affiliate program, which does not require significant capital.

Net capital expenditures (purchases of property, plant and equipment less proceeds from the sale of property, plant and equipment and lease proceeds) were $ 450.9 million and $ 341.1 million for the first six months of fiscal 201 7 and 201 6 , respectively. The components of our net capital expenditures are provided in the following table:

	Six Months Ended September 30,	
	2016	2015
	(Unaudited)	
	(In thousands)	
Purchases of rental equipment	$ 665,165	$ 426,051
Equipment lease buyouts	12,244	74,064
Purchases of real estate, construction and renovations	251,739	275,693
Other capital expenditures	65,980	41,597
Gross capital expenditures	995,128	817,405
Less: Lease proceeds	(233,851)	(97,140)
Less: Sales of property, plant and equipment	(310,409)	(379,198)
Net capital expenditures	450,868	341,067

Moving and Storage continues to hold significant cash and has access to additional liquidity. Management may invest these funds in our existing operations, expand our product lines or pursue external opportunities in the self-moving and storage market place or reduce existing indebtedness where possible.

Property and Casualty Insurance

State insurance regulations restrict the amount of dividends that can be paid to stockholders of insurance companies. As a result, Property and Casualty Insurance’s assets are generally not available to satisfy the claims of AMERCO or its legal subsidiaries.

We believe that stockholder’s equity at Property and Casualty Insurance remains sufficient and we do not believe that its ability to pay ordinary dividends to AMERCO will be restricted per state regulations.

Property and Casualty Insurance’s s tockholder’s equity was $ 178.4 million and $ 160.6 million at June 30, 2016 and December 31, 20 15 , respectively. The increase resulted from net earnings of $ 9.6 m illion and a n in crease in other comprehensive income of $ 8.2 million. Property and Casualty Insurance does not use debt or equity issues to increase capital and therefore has no direct exposure to capital market conditions other than through its investment portfolio.

Life Insurance

Life Insurance manages its financial assets to meet policyholder and other obligations including investment contract withdrawals and deposits . Life Insurance’s net deposits for the first six months ended June 30, 2016 were $ 80.6 million. State insurance regulations restrict the amount of dividends that can be paid to stockholders of insurance companies. As a result, Life Insurance’s funds are generally not available to satisfy the claims of AMERCO or its legal subsidiaries.

Life Insurance's stockholder's equity was $ 310.1 million and $ 271.7 million at June 30, 2016 and December 31, 20 15 , respectively. The in crease resulted from net earnings of $ 7.3 million and an in crease in other comprehensive income of $ 31.1 million. Life Insurance has not historically use d debt or equity issues to increase capital and therefore has not had any significant direct exposure to capital market conditions other than through its investment portfolio. However, a s of June 30 , 201 6, Oxford had outstanding deposits of $ 30.0 million through its membership in the Federal Home Loan Bank system ("FHLB"). For a more detailed discussion of this deposit, please see Note 4, Borrowings, of the Notes to Condensed Consolidated Financial Statements.

Cash Provided from Operating Activities by Operating Segments

Moving and Storage

Net cash provided from operating activities were $ 720.9 million and $ 695.6 million for the first six months of fiscal 201 7 and 2016 , respectively due to a reduction in federal income tax payments. The first six months of fiscal 2016 included a $56.8 million payment from Private Mini that did not recur this year.

Property and Casualty Insurance

Net cash provided by operating activities were $8.8 million and $6.3 million for the first six months ended June 30, 2016 and 2015, respectively. Operating cash flows increased due to increased written premiums.

Property and Casualty Insurance's cash and cash equivalents and short-term investment portfolio s amounted to $ 41.1 million and $ 24.3 million at June 30, 2016 and December 31, 20 15 , respectively. Th ese balance s reflect funds in transition from maturity proceeds to long term investments. Management believes this level of liquid assets, combined with budgeted cash flow, is adequate to meet foreseeable cash needs. Capital and operating budgets allow Property and Casualty Insurance to schedule cash needs in accordance with investment and underwriting proceeds.

Life Insurance

Net cash provided by operating activities were $ 23.3 million and $ 31.2 million for the six months ended June 30, 201 6 and 201 5 , respectively . Operating cash flows decreased due to timing of collection of receivables and settlement of payables, offset by an increase in collected investment income and a reduction in federal income taxes paid.

In addition to cash flows from operating activities and financing activities, a substantial amount of liquid funds are available through Life Insurance's short-term portfolio and its membership in the FHLB . At June 30, 2016 and December 31, 20 15 , cash and cash equivalents and short-term investments amounted to $ 30.9 million and $ 25.5 million, respectively. Management believes that the overall sources of liquidity are adequate to meet foreseeable cash needs.

Liquidity and Capital Resources - Summary

We believe we have the financial resources needed to meet our business plans including our working capital needs. We continue to hold significant cash and have access to existing credit facilities and additional liquidity to meet our anticipated capital expenditure requirements for investment in our rental fleet, rent al equipment and storage acquisitions and build outs.

Our borrowing strategy is primarily focused on asset-backed financing and rental equipment leases. As part of this strategy, we seek to ladder maturities and hedge floating rate loans through the use of interest rate swaps. While each of these loans typically contain s provisions governing the amount that can be borrowed in relation to specific assets, the overall structure is flexible with no limits on overall Company borrowings. Management believes it has adequate liquidity between cash and cash equivalents and unused borrowing capacity in existing credit facilities to meet the current and expected needs of the Company over the next several years. At September 30, 2016 , we had available borrowing capacity under existing credit facilities of $ 63.0 million. It is possible that circumstances beyond our control could alter the ability of the financial institutions to lend us the unused lines of credit. W e believe that there are additional opportunities for leverage in our existing capital structure. For a more detailed discussion of our long-term debt and borrowing capacity, please see Note 4, Borrowings of the Notes to Condensed Consolidated Financial Statements.

Fair Value of Financial Instruments

Certain a ssets and liabilities are recorded at fair value on the condensed consolidated balance sheets and are measured and classified based upon a three tiered approach to valuation. ASC 820 requires that financial assets and liabilities recorded at fair value be classified and disclosed in a Level 1, Level 2 or Level 3 category. For more information, please see Note 14, Fair Value Measurements of the Notes to Condensed Consolidated Financial Statements.

The available-for-sale securities held by us are recorded at fair value. These values are determined primarily from actively traded markets where prices are based either on direct market quotes or observed transactions. Liquidity is a factor considered during the determination of the fair value of these securities. Market price quotes may not be readily available for certain securities or the market for them has slowed or ceased. In situations where the market is determined to be illiquid, fair value is determined based upon limited available information and other factors including expected cash flows. At September 30, 2016 , we had $0.3 million of available-for-sale assets classified in Level 3.

The interest rate swaps held by us as hedges against interest rate risk for our variable rate debt are recorded at fair value. These values are determined using pricing valuation models which include broker quotes for which significant inputs are observable. They include adjustments for counterparty credit quality and other deal-specific factors, where appropriate and are classified as Level 2.

Disclosures about Contractual Obligations and Commercial Commitments

Our estimates as to future contractual obligations have not materially changed from the disclosure included under the subheading Disclosures about Contractual Obligations and Commercial Commitments in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, of our Annual Report on Form 10-K for the fiscal year ended March 31, 201 6 .

Off-Balance Sheet Arrangements

We use off-balance sheet arrangements in situations where management believes that the economics and sound business principles warrant their use.

We utilize operating leases for certain rental equipment and facilities with terms expiring substantially through 2019. In the event of a shortfall in proceeds from the sales of the underlying rental equipment assets, we have guaranteed $ 20.4 million of resid ual values at September 30, 2016 for these assets at the end of their respective lease terms. We have been leasing rental equipment since 1987. To date, we have not experienced residual value shortfalls related to these leasing arrangements. Using the average cost of fleet related debt as the discount rate, the present value of our minimum lease payments and residual value guarantees were $ 46.6 million at September 30, 2016 .

Historically, we have used off-balance sheet arrangements in connection with the expansion of our self-storage business. For more information please see Note 10, Related Party Transactions , of the Notes to Condensed Consolidated Financial Statements. These arrangements were primarily used when our overall borrowing structure was more limited. We do not face similar limitations currently and off-balance sheet arrangements have not been utilized in our self-storage expansion in recent years. In the future, we will continue to identify and consider off-balance sheet opportunities to the extent such arrangements would be economically advantageous to us and our stockholders.

We currently manage the self-storage properties owned or leased by SAC Holdings, Mercury, 4 SAC, 5 SAC, 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 $15.5 million from the above mentioned entities for both the first six months of fiscal 201 7 and 201 6 . 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. Blackwater is wholly-owned by Willow Grove Holdings LP, which is owned by Mark V. Shoen (a significant shareholder) and various trusts associated with Edward J. Shoen (our Chairman of the Board, President and a significant shareholder) and Mark V. Shoen. Mark V. Shoen controls the general partner of Mercury. The limited partner interests of Mercury are indirectly owned by Mark V. Shoen, James P. Shoen (a significant shareholder) and a trust benefitting the children and grandchild of Edward J. Shoen .

We lease space for marketing company offices, vehicle repair shops and hitch installation centers from subsidiaries of SAC Holdings, 5 SAC and Galaxy. Total lease payments pursuant to such leases were $1.4 million and $ 1.3 million in the first six months of fiscal 201 7 and 201 6, respectively . 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 September 30, 2016 , 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 on equipment rental revenues. We paid the above mentioned entities $ 32.9 million and $ 31.3 million in commissions pursuant to such dealership contracts during the first six months of fiscal 201 7 and 201 6 , respectively.

During the first six months of fiscal 201 7, a subsidiary of ours held a junior unsecured note of SAC Holdings. Substantially all of the equity interest of SAC Holdings is controlled by Blackwater. We do not have an equity ownership interest in SAC Holdings. We recorded interest income of $2.5 million and received cash interest payments of $2.3 million from SAC Holdings for both the first six months of fiscal 201 7 and 201 6 . The largest aggregate amount of the note receivable outstanding during the first six months of fiscal 201 7 was $ 49.3 million and the aggregate note receivable balance at September 30, 2016 was $48.7 million. In accordance with the terms of th is note, SAC Holdings may prepay the notes without penalty or premium at any time. The scheduled maturity of th is note is 2017.

These agreements along with notes with subsidiaries of SAC Holdings, 4 SAC, 5 SAC, Galaxy and Private Mini, excluding Dealer Agreements, provided revenues of $ 14.6 million, expenses of $ 1.4 million and cash flows of $ 13.6 million during the first six months of fiscal 201 7 . Revenues and commission expenses related to the Dealer Agreements were $ 152.6 million and $ 32.9 million, respectively during the first six months of fiscal 201 7 .

Fiscal 201 7 Outlook

We will continue to focus our attention on increasing transaction volume and improving pricing, product and utilization for self-moving equipment rentals. Maintaining an adequate level of new investment in our truck fleet is an important component of our plan to meet our operational goals. Revenue in the U-Move program could be adversely impacted should we fail to execute in any of these areas. Even if we execute our plans, we could see declines in revenues primarily due to adverse economic conditions or heightened competition that is beyond our control.

W ith respect to our storage business, w e have added new locations and expanded at existing locations. In fiscal 201 7, we are actively looking to acquire new locations, complete current projects and increase occupancy in our existing portfolio of locations. New projects and acquisitions will be considered and pursued if they fit our long-term plans and meet our financial objectives . We will continue to invest capital and resources in the U-Box program throughout fiscal 201 7 .

Property and Casualty Insurance will continue to provide loss adjusting and claims handling for U-Haul and underwrite components of the Safemove, Safetow, Safemove Plus, Safestor and Safestor Mobile protection packages to U-Haul customers.

Life Insurance is pursuing its goal of expanding its presence in the senior market through the sales of its Medicare supplement, life and annuity policies. This strategy includes growing its agency force, expanding its new product offerings, and pursuing business acquisition opportunities.

Item 3. Quantitative and Qualitative Disclosures A bout Market Risk

We are exposed to financial market risks, including changes in interest rates and currency exchange rates. To mitigate these risks, we may utilize derivative financial instruments, among other strategies. We do not use derivative financial instruments for speculative purposes.

Interest Rate Risk

The exposure to market risk for changes in interest rates relates primarily to our variable rate debt obligations and one variable rate operating lease . We have used interest rate swap agreements and forward swaps to reduce our exposure to changes in interest rates. We enter into these arrangements with counterparties that are significant financial institutions with whom we generally have other financial arrangements. We are exposed to credit risk should these counterparties not be able to perform on their obligations. Following is a summary of our interest rate swaps agreements at September 30, 2016:

Notional Amount		Fair Value	Effective Date	Expiration Date	Fixed Rate	Floating Rate
(Unaudited)						
(In thousands)						
$ 132,778		$ (8,531)	8/18/2006	8/10/2018	5.43%	1 Month LIBOR
5,126	(a)	(59)	8/15/2010	7/15/2017	2.15%	1 Month LIBOR
9,688	(a)	(235)	6/1/2011	6/1/2018	2.38%	1 Month LIBOR
19,333	(a)	(360)	8/15/2011	8/15/2018	1.86%	1 Month LIBOR
7,800	(a)	(134)	9/12/2011	9/10/2018	1.75%	1 Month LIBOR
8,567	(b)	(105)	3/28/2012	3/28/2019	1.42%	1 Month LIBOR
10,729		(109)	4/16/2012	4/1/2019	1.28%	1 Month LIBOR
20,475		(121)	1/15/2013	12/15/2019	1.07%	1 Month LIBOR

(a) forward swap

(b) operating lease

As of September 30, 2016 , we had $ 842.0 million of variable rate debt obligations and $8.6 million of a variable rate operating lease . If LIBOR were to increase 100 basis points, the increase in interest expense on the variable rate debt would decrease future earnings and cash flows by $ 6.4 million annually (after consideration of the effect of the above derivative contracts) . Certain senior mortgages have an anticipated repayment date and a maturity date. If these senior mortgages are not repaid by the anticipated repayment date the interest rate on these mortgages would increase from the current fixed rate. We are using the anticipated repayment date for our maturity schedule.

Additionally, our insurance subsidiaries' fixed income investment portfolios expose us to interest rate risk. This interest rate risk is the price sensitivity of a fixed income security to changes in interest rates. As part of our insurance companies' asset and liability management, actuaries estimate the cash flow patterns of our existing liabilities to determine their duration. These outcomes are compared to the characteristics of the assets that are currently supporting these liabilities assisting management in determining an asset allocation strategy for future investments that management believes will mitigate the overall effect of interest rates.

Foreign Currency Exchange Rate Risk

The exposure to market risk for changes in foreign currency exchange rates relates primarily to our Canadian busi ness. Approximately 4.8% and 4.9% of our revenue was generated in Canada during the first six months of fiscal 201 7 and 201 6, respectively . The result of a 10.0% change in the value of the U.S. dollar relative to the Canadian dollar would not be material to net income. We typically do not hedge any foreign currency risk since the exposure is not considered material.

Cautionary Statements Regarding Forward-Looking Statements

This Quarterly Report contains “forward-looking statements” regarding future events and our future results of operations. We may make additional written or oral forward-looking statements from time to time in filings with the SEC or otherwise. We believe such forward-looking statements are within the meaning of the safe-harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Such statements may include, but are not limited to, estimates of capital expenditures, plans for future operations, products or services, financing needs and plans , our perceptions of our legal positions and pending litigation against us, the adequacy of our liquidity, our goals and strategies, and plans for new business, our access to capital and leasing markets , the impact of our compliance with environmental laws and cleanup costs, projections of capital expenditures and our used vehicle disposition strategy, the sources and availability of funds for our rental equipment and self-storage expansion and replacement strategies and plans, our plan to expand our U-Haul storage affiliate program, that additional leverage can be supported by our operations and business, the availability of alternative vehicle manufacturers, our estimates of the residual values of our equipment fleet, our plans with respect to off-balance sheet arrangements, our plans to continue to invest in the U-Box program, the impact of interest rate and foreign currency exchange rate changes on our operations, the benefits of our captial structure, the sufficiency of our capital resources and the sufficiency of capital of our insurance subsidiaries as well as assumptions relating to the foregoing. The words “believe,” “expect,” “anticipate,” “plan,” “may,” “will,” “could,” “estimate,” “project” and similar expressions identify forward-looking statements, which speak only as of the date the statement was made.

Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Factors that could significantly affect results include, without limitation, the degree and nature of our competition; our leverage; general economic conditions; fluctuations in our costs to maintain and update our fleet and facilities; the limited number of manufacturers that supply our rental trucks; our ability to effectively hedge our variable interest rate debt; that we are controlled by a small contingent of stockholders; risks relating to our notes receivable from SAC Holding; fluctuations in quarterly results and seasonality; changes in, and our compliance with, government regulations, particularly environmental regulations and regulations relating to motor carrier operations; our reliance on our third party dealer network; liability claims relating to our rental vehicles and equipment; our ability to attract, motivate and retain key employees; reliance on our automated systems and the internet; our insurance financial strength ratings; our ability to recover under reinsurance arrangements and other factors described in Item 1A, Risk Factors in our Annual Report on Form 10-K and in this Quarterly Report or the other documents we file with the SEC . The above factors, the following disclosures, as well as other statements in this Quarterly R eport and in the Notes to Condensed Consolidated Financial Statements, could contribute to or cause such risks or uncertainties, or could cause our stock price to fluctuate dramatically. Consequently, the forward-looking statements should not be regarded as representations or warranties by us that such matters will be realized. We assume no obligation to update or revise any of the forward-looking statements, whether in response to new information, unforeseen events, changed circumstances or otherwise , except as required by law .

Item 4. Controls and Procedures

Attached as exhibits to this Quarterly Report are certifications of our Chief Executive Officer (“CEO”) and Chief Financial Officer (“C F O”), which are required in accordance with Rule 13a-14 of the Exchange Act. This "Controls and Procedures" section includes information concerning the controls and procedures evaluation referred to in the certifications and it should be read in conjunction with the certifications for a more complete understanding of the topics presented in the section Evaluation of Disclosure Controls and Procedures .

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of the CEO and C F O, conducted an evaluation of the effectiveness of the design and operation of our "disclosure controls and procedures" (as such term is defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) (“Disclosure Controls”) as of the end of the most recently completed fiscal quarter covered by this Quarterly Report . Our Disclosure Controls are designed to reasonably ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act, such as this Quarterly Report , is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Our Disclosure Controls are also designed to reasonably ensure that such information is accumulated and communicated to our management, including our CEO and C F O, as appropriate to allow timely decisions regarding required disclosure. Based upon the controls evaluation, our CEO and C F O have concluded that as of the end of the period covered by this Quarterly Report , our Disclosure Controls were effective related to the above stated design purposes.

Inherent Limitations on the Effectiveness of Controls

Our management, including our CEO and C F O, does not expect that our Disclosure Controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Change in Internal Control O ver Financial Reporting

There ha s not been any change in our internal control over financial reporting as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f) during the most recent ly completed fiscal quarter that ha s materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

The information regarding our legal proceedings in Note 9 , Contingencies , of the Notes to Condensed Consolidated Financial Statements is incorporated by reference herein .

Item 1A. Risk Factors

We refer you to documents filed by us with the SEC, specifically "Item 1A. Risk Factors" of our most recent annual report on Form 10-K for the year ended March 31, 2016, which identify important risk factors that could materially affect our business, financial condition and future results. We also refer you to the factors and cautionary language set forth in the section entitled "Cautionary Statements Regarding Forward-Looking Statements" in Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of this quarterly report on Form 10-Q. MD&A and the consolidated financial statements and related notes should be read in conjunction with such risks and other factors for a full understanding of our operations and financial conditions. The risks described in our Form 10-K and herein are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Below we set forth material updates to the risk factors contained in "Item 1A. Risk Factors" or our most recently filed Form 10-K:

A substantial amount of our shares are owned by a small contingent of stockholders.

As of September 30, 2016, Willow Grove Holdings LP, directly and through controlled entities, owns 8,307,584 shares of AMERCO common stock, and together with Edward J. Shoen and Mark V. Shoen, owns 8,359,527 shares (approximately 42.6%) of AMERCO common stock. Accordingly, Edward J. Shoen and Mark V. Shoen, brothers, are in a position to significantly influence our business and policies, including the approval of certain significant transactions, the election of the members of our Board of Directors and other matters submitted to our stockholders. There can be no assurance that their interests will not conflict with the interests of our other stockholders.

In addition, 1,207,930 shares (approximately 6.2%) of AMERCO common stock is owned under our Employee Stock Ownership Plan ("ESOP"). Each ESOP participant is entitled to vote the shares allocated to himself or herself in their discretion. In the event an ESOP participant does not vote his or her shares, such shares shall be voted by the ESOP trustee, in the ESOP trustee's discretion.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

The following documents are filed as part of this report:

Exhibit Number	Description	Page or Method of Filing
3.1	Amended and Restated Articles of Incorporation of AMERCO	Incorporated by reference to AMERCO's Current Report on Form 8-K , filed on June 9, 2016 , file no. 1-11255
3.2	Restated By l aws of AMERCO	Incorporated by reference to AMERCO's Current Report on Form 8-K , filed on Sept ember 5 , 20 13 , file no. 1-11255
4.1	Series UIC-1F and 2F Twenty-Eighth Supplemental Indenture and Pledge and Security Agreement dated September 13, 2016, by and between AMERCO and U.S. Bank National Association, as trustee	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on September 13, 2016, file no. 1-11255
31.1	Rule 13a-14(a)/15d-14(a) Certificate of Edward J. Shoen, President and Chairman of the Board of AMERCO	Filed herewith
31.2	Rule 13a-14(a)/15d-14(a) Certificate of Jason A. Berg, Chief Financial Officer of AMERCO	Filed herewith
32.1	Certificate of Edward J. Shoen, President and Chairman of the Board of AMERCO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
32.2	Certificate of Jason A. Berg, Chief Financial Officer of AMERCO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
101.INS	XBRL Instance Document	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase	Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 9, 2016

/s/ Edward J. Shoen
E dward J. Shoen
P resident and Chairman of the Board
(Duly Authorized Officer)

Date: November 9, 2016

/s/ Jason A. Berg
Jason A. Berg
Chief Financial Officer
(Principal Financial Officer)

Rule 13a-14(a)/15d-14(a) Certification

I, Edward J. Shoen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AMERCO (the “Registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
   A. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   B. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   C. Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   D. Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
   A. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
   B. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

/s/ Edward J. Shoen
Edward J. Shoen
President and Chairman of the
Board of AMERCO

Date : November 9 , 201 6

EXHIBIT 31.2

Rule 13a-14(a)/15d-14(a) Certification

I, Jason A. Berg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AMERCO (the “Registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

   A. A ll significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

   B. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

/s/ Jason A. Berg
Jason A. Berg
Chief Financial Officer of AMERCO

Date: November 9 , 201 6

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Form 10-Q for the quarter ended September 30 , 201 6 of AMERCO (the "Company"), as filed with the Securities and Exchange Commission on November 9, 2016 (the "Report"), I, Edward J. Shoen, President and Chairman of the Board of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

AMERCO

a Nevada corporation

/s/ Edward J. Shoen
Edward J. Shoen
President and Chairman of the Board

Date: November 9, 2016

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Form 10-Q for the quarter ended September 30 , 201 6 of AMERCO (the "Company"), as filed with the Securities and Exchange Commission on November 9, 2016 (the "Report"), I, Jason A. Berg, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

AMERCO

a Nevada corporation

/s/ Jason A. Berg
Jason A. Berg
Chief Financial Officer of AMERCO

Date: November 9, 2016