Instruction:

A. Defined Benefit Plan

Disclose the following regarding a reporting entity sponsoring a Defined Benefit Plan for which the reporting entity is directly liable (i.e., the plan resided directly in the reporting entity):

(1) A reconciliation of beginning and ending balances of the benefit obligation for pension benefits, postretirement benefits, and special or contractual termination benefits showing separately, if applicable, the effects during the period attributable to each of the below. For special or contractual termination benefits see *SSAP No. 11—Postemployment Benefits and Compensated Absences* for additional information.

- Beginning balance
- Service cost
- Interest cost
- Contributions by plan participants
- Actuarial gains and losses
- Foreign currency exchange rate changes
- Benefits paid
- Plan amendments
- Business combinations, divestitures, curtailments, settlements, and special termination benefits
- Ending balance

(2) A reconciliation of beginning and ending balances of the fair value of plan assets for pension benefits, postretirement benefits and special or contractual termination benefits showing separately, if applicable, the effects during the period attributable to each of the below. For special or contractual termination benefits see *SSAP No. 11—Postemployment Benefits and Compensated Absences* for additional information.

a. Fair value of plan assets at beginning of year
b. Actual return on plan assets
c. Foreign currency exchange rate changes
d. Contributions by the reporting entity
e. Contributions by plan participants
f. Benefits paid
g. Business combinations, divestitures, and settlements
h. Fair value of plan assets at end of year

(3) The funded status of the plans, the amounts recognized in the statement of financial position, showing separately the assets (nonadmitted) and liabilities recognized.

(4) The amount of net periodic benefit cost recognized for pension benefits, postretirement benefits, and special or contractual termination benefits, showing separately each of the below. For special or contractual termination benefits, see *SSAP No. 11—Postemployment Benefits and Compensated Absences* for additional information.

a. Service cost

b. Interest cost

c. Expected return on plan assets for the period

d. Transition asset or obligation

e. Gains and losses

f. Prior service cost or credit

g. Gain or loss recognized due to a settlement or curtailment

h. Total net periodic benefit cost

(5) Separately the net gain or loss and net prior service cost or credit recognized in unassigned funds (surplus) for the period and reclassification adjustments of unassigned funds (surplus) for the period, as those amounts, including amortization of the net transition asset or obligation, are recognized as components of net periodic benefit cost.

(6) The amounts in unassigned funds (surplus) expected to be recognized as components of net periodic benefit cost over the fiscal year that follows the most recent annual statement of financial position presented, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation.

(7) The amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation.

(8) On a weighted-average basis, the following assumptions used in accounting for the plans:

- Assumed discount rate
- Rate of compensation increase (for pay-related plans)
- Expected long-term rate of return on plan assets

(9) The amount of the accumulated benefit obligation for defined benefit pension plans.

(10) For postretirement benefits other than pensions, the assumed health care cost trend rate(s) for the next year used to measure the expected cost of benefits covered by the plan (gross eligible charges) and a general description of the direction and pattern of change in the assumed trend rates thereafter, together with the ultimate trend rate(s) and when that rate is expected to be achieved.

(11) For postretirement benefits other than pensions, the effect of a one-percentage-point increase and the effect of a one-percentage-point decrease in the assumed health care cost trend rates on: (1) the aggregate of the service and interest cost components of net periodic postretirement health care benefit cost; and (2) the accumulated postretirement benefit obligation for health care benefits. (For purposes of this disclosure, all other assumptions shall be held constant, and the effects shall be measured based on the substantive plan that is the basis for the accounting.)

(12) The benefits (as of the date of the latest statement of financial position presented) expected to be paid in each of the next five fiscal years and in the aggregate for the five fiscal years thereafter. The expected benefits should be estimated based on the same assumptions used to measure the company's benefit obligation at the end of the year and should include benefits attributable to estimated future employee service.

(13) The reporting entity's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the next fiscal year beginning after the date of the latest statement of financial position presented. Estimated contributions may be presented in the aggregate combining (1) contributions required by funding regulations or laws, (2) discretionary contributions, and (3) noncash contributions.

(14) If applicable, the amounts and types of securities of the reporting entity and related parties included in plan assets, the approximate amount of future annual benefits of plan participants covered by insurance contracts issued by the reporting entity or related parties, and any significant transactions between the reporting entity or related parties and the plan during the period.

(15) If applicable, any alternative method used to amortize prior service amounts or net gains and losses.

(16) If applicable, any substantive commitment, such as past practice or a history of regular benefit increases, used as the basis for accounting for the benefit obligation.

(17) If applicable, the cost of providing special or contractual termination benefits recognized during the period and a description of the nature of the event.

(18) An explanation of any significant change in the benefit obligation or plan assets not otherwise apparent in the other disclosures required by *SSAP No. 102—Pensions* and *SSAP No. 92—Postretirement Benefits Other Than Pensions*.

(19) The amount and timing of any plan assets expected to be returned to the employer during the 12-month period, or operating cycle if longer, that follows the most recent annual statement of financial position presented.

(20) Reporting entities are required to disclose the accumulated postretirement and pension benefit obligation and the fair value of plan assets for defined postretirement and pension benefit plans in the first reporting period after the effective date of this standard and in each subsequent reporting period. This disclosure shall specifically note the funded/underfunded status of the postretirement benefit plan. Reporting entities shall also specifically note the surplus impact necessary, at each reporting date, to reflect the full benefit obligation within the financial statements.

(21) Reporting entities electing to apply the transition guidance set forth in *SSAP No. 102—Pensions* and *SSAP No. 92—Postretirement Benefits Other Than Pensions* must disclose the full transition surplus impact calculated from applying guidance in the first quarter statutory financial statements after the transition date and each reporting period thereafter. This disclosure shall include the initial "transition liability" calculated under guidance and the annual amortization amount of the "unrecognized items" into net periodic benefit cost. This disclosure shall include a schedule of the entity's anticipated recognition of the remaining surplus impact over the transition period.

See *SSAP No. 102—Pensions* and *SSAP No. 92—Postretirement Benefits Other Than Pensions* for details of the transition guidance.

Information about plan assets:

The objectives of the disclosures about postretirement benefit plan assets are to provide users of financial statements with an understanding of:

- How investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies.
- The classes of plan assets.
- The inputs and valuation techniques used to measure the fair value of plan assets.
- The effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets for the period.
- Significant concentrations of risk within plan assets.

A reporting entity shall consider those overall objectives in providing the following information about plan assets:

B. A narrative description of investment policies and strategies, including target allocation percentages or range of percentages considering the classes of plan assets disclosed pursuant to "C" below, as of the latest statement of financial position presented (on a weighted-average basis for reporting entities with more than one plan), and other factors that are pertinent to an understanding of those policies and strategies such as investment goals, risk management practices, permitted and prohibited investments including the use of derivatives, diversification, and the relationship between plan assets and benefit obligations. For investment funds disclosed as classes as described in "C" below, a description of the significant investment strategies of those funds shall be provided.

C. The fair value of each class of plan assets as of each date for which a statement of financial position is presented. Asset classes shall be based on the nature and risks of assets in a reporting entity's plan(s).

Examples of classes of assets include, but are not limited to, the following:

- Cash and cash equivalents
- Equity securities (segregated by industry type, company size, or investment objective)
- Debt securities, issued by national, state, and local governments
- Corporate debt securities
- Asset-backed securities
- Structured debt
- Derivatives on a gross basis (segregated by type of underlying risk in the contract, for example):
  - ❖ Interest rate contracts
  - ❖ Foreign exchange contracts
  - ❖ Equity contracts
  - ❖ Commodity contracts
  - ❖ Credit contracts
  - ❖ Other contracts
- Investment funds (segregated by type of fund)
- Real estate.

These examples are not meant to be all inclusive. A reporting entity should consider the overall objectives in determining whether additional classes of plan assets or further disaggregation of classes should be disclosed.

The disclosure should include information that enables users of financial statements to assess the inputs and valuation techniques used to develop fair value measurements of plan assets at the reporting date. For fair value measurements using significant unobservable inputs, a reporting entity shall disclose the effect of the measurements on changes in plan assets for the period. To meet those objectives, the reporting entity shall disclose the following information for each class of plan assets disclosed above for each annual period:

(1) The level within the fair value hierarchy in which the fair value measurements falls in their entirety, segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3).

NOTE: In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement falls in its entirety shall be determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

(2) Information about the valuation technique(s) and inputs used to measure fair value and a discussion of changes in valuation techniques and inputs, if any, during the period.

D. A narrative description of the basis used to determine the overall expected long-term rate-of-return-on-assets assumption, such as the general approach used, the extent to which the overall rate-of-return-on-assets assumption was based on historical returns, the extent to which adjustments were made to those historical returns in order to reflect expectations of future returns, and how those adjustments were determined. The description should consider the classes of assets described in "C" above, as appropriate.

E. Defined Contribution Plans

A reporting entity shall disclose the amount of cost recognized for defined contribution pension and other defined contribution postretirement benefit plans for all periods presented separately from the amount of cost recognized for defined benefit plans. The disclosures shall include a description of the nature and effect of any significant changes during the period affecting comparability, such as a change in the rate of reporting entity contributions, a business combination, or a divestiture.

F. Multiemployer Plans

Disclose the amount of reporting entity contributions to multiemployer plans for each annual period for which a statement of income is presented. A reporting entity may disclose total contributions to the multiemployer plan without desegregating the amounts attributable to pensions and other postretirement benefits. Disclose a description of the nature and effect of any changes affecting comparability, such as a change in the rate of reporting entity contributions, a business combination, or a divestiture. Disclose whether the contributions represent more than 5 percent of total contributions to the plan as indicated in the plan's most recently available annual report.

In addition to the requirements of paragraph above, the following information shall be disclosed:

- Whether a funding improvement plan or rehabilitation plan has been implemented or is pending.
- Whether the reporting entity paid a surcharge to the plan.
- A description of minimum contributions required for future periods, if applicable.
- A qualitative description of the extent to which the employer could be responsible for the obligations of the plan, including benefits earned by employees during employment with another employer.

G. Consolidated/Holding Company Plans

A reporting entity shall disclose that its employees participate in a plan sponsored by the parent company or holding company for which the reporting entity has no legal obligation for benefits under the plan. The amount of pension or postretirement other than pension, postemployment and compensated absence expense incurred and the allocation methodology utilized by the provider of such benefits shall also be disclosed.

H. Postemployment Benefits and Compensated Absences

If an obligation for postemployment benefits or compensated absences is not accrued in accordance with *SSAP No. 11—Postemployment Benefits and Compensated Absences* because the amount cannot be reasonably estimated, that fact and the reasons thereof shall be disclosed.

The nature and effect of significant nonroutine events, such as amendments, combinations, divestures, curtailments and settlements.

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

(1) Until an employer is able to determine whether benefits provided by its plan are actuarially equivalent, it shall disclose the following in financial statements for interim or annual periods:

a. The existence of the Act.

b. The fact that measures of the APBO or net periodic postretirement benefit cost do not reflect any amount associated with the subsidy because the employer is unable to conclude whether the benefits provided by the plan are actuarially equivalent to Medicare Part D under the Act.

(2) In the interim and annual financial statements for the first period in which an employer includes the effects of the subsidy in measuring the net postretirement benefit cost, it shall disclose the following:

a. The reduction in the net postretirement benefit cost for the subsidy related to benefits attributed to former employees.

b. The effect of the subsidy on the measurement of net periodic postretirement benefit cost for the current period. That effect includes (1) any amortization of the actuarial experience gain in "a." above as a component of the net amortization called for by *SSAP No. 92—Postretirement Benefits Other Than Pensions*, (2) the reduction in current period service cost due to the subsidy, and (3) the resulting reduction in interest cost on the net postretirement benefit cost as a result of the subsidy.

c. Any other disclosures required by *SSAP No. 92—Postretirement Benefits Other Than Pensions* which requires disclosure of "An explanation of any significant change in the benefit obligation or plan assets not otherwise apparent in the other disclosures required by this statement."

(3) An employer shall disclose gross benefit payments (paid and expected, respectively), including prescription drug benefits, and separately the gross amount of the subsidy receipts (received and expected, respectively).

<u>Illustration:</u>

A. Defined Benefit Plan

The Company sponsors noncontributory defined benefit pension plans covering U.S. employees. As of December 31, 20__, the Company accrued in accordance with actuarially determined amounts with an offset to the pension cost accrual for the incremental asset amortization.

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans are as follows at December 31, 20___ and 20___:

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(1) Change in benefit obligation

a. Pension Benefits

	Overfunded		Underfunded	
	20__	20__	20__	20__
1. Benefit obligation at beginning of year	$	$	$	$
2. Service cost	$	$	$	$
3. Interest cost	$	$	$	$
4. Contribution by plan participants	$	$	$	$
5. Actuarial gain (loss)	$	$	$	$
6. Foreign currency exchange rate changes	$	$	$	$
7. Benefits paid	$	$	$	$
8. Plan amendments	$	$	$	$
9. Business combinations, divestitures, curtailments, settlements and special termination benefits	$	$	$	$
10. Benefit obligation at end of year	$	$	$	$

b. Postretirement Benefits

	Overfunded		Underfunded	
	20__	20__	20__	20__
1. Benefit obligation at beginning of year	$	$	$	$
2. Service cost	$	$	$	$
3. Interest cost	$	$	$	$
4. Contribution by plan participants	$	$	$	$
5. Actuarial gain (loss)	$	$	$	$
6. Foreign currency exchange rate changes	$	$	$	$
7. Benefits paid	$	$	$	$
8. Plan amendments	$	$	$	$
9. Business combinations, divestitures, curtailments, settlements and special termination benefits	$	$	$	$
10. Benefit obligation at end of year	$	$	$	$

c. Special or Contractual Benefits Per SSAP No. 11

	Overfunded		Underfunded	
	20__	20__	20__	20__
1. Benefit obligation at beginning of year	$	$	$	$
2. Service cost	$	$	$	$
3. Interest cost	$	$	$	$
4. Contribution by plan participants	$	$	$	$
5. Actuarial gain (loss)	$	$	$	$
6. Foreign currency exchange rate changes	$	$	$	$
7. Benefits paid	$	$	$	$
8. Plan amendments	$	$	$	$
9. Business combinations, divestitures, curtailments, settlements and special termination benefits	$	$	$	$
10. Benefit obligation at end of year	$	$	$	$

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(2) Change in plan assets

		Pension Benefits		Postretirement Benefits		Special or Contractual Benefits Per SSAP No. 11	
		20__	20__	20__	20__	20__	20__
a.	Fair value of plan assets at beginning of year	$______	$______	$______	$______	$______	$______
b.	Actual return on plan assets	$______	$______	$______	$______	$______	$______
c.	Foreign currency exchange rate changes	$______	$______	$______	$______	$______	$______
d.	Reporting entity contribution	$______	$______	$______	$______	$______	$______
e.	Plan participants' contributions	$______	$______	$______	$______	$______	$______
f.	Benefits paid	$______	$______	$______	$______	$______	$______
g.	Business combinations, divestitures and settlements	$______	$______	$______	$______	$______	$______
h.	Fair value of plan assets at end of year	$______	$______	$______	$______	$______	$______

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(3) Funded status

		Pension Benefits		Postretirement Benefits	
		20__	20__	20__	20__
a.	Components:				
	1. Prepaid benefit costs	$______	$______	$______	$______
	2. Overfunded plan assets	$______	$______	$______	$______
	3. Accrued benefit costs	$______	$______	$______	$______
	4. Liability for pension benefits	$______	$______	$______	$______
b.	Assets and liabilities recognized				
	1. Assets (nonadmitted)	$______	$______	$______	$______
	2. Liabilities recognized	$______	$______	$______	$______
c.	Unrecognized liabilities	$______	$______	$______	$______

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(4) Components of net periodic benefit cost

		Pension Benefits		Postretirement Benefits		Special or Contractual Benefits Per SSAP No. 11	
		20__	20__	20__	20__	20__	20__
a.	Service cost	$______	$______	$______	$______	$______	$______
b.	Interest cost	$______	$______	$______	$______	$______	$______
c.	Expected return on plan assets	$______	$______	$______	$______	$______	$______
d.	Transition asset or obligation	$______	$______	$______	$______	$______	$______
e.	Gains and losses	$______	$______	$______	$______	$______	$______
f.	Prior service cost or credit	$______	$______	$______	$______	$______	$______
g.	Gain or loss recognized due to a settlement or curtailment	$______	$______	$______	$______	$______	$______
h.	Total net periodic benefit cost	$______	$______	$______	$______	$______	$______

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(5) Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	20__	20__	20__	20__
a. Items not yet recognized as a component of net periodic cost – prior year	$__________	$__________	$__________	$__________
b. Net transition asset or obligation recognized	$__________	$__________	$__________	$__________
c. Net prior service cost or credit arising during the period	$__________	$__________	$__________	$__________
d. Net prior service cost or credit recognized	$__________	$__________	$__________	$__________
e. Net gain and loss arising during the period	$__________	$__________	$__________	$__________
f. Net gain and loss recognized	$__________	$__________	$__________	$__________
g. Items not yet recognized as a component of net periodic cost – current year	$__________	$__________	$__________	$__________

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(6) Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	20__	20__	20__	20__
a. Net transition asset or obligation	$__________	$__________	$__________	$__________
b. Net prior service cost or credit	$__________	$__________	$__________	$__________
c. Net recognized gains and losses	$__________	$__________	$__________	$__________

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(7) Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	20__	20__	20__	20__
a. Net transition asset or obligation	$__________	$__________	$__________	$__________
b. Net prior service cost or credit	$__________	$__________	$__________	$__________
c. Net recognized gains and losses	$__________	$__________	$__________	$__________

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION. FOR EXAMPLE, ADDITIONAL INFORMATION MAY BE NECESSARY FOR MULTIPLE PLANS AGGREGATED IN THE DISCLOSURE.

(NOTE: THIS DOES NOT INCLUDE THE ENDING NARRATIVE.)

(8) Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31

	20__	20__
a. Weighted-average discount rate	_______	_______
b. Expected long-term rate of return on plan assets	_______	_______
c. Rate of compensation increase	_______	_______

Weighted-average assumptions used to determine projected benefit obligations as of Dec. 31:

	20__	20__
d. Weighted-average discount rate	_______	_______
e. Rate of compensation increase	_______	_______

For measurement purposes, a ___ percent annual rate of increase in the per capita cost of covered health care benefits was assumed for 20__. The rate was assumed to decrease gradually to ___ percent for 20__ and remain at that level thereafter.

(9) The amount of the accumulated benefit obligation for defined benefit pension plans was $ _______ for the current year and $ _______ for the prior year.

(10) The company has multiple non-pension postretirement benefit plans. The health care plans are contributory, with participants' contributions adjusted annually; the life insurance plans are noncontributory. The accounting for the health care plans anticipates future cost-sharing changes to the written plan that are consistent with the company's expressed intent to increase retiree contributions each year by ___ percent of the excess of the expected general inflation rate over ___ percent. On December 31, 20__, the company amended its postretirement health care plans to provide long-term care coverage.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(NOTE: THIS DOES NOT INCLUDE THE BEGINNING NARRATIVE.)

(11) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1 Percentage Point Increase	1 Percentage Point Decrease
a. Effect on total of service and interest cost components	$ ________________	$ ________________
b. Effect on postretirement benefit obligation	$ ________________	$ ________________

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(12) The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

	Year(s)	Amount
a.	20__	$ ________________
b.	20__	$ ________________
c.	20__	$ ________________
d.	20__	$ ________________
e.	20__	$ ________________
f.	20__ through 20__	$ ________________

(13) The Company does not have any regulatory contribution requirements for 20__; however, the Company currently intends to make voluntary contributions to the defined benefit pension plan of $245 million in 20__.

(20) See implementation guide for *SSAP No. 102—Pensions* for examples of disclosure.

(21) See implementation guide for *SSAP No. 102—Pensions* for examples of disclosure.

C.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(1) Fair Value Measurements of Plan Assets at Reporting Date

Description for each class of plan assets	(Level 1)	(Level 2)	(Level 3)	Total
....	$	$	$	$ ....
....	....	....	....	....
....	....	....	....	....
....	....	....	....	....
Total Plan Assets	$	$	$	$

NOTE: See the instructions for this illustration for examples of descriptions of plan assets.

E. Defined Contribution Plan

Insurance company employees are covered by a qualified defined contribution pension plan sponsored by the insurance company.

Contributions of ___ percent of each employee's compensation are made each year. The Company's contribution for the plan was $_____ million and $_____ million for 20__ and 20__, respectively. At December 31, 20__, the fair value of plan assets was $_____ million.

F. Multiemployer Plans

The Company participates in a qualified, noncontributory defined benefit pension plan sponsored by ABC Union. In addition, the Company provides certain other postretirement benefits to retired employees through a plan sponsored by ABC Union. The Company's share of net expense for the qualified pension plan was $_____ million and $_____ million for 20___ and 20___, respectively and for other postretirement benefit plans was $_____ million and $_____ million for 20___ and 20___, respectively. Beginning January 1, 20___, the Company's other postretirement benefit plans were amended to restrict benefit eligibility to retirees and certain retiree-eligible employees. Previously covered employees could become eligible for postretirement benefits if they reached retirement age while working for the Company. The Company's contributions to the pension plan and postretirement benefit plans was less than 5 percent of each plan's assets. There are no funding improvement or rehabilitation plans implemented or pending for any of the pension and postretirement benefit plans the Company participates in. The Company did not pay any surcharges during the reporting period ended December 31, 20___. The Company is not responsible for the underfunded status of the plan because the plan operates in a jurisdiction that does not require withdrawing participants to pay a withdrawal liability or other penalty. The collective-bargaining agreement requires contributions on the basis of hours worked. The agreement also has a minimum contribution requirement of $1,000,000 each year.

G. Consolidated/Holding Company Plans

The Company participates in a qualified, noncontributory defined benefit pension plan sponsored by XYZ Holding Company, an affiliate. In addition, the Company provides certain other postretirement benefits to retired employees through a plan sponsored by XYZ Holding Company. The Company has no legal obligation for benefits under these plans. XYZ Holding Company allocates amounts to the Company based on salary ratios. The Company's share of net expense for the qualified pension plan was $_____ million and $_____ million for 20___ and 20___, respectively and for other postretirement benefit plans was $_____ million and $_____ million for 20___ and 20___, respectively. Beginning January 1, 20___, the Company's other postretirement benefit plans were amended to restrict benefit eligibility to retirees and certain retiree-eligible employees. Previously, covered employees could become eligible for postretirement benefits if they reached retirement age while working for the Company.

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

(1) Recognition of the existence of the Act

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law in December of 2003. The Act includes the following two new features to Medicare Part D that could affect the measurement of the accumulated postretirement benefit obligation (APBO) and net periodic postretirement cost for the Plan:

- A federal subsidy (based on 28% of an individual beneficiary's annual prescription drug costs between $250 and $5,000), which is not taxable, to sponsors of retiree health care benefit plans that provide a prescription drug benefit that is at least actuarially equivalent to Medicare Part D; and

- The opportunity for a retiree to obtain a prescription drug benefit under Medicare.

The Company is unable to conclude whether the benefits provided by the Plan are actuarially equivalent to Medicare Part D under the Act. As a result, the effects of the Act on accumulated postretirement benefit obligation are not reflected in the financial statement or the accompanying notes.

(2) Effects of the Subsidy in Measuring the Net Postretirement Benefit Cost

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law in December of 2003. The Act includes the following two new features to Medicare Part D that could affect the measurement of the accumulated postretirement benefit obligation (APBO) and net periodic postretirement cost for the Plan:

- A federal subsidy (based on 28% of an individual beneficiary's annual prescription drug costs between $250 and $5,000), which is not taxable, to sponsors of retiree health care benefit plans that provide a prescription drug benefit that is at least actuarially equivalent to Medicare Part D; and

- The opportunity for a retiree to obtain a prescription drug benefit under Medicare.

The effect of the Act was a $______ reduction in the Company's net postretirement benefit cost for the subsidy related to benefits attributed to former employees. The Act also had the following effects on the net postretirement benefit cost; a $______ decrease as a result of an actuarial gain; a decrease to the current period service cost $______ due to the subsidy and $______ decrease to the interest cost.

(3) Disclosure of Gross Benefit Payments

The Company's gross benefit payments for 20__ were $______ including the prescription drug benefit and estimates future payments to be $______ annually. The Company's subsidy related to The Medicare Prescription Drug, Improvement and Modernization Act of 2003 was $______ for 20__ and estimates future subsidies to be $______ annually.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

Instruction:

Disclose the following information related to capital and surplus, shareholder's dividend restrictions and quasi-reorganizations.

(1) The number of shares of each class of capital stock authorized, issued and outstanding as of the balance sheet date and the par value or stated value of each class.

(2) The dividend rate, liquidation value and redemption schedule (including prices and dates) of any preferred stock issued.

(3) Dividend restrictions, if any, and an indication if the dividends are cumulative.

(4) The dates and amounts of dividends paid. Note for each payment whether the dividend was ordinary or extraordinary.

(5) The portion of the reporting entity's profits that may be paid as ordinary dividends to stockholders.

(6) A description of any restrictions placed on the unassigned funds (surplus), including for whom the surplus is being held.

(7) For mutual reciprocals, and similarly organized entities, the total amount of advances to surplus not repaid, if any.

(8) The total amount of stock held by the reporting entity, including stock of affiliated entities, for special purposes such as:

a. Conversion of preferred stock
b. Employee stock options
c. Stock purchase warrants

(9) A description of the reasons for changes in the balances of any special surplus funds from the prior period.

(10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses.

(11) Surplus Notes

For each surplus debenture or similar obligation, except those surplus notes required or those that are a prerequisite for purchasing an insurance policy and are held by the policyholder, furnish the following information:

a. Date issued
b. Description of the assets received
c. Holder of the note or, if public, the names of the underwriter and trustee
d. Par Value (Face Amount of Notes)
e. Carrying value of note
f. The rate at which interest accrues
g. Maturity dates or repayment schedules, if stated
h. Unapproved interest and/or principal
i. Interest and/or principal paid in the current year
j. Total interest and/or principal paid on surplus notes
k. Subordination terms
l. Liquidation preference to the reporting entity's common and preferred shareholders
m. The repayment conditions and restrictions
n. In addition to the above, a reporting entity shall identify all affiliates that hold any portion of a surplus debenture or similar obligation (including an offering registered under the Securities Act of 1933 or distributed pursuant to Rule 144A under the Securities Act of 1933), and any holder of 10% or more of the outstanding amount of any surplus note registered under the Securities Act of 1933 or distributed pursuant to Rule 144A under the Securities Act of 1933.

(12) The impact of the restatement in a quasi-reorganization as long as financial statements for the period of the reorganization are presented.

(13) The effective date of a quasi-reorganization for a period of ten years following the reorganization.

Illustration:

(1) The Company has ________ shares authorized, ________ shares issued and ________ shares outstanding. All shares are Class A shares.

(2) The Company has no preferred stock outstanding.

(3) Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, _________, to $_________, an amount that is based on restrictions relating to statutory surplus.

(4) An ordinary dividend in the amount of $ _________ on _________ was paid by the Company.

(5) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

(6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.

(7) The total amount of advances to surplus not repaid is $_________.

(8) The amounts of stock held by the Company, including stock of affiliated companies, for special purposes are:

a. For conversion of preferred stock: ________ shares
b. For employee stock options: _________ shares
c. For stock purchase warrants: _________ shares

(9) Changes in balances of special surplus funds from the prior year are due to:
____

(10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is $ ______.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(11) The Company issued the following surplus debentures or similar obligations:

Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note	Interest And/Or Principal Paid Current Year	Total Interest And/Or Principal Paid	Unapproved Interest And/Or Principal	Date of Maturity
13[illegible]999	Total		*				XXX

* Total should agree with Page 3, Line 29.

The surplus note in the amount of $______, listed as item _______ in the above table, was issued to ____________________ (parent) in exchange for __________________________.

The surplus note, in the amount of $_____, listed as item _______ in the above table, was issued pursuant to Rule 144A under the Securities Act of 1933, underwritten by __________________, and is administered by ________________ as trustee.

The surplus note has the following repayment conditions and restrictions: (e.g., Each payment of interest on and principal of the surplus notes may be made only with the prior approval of the Commissioner of Insurance of the State and only to the extent the company has sufficient surplus earnings to make such payment).

The surplus note has the following subordination terms: (e.g., The Notes will rank *pari passu* with any other future surplus notes of the Parent and with all other similarly subordinated claims).

The liquidation preference to the insurer's common and preferred shareholders are as follows: (e.g., In the event that the Parent is subject to such a proceeding, holders of indebtedness, Policy Claims and Prior Claims would be afforded a greater priority under the Liquidation Act and the terms of the Notes and, accordingly, would have the right to be paid in full before any payments of interest or principal are made to Note holders).

The surplus debenture in the amount of $___, listed as item _______ in above table, is held by ______________________________(an affiliate).

The surplus debenture in the amount of $_________, listed as item ________ in above table, was issued pursuant to Rule 144A under the Securities Act of 1933, and is held by __________________ in the following ownership percentage _______________ (10% or more).

The __________ (an affiliate) holds $__________ or __________% of the surplus debenture listed as item ________in the above table.

The Company has outstanding $__________ of __________% debentures due in 20___ issued on __/__/20__. The carrying amount of the debt is $______ with an effective rate of ____%. The debentures are not redeemable prior to 20___. The Company is required to make annual sinking fund payments of $__________ that will provide sufficient funds for the retirement of debentures at maturity. Interest paid during 20__ was $______.

The Company has an outstanding liability for borrowed money in the amount of $_______ due to __________on __/__/20__. The principal amount is due 20__. At the option of the Company, early repayment may be made. Interest at ___% is required to be paid annually. Interest paid during 20___ was $______. The Company is required to maintain a collateral security deposit with the lender. Assets in such security deposit are required to be maintained in a fair value amount at least equal to the outstanding principal. At December 31, 20__, assets having an admitted value of $__________ and a fair value of $_______ were on deposit with the lender.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(12) The impact of any restatement due to prior quasi-reorganizations is as follows:

	Change in Year Surplus	Change in Gross Paid-in and Contributed Surplus
2007	$ ______________	$ ______________
2006	$ ______________	$ ______________
2005	$ ______________	$ ______________
etc.		

(13) The effective date(s) of all quasi-reorganizations in the prior 10 years is are ______________.

14. Liabilities, Contingencies and Assessments

Instruction:

For disclosures related to *SSAP No. 5R—Liabilities, Contingencies and Impairment of Assets, SSAP No. 35R—Guaranty Fund and Other Assessments, SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* and *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies*, describe the nature of any material contingencies in accordance with SSAP No. 5R and report total contingent liabilities.

A. Contingent Commitments

(1) Disclose any commitment or contingent commitment to an SCA entity, joint venture, partnership, or limited liability company (e.g., guarantees or commitments to provide additional capital contributions).

Include any commitment or contingent commitment (e.g., guarantees or commitments to provide additional capital contributions) including the amount of equity contributions that are contingent commitments related to LIHTC properties investments and the year(s) that contingent commitments are expected to be paid. Refer to *SSAP No. 93—Low Income Housing Tax Credit Property Investments* for accounting guidance.

(2) A guarantor shall disclose the following information about each guarantee, or each group or similar guarantees (except product warranties), even if the likelihood of the guarantor's having to make any payments under the guarantee is remote. In addition, the nature of the relationship to the beneficiary of the guarantee or undertaking (affiliated or unaffiliated) shall also be disclosed:

a. The nature of the guarantee, including the approximate term of the guarantee, how the guarantee arose, and the events and circumstances that would require the guarantor to perform under the guarantee, the ultimate impact to the financial statements (specific financial statement line item) if action under the guarantee was required (e.g., increase to investment, dividends to stockholders, etc.) and the current status (that is, as of the date of the statement of financial position) of the payment/performance risk of the guarantee. For example, the current status of the payment/performance risk of a credit-risk-related guarantee could be based on either recently issued external credit ratings or current internal groupings used by the guarantor to manage its risk. An entity that uses internal groupings shall disclose how those groupings are determined and used for managing risk.

b. The potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee. That maximum potential amount of future payments shall not be reduced by the effect of any amounts that may possibly be recovered under recourse or collateralization provisions in the guarantee (which are addressed under 2c below). If the terms of the guarantee provide for no limitation to the maximum potential future payments under the guarantee, that fact shall be disclosed. If the guarantor is unable to develop an estimate of the maximum potential amount of future payments under its guarantee, the guarantor shall disclose the reasons why it cannot estimate the maximum potential amount.

c. The nature of (1) any recourse provisions that would enable the guarantor to recover from third parties any of the amounts paid under the guarantee; and (2) any assets held either as collateral or by third parties that, upon the occurrence of any triggering event or condition under the guarantee, the guarantor can obtain and liquidate to recover all or a portion of the amounts paid under the guarantee. The guarantor shall indicate, if estimable, the approximate extent to which the proceeds from liquidation of those assets would be expected to cover the maximum potential amount of future payments under the guarantee

d. The current carrying amount of the liability, if any, for the guarantor's obligations under the guarantee (including the amount, if any, recognized under *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*), regardless of whether the guarantee is freestanding or embedded in another contract.

(3) An aggregate compilation of guarantee obligations shall include the maximum potential of future payments of all guarantees (undiscounted), the current liability (contingent and noncontingent) reported in the financial statements and the ultimate financial statement impact based on maximum potential payments (undiscounted) if performance under those guarantees had been triggered.

B. Assessments

Describe the nature of any assessments that could have a material financial effect, by type of assessment, and state the estimate of the liability identifying whether the corresponding liability has been recognized under *SSAP No. 35R—Guaranty Fund and Other Assessments*, a liability has not been recognized as the obligating event has not yet occurred, or indicate that an estimate cannot be made.

For assessments with liabilities recognized under *SSAP No. 35R—Guaranty Fund and Other Assessments*, disclose the amounts of the recognized liabilities, any related asset for premium tax credits or policy surcharges, the periods over which the assessments are expected to be paid, and the period over which the recorded premium tax offsets or policy surcharges are expected to be realized.

Disclose assets recognized from paid and accrued premium tax offsets and policy surcharges, and include a reconciliation of assets recognized within the previous year's annual statement to the assets recognized in the current year's annual statement. The reconciliation shall reflect, in aggregate, each component of the increase and decrease in paid and accrued premium tax offsets and policy surcharges, including the amount charged off.

The financial statements shall disclose the following related to guaranty fund liabilities and assets related to assessments from insolvencies of entities that wrote long-term care contracts.

- The discount rate applied as of the current reporting date (determined in accordance with *SSAP No. 35R—Guaranty Fund and Other Assessments*);
- The following disclosures shall be by insolvency:
  - ❖ The undiscounted and discounted amount of the guaranty fund assessments and related assets;
  - ❖ The number of jurisdictions for which the long-term care guaranty fund assessments payables were discounted and the number of jurisdictions for which asset recoverables were discounted;
  - ❖ Identify the ranges of years used to discount the assets and the range of years used to discount the liabilities (e.g., 2-10, 5-20);
  - ❖ The weighted average numbers of years of the discounting time period for long-term care guaranty fund assessment liabilities; and
  - ❖ The weighted average number of years of the discounting time period for the asset recoverables.

Disclosures shall be made in accordance with *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets* when there is at least a reasonable possibility that the impairment of an asset from premium tax offsets or policy surcharges may have been incurred.

C. Gain Contingencies

Describe the nature of any gain contingencies. Gain contingencies are not recognized in a reporting entity's financial statements except as provided under *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*. If subsequent to the balance sheet date but prior to the issuance of financial statements, the gain is realized, disclose the nature of the gain contingency.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses requires that claims related extra contractual obligations losses and bad faith losses shall be included in losses. For claims related extra contractual obligations losses and bad faith losses stemming from lawsuits, disclose the dollar amount paid (for the extra contractual and bad faith portion of the total claim amount) in the current reporting period on a direct basis. Disclose the number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period as a range.

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period. Please check one of the following ranges of claims:

(a) 0-25 Claims	(c) 51-100 Claims	(e) More than 500 Claims
(b) 26-50 Claims	(d) 101-500 Claims	

Indicate whether claim count information is disclosed per claim or per claimant.

(f)	Per Claim	[ ]
(g)	Per Claimant	[ ]

For purposes of this disclosure, the following are not considered extra contractual obligations:

a. Attorneys' fees, unless a part of other extra contractual obligations lawsuits;
b. Costs and payments resulting from arbitration and external review determinations;
c. Interest payments made as required under prompt-payment requirements; and
d. Claim settlements within the lifetime policy benefit limits.

E. Joint and Several Liabilities

Disclose the following information for each joint and several liability arrangements accounted for under *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*. If co-obligors are related parties, disclosure requirements in *SSAP No. 25—Affiliates and Other Related Parties* also apply.

- The nature of the arrangement, including:
  - ❖ How the liability arose.
  - ❖ The relationship with co-obligors.
  - ❖ The terms and conditions of the arrangements.
- The total outstanding amount under the arrangement, which shall not be reduced by the effect of any amounts that may be recoverable from other entities.
- The carrying amount, if any, of the entity's liability and the carrying amount of a receivable recognized, if any.
- The nature of any recourse provisions that would enable recovery from other entities of the amounts paid, including any limitations on the amounts that might be recovered.
- In the period the liability is initially recognized and measured or in a period the measurement changes significantly:
  - ❖ The corresponding entry.
  - ❖ Where the entry was recorded in the financial statements.

F. All Other Contingencies

Disclose the nature of any loss contingency or impairment of an asset, including an estimate of the possible loss, or range of loss, or state that such an estimate cannot be made. Disclose the nature of any portion of the balance that is reasonably possible to be uncollectible in accordance with *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*. This meets the requirements of the following SSAPs: *SSAP No. 6—Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers*; *SSAP No. 21—Other Admitted Assets*; *SSAP No. 47—Uninsured Plans*; *SSAP No. 54R—Individual and Group Accident and Health Contracts*; *SSAP No. 56—Separate Accounts*; *SSAP No. 66—Retrospectively Rated Contracts*; *SSAP No. 86—Derivatives*; and other SSAPs as required.

<u>Illustration:</u>

A. The Company has given XYZ Homes, Inc., a real estate development partnership, a standby commitment until January 1, 20__ in the form of capital notes on equity contributions not to exceed the aggregate $________ in the event of a loan default by XYZ Homes, Inc., on various of its subordinated debt issues.

(1) Total *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* and *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* contingent liabilities: $__________.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(2)

1	2	3	4	5
Nature and circumstances of guarantee and key attributes, including date and duration of agreement.	Liability recognition of guarantee. (Include amount recognized at inception. If no initial recognition, document exception allowed under SSAP No. 5R.)	Ultimate financial statement impact if action under the guarantee is required.	Maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee. If unable to develop an estimate, this should be specifically noted.	Current status of payment or performance risk of guarantee. Also provide additional discussion as warranted.
Guarantee the indebtedness of subsidiary LJS for its debt on real estate	XX,XXX	Investments in SCA	XX,XXX (a)	LJS is current in all payments of principal and interest, as well as their external credit rating (AA), which has been consistent for the past five years.
....				....
....				....
....				....
Total				XXX

(a) Pursuant to the terms of this guarantee, the Company would be required to perform in the event of default by LJS, but would also be permitted to take control of the real estate.

Note: The illustration above shows just one example. The reporting entity may have others that would be reported, as well.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(3)

a. Aggregate Maximum Potential of Future Payments of All Guarantees (undiscounted) the guarantor could be required to make under guarantees. (Should equal total of Column 4 for (2) above.)	$	....
b. Current Liability Recognized in F/S:		
1. Noncontingent Liabilities	$	....
2. Contingent Liabilities	$	....
c. Ultimate Financial Statement Impact if action under the guarantee is required.		
1. Investments in SCA	$	....
2. Joint Venture	$	....
3. Dividends to Stockholders (capital contribution)	$	....
4. Expense	$	....
5. Other	$	....
6. Total (Should equal (3)a.)	$	....

B. Assessments

(1)

Where Amount is Unknown

The company has received notification of the insolvency of XYZ Insurance Company. It is expected that the insolvency will result in a guaranty fund assessment against the company at some future date. At this time, the company is unable to estimate the possible amounts, if any, of such assessments. Accordingly, the company is unable to determine the impact, if any, such assessments may have on the company's financial position or results of operations.

Where Amount is Known (Retrospective Example)

On ______, 20___, the company received notification of the insolvency of XYZ Insurance Company. It is expected that the insolvency will result in a retrospective premium-based guaranty fund assessment against the company of $______ that has been charged to operations in the current period and the liability recognized.

Where Amount is Known (Prospective Example)

On ______, 20___, the company received notification of the insolvency of XYZ Insurance Company. It is expected that the insolvency will result in a prospective-based guaranty fund assessment against the company. A liability for this guaranty fund assessment has yet to be recognized as the conditions in paragraph 4 have not been met. (Pursuant to paragraph 4.b. of *SSAP No. 35R—Guaranty Fund and Other Assessments*, the event obligating the entity has not yet occurred.) For premium-based assessments, the event that obligates the entity is writing the premiums, or being obligated to write or renew the premiums on which the assessments are expected to be based. There is no state law that requires the entity to remain liable for assessments, even though the insurance entity discontinues the writing of premiums. As such, a liability will be recognized once this condition has been met. As no liability has yet to be recognized for this notification of insolvency, no premium tax offsets or policy surcharges assets have been recognized for this notification. Pursuant to SSAP No. 35R, the accrual of prospective premium-based assessments is based on and limited in the same manner for which the liability is recognized.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(2)

a.	Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	$	....
b.	Decreases current year:		
	Policy surcharges collected	$	....
	Policy surcharges charged off	$	....
	Premium tax offset applied	$	....
	....	$	....
	....	$	....
	....	$	....
c.	Increases current year:	$	....
	Policy surcharges collected	$	....
	Policy surcharges charged off	$	....
	Premium tax offset applied	$	....
	....	$	....
	....	$	....
	....	$	....
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	$	....

Note: Detail descriptions for the sub-lines of 2b and 2c are just examples of descriptions that could be used in those lines.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(3)

a. Discount Rate Applied .... %

b. The Undiscounted and Discounted Amount of the Guaranty Fund Assessments and Related Assets by Insolvency

Name of the Insolvency	Guaranty Fund Assessment		Related Assets	
	Undiscounted	Discounted	Undiscounted	Discounted
....	$	$	$	$ ....
....	....	....	....	....
....	....	....	....	....
....	....	....	....	....

c. Number of Jurisdictions, Ranges of Years Used to Discount and Weighted Average Number of Years of the Discounting Time Period for Payables and Recoverables by Insolvency

Name of the Insolvency	Payables			Recoverables		
	Number of Jurisdictions	Range of Years	Weighted Average Number of Years	Number of Jurisdictions	Range of Years	Weighted Average Number of Years
....	....	......	....	....	......	....
....	....	......	....	....	......	....
....	....	......	....	....	......	....
....	....	......	....	....	......	....
....	....	......	....	....	......	....

C. Gain Contingencies

On January 15, 20__, the company, as plaintiff, was successful in a suit it had previously filed for damages in a case involving misrepresentation. On February 10, 20__, the company received $_____ in damages as a result of this case. Accordingly, the company has recorded this amount in its first quarter, 20__, financial statements.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

The company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits.

	Direct
Claims related ECO and bad faith losses paid during the reporting period	$ xxx,xxx

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period.

(a) 0-25 Claims	(b) 26-50 Claims	(c) 51-100 Claims	(d) 101-500 Claims	(e) More than 500 Claims
	X			

Indicate whether claim count information is disclosed per claim or per claimant.

(f) Per Claim [ ] (g) Per Claimant [ ]

F. All Other Contingencies

Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company. The Company has no assets that it considers to be impaired.

15. Leases

Instruction:

A. Disclose the following items related to lessee leasing arrangements (refer to *SSAP No. 22—Leases*):

(1) A general description of the lessee's leasing arrangements including, but not limited to, the following:

a. Rental expense for each period for which an income statement is presented, with separate amounts for minimum rentals, contingent rentals, and sublease rentals. Rental payments under leases with terms of a month or less that were not renewed need not be included.

b. The basis on which contingent rental payments are determined.

c. The existence and terms of renewal or purchase options and escalation clauses.

d. Restrictions imposed by lease agreements, such as those concerning dividends, additional debt, and further leasing.

e. Identification of lease agreements that have been terminated early or for which the lessee is no longer using the leased property benefits, and the liability recognized in the financial statements under these agreements.

(2) For leases having initial or remaining noncancelable lease terms in excess of one year:

a Future minimum rental payments required as of the date of the latest balance sheet presented, in the aggregate and for each of the five succeeding years; and

b. The total of minimum rentals to be received in the future under noncancelable subleases as of the date of the latest balance sheet presented.

(3) For sale-leaseback transactions:

a. A description of the terms of the sale-leaseback transaction, including future commitments, obligations, provisions, or circumstances that require or result in the seller-lessee's continuing involvement; and

b. For those accounted for as deposits, (a) the obligation for future minimum lease payments as of the date of the latest balance sheet presented in the aggregate and for each of the five succeeding years; and (b) the total of minimum sublease rentals, if any, to be received in the future under noncancelable subleases in the aggregate and for each of the five succeeding years.

B. When leasing is a significant part of the lessor's business activities in terms of revenue, net income or assets, disclose the following information with respect to leases:

(1) For operating leases:

a. A general description of the lessor's leasing arrangements;

b. The cost and carrying amount, if different, of property on lease or held for leasing by major classes of property according to nature or function, and the amount of accumulated depreciation in total as of the date of the latest balance sheet presented;

c. Minimum future rentals on noncancelable leases as of the date of the latest balance sheet presented, in the aggregate and for each of the five succeeding years; and

d. Total contingent rentals included in income for each period for which an income statement is presented.

(2) For leveraged leases:

a. A description of the terms including the pretax income from the leveraged leases. For purposes of presenting the investment in a leveraged lease in the lessor's balance sheet, the amount of related deferred taxes shall be presented separately (from the remainder of the net investment);

b. Separate presentation (from each other) shall be made of pretax income from the leveraged lease, the tax effect of pretax income, and the amount of investment tax credit recognized as income during the period; and

c. When leveraged leasing is a significant part of the lessor's business activities in terms of revenue, net income, or assets, the components of the net investment balance in leveraged leases shall be disclosed.

<u>Illustration:</u>

A. Lessee Operating Lease

(1)

a. The Company leases office equipment under various noncancelable operating lease agreements that expire through December 20___. Rental expense for 20___, and 20___ was approximately $_____, and $_____, respectively.

c. Certain rental commitments have renewal options extending through the year 20___. Some of these renewals are subject to adjustments in future periods.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(2)

a. At December 31, 20___, the minimum aggregate rental commitments are as follows:

	Year Ending December 31	Operating Leases
1.	20__	$ ___________
2.	20__	$ ___________
3.	20__	$ ___________
4.	20__	$ ___________
5.	20__	$ ___________
6.	Total	$ ___________

(3) The company is not involved in any material sales – leaseback transactions.

B. Lessor Leases

(1) Operating Leases

a. The company owns or leases numerous sites that are leased or subleased to franchisees. Buildings owned or leased that meet the criteria for operating leases are carried at the gross investment in the lease less unearned income. Unearned income is recognized in such a manner as to produce a constant periodic rate of return on the net investment. The typical lease period is 20 years and some leases contain renewal options. The franchisee is responsible for the payment of property taxes, insurance and maintenance costs related to the leased property.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

c. Future minimum lease payment receivables under noncancelable leasing arrangements as of December 31, 20___ are as follows:

	Year Ending December 31	Operating Leases
1.	20__	$ ___________
2.	20__	$ ___________
3.	20__	$ ___________
4.	20__	$ ___________
5.	20__	$ ___________
6.	Total	$ ___________

d. Contingent rentals included in income for the years ended December 31, 20__ and 20__ amounted to $__________ and $__________, respectively. The net investment is classified as real estate.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(NOTE: THIS DOES NOT INCLUDE THE BEGINNING NARRATIVE.)

(2) Leveraged Leases

a. The Company's investment in leveraged leases relates to equipment used primarily in the transportation industries. The component of net income from leveraged leases at December 31, 20__ and December 31, 20__ were as shown below:

		20___	20___
1.	Income from leveraged leases before income tax including investment tax credit	$ ________	$ _________
2.	Less current income tax	$ ________	$ _________
3.	Net income from leveraged leases	$ ________	$ _________

c. The components of the investment in leveraged leases at December 31, 20__ and 20__ were as shown below:

		20___	20___
1.	Lease contracts receivable (net of principal and interest on non-recourse financing)	$ ________	$ ________
2.	Estimated residual value of leased assets	$ ________	$ ________
3.	Unearned and deferred income	$ ________	$ ________
4.	Investment in leveraged leases	$ ________	$ ________
5.	Deferred income taxes related to leveraged leases	$ ________	$ ________
6.	Net investment in leveraged leases	$ ________	$ ________

16. Information About Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk

Refer to *SSAP No. 27—Off-Balance-Sheet and Credit Risk Disclosures* for accounting guidance.

Instruction:

For financial instruments with off-balance-sheet risk, a reporting entity shall disclose in the financial statements the following information by class of financial instrument:

(1) The face or contract amount (or notional principal amount if there is no face or contract amount).

(2) The nature and terms, including, at a minimum, a discussion of (i) the credit and market risk of those instruments, (ii) the cash requirements of those instruments, and (iii) the related accounting policy pursuant to the requirements of APB Opinion No. 22, Disclosure of Accounting Policies.

(3) The amount of accounting loss the entity would incur if any party to the financial instrument failed completely to perform according to the terms of the contract and the collateral or other security, if any, for the amount due proved to be of no value to the entity.

(4) The entity's policy of requiring collateral or other security to support financial instruments subject to credit risk, information about the entity's access to that collateral or other security, and the nature and a brief description of the collateral or other security supporting those financial instruments.

Illustration:

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(NOTE: THIS DOES NOT INCLUDE THE ENDING NARRATIVE.)

(1) The table below summarizes the face amount of the Company's financial instruments with off-balance-sheet risk.

		Assets		Liabilities	
		20___	20___	20___	20___
a.	Swaps	$ ________	$ ________	$ ________	$ ________
b.	Futures	$ ________	$ ________	$ ________	$ ________
c.	Options	$ ________	$ ________	$ ________	$ ________
d.	Total	$ ________	$ ________	**$** ________	$ ________

See Schedule DB of the Company's annual statement for additional detail.

(2) The Company uses interest rate swaps to reduce market risks from changes in interest rates and to alter interest rate exposures arising from mismatches between assets and liabilities. Under interest rate swaps, the Company agrees with other parties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed notional principal amount. Generally, no cash is exchanged at the outset of the contract and either party makes no principal payments. These transactions are entered into pursuant to master agreements that provide for a single net payment to be made by one counterparty at each due date.

Under exchange-traded currency futures and options, the Company agrees to purchase a specified number of contracts with other parties and to post variation margin on a daily basis in an amount equal to the difference in the daily fair values of those contracts. The parties with whom the Company enters into exchange-traded futures and options are regulated futures commissions merchants who are members of a trading exchange.

(3) The Company is exposed to credit-related losses in the event of nonperformance by counterparties to financial instruments, but it does not expect any counterparties to fail to meet their obligations given their high credit ratings. The credit exposure of interest rate swaps and currency swaps is represented by the fair value (market value) of contracts with a positive fair value (market value) at the reporting date. Because exchange-traded futures and options are affected through a regulated exchange and positions are marked to market on a daily basis, the Company has little exposure to credit-related losses in the event of nonperformance by counterparties to such financial instruments.

(4) The Company is required to put up collateral for any futures contracts that are entered. The amount of collateral that is required is determined by the exchange on which it is traded. The Company currently puts up cash and U.S. Treasury Bonds to satisfy this collateral requirement.

The current credit exposure of the Company's derivative contracts is limited to the fair value at the reporting date. Credit risk is managed by entering into transactions with creditworthy counterparties and obtaining collateral where appropriate and customary. The Company also attempts to minimize its exposure to credit risk through the use of various credit monitoring techniques. Approximately ___% of the net credit exposure for the Company from derivative contracts is with investment-grade counterparties.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Instruction:

A. Transfers of Receivables Reported as Sales

For transfers of receivables reported as sales in accordance with *SSAP No. 42—Sale of Premium Receivables*, the transferor's financial statements shall disclose:

(1) The proceeds to the transferor.

(2) The gain or loss recorded on the sale.

B. Transfer and Servicing of Financial Assets

For transactions reported in accordance with *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, a reporting entity shall disclose the following:

(1) Description of any loaned securities, including the fair value, a description of, and the policy for, requiring collateral, whether or not the collateral is restricted and the amount of collateral for transactions that extend beyond one year from the reporting date.

Include separately, the amount of any loaned securities within the separate account and if the policy and procedures for the separate account differ from the general account.

(2) For all servicing assets and servicing liabilities:

a. A description of the risks inherent in servicing assets and servicing liabilities and, if applicable, the instruments used to mitigate the income statement effect of changes in fair value to the servicing assets and servicing liabilities. (Disclosure of quantitative information about the instruments used to manage the risks inherent in servicing assets and servicing liabilities is encouraged but not required.)

b. The amount of **contractually specified servicing fees**, late fees and ancillary fees earned for each period for which results of operations are presented, including a description of where each amount is reported in the statement of income.

c. Quantitative and qualitative information about the assumptions used to estimate the fair value (for example, discount rates, anticipated credit losses and prepayment speeds). An entity that provides quantitative information about the instruments used to manage the risks inherent in the servicing assets and servicing liabilities, as encouraged by *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, also is encouraged but not required to disclose the quantitative and qualitative information about the assumptions used to estimate the fair value of those instruments.

(3) When servicing assets and servicing liabilities are subsequently measured at fair value:

For each class of servicing assets and servicing liabilities, the activity in the balance of servicing assets and the activity in the balance of servicing liabilities (including a description of where changes in fair value are reported in the statement of income for each period for which results of operations are presented), including, but not limited to, the following:

a. The beginning and ending balances.

b. Additions (through purchases of servicing assets, assumptions of servicing obligations, and recognition of servicing obligations that result from transfers of financial assets).

c. Disposals.

d. Changes in fair value during the period resulting from (i) changes in valuation inputs or assumptions used in the valuation model and (ii) other changes in fair value and a description of those changes.

e. Other changes that affect the balance and a description of those changes.

(4) For securitizations, asset-backed financing arrangements and similar transfers accounted for as sales when the transferor has continuing involvement (as defined in the glossary of the *Accounting Practices and Procedures Manual*) with the transferred financial assets:

a. For each income statement presented:

1. The characteristics of the transfer including a description of the transferor's continuing involvement with the transferred financial assets, the nature and initial fair value of the assets obtained as proceeds and the liabilities incurred in the transfer, and the gain or loss from the sale of transferred financial assets. For initial fair value measurements of assets obtained and liabilities incurred in the transfer, the following information:

(a) The level within the fair value hierarchy in which the fair value measurements in their entirety fall, segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2) and significant unobservable inputs (Level 3).

(b) The key inputs and assumptions used in measuring the fair value of assets obtained and liabilities incurred as a result of the sale that relate to the transferor's continuing involvement (including, at a minimum, but not limited to, and if applicable, quantitative information about discount rates; expected prepayments, including the expected weighted-average life of prepayable financial assets; and anticipated credit losses, including expected static pool losses)

- If an entity has aggregated multiple transfers during a period, it may disclose the range of assumptions.

- The weighted-average life of prepayable assets in periods (for example, months or years) can be calculated by multiplying the principal collections expected in each future period by the number of periods until that future period, summing those products and dividing the sum by the initial principal balance.

- Expected static pool losses can be calculated by summing the actual and projected future credit losses and dividing the sum by the original balance of the pool of assets.

2. Cash flows between a transferor and transferee, including proceeds from new transfers, proceeds from collections reinvested in revolving-period transfers, purchases of previously transferred financial assets, servicing fees and cash flows received from a transferor's beneficial interests.

b. For each statement of financial position presented, regardless of when the transfer occurred:

1. Qualitative and quantitative information about the transferor's continuing involvement with transferred financial assets that provides financial statement users with sufficient information to assess the reasons for the continuing involvement and the risks related to the transferred financial assets to which the transferor continues to be exposed after the transfer and the extent that the transferor's risk profile has changed as a result of the transfer (including, but not limited to, credit risk, interest rate risk and other risks), including:

(a) The total principal amount outstanding, the amount that has been derecognized and the amount that continues to be recognized in the statement of financial position.

(b) The terms of any arrangements that could require the transferor to provide financial support (for example, liquidity arrangements and obligations to purchase assets) to the transferee or its beneficial interest holders, including a description of any events or circumstances that could expose the transferor to loss and the amount of the maximum exposure to loss.

(c) Whether the transferor has provided financial or other support during the periods presented that it was not previously contractually required to provide to the transferee or its beneficial interest holders, including when the transferor assisted the transferee or its beneficial interest holders in obtaining support, including:

- The type and amount of support.
- The primary reasons for providing the support.

(d) Information is encouraged about any liquidity arrangements, guarantees and/or other commitments provided by third parties related to the transferred financial assets that may affect the transferor's exposure to loss or risk of the related transferor's interest.

2. The entity's accounting policies for subsequently measuring assets and liabilities that relate to the continuing involvement with the transferred financial assets.

3. The key inputs and assumptions used in measuring the fair value of assets or liabilities that relate to the transferor's continuing involvement (including, at a minimum, but not limited to, and if applicable, quantitative information about discount rates; expected prepayments, including the expected weighted-average life of pre-payable financial assets; and anticipated credit losses, including expected static pool losses).

4. For the transferor's interests in the transferred financial assets, a sensitivity analysis or stress test showing the hypothetical effect on the fair value of those interests (including any servicing assets or servicing liabilities) of two or more unfavorable variations from the expected levels for each key assumption that is reported per *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* independently from any change in another key assumption, and a description of the objectives, methodology and limitations of the sensitivity analysis or stress test.

5. Information about the asset quality of transferred financial assets and any other assets that it manages together with them. This information shall be separated between assets that have been derecognized and assets that continue to be recognized in the statement of financial position. This information is intended to provide financial statement users with an understanding of the risks inherent in the transferred financial assets, as well as in other assets and liabilities that it manages together with transferred financial assets. For example, information for receivables shall include, but is not limited to:

- Delinquencies at the end of the period.
- Credit losses, net of recoveries, during the period.

(5) Disclosure requirements for transfers of financial assets accounted for as secured borrowing (excluding repurchase and reverse repurchase transactions disclosed under Notes 5F through 5I above):

The carrying amounts and classifications of both assets and associated liabilities recognized in the transferor's statement of financial position at the end of each period presented, including qualitative information about the relationship(s) between those assets and associated liabilities. For example, if assets are restricted solely to satisfy a specific obligation, the carrying amounts of those assets and associated liabilities, including a description of the nature of restrictions placed on the assets.

(6) Disclose any transfers of receivables with recourse.

(7) A description of the securities underlying dollar repurchase and dollar reverse repurchase agreements, including book values, and fair values, and maturities for the following categories:

a. Securities subject to dollar repurchase agreements

b. Securities subject to dollar reverse repurchase agreements.

C. Wash Sales

A reporting entity shall disclose the following information for wash sales, as defined in *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* involving transactions for securities with an NAIC designation of 3 or below, or that do not have an NAIC designation, excluding all cash equivalents, derivative instruments and short-term investments with credit assessments equivalent to an NAIC 1 or 2 designation. This disclosure shall be included in the financial statements for when the investment was initially sold. For example, if the investment was sold Dec. 20, 2017, and reacquired on Jan. 10, 2018, the transaction shall be captured in the wash sale disclosure included in the year-end 2017 financial statements. (The disclosures shall be made for the current quarter in the quarterly statement, and for the year in the annual statement)

(1) A description of the reporting entity's objectives regarding these transactions; and

(2) An aggregation of transactions by NAIC Designation 3 or below, or unrated.

Include

- The number of transactions involved during the reporting period;
- The book value of securities sold;
- The cost of securities repurchased; and
- The realized gains/losses associated with the securities involved.

Illustration:

A. Transfers of Receivables Reported as Sales

(1) During 20__ the company sold $______ of agent balances without recourse to the ABC Company.

(2) The company realized a loss of $______ as a result of the sale.

C. Wash Sales

(1) In the course of the company's asset management, securities are sold and reacquired within 30 days of the sale date to enhance the company's yield on its investment portfolio.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(2) The details by NAIC designation 3 or below, or unrated of securities sold during the year ended December 31, 20__ and reacquired within 30 days of the sale date are:

Description	NAIC Designation	Number of Transactions	Book Value of Securities Sold	Cost of Securities Repurchased	Gain (Loss)
______	______	______	$ ______	$ ______	$ ______
______	______	______	$ ______	$ ______	$ ______
______	______	______	$ ______	$ ______	$ ______
______	______	______	$ ______	$ ______	$ ______
______	______	______	$ ______	$ ______	$ ______
______	______	______	$ ______	$ ______	$ ______

Note: **Examples of values for the Description Column are Bonds, Preferred Stocks, Common Stocks, etc.**

The NAIC Designation Column should indicate 3 through 6 for those transactions for securities that would have been reported with an NAIC Designation if still owned at the end of the reporting period (e.g., bonds and preferred stocks).

For those transactions for securities that would not have been reported with an NAIC Designation if still owned at the end of the reporting period (e.g., real estate mortgage loans and common stocks), leave the column blank.

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

Instruction:

Provide information with regard to the profitability to the reporting entity of uninsured accident and health plans and the uninsured portions of partially insured plans for which the reporting entity serves as an Administrative Services Only (ASO) or an Administrative Services Contract (ASC) plan administrator.

A. ASO Plans

For ASO plans, provide the following information with regard to the profitability to the reporting entity of all ASO plans and the uninsured portions of partially insured plans for which the reporting entity serves as an administrator.

For the total and each category separately provide:

- Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses
- Total net other income or expense (including interest paid to or received from plans)
- Total net gain or loss from operations
- The claim payment volume

B. ASC Plans

For ASC plans, provide information with regard to the profitability to the reporting entity of all ASC plans and the uninsured portions of partially insured plans for which the reporting entity serves as an ASC administrator.

For the total and each category separately provide:

- Gross reimbursement for medical cost incurred
- Gross administrative fees accrued
- Other income or expense (including interest paid to or received from plans)
- Gross expenses incurred (claims and administrative)
- Total net gain or loss from operations.

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

For a Medicare or similarly structured cost based reimbursement contract plan, the reporting entity shall include information with regards to:

(1) Major components of revenue by payor

(2) Receivables from payors with account balances the greater of 10% of amounts receivable relating to uninsured accident and health plans or $10,000

(3) Recorded allowances and reserves for adjustment of recorded revenues

(4) Adjustments to revenue resulting from audit of receivables related to revenues recorded in the prior period

Illustration:

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

A. ASO Plans

The gain from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans was as follows during 20__:

	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	$ ________	$ ________	$ ________
b. Total net other income or expenses (including interest paid to or received from plans)	$ ________	$ ________	$ ________
c. Net gain or (loss) from operations	$ ________	$ ________	$ ________
d. Total claim payment volume	$ ________	$ ________	$ ________

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

B. ASC Plans

The gain from operations from Administrative Services Contract (ASC) uninsured plans and the uninsured portion of partially insured plans was as follows during 20___:

	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC
a. Gross reimbursement for medical cost incurred	$ ________	$ ________	$ ________
b. Gross administrative fees accrued	$ ________	$ ________	$ ________
c. Other income or expenses (including interest paid to or received from plans)	$ ________	$ ________	$ ________
d. Gross expenses incurred (claims and administrative)	$ ________	$ ________	$ ________
e. Total net gain or loss from operations	$ ________	$ ________	$ ________

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract:

(1) Revenue from the Company's Medicare (or similarly structured cost based reimbursement contract) contract for the year 20___, consisted of $ _______ for medical and hospital related services and $ _______ for administrative expenses.

(2) As of December 31, 20___, the Company has recorded receivables from the following payors whose account balances are greater than 10% of the Company's amounts receivable from uninsured accident and health plans or $10,000:

ABC Company $ ___________
XYZ Company $ ___________

(3) In connection with the Company's Medicare (or similarly structured cost based reimbursement contract) contract, the Company has recorded allowances and reserves for adjustment of recorded revenues in the amount of $______ at December 31, 20___.

(4) The Company has made no adjustment to revenue resulting from audit of receivables related to revenues recorded in the prior period.

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

Instruction:

Disclose the aggregate amount of direct premiums written through/produced by managing general agents or third party administrators. For purposes of this instruction, a managing general agent means the same as referenced in Appendix A-225 of the NAIC *Accounting Practices and Procedures Manual*. If this amount is equal to or greater than 5% of surplus, provide the following information for each managing general agent and third party administrator:

- Name and address of managing general agent or third party administrator.
- Federal Employer Identification Number.
- Whether such person holds an exclusive contract.
- Types of business written.
- Type of authority granted (i.e., underwriting, claims payment, etc.).
- Total direct premiums written/produced by managing general agents or third party administrators.

Illustration:

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

Name and Address of Managing General Agent or Third Party Administrator	FEIN Number	Exclusive Contract	Types of Business Written	Types of Authority Granted	Total Direct Premium Written/ Produced By
XYZ	___________	___________	___________	U	$ ___________
XYX	___________	___________	___________	B	$ ___________
Total					$ ___________

* Authority Codes Sample Listing:

C	–	Claims Payment
CA	–	Claims Adjustment
R	–	Reinsurance Ceding
B	–	Binding Authority
P	–	Premium Collection
U	–	Underwriting

20. Fair Value Measurements

Instruction:

A. A reporting entity shall disclose information that helps users of the financial statements to assess both of the following:

For assets and liabilities that are measured and reported[1] at fair value or net asset value (NAV) in the statement of financial position after initial recognition, the valuation techniques and the inputs used to develop those measurements; and

For fair value measurements in the statement of financial position determined using significant unobservable inputs (Level 3), the effect of the measurements on earnings (or changes in net assets) for the period.

To meet these objectives, the reporting entity shall disclose the information in paragraphs (1) through (4) below for each class of assets and liabilities measured and reported[1] at fair value or NAV in the statement of financial position after initial recognition. The reporting entity shall determine appropriate classes of assets and liabilities in accordance with the annual statement instructions.

(1) The level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2 or 3). (Investments reported at NAV shall not be captured within the fair value hierarchy, but shall be separately identified.)

For assets and liabilities held at the reporting date, the amounts of any transfers between Level 1 and Level 2 of the fair value hierarchy, the reasons for the transfers, and the reporting entity's policy for determining when transfers between levels are recognized. Transfers into each level shall be disclosed and discussed separately from transfers out of each level.

(2) For fair value measurements categorized within Level 3 of the fair value hierarchy a reconciliation from the opening balances to the closing balances disclosing separately changes during the period attributable to the following:

a. Total gains or losses for the period recognized in income or surplus.

b. Purchases, sales, issues and settlements (each type disclosed separately).

c. The amounts of any transfers into or out of Level 3, the reasons for those transfers, and the reporting entity's policy for determining when transfers between levels are recognized. Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.

(3) A reporting entity shall disclose and consistently follow its policy for determining when transfers between levels are recognized. The policy about the timing of recognizing transfers shall be the same for transfers into Level 3 as that for transfers out of Level 3. Examples of policies for when to recognize the transfers are as follows:

a. The actual date of the event or change in circumstances that caused the transfer.

b. The beginning of the reporting period.

c. The end of the reporting period.

[1] The term "reported" is intended to reflect the measurement basis for which the asset or liability is classified within its underlying SSAP. For example, a bond with an NAIC designation of 2 is considered an amortized cost measurement and is not included within this disclosure even if the amortized cost and fair value measurement are the same. An example of when such a situation may occur includes a bond that is written down as other-then-temporarily impaired as of the date of financial position. The amortized cost of the bond after the recognition of the other-than-temporary impairment may agree to fair value, but under SSAP No. 26R this security is considered to still be reported at amortized cost.

(4) For fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) and the inputs used in the fair value measurement. If there has been a change in the valuation technique(s) (for example, changing from a market approach to an income approach or the use of an additional valuation technique), the reporting entity shall disclose that change and the reason for making it.

For fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, *SSAP No. 100R—Fair Value* requires a reporting entity to disclose a description of the valuation technique(s) and the inputs used in the fair value measurement. A reporting entity might disclose the following:

a. Quantitative information about the input, for example, for certain debt securities or derivatives, information such as, but not limited to, prepayment rates, rates of estimated credit losses, interest rates (for example the LIBOR swap rate) or discount rates and volatilities.

b. The nature of the item being measured at fair value, including the characteristics of the item being measured that are considered in the determination of relevant inputs. For example, for residential mortgage-backed securities, a reporting entity might disclose the following:

- The types of underlying loans (for example, prime loans or subprime loans)
- Collateral
- Guarantees or other credit enhancements
- Seniority level of the tranche of securities
- The year of issue
- The weighted-average coupon rate of the underlying loans and the securities
- The weighted-average maturity of the underlying loans and the securities
- The geographical concentration of the underlying loans
- Information about the credit ratings of the securities

c. How third-party information such as broker quotes, pricing services, net asset values and relevant market data was considered in measuring fair value.

(5) For derivative assets and liabilities, the reporting entity shall present both of the following:

a. The disclosures required by paragraph (1) and (2) above on a gross basis.

b. The reconciliation disclosures required by paragraphs (2), (3) and (4) on either a gross or net basis.

The quantitative disclosures required by 20A above shall be presented using a tabular format. (See Illustrations.)

B. The reporting entity is encouraged, but not required, to combine the fair value information disclosed under *SSAP No. 100R—Fair Value* with the fair value information disclosed under other accounting pronouncements (for example, disclosures about fair value of financial instruments) in the periods in which those disclosures are required, if practicable. The reporting entity also is encouraged, but not required, to disclose information about other similar measurements, if practicable.

C. A reporting entity shall disclose in the notes to the financial statements, as of each date for which a statement of financial position is presented in the quarterly or annual financial statements, the aggregate fair value or NAV for all financial instruments and the level within the fair value hierarchy in which the fair value measurements in their entirety fall. This disclosure shall be summarized by the type of financial instrument for which it is practicable to estimate fair value, except for certain financial instruments identified below.

The disclosures about fair value prescribed in the paragraph above are not required for the following: (Note: These exclusions are specific to Note 20C and do not impact the reporting of fair value that may be required in other SSAPs or statutory accounting schedules.)

- Employers' and plans' obligations for pension benefits, other postretirement benefits (see scope paragraph of *SSAP No. 92—Postretirement Benefits Other Than Pensions*), postemployment benefits, employee stock option and stock purchase plans, and other forms of deferred compensation arrangements, as defined in *SSAP No. 12—Employee Stock Ownership Plans*, *SSAP No. 104R—Share-Based Payments*, *SSAP No. 92—Postretirement Benefits Other Than Pensions* and *SSAP No. 102—Pensions*.
- Substantively extinguished debt subject to the disclosure requirements of *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*.
- Insurance contracts, other than financial guarantees and deposit-type contracts
- Lease contracts as defined in *SSAP No. 22—Leases*.
- Warranty obligations and rights.
- Investments accounted for under the equity method.
- Equity instruments issued by the entity.

Fair value disclosed in the notes shall be presented together with the related admitted values in a form that makes it clear whether the fair values and admitted values represent assets or liabilities and to which line items in the Statement of Assets, Liabilities, Surplus and Other Funds they relate. Unless specified otherwise in another SSAP, the disclosures may be made net of encumbrances, if the asset or liability is so reported. A reporting entity shall also disclose the method(s) and significant assumptions used to estimate the fair value of financial instruments.

If it is not practicable for a reporting entity to estimate the fair value of the financial instrument or a class of financial instruments and the investment does not qualify for the NAV practical expedient, the aggregate carrying amount for those items shall be reported in the "not practicable" column with additional disclosure as required in paragraph 20D below.

D. If it is not practicable for an entity to estimate the fair value of a financial instrument or a class of financial instruments, the following shall be disclosed:

(1) Information pertinent to estimating the fair value of that financial instrument or class of financial instruments and the investment does not qualify for the NAV practical expedient, such as the carrying amount, effective interest rate and maturity; and

(2) The reasons why it is not practicable to estimate fair value.

E. For investments measured using the NAV practical expedient pursuant to *SSAP No. 100R—Fair Value*, a reporting entity shall disclose information that helps users of its financial statements to understand the nature and risks of the investments and whether the investments, if sold, are probable of being sold at amounts different from NAV per share. To meet that objective, a reporting entity shall disclose, at a minimum, the following information for instances in which the investment may be sold below NAV, or if there are significant restrictions in the liquidation of an investment held at NAV:

- The NAV along with a description of the investment/investment strategy of the investee.

- If the investment that can never be redeemed with the investees, but the reporting entity receives distributions through the liquidation of the underlying assets of the investees, the reporting entity's estimate of the period of time over which the underlying assets are expected to be liquidated by the investees.

- The amount of the reporting entity's unfunded commitments related to investments in the class.

- A general description of the terms and conditions upon which the investor may redeem the investment.

- The circumstances in which an otherwise redeemable investment in the class (or a portion thereof) might not be redeemable (for example, investments subject to a lockup or gate). Also, for those otherwise redeemable investments that are restricted from redemption as of the reporting entity's measurement date, the reporting entity shall disclose its estimate of when the restriction from redemption might lapse. If an estimate cannot be made, the reporting entity shall disclose that fact and how long the restriction has been in effect.

- Any other significant restriction on the ability to sell investments in the class at the measurement date.

- If a group of investments would otherwise meet the criteria in *SSAP No. 100R—Fair Value* but the individual investments to be sold have not been identified (for example, if a reporting entity decides to sell 20% of its investments in private equity funds but the individual investments to be sold have not been identified), so the investments continue to qualify for the practical expedient in *SSAP No. 100R—Fair Value*, the reporting entity shall disclose its plans to sell and any remaining actions required to complete the sale(s).

Illustration:

A.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(1) Fair Value Measurements at Reporting Date

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
a. Assets at fair value					
Perpetual Preferred stock					
Industrial and Misc	$ (a)	$	$	$	$
Parent, Subsidiaries and Affiliates					
Total Perpetual Preferred Stocks	$	$	$	$	$
Bonds					
U.S. Governments	$	$	$	$	$
Industrial and Misc					
Hybrid Securities					
Parent, Subsidiaries and Affiliates					
Total Bonds	$	$	$	$	$
Common Stock					
Industrial and Misc	$	$	$	$	$
Parent, Subsidiaries and Affiliates					
Total Common Stocks	$	$	$	$	$
Derivative assets					
Interest rate contracts	$	$	$	$	$
Foreign exchange contracts					
Credit contracts					
Commodity futures contracts					
Commodity forward contracts					
Total Derivatives	$	$	$	$	$
....					
....					
Separate account assets	$	$	$	$	$
Total assets at fair value/NAV	$	$	$	$	$
b. Liabilities at fair value					
Derivative liabilities	$	$	$	$	$
....					
....					
Total liabilities at fair value	$	$	$	$	$

Example Footnote:

(a) $X,XXX transferred from Level 1 to Level 2 as an alternative method was utilized to determine fair value as active market price was not readily accessible.

NOTE: Description column shows examples of assets and liabilities that can be disclosed. The subtotals shown in the illustration are for PDF/print reporting only. When completing the electronic notes, only the detail by class will be reported.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

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

Description	Beginning Balance at 01/01/20XX	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/20XX
a. Assets:										
Loan-Backed and Structured Securities (NAIC 3-6)										
Residential Mortgage-Backed Securities		(a)								
Commercial Mortgage-Backed Securities			(b)							
Derivative										
Credit Contracts										
Other Fund Investments										
Hedge Fund High-Yield Debt Securities										
Private Equity										
....										
....										
....										
Total Assets										
b. Liabilities										
....										
....										
....										
Total Liabilities										

Example Footnotes:

(a) Transferred from Level 2 to Level 3 because of lack of observable market data due to decrease in market activity for these securities. The reporting entity's policy is to recognize transfers in and transfers out as of the actual date of the event or change in circumstances that caused the transfer.

(b) Transferred from Level 3 to Level 2 because of observable market data became available for these securities.

NOTE: Description column shows examples of assets and liabilities that can be disclosed. Increases to the beginning balance should be shown as positive amounts and decreases shown as negative amounts.

(4)

As of December 31, 20XX, the reported fair value of the reporting entity's investments in Level 3, NAIC designated 6, residential mortgage-backed securities was $X,XXX. These securities are senior tranches in a securitization trust and have a weighted-average coupon rate of XX percent and a weighted-average maturity of XX years. The underlying loans for these securities are residential subprime mortgages that originated in California in 2006. The underlying loans have a weighted-average coupon rate of XX percent and a weighted-average maturity of XX years. These securities are currently below investment grade. To measure their fair value, the reporting entity used an industry standard pricing model, which is uses an income approach. The significant inputs for the pricing model include the following weighted averages:

Yield: XX percent.

Probability of default: XX percent constant default rate.

Loss severity: XX percent.

Prepayment: XX percent constant prepayment rate.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

C.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Bonds	$	$	$	$	$	$	$ ....
Common Stock	....	....	....	....	....	....	....
Perpetual Preferred Stock	....	....	....	....	....	....	....
Mortgage Loans	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....

NOTE: Type of Financial Instrument Column shows examples of types of financial instruments that can be disclosed.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

D. Not Practicable to Estimate Fair Value

Type or Class of Financial Instrument	Carrying Value	Effective Interest Rate	Maturity Date	Explanation
Bonds	$	....	....	....
Common Stock	....	....	....	....
Perpetual Preferred Stock	....	....	....	....
Mortgage Loans				
Description 1	....	....	....	....
Description 2	....	....	....	....
....	....	....	....	....
....	....	....	....	....
....	....	....	....	....

NOTE: Type or Class of Financial Instrument Column shows examples of types or classes of financial instruments that can be disclosed. Each individual security should be listed and not just an aggregate for the type or class of financial instrument.

21. Other Items

Instruction:

A. Unusual or Infrequent Items

Disclose the nature and financial effects of each unusual or infrequent event or transaction. Gains or losses of a similar nature that are not individually material shall be aggregated. This disclosure shall include the line items which have been affected by the event or transaction considered to be unusual and/or infrequent.

Refer to *SSAP No. 24—Discontinued Operations and Unusual or Infrequent Items* for accounting guidance.

B. Troubled Debt Restructuring: Debtors

Refer to *SSAP No. 36—Troubled Debt Restructuring* for accounting guidance.

State the following information about troubled debt restructurings that occurred during a period for which the financial statements are presented:

(1) For each restructuring (or separate restructuring within a fiscal period for the same category of payables) (e.g., accounts payable or subordinated debentures) a description of the principal changes in terms, major features of settlement, or both;

(2) Aggregate gain on restructuring of payables and the related income tax effect;

(3) Aggregate net gain or loss on transfers of assets recognized during the period; and

(4) For periods after a troubled debt restructuring, the extent to which amounts that are contingently payable are included in the carrying amount of restructured payables and the conditions under which those amounts would become payable or would be forgiven.

C. Other Disclosures

Refer to *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures*.

Disclose any other items (e.g., amounts not recorded in the financial statements that represent segregated funds held for others).

D. Business Interruption Insurance Recoveries

Disclose the following information related to business interruption insurance recoveries received during a period for which the financial statements are presented:

- The nature of the event resulting in business interruption losses.

- The aggregate amount of business interruption recoveries recognized during the period and the line item(s) in the statement of operations in which those recoveries are classified (including amounts defined as an extraordinary item pursuant to *SSAP No. 24—Discontinued Operations and Unusual or Infrequent Items*).

E. State Transferable and Non-transferable Tax Credits

Disclose the following regarding state transferable and non-transferable tax credits. For purposes of this disclosure, total unused transferable and non-transferable state tax credits represent the entire transferable and non-transferable state tax credits available:

(1) Carrying value of transferable and non-transferable state tax credits gross of any related state tax liabilities and total unused transferable and non-transferable state tax credits by state and in total;

(2) Method of estimating utilization of remaining transferable and non-transferable state tax credits or other projected recovery of the current carrying value; and

(3) Impairment amount recognized by the reporting period, if any.

(4) Identify state tax credits by transferable and non-transferable classifications, and identify the admitted and nonadmitted portions of each classification.

F. Subprime-Mortgage-Related Risk Exposure

Reporting entities shall disclose information pertaining to subprime-mortgage-related risk exposure and related risk management practices, regardless of the materiality of the exposure, in the statutory financial statements. These disclosures are not required in the annual audited financial statements. Although definitions may differ among reporting entities, the following features are commonly recognized characteristics of subprime mortgage loans:

- An interest rate above prime to borrowers who do not qualify for prime rate loans;
- Borrowers with low credit ratings (FICO scores);
- Interest-only or negative amortizing loans;
- Unconventionally high initial loan-to-value ratios;
- Low initial payments based on a fixed introductory rate that expires after a short initial period, then adjusts to a variable index rate plus a margin for the remaining term of the loan;
- Borrowers with less than conventional documentation of their income and/or net assets;
- Very high or no limits on how much the payment amount or the interest rate may increase at reset periods, potentially causing a substantial increase in the monthly payment amount; and/or
- Include substantial prepayment penalties and/or prepayment penalties that extend beyond the initial interest rate adjustment period.

To the extent such information is available, reporting entities shall consider exposure to subprime mortgage related risk through the following sources:

- Direct investments in subprime mortgage loans;
- Direct investments in securities with underlying subprime exposure, such as residential mortgage-backed securities, commercial mortgage-backed securities, collateralized debt obligations, structured securities (including principal protected notes), hedge funds, credit default swaps, and special investment vehicles;
- Equity investments in subsidiary, controlled or affiliated entities with significant subprime related risk exposure;
- Underwriting risk on policies issued for Mortgage Guaranty or Financial Guaranty insurance coverage.

As it relates to the exposure described above, reporting entities shall provide the following information:

(1) Please provide a narrative description of the manner in which the reporting entity specifically defines its exposure to subprime mortgage related risk in practice. Please discuss the general categories of information considered in determining exposure to subprime mortgage related risk. Please differentiate between exposure to unrealized losses due to changes in asset values versus exposure to realized losses resulting from receiving less than anticipated cash flows or due to potential sale of assets to meet future cash flow requirements. Please discuss strategies used to manage or mitigate this risk exposure.

(2) Direct exposure through investments in subprime mortgage loans. Within the categories of Mortgages in the Process of Foreclosure, Mortgages in Good Standing, and Mortgages with Restructured Terms, please provide the following information for the aggregate amount of directly held subprime mortgage loans:

- Book/adjusted carrying value (excluding accrued interest);
- Fair value;
- Value of land and buildings;
- Any other-than-temporary impairment losses recognized to date;
- Default rate for the subprime portion of the loan portfolio.

(3) Direct exposure through other investments. Please provide the following information related to other investments with subprime exposure:

- Actual cost
- Book/adjusted carrying value
- Fair value
- Any other-than-temporary impairment losses recognized to date

Please aggregate the information above by the following types of investments:

- Residential mortgage-backed securities
- Commercial mortgage-backed securities
- Collateralized debt obligations
- Structured securities (including principal protected notes)
- Equity investments in subsidiary, controlled or affiliated entities with significant subprime mortgage related risk exposure (a general description of the nature and extent of the SCA's exposure should be included)
- Other assets (including but not limited to hedge funds, credit default swaps, special investment vehicles)

(4) Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage. Please provide the following information, by coverage type, related to underwriting exposure on policies issued for Mortgage Guaranty coverage or Financial Guaranty coverage and any other lines of insurance expected to be impacted:

- The aggregate amount of subprime related losses paid in the current year;
- The aggregate amount of subprime related losses incurred in the current year;
- The aggregate amount of subprime related case reserves at the end of the current reporting period;
- The aggregate amount of subprime related IBNR reserves at the end of the current reporting period.

G. Retained Assets

Disclose the following information regarding the reporting entity's use of retained asset accounts for beneficiaries. For purposes of this disclosure, retained asset accounts represent settlement of life insurance proceeds which are retained by the insurance entity within their general account for the benefit of the beneficiaries. Amounts held outside of the insurance entity, for example in a non-insurance subsidiary, affiliated or controlled entity accounted for under *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* such as an interest bearing account established in the beneficiaries name with a bank or thrift institution (and subject to applicable Federal Deposit Insurance Corporation coverage) are only required to be described in the context of the structure of the reporting entity's program in accordance with (1), but quantitative information regarding retained asset accounts transferred outside of the reporting entity are not required.

(1) A narrative description of how the accounts are structured and reported within the reporting entity's financial statements (e.g., as drafts written by the reporting entity and reported within cash and supplemental contracts without life contingencies; as accounts transferred into the beneficiaries name to an affiliated or unaffiliated bank or other financial institution in which the reporting entity has disposed of its liabilities and related assets, etc.). This description should include all of the different interest rates paid to retained asset account holders during the reporting year and the number of times changes in rates were made during the reporting year. The description should also include a listing of all applicable fees charged by the reporting entity that are directly or indirectly associated with the retained asset accounts. Also indicate if the retained asset account is the default method for satisfying life insurance claims.

(2) Number and balance of retained asset accounts in force at the end of the current year and prior year segregated within "aging categories" of "up to 12 months," "13 to 24 months," "25 to 36 months," "37 to 48 months," "49 to 60 months," "over 60 months."

(3) Disclose the following segregated between individual and group contracts:

- Number and balance of retained asset accounts in force at the beginning of the year;
- Number and amount of retained asset accounts issued during the year;
- Investment earnings credited to retained asset accounts;
- Fees and other charges assessed to retained asset accounts during the year;
- Number and amount of retained asset accounts transferred to state unclaimed property funds;
- Number and amount of retained asset accounts closed/withdrawn during the year; and
- Number and balance of retained asset accounts in force at the end of the year.

H. Insurance-Linked Securities (ILS) Contracts

Reporting entities shall disclose information when they may receive possible proceeds as the issuer, ceding insurer, or counterparty of insurance-linked securities. Insurance-linked securities (ILS) are securities whose performance is linked to the possible occurrence of pre-specified events that relate to insurance risks. While catastrophe bonds (cat bonds) may be the most well known type of ILS, there are other non-cat-bond ILS, including those based on mortality rates, longevity and medical-claim costs. ILS securities may be used by an insurer, or any other risk-bearing entity, in addition to (or as an alternative to) the purchase of insurance or reinsurance. This disclosure shall specifically identify the following:

- Whether the reporting entity may receive possible proceeds as the issuer, ceding insurer, or counterparty of insurance-linked securities as a way of managing risks related to directly-written insurance risks. This disclosure shall include the number of outstanding ILS contracts, and the aggregate maximum proceeds that could be received as of the reporting date under the terms of the ILS.

- Whether the reporting entity may receive possible proceeds as the issuer, ceding insurer, or counterparty of insurance-linked securities as a way of managing risk related to assumed insurance risks. This disclosure shall include the number of outstanding ILS contracts, and the aggregate maximum proceeds that could be received as of the reporting date under the terms of the ILS.

NOTE: In situations in which a reporting entity has ceded risk to a reinsurer, and the reinsurer has engaged in ILS (either directly or through a broker), the following should be used by the cedent reporting entity in completing the disclosure,

The ceding company shall complete the disclosure with information that they know regarding the reinsurance entities' involvement with ILS that would likely be used to satisfy their reinsurance arrangement. For this disclosure, information shall be provided that details the maximum possible ILS proceeds as a result of the reinsurer's ILS activity associated with the reinsurance arrangement(s) with the reporting entity. If information is known regarding the number of ILS contracts, that information shall also be included. If specific information is not known by the cedent on the number of ILS contracts associated with the reinsurance arrangement(s) with the reporting entity, the cedent shall report the information known (such as whether there is one ILS contract, more than one ILS contract, or that the number of ILS contracts is not known). With the cedent entity reporting what is known (and what is not known), the regulator has needed information to further inquire with the ceding company.

Illustration:

A. Unusual or Infrequent Items

On November __, 20__, the Company prepaid the holders of its ___% senior notes. Accordingly, the Company recorded a loss of $ ________ related to the early retirement of debt. The loss comprised a $___ million prepayment penalty and a write off of premium associated with the debt. This loss is reflected in Line ___ of the Income Statement.

B. Troubled Debt Restructuring

(1) The Company has one mortgage loan payable with restructured terms. The principal changes in terms include the modification of terms from __ years to __ years and an increase in the interest rate from ___% to ___%.

(2) The aggregate gain on restructuring the payable and the related income tax effect were $_______ and $_______, respectively.

(3) The aggregate gain on the transfer of assets during 20__ was $_____.

(4) As of December 31, 20__, the Company has $____ that is considered contingently payable on the restructured loan, of which $____ is included in the loan's carrying amount. The Company will be required to pay the contingent amount if its financial condition improves to the degree specified in the loan agreements.

C. Other Disclosures

The following amounts were not represented in the financial statements as of December 31, 20X1 as they represent segregated funds held for others:

Cash deposits of $______ were not reported in the financial statements as of December 31, 20X1, as these deposits represented funds held in an escrow account. This is an increase of $____ from the prior year December 31, 20X1 financial statements.

NOTE The above is just an example of disclosing one item. The reporting entity could have more than one item to disclose.

D. The company received $_____ and $_____ in 20___ and 20___, respectively, in business interruption insurance recoveries related to flooding that occurred at the company's main administrative office in August 20___. The recoveries were reported within the line item "xxx" on the Statement of Revenue and Expenses.

E. State Transferable and Non-transferable Tax Credits

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(1) Carrying Value of Transferable and Non-transferable State Tax Credits Gross of any Related Tax Liabilities and Total Unused Transferable and Non-transferable State Tax Credits by State and in Total

Description of State Transferable and Non-transferable Tax Credits	State	Carrying Value	Unused Amount
Total			

(2) Method of Estimating Utilization of Remaining Transferable and Non-transferable State Tax Credits

The Company estimated the utilization of the remaining transferable and non-transferable state tax credits by projecting future premium taking into account policy growth and rate changes, projecting future tax liability based on projected premium, tax rates and tax credits, and comparing projected future tax liability to the availability of remaining transferable and non-transferable state tax credits.

(3) Impairment Loss

The Company recognized an impairment loss of $______ related to the write-down as a result of impairment analysis of the carrying amount for state transferable and non-transferable tax credits.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(4) State Tax Credits Admitted and Nonadmitted

	Total Admitted	Total Nonadmitted
a. Transferable		
b. Non-transferable		

F. Subprime-Mortgage-Related Risk Exposure

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(2) Direct exposure through investments in subprime mortgage loans.

	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Value of Land and Buildings	Other-Than-Temporary Impairment Losses Recognized	Default Rate
a. Mortgages in the process of foreclosure					
b. Mortgages in good standing					
c. Mortgages with restructured terms					
d. Total					XXX

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(NOTE: THIS DOES NOT INCLUDE THE ENDING NARRATIVE.)

(3) Direct exposure through other investments.

	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other-Than-Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities				
b. Commercial mortgage-backed securities				
c. Collateralized debt obligations				
d. Structured securities				
e. Equity investment in SCAs *				
f. Other assets				
g. Total				

* ABC Company's subsidiary XYZ Company has investments in subprime mortgages. These investments comprise _____% of the companies invested assets.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(4) Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage.

	Losses Paid in the Current Year	Losses Incurred in the Current Year	Case Reserves at End of Current Period	IBNR Reserves at End of Current Period
a. Mortgage guaranty coverage				
b. Financial guaranty coverage				
c. Other lines (specify):				
....				
....				
....				
d. Total				

G. Retained Assets

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(2)

	In Force			
	As of End of Current Year		As of End of Prior Year	
	Number	Balance	Number	Balance
a. Up to and including 12 months		$		$
b. 13 to 24 months		$		$
c. 25 to 36 months		$		$
d. 37 to 48 months		$		$
e. 49 to 60 months		$		$
f. Over 60 months		$		$
g. Total		$		$

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(3)

	Individual		Group	
	Number	Balance/ Amount	Number	Balance/ Amount
a. Number/balance of retained asset accounts at the beginning of the year		$		$
b. Number/amount of retained asset accounts issued/added during the year		$		$
c. Investment earnings credited to retained asset accounts during the year	N/A		N/A	
d. Fees and other charges assessed to retained asset accounts during the year	NA		NA	
e. Number/amount of retained asset accounts transferred to state unclaimed property funds during the year		$		$
f. Number/amount of retained asset accounts closed/withdrawn during the year		$		$
g. Number/balance of retained asset accounts at the end of the year g=a+b+c-d-e-f		$		$

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

H. Insurance-Linked Securities (ILS) Contracts

	Number of Outstanding ILS Contacts	Aggregate Maximum Proceeds
Management of Risk Related To:		
(1) Directly Written Insurance Risks		
a. ILS Contracts as Issuer	....	$ ....
b. ILS Contracts as Ceding Insurer	....	$ ....
c. ILS Contracts as Counterparty	....	$ ....
(2) Assumed Insurance Risks	....	$ ....
a. ILS Contracts as Issuer	....	$ ....
b. ILS Contracts as Ceding Insurer	....	$ ....
c. ILS Contracts as Counterparty		

22. Events Subsequent

Refer to *SSAP No. 9—Subsequent Events* for accounting guidance.

Instruction:

Subsequent events shall be considered either:

Type I – Recognized Subsequent Events:

> Events or transactions that provide additional evidence with respect to conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements.

Type II – Nonrecognized Subsequent Events:

> Events or transactions that provide evidence with respect to conditions that did not exist at the date of the balance sheet but arose after that date.

For material Type I subsequent events, the nature and the amount of the adjustment shall be disclosed only if necessary to keep the financial statements from being misleading.

Material Type II subsequent events shall not be recorded in the financial statements, but shall be disclosed in the notes to the financial statements. For such events, an entity shall disclose the nature of the event and an estimate of its financial effect or a statement that such an estimate cannot be made.

An entity also shall consider supplementing the historical financial statements with pro forma financial data. Occasionally, a nonrecognized subsequent event may be so significant that disclosure can best be made by means of pro forma financial data. Such data shall give effect to the event as if it had occurred on the balance sheet date. In some situations, an entity also shall consider presenting pro forma statements. If the Type II subsequent event is of such a nature that pro forma disclosures are necessary to keep the financial statements from being misleading, disclose supplemental pro forma financial data including the impact on net income, surplus, total assets, and total liabilities giving effect to the event as if it occurred on the date of the balance sheet.

Reporting entities shall disclose the dates through which subsequent events have been evaluated along with the dates the statutory reporting statements were issued, or available to be issued.

For the annual reporting period ending December 31, 2013, and thereafter, a reporting entity subject to the assessment under Section 9010 of the Federal Affordable Care Act shall provide a disclosure of the assessment payable in the upcoming year consistent with the guidance provided under *SSAP No. 9—Subsequent Events* for a Type II subsequent event. The disclosure shall provide information regarding the nature of the assessment and an estimate of its financial impact, including the impact on its risk-based capital position as if it had occurred on the balance sheet date. In accordance with SSAP No. 9, the reporting entity shall also consider whether there is a need to present pro forma financial statements regarding the impact of the assessment, based on its judgment of the materiality of the assessment.

Additionally, for annual reporting periods ending on or after December 31, 2014, the reporting entity shall disclose the amounts reflected in special surplus in the data year. The disclosure shall provide information regarding the nature of the assessment, the estimated amount of the assessment payable for the upcoming year (current year and the prior year), amount of assessment paid (current and prior year) and written premium (current and prior year) that is the basis for the determination of the Section 9010 fee assessment to be paid in the subsequent year (net assessable premium). The disclosure should also provide the Total Adjusted Capital before and after adjustment (as reported in its estimate of special surplus applicable to the Section 9010 fee) and Authorized Control Level (in dollars) to reflect the fee as of the annual reporting date as if it had been reported on the balance sheet date. The reporting entity shall also provide a statement as to whether an RBC action level would have been triggered had the fee been reported as of the balance sheet date.

Illustration:

Type I – Recognized Subsequent Events:

Subsequent events have been considered through __/__/__ for the statutory statement issued on __/__/__.

On February 1, 20___, a settlement was reached in a major lawsuit against the Company. In conjunction with the lawsuit, the Company estimated and recorded a liability of $_______ on Line ___ of the Liabilities, Surplus and Other Funds page. The actual settlement amount of $_______ was paid to the plaintiff on February 10. The change will be recorded in the First Quarter Statement on Line ___ of the Statement of Income.

Type II – Nonrecognized Subsequent Events:

Subsequent events have been considered through __/__/__ for the statutory statement issued on __/__/__.

The Company faces loss exposure from the January 15, 20___ earthquake in the State of __________. This exposure is primarily in the Company's property and casualty subsidiaries, but also includes potential losses on its real estate and mortgage loan portfolios. Based on a review of the range of expected loss, the Company does not believe this event will have a material impact on its financial condition.

On January 1, 2019, the Company will be subject to an annual fee under Section 9010 of the federal Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2018, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2019, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2019 to be $_____. This amount is reflected in special surplus. This assessment is expected to impact risk based capital (RBC) by ____. Reporting the ACA assessment as of December 31, 2018, would not have triggered an RBC action level.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR LINES A THROUGH H IN THE TABLE BELOW IF APPLICABLE. THIS DOES NOT INCLUDE THE NARRATIVE FOR THE ILLUSTRATION SHOWN ABOVE. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

		Current Year	Prior Year
A	Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the federal Affordable Care Act (YES/NO)?	________	
B.	ACA fee assessment payable for the upcoming year	$ ________	$ ________
C.	ACA fee assessment paid	$ ________	$ ________
D.	Premium written subject to ACA 9010 assessment	$ ________	$ ________
E.	Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	$ ________	
F.	Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	$ ________	
G.	Authorized Control Level (Five-Year Historical Line 15)	$ ________	
H.	Would reporting the ACA assessment as of December 31, 2018, have triggered an RBC action level (YES/NO)?	________	

23. Reinsurance

Instruction:

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes ( ) No ( )

If yes, give full details.

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business?

Yes ( ) No ( )

If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

(1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes ( ) No ( )

a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate $______________.

b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement? $______________.

(2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured polices?

Yes ( ) No ( )

If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

(1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. $______________

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes ( ) No ( )

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? $______________

B. Uncollectible Reinsurance

(1) Describe uncollectible reinsurance written off during the year reported in the following annual statement classifications, including the name or names of the reinsurer(s):

a. Losses incurred
b. Loss adjustment expenses incurred
c. Premiums earned
d. Other

C. Commutation of Ceded Reinsurance

Describe commutation of ceded reinsurance during the year reported in the following annual statement classifications, including the name or names of the reinsurer(s):

(1) Losses incurred

(2) Loss adjustment expenses incurred

(3) Premiums earned

(4) Other

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

(1) Reporting Entity Ceding to Certified Reinsurer Whose Rating Was Downgraded or Status Subject to Revocation

Disclose the impact on any reporting period in which a certified reinsurer's rating has been downgraded or its certified reinsurer status is subject to revocation and additional collateral has not been received as of the filing.

a. Disclose the following information related to certified reinsurers downgraded or status subject to revocation.

- Name of certified reinsurer downgraded or subject to revocation of certified reinsurer status and relationship to the reporting entity;
- Date of downgrade or revocation and jurisdiction of action;
- Collateral percentage requirements pre and post downgrade or revocation;
- Net obligations subject to collateral; and
- Additional collateral required but not received as of the filing date.

b. Disclose impact to the reporting entity as a result of the assuming entity's downgrade or revocation of certified reinsurer status. This amount can be estimated if applicable for quarterly reporting but should be an actual amount for annual reporting. See *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance* for additional guidance.

(2) Reporting Entity's Certified Reinsurer Rating Downgraded or Status Subject to Revocation

U.S. domiciled reinsurers are eligible for certified reinsurer status. If the reporting entity is a certified reinsurer, the financial statements shall disclose the impact on any reporting period in which its certified reinsurer rating is downgraded or status as a certified reinsurer is subject to revocation.

a. Disclose the following information when the reporting entity's certified reinsurer rating is downgraded or status subject to revocation.

- Date of downgrade or revocation and jurisdiction of action;

- Collateral percentage requirements pre and post downgrade or revocation;

- Net obligations subject to collateral; and

- Additional collateral required but not yet funded by the reporting entiy as of the filing date.

b. The reporting entity shall disclose the impact on any reporting period in which its certified reinsurer rating is downgraded or status as a certified reinsurer is subject to revocation and the expectation of the reporting entity of its ability to meet the increased requirements.

Illustration:

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

B. Uncollectible Reinsurance

(1) The Company has written off in the current year reinsurance balances due (from the companies listed below) in the amount of: $______, which is reflected as:

a.	Losses incurred	$ ____________
b.	Loss adjustment expenses incurred	$ ____________
c.	Premiums earned	$ ____________
d.	Other	$ ____________
e.	Company	Amount
	XYZ	$ ____________
	ZYX	$ ____________

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

C. Commutation of Ceded Reinsurance

The Company has reported in its operations in the current year as a result of commutation of reinsurance with the companies listed below, amounts, which are reflected as:

(1)	Losses incurred	$____________
(2)	Loss adjustment expenses incurred	$____________
(3)	Premiums earned	$____________
(4)	Other	$____________
(5)	Company	Amount
	XYZ	$____________
	ZYX	$____________

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(1) Reporting Entity Ceding to Certified Reinsurer Whose Rating Was Downgraded or Status Subject to Revocation

a.

Name of Certified Reinsurer	Relationship to Reporting Entity	Date of Action	Jurisdiction of Action	Collateral Percentage Requirement		Net Obligation Subject to Collateral	Collateral Required (but not Received)
				Before	After		
....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....

b Our domiciliary state downgraded reinsurers ABC and XYZ effective December 15, of the reporting period. As of the filing date, the additional collateral amount of $5 million has not been received. Reinsurers ABC and XYZ have indicated their intent to provide the collateral by the required date. This collateral deficiency is expected to have a minimal impact as the reinsurers do not provide a significant amount of reinsurance coverage for the reporting entity.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(2) Reporting Entity's Certified Reinsurer Rating Downgraded or Status Subject to Revocation

a.

Date of Action	Jurisdiction of Action	Collateral Percentage Requirement		Net Obligation Subject to Collateral	Collateral Required (but not yet Funded)
		Before	After		
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....

b. We are required to submit additional Collateral of $30 million by March 1 and have sufficient liquid assets to meet this obligation.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Instruction:

A. Disclose the method used by the reporting entity to estimate accrued retrospective premium adjustments.

B. Disclose whether accrued retrospective premiums are recorded through written premium or as an adjustment to earned premium.

C. Disclose the amount of net premiums written that are subject to retrospective rating features, as well as the corresponding percentage to total net premiums written.

This disclosure should include all business that is subject to the accounting guidance provided in SSAP No. 66 (including business that is subject to medical loss ratio rebate requirements pursuant to the Public Health Service Act).

D. Disclose the following amounts for medical loss ratio rebates required pursuant to the Public Health Service Act for the current reporting period year-to-date and prior reporting period year: incurred rebates, amounts paid and unpaid liabilities segregated into the following categories: individual, small group employer, large group employer and other. In addition, the impact of reinsurance assumed, ceded and net on the total medical loss ratio rebate shall be disclosed.

For the purpose of this disclosure only, "current reporting period year to date" means amounts paid during the current reporting year-to-date regardless of when the rebates were originally earned, and liabilities as of the end of the current reporting period year-to-date for all unpaid rebates regardless of when those rebates were originally earned. "Prior year reporting period" means the amounts that were reported as of the end of the prior reporting year, without any adjustments to reflect additional experience. "Incurred" means amounts paid during the current period, plus the unpaid liability at the end of the period, minus the unpaid liability at the end of the prior reporting year; the incurred amount therefore will include any true-ups to the prior year reporting period liability.

E. Risk-Sharing Provisions of the Affordable Care Act (ACA)

(1) Reporting entities shall also indicate if they wrote any accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions. In the event that the balances are zero, the reporting entity should provide context to explain the reasons for the zero balances, including insufficient data to make an estimate, no balances or premium was excluded from the program, etc.

NOTE: Any reporting entity that reports accident and health insurance premium and losses on their statement that is subject to the Affordable Care Act risk-sharing provisions **MUST** complete the tables illustrated for the disclosures below, even if all amounts in the illustrated table are zero.

(2) Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

The financial statements shall disclose the admitted assets, liabilities and revenue elements by program regarding the risk-sharing provisions of the Affordable Care Act for the reporting periods that are impacted by programs. The disclosure should include the following:

- Permanent ACA Risk Adjustment Program
  - ➢ Premium adjustments receivable due to ACA Risk Adjustment (including high-risk pool payments)
  - ➢ Risk adjustment user fees payable for ACA Risk Adjustment
  - ➢ Premium adjustments payable due to ACA Risk Adjustment (including high-risk pool premium)

- Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment
- Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)

- Transitional ACA Reinsurance Program
  - Amounts recoverable for claims paid due to ACA Reinsurance
  - Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)
  - Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance
  - Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium
  - Ceded reinsurance premiums payable due to ACA Reinsurance
  - Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance
  - Ceded reinsurance premiums due to ACA Reinsurance
  - Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments
  - ACA Reinsurance contributions – not reported as ceded premium
- Temporary ACA Risk Corridors Program
  - Accrued retrospective premium due to ACA Risk Corridors
  - Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors
  - Effect of ACA Risk Corridors on net premium income (paid/received)
  - Effect of ACA Risk Corridors on change in reserves for rate credits

(3) Roll-Forward of Prior Year ACA Risk-Sharing Provisions

A roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances shall be disclosed, along with the reasons for adjustments (e.g., federal audits, revised participant counts, information which impacted risk score projections, etc.) to prior year balance.

- Permanent ACA Risk Adjustment Program
  - Premium adjustments receivable due to ACA Risk Adjustment (including high-risk pool payments)
  - Premium adjustments payable due to ACA Risk Adjustment (including high-risk pool premium)
- Transitional ACA Reinsurance Program
  - Amounts recoverable for claims paid due to ACA Reinsurance
  - Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)
  - Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance
  - Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium
  - Ceded reinsurance premiums payable due to ACA Reinsurance
  - Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance
- Temporary ACA Risk Corridors Program
  - Accrued retrospective premium due to ACA Risk Corridors
  - Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors

(4) Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year

Provide an additional roll forward of the risk corridors asset and liability balances and subsequent adjustments by program benefit year. The beginning receivable or payable in the roll-forward will reflect the prior year-end balance for the specified benefit year.

(5) ACA Risk Corridors Receivable as of Reporting Date

The following information is required for risk corridors balances by program benefit year:

- Estimated amount to be filed or final amounts filed with federal agency;
- Amounts impaired or amounts not accrued for other reasons (notwithstanding collectability concerns);
- Amounts received from federal agency;
- Asset balance gross of nonadmission;
- Nonadmitted amounts;
- Net admitted assets.

<u>Illustration:</u>

A. The Company estimates accrued retrospective premium adjustments for its group health insurance business through a mathematical approach using an algorithm of the company's underwriting rules and experience rating practices.

B. The Company records accrued retrospective premium as an adjustment to earned premium.

C. The amount of net premiums written by the Company at December 31, 20__ that are subject to retrospective rating features was $______ million, that represented ___% of the total net premiums written. No other net premiums written by the Company are subject to retrospective rating features.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

D. Medical loss ratio rebates required pursuant to the Public Health Service Act.

	1 Individual	2 Small Group Employer	3 Large Group Employer	4 Other Categories with Rebates	5 Total
Prior Reporting Year					
(1) Medical loss ratio rebates incurred					
(2) Medical loss ratio rebates paid					
(3) Medical loss ratio rebates unpaid					
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	
Current Reporting Year-to-Date					
(7) Medical loss ratio rebates incurred					
(8) Medical loss ratio rebates paid					
(9) Medical loss ratio rebates unpaid					
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	

E. Risk-Sharing Provisions of the Affordable Care Act (ACA)

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

NOTE: Any reporting entity that reports accident and health insurance premium and losses on their statement that is subject to the federal Affordable Care Act risk-sharing provisions MUST complete the tables (24E(2) through 24E(5)) illustrated below even if all amounts in the table are zero.

(1) Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions (YES/NO)? ____________

The company had zero balances for the risk corridors program due a lack of sufficient data to estimate the recoverable amounts.

(2) Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

			AMOUNT
a.	Permanent ACA Risk Adjustment Program		
	Assets		
	1. Premium adjustments receivable due to ACA Risk Adjustment (including high-risk pool payments)	$	__________
	Liabilities		
	2. Risk adjustment user fees payable for ACA Risk Adjustment	$	__________
	3. Premium adjustments payable due to ACA Risk Adjustment (including high-risk pool premium)	$	__________
	Operations (Revenue & Expense)		
	4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	$	__________
	5. Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)	$	__________
b.	Transitional ACA Reinsurance Program		
	Assets		
	1. Amounts recoverable for claims paid due to ACA Reinsurance	$	__________
	2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	$	__________
	3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	$	__________
	Liabilities		
	4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	$	__________
	5. Ceded reinsurance premiums payable due to ACA Reinsurance	$	__________
	6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	$	__________
	Operations (Revenue & Expense)		
	7. Ceded reinsurance premiums due to ACA Reinsurance	$	__________
	8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	$	__________
	9. ACA Reinsurance contributions – not reported as ceded premium	$	__________
c.	Temporary ACA Risk Corridors Program		
	Assets		
	1. Accrued retrospective premium due to ACA Risk Corridors	$	__________
	Liabilities		
	2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	$	__________
	Operations (Revenue & Expense)		
	3. Effect of ACA Risk Corridors on net premium income (paid/received)	$	__________
	4. Effect of ACA Risk Corridors on change in reserves for rate credits	$	__________

(3) Roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior year balance.

	Accrued During the Prior Year on Business Written Before Dec 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before Dec 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1-3+7)	Cumulative Balance from Prior Years (Col 2-4+8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable (including high-risk pool payments)	$	$	$	$	$	$	$	$	A	$	$
2. Premium adjustments (payable) (including high-risk pool premium)	$	$	$	$	$	$	$	$	B	$	$
3. Subtotal ACA Permanent Risk Adjustment Program	$	$	$	$	$	$	$	$		$	$
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	$	$	$	$	$	$	$	$	C	$	$
2. Amounts recoverable for claims unpaid (contra liability)	$	$	$	$	$	$	$	$	D	$	$
3. Amounts receivable relating to uninsured plans	$	$	$	$	$	$	$	$	E	$	$
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	$	$	$	$	$	$	$	$	F	$	$
5. Ceded reinsurance premiums payable	$	$	$	$	$	$	$	$	G	$	$
6. Liability for amounts held under uninsured plans	$	$	$	$	$	$	$	$	H	$	$
7. Subtotal ACA Transitional Reinsurance Program	$	$	$	$	$	$	$	$		$	$
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	$	$	$	$	$	$	$	$	I	$	$
2. Reserve for rate credits or policy experience rating refunds	$	$	$	$	$	$	$	$	J	$	$
3. Subtotal ACA Risk Corridors Program	$	$	$	$	$	$	$	$		$	$
d. Total for ACA Risk-Sharing Provisions	$	$	$	$	$	$	$	$		$	$

Explanations of Adjustments

A ....

B ....

C ....

D ....

E ....

F ....

G ....

H ....

I ....

J ....

(4) Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year

Risk Corridors Program Year	Accrued During the Prior Year on Business Written Before Dec 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before Dec 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1-3+7)	Cumulative Balance from Prior Years (Col 2-4+8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a. 2014											
1. Accrued retrospective premium	$	$	$	$	$	$	$	$	A	$	$
2. Reserve for rate credits or policy experience rating refunds	$	$	$	$	$	$	$	$	B	$	$
b. 2015											
1. Accrued retrospective premium	$	$	$	$	$	$	$	$	C	$	$
2. Reserve for rate credits or policy experience rating refunds	$	$	$	$	$	$	$	$	D	$	$
c. 2016											
1. Accrued retrospective premium	$	$	$	$	$	$	$	$	E	$	$
2. Reserve for rate credits or policy experience rating refunds	$	$	$	$	$	$	$	$	F	$	$
d. Total for Risk Corridors	$	$	$	$	$	$	$	$		$	$

Explanations of Adjustments

A ....

B ....

C ....

D ....

E ....

F ....

24E(4)d (Columns 1 through 10) should equal 24E(3)c3 (Column 1 through 10 respectively)

(5) ACA Risk Corridors Receivable as of Reporting Date

Risk Corridors Program Year	1 Estimated Amount to be Filed or Final Amount Filed with CMS	2 Non-Accrued Amounts for Impairment or Other Reasons	3 Amounts received from CMS	4 Asset Balance (Gross of Non-admissions) (1-2-3)	5 Non-admitted Amount	6 Net Admitted Asset (4-5)
a. 2014	$	$	$	$	$	$
b. 2015	$	$	$	$	$	$
c. 2016	$	$	$	$	$	$
d. Total (a+b+c)	$	$	$	$	$	$

24E(5)d (Column 4) should equal 24E(3)c1 (Column 9)
24E(5)d (Column 6) should equal 24E(2)c1

25. Change in Incurred Claims and Claim Adjustment Expenses

Instruction:

A. Describe the reasons for changes in the provision for incurred claim and claim adjustment expenses attributable to insured events of prior years. The disclosure should indicate whether additional premiums or return premiums have been accrued as a result of the prior-year effects (if applicable).

B. Information about significant changes in methodologies and assumptions used in calculating the liability for unpaid losses and loss adjustment expenses, including reasons for the change and the effects on the financial statements for the most recent reporting period presented.

Illustration:

A. Reserves as of December 31, 2___ were $_____ million. As of ___ __, 2___, $_____ million has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now $_____ million as a result of re-estimation of unpaid claims and claim adjustment expenses principally on yyy and zzz lines of insurance. Therefore, there has been a $_____ million unfavorable (favorable) prior-year development since December 31, 2___ to ___ __, 2___. The increase (decrease) is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Included in this increase (decrease), the Company experienced $_____ million of unfavorable (favorable) prior year claim development on retrospectively rated policies. However, the business to which it relates is subject to premium adjustments.

26. Intercompany Pooling Arrangements

Disclose information relating to intercompany pooling arrangements. Refer to *SSAP No. 63—Underwriting Pools* for accounting guidance.

Instruction:

If the reporting entity is part of a group of affiliated entities that utilizes a pooling arrangement that affects the solvency and integrity of the reporting entity's reserves under which the pool participants cede substantially all of their direct and assumed business to the pool, describe the basic terms of such arrangement(s) and the related accounting. The disclosure should include:

A. Identification of the lead entity and of all affiliated entities participating in the intercompany pool (include NAIC Company Codes) and indication of their respective percentage shares of the pooled business.

B. Description of the lines and types of business subject to the pooling agreement.

C. Description of cessions to non-affiliated reinsurers of business subject to the pooling agreement, and indication of whether such cessions were prior to or subsequent to the cession of pooled business from the affiliated pool members to the lead entity.

D. Identification of all pool members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and that have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.

E. Explanation of any discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the lead entity and corresponding entries on the assumed and ceded reinsurance schedules of other pool participants.

F. Description of intercompany sharing, if other than in accordance with the pool participation percentage, and the write-off of uncollectible reinsurance.

G. Amounts due to/from the lead entity and all affiliated entities participating in the intercompany pool as of the balance sheet date.

27. Structured Settlements

Health Entities should not complete this Note.

28. Health Care Receivables

Instruction:

A. In accordance with *SSAP No. 84—Health Care and Government Insured Plan Receivables*, the financial statement shall disclose the method used by the reporting entity to estimate pharmaceutical rebate receivables. For the most recent three years and for each quarter therein, the reporting entity shall disclose the following:

- Estimated balance of pharmacy rebate receivable as reported on the financial statements;
- Pharmacy rebates as billed or otherwise confirmed; and
- Pharmacy rebates received.

B. The financial statements shall disclose the method used by the reporting entity to estimate its risk sharing receivables. To the extent that receivable and payable with the same provider are netted, the reporting entity shall disclose the gross receivable and payable balances. For the most recent three years, the reporting entity shall disclose the following:

- Estimated balance of risk sharing receivables as reported on the prior year financial statements for evaluation periods ending in the current year;
- Estimated balance of risk sharing receivables as reported on the financial statements for evaluation periods ending in the current year and the following year;
- Risk sharing receivables billed as determined after the annual evaluation period;
- Risk sharing receivables not yet billed; and
- Amounts received from providers as payments under risk sharing contracts.

Illustration:

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

A. Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2018	$ 150	$ 147			
9/30/2018	130	133	$ 62		
6/30/2018	142	143	70	$ 55	
3/31/2018	157	152	65	42	$ 20
12/31/2017	125	132	70	27	20
9/30/2017	123	129	62	31	14
6/30/2017	112	120	54	20	16
3/31/2017	110	118	57	39	20
12/31/2016	68	75	34	20	10
9/30/2016	60	59	27	17	10
6/30/2016	57	60	31	15	10
3/31/2016	45	50	25	18	7

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

B. Risk-Sharing Receivables

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable Not Yet Billed	Actual Risk Sharing Amounts Received in Year Billed	Actual Risk Sharing Amounts Received First Year Subsequent	Actual Risk Sharing Amounts Received Second Year Subsequent	Actual Risk Sharing Amounts Received – All Other
2018	2018	$ 245	$ 237	$ 155	$ 77	$ 0			
	2019	XXX	$ 189	XXX	XXX	XXX	XXX		
2017	2017	$ 223	$ 225	$ 232	$ 0	$ 0	[illegible]		
	2018	XXX	$ 245	XXX	XXX	XXX	XXX	XXX	XXX
2016	2016	$ 190	$ 178	$ 174	$ 0	$ 0	125	$ 50	
	2017	XXX	$ 223	XXX	XXX	XXX	XXX	XXX	XXX

29. Participating Policies

Instruction:

For all participating contracts other than property/casualty contracts, reporting entities shall disclose the following:

- The relative percentage of participating insurance;
- The method of accounting for policyholder dividends;
- The amount of dividends;
- The amount of any additional income allocated to participating policyholders.

Refer to *SSAP No. 51R—Life Contracts* and *SSAP No. 54R—Individual and Group Accident and Health Contracts* for accounting guidance.

Illustration:

For the reporting year ended 20___, premiums under individual and group accident and health participating policies were $_______, or _______% of total individual and group and accident and health premiums earned. The Company accounts for its policyholder dividends based upon _______. The Company paid dividends in the amount of $______ to policyholders and did not allocate any additional income to such policyholders.

30. Premium Deficiency Reserves

Instruction:

For all accident and health contracts and property/casualty contracts, the reporting entity shall disclose the amount of premium deficiency reserves, the date of evaluation for premium deficiency reserves, and whether anticipated investment income was utilized as a factor in the premium deficiency calculation.

Illustration:

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURES BEFORE OR AFTER THIS ILLUSTRATION.

1. Liability carried for premium deficiency reserves ____________________
2. Date of the most recent evaluation of this liability ____________________
3. Was anticipated investment income utilized in the calculation? Yes ☐ No ☐

31. Anticipated Salvage and Subrogation

Instruction:

Estimates of anticipated salvage and subrogation (including amounts recoverable from second injury funds, other governmental agencies, or quasi-governmental agencies, where applicable), deducted from the liability for unpaid claims or losses. Refer to *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses* for accounting guidance.

Illustration:

The Company took into account estimated anticipated salvage and subrogation in its determination of the liability for unpaid claims/losses and reduced such liability by $____________.

This page intentionally left blank.

Gen. Interrogatories &
Five-Year Historical

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

1.2 N/A is an acceptable response only if Interrogatory 1.1 was answered NO.

1.4 Answer "YES" if the reporting entity is publicly traded or part of a publicly traded group.

"Publicly traded company" is defined as a company whose securities are required to be registered under Section 12 and is subject to periodic reporting under Section 15(d) of the Securities Exchange Act of 1934.

1.5 Provide the Central Index Key (CIK) issued by the SEC to the publicly traded entity or group. Do not provide a CIK issued for a variable insurance product written by the entity.

3.1 The date of the financial examination that should be reported is for a financial examination conducted by a state regulatory authority. (It is not a CPA annual audit.) The financial examination is considered "being made" for a given calendar year as soon as a formal notice is received from the domiciliary state that it intends to conduct the examination.

4.2 A sales/service organization for purposes of this question is one that provides the company with a sales/distribution network and/or a customer relations/service capability that is independent of the company and its employees.

7.1 For purposes of this interrogatory, control is defined to include ownership as well as control via management or attorney-in-fact.

7.2 Report this amount as a percentage (e.g., 10.0%, not .10) of ownership.

8.4 Enter "YES" or "NO" in Columns 3 through 6.

10.5 Indicate whether the reporting entity has established an audit committee in compliance with the Annual Financial Reporting Model Regulation (formerly known as Model Audit Rule) or similar state statute adopted by the domiciliary state.

14\. The response to this interrogatory applies to the reporting entity's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

14.31 Include the nature of any waiver, including any implicit waiver, from a provision of the code of ethics granted by the reporting entity, an affiliate that provides management services to the entity, or the entity's ultimate parent to one of the specified officers, the name of the person to whom the waiver was granted and the date of the waiver.

15.2 Provide the American Bankers Association (ABA) routing number and the name of the issuing or confirming bank for all letters of credit where the reporting entity is the beneficiary unrelated to reinsurance and the issuing or confirming bank is not on the SVO Bank List. Amounts reported may be aggregated by bank.

For Fronted Letters of Credit, where a single bank issues a letter of credit as the fronting bank and sells to other banks undivided interests in its obligations under the credit, list the fronting bank but not the other banks participating.

For Syndicated Letters of Credit, where one bank acts as agent for a group of banks issuing the letter of credit but each participating bank is severally, not jointly, liable, list each bank separately and not just the agent bank.

FINANCIAL

19. For purposes of this interrogatory, statutory accounting principles are considered those prescribed or permitted by the reporting entity's domiciliary state, but also include those principles as outlined in the *Accounting Practices & Procedures Manual*. If the majority of the accounting principles used are inconsistent with the NAIC's statement of statutory accounting principles, the reporting entity should respond "YES." The reporting entity should also respond "YES" if the majority of the accounting principles used to prepare the financial statement are those required or allowed under Generally Accepted Accounting Principles. Majority used in this instruction is meant to include either the number of principles or the magnitude of the principles (materiality).

22. Risk Description – The assessments used in this calculation are those assessments required to be paid by the reporting entity relative to health insurance only. Examples of the types of assessments to be reported: high risk pools, demographic pools, assessments for losses in other markets, risk adjustment, or assessments from health purchasing pools or alliances such as administrative expenses, risk adjustment, and losses other than assessments paid to medical providers. These arrangements can be state run or not. Assessments used in this calculation include reimbursements that the reporting entity is obligated to pay in order to maintain membership in the arrangement, or to continue to insure applicants through a pool or other arrangement. This calculation includes amounts as a negative assessment received by the reporting entity from such arrangements. Exclude assessments for Guaranty Funds or Guaranty Associations.

23.1 Answer "YES" if there is an amount reported on the admitted assets column for Line 23 of the Assets page.

23.2 Report that portion of the amount of admitted assets reported on Line 23 of the Assets page that is due from parent.

INVESTMENT

24. For the purposes of this interrogatory, "exclusive control" means that the company has the exclusive right to dispose of the investment at will, without the necessity of making a substitution thereof. For purposes of this interrogatory, securities in transit and awaiting collection, held by a custodian pursuant to a custody arrangement or securities issued subject to a book entry system are considered to be in actual possession of the company.

If bonds, stocks and other securities owned December 31 of the current year, over which the company has exclusive control are: (1) securities purchased for delayed settlement, or (2) loaned to others, the company should respond "NO" to 24.01 and "YES" to 25.1.

24.03 Describe the company's securities lending program, including value for collateral and amount of loaned securities, and whether the collateral is held on- or off-balance sheet. Note 17 of Notes to Financial Statement provides a full description of the program.

24.04 A company with a conforming securities lending program as defined in the risk-based capital instructions should respond "YES."

24.05 Report amount of collateral for conforming programs (24.04 answer is "YES").

24.06 Report amount of collateral for other programs (24.04 answer is "NO").

24.101 The fair value amount reported should equal the grand total of Schedule DL, Part 1, Column 5 plus Schedule DL, Part 2, Column 5.

The fair value amount reported amount should also equal the fair value amount reported in Note 5E(5)a1(m).

24.102 The book adjusted/carrying value amount reported should equal the grand total of Schedule DL, Part 1, Column 6 plus Schedule DL, Part 2, Column 6.

24.103 The payable for securities lending amount reported should equal current year column for payable for securities lending line on the liability page.

25. Disclose the statement value of investments that are not under the exclusive control of the reporting entity within the categories listed in 25.2.

27. The purpose for this General Interrogatory is to capture the statement value for securities reported in Schedule D, Part 1, Bonds or Schedule D, Part 2, Section 1, Preferred Stock that are mandatorily convertible into equity, or at the option of the issuer, are convertible into equity. This disclosure will facilitate the application of the equity factors to the statement value of such securities for purposes of RBC.

28. The question, regarding whether items are held in accordance with the *Financial Condition Examiners Handbook*, must be answered.

28.01 If the answer to 28 is "YES," then list all of the agreements in 28.01. If the answer is "NO," but one or more of the agreements do comply with the *Financial Condition Examiners Handbook*, then list the agreements that do comply in 28.01.

28.02 If the answer to 28 is "NO," then list all agreements that do not comply with the *Financial Condition Examiners Handbook*. Provide a complete explanation of why each custodial agreement does not include the characteristics outlined in the *Financial Condition Examiners Handbook* (Section 1, III) (F), Outsourcing of Critical Functions, Custodial or Safekeeping Agreements), available at the NAIC website:

www.naic.org/documents/committees_e_examover_fehtg_Custodial_or_Safekeeping_Agreements.doc

28.03 This question, regarding changes in custodian, must be answered.

28.04 If the answer to 28.03 is "YES," list the change(s).

28.05 Identify all investment advisors, investment managers and broker/dealers, including individuals who have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such.

Name of Firm or Individual:

Should be name of firm or individual that is party to the Investment Management Agreement

Affiliation:

Note if firm or individual is affiliated, unaffiliated or an employee by using the following codes:

A Investment management is handled by firms/individuals affiliated with the reporting entity.

U Investment management is handled by firms/individuals unaffiliated with the reporting entity.

I Investment management is handled internally by individuals that are employees of the reporting entity.

28.0597 If the total assets under management of any the firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 28.05 are greater than 10% of the reporting entity's assets, answer "YES" to Question 28.0597.

28.0598 If the total assets under management of all the firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 28.05 are greater than 50% of the reporting entity's assets, answer "YES" to Question 28.0598. When determining the aggregate total of assets under management, include all firms/individuals unaffiliated with the reporting entity not just those who manage more than 10% of the reporting entity's assets.

28.06 For assets managed by an affiliated or unaffiliated firm or individual, provide for each firm or individual the Central Registration Depository Number, Legal Entity Identifier (LEI), who they are registered with and if an Investment Management Agreement has been filed for each firm or individual.

Name of Firm or Individual:

Should be name of firm or individual provided for 28.05

Central Registration Depository Number

The Central Registration Depository (CRD) number is a number issued by the Financial Industry Regulatory Authority (FINRA) to brokers, dealers or individuals when licensed, and can be verified against their database *www.finra.org*. These brokers, dealers or individuals would be those contracted to manage some of the reporting entity's investments or funds and invest them for the reporting entity. The brokers, dealers or individuals can be affiliated or unaffiliated with the reporting entity. The reporting entity must list all brokers, dealers or individuals who have the authority to make investments on behalf of the reporting entity.

Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Registered With:

If a Registered Investment Advisor, specify if registered with Securities Exchange Commission or state securities authority. Note if not a Registered Investment Advisor.

Investment Management Agreement (IMA) Filed:

Indicate if a current Investment Management Agreement (IMA) has been filed with the state of domicile or the insurance department in another state(s). Use one of the codes below to indicate if the IMA has been filed and with whom it was filed.

DS If the current IMA has been filed with the state of domicile regardless if it was also filed with another state.

OS If the current IMA has been filed with a state(s) other than the state of domicile but not the state of domicile.

NO If the current IMA has not been filed with any state

29. This interrogatory is applicable to Property/Casualty and Health entities only.

29.2 The diversified mutual funds (diversified according to the U.S. Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)]) that are excluded from the Asset Concentration Factor section of the risk-based capital filing are to be disclosed in this interrogatory.

29.3 "Significant Holding" means the top five largest holdings of the mutual fund. For each diversified mutual fund disclosed in Interrogatory 29.2, the top largest holdings of the mutual fund must be disclosed in this interrogatory.

The "Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding" should be based upon the fund's latest available valuation as of year-end (e.g., fiscal year-end or latest periodic valuation available prior to year-end).

The "Date of Valuation" should be the date of the valuation amount provided in the Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding column.

30. Include bonds reported as cash equivalents in Schedule E, Part 2.

32. This interrogatory applies to any investment required to be filed with the SVO (or that would have been required if not exempted in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*), whether in the general account or separate accounts.

The existence of Z securities does not mean that a reporting entity is not complying with the procedures. As long as the entity has filed its Z securities with the SVO within 120 days of purchase, compliance with the procedures has been met. If an entity wishes to provide the counts of Z securities, include those counts in the explanation lines. An explanation is only expected if the answer to the compliance question is NO.

OTHER

34. The purpose of this General Interrogatory is to capture information about payments to any trade association, service organization, and statistical or rating bureau. A "service organization" is defined as every person, partnership, association or corporation that formulates rules, establishes standards, or assists in the making of rates or standards for the information or benefit of insurers or rating organizations.

35. The purpose of this General Interrogatory is to capture information about legal expenses paid during the year. These expenses include all fees or retainers for legal services or expenses, including those in connection with matters before administrative or legislative bodies. It excludes salaries and expenses of company personnel, legal expenses in connection with investigation, litigation and settlement of policy claims, and legal fees associated with real estate transactions, including mortgage loans on real estate. Do not include amounts reported in General Interrogatories No. 3435 and No. 36.

36. The purpose of this General Interrogatory is to capture information about expenditures in connection with matters before legislative bodies, officers or departments of government paid during the year. These expenses are related to general legislative lobbying and direct lobbying of pending and proposed statutes or regulations before legislative bodies and/or officers or departments of government. Do not include amounts reported in General Interrogatories No. 34 and No. 35.

PART 2 – HEALTH INTERROGATORIES

1. Item 1.5 is equal to the sum of Items 1.62, 1.65, 1.72 and 1.75.

   Item 1.61 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 15, Line 0199999.

   Item 1.62 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 16, Line 0199999.

   Item 1.63 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 18, Line 0199999.

   Item 1.64 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 11, Line 0199999.

   Item 1.65 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 12, Line 0199999.

   Item 1.66 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 14, Line 0199999.

   Item 1.71 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 15, Line 0299999.

   Item 1.72 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 16, Line 0299999.

   Item 1.73 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 18, Line 0299999.

   Item 1.74 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 11, Line 0299999.

   Item 1.75 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 12, Line 0299999.

   Item 1.76 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 14, Line 0299999.

2. This General Interrogatory is designed to determine whether a reporting entity reports predominantly health lines of business. Health lines include hospital or medical policies or certificates, comprehensive major medical expense insurance and managed care contracts and exclude other health coverage such as credit insurance, disability income coverage, automobile medical coverage, workers' compensation, accidental death and dismemberment policies and long-term care policies.

   All reporting entities should file the test.

   Premium and reserve information is obtained from the annual statement sources referenced on the form or from the related risk-based capital report for the corresponding premium descriptions relating to the current and prior reporting periods.

Item	Description	Reporting Year Annual Statement Data	Prior Year Annual Statement Data
2.1	Premium Numerator	Health Premium values listed in the Analysis of Operations by Line of Business (Gain and Loss Exhibit), Line 1, Column 1 through Column 9 (in part for credit A&H and dread disease coverage, LTC, Disability Income), Column 10 of the reporting year's annual statement.	Health Premium values listed in the Analysis of Operations by Line of Business (Gain and Loss Exhibit), Line 1, Column 1 through Column 9 (in part for credit A&H and dread disease coverage, LTC, Disability Income) Column 10 of the reporting year's annual statement.
2.2	Premium Denominator	Premium and Annuity Considerations (Page 4, Line 2, Column 2) of the reporting year's annual statement.	Premium and Annuity Considerations (Page 4, Line 2, Column 2) of the prior year's annual statement.
2.3	Premium Ratio	**2.1/2.2**	**2.1/2.2**
2.4 (a)	Reserve Numerator	Health Reserve – Underwriting and Investment Exhibit, Part 2B (Column 3 + 4, Line 13 minus Line 11) exclude Line 10 health care receivables, dread disease coverage, and credit A&H + Part 2D (Line 8, Column 1 minus Column 9) include stand-alone health care related plans only (i.e. stand-alone prescription drug plans, etc.), exclude dread disease coverage, credit A&H, LTC, Disability Income, etc. of the reporting year's annual statement.	Health Reserve – Underwriting and Investment Exhibit, Part 2B (Column 3 + 4, Line 13 minus Line 11) exclude Line 10 health care receivables, dread disease coverage, and credit A&H + Part 2D (Line 8, Column 1 minus Column 9) include stand-alone health care related plans only (i.e. stand-alone prescription drug plans, etc.), exclude dread disease coverage, credit A&H, LTC, Disability Income, etc. of the reporting year's annual statement.
2.5	Reserve Denominator	Claims Unpaid and Aggregate Reserves (Page 3, Column 3, Lines 1 + 2 + 4 + 7) of the reporting year's annual statement.	Claims Unpaid and Aggregate Reserves (Page 3, Column 3, Lines 1 + 2 + 4 + 7) of the prior year's annual statement.
2.6	Reserve Ratio	**2.4/2.5**	**2.4/2.5**

(a) Alternative Reserve Numerator – Alternative Reserve Numerator – Company records may be used to adjust the reserve numerator to provide consistency between the values reported in the reserve numerator (2.4) and the premium numerator (2.1).

5. Report the maximum after reinsurance loss for any single individual. Where specific stop-loss reinsurance protection is in place, the maximum per-individual risk after reinsurance is equal to the highest attachment point on such stop-loss reinsurance, subject to the following:

The maximum retained loss will be equal to the highest attachment point (retention) plus the difference between the coverage and $750,000. If the stop-loss layer is subject to participation by the Reporting Entity, the maximum retained risk will be increased by the Reporting Entity's participation in the stop-loss layer.

Examples of the calculation are presented below:

<u>EXAMPLE 1 (Reporting Entity provides Comprehensive Care):</u>

Highest Attachment Point (Retention)	$ 100,000	
Reinsurance Coverage	90% of $500,000 in excess of $100,000	
Maximum reinsured coverage	$ 600,000	($100,000 + $500,000)
Maximum Retained Risk =	$ 100,000	deductible
	+ $ 150,000	($750,000 - $600,000)
	+ $ 50,000	(10% of $500,000 coverage layer)
	= $ 300,000	

EXAMPLE 2 (Reporting Entity provides Comprehensive Care):

Highest Attachment Point (Retention)	$	75,000	
Reinsurance Coverage	90% of $1,000,000 in excess of $75,000		
Maximum reinsured coverage	$	1,075,000	($75,000 + $1,000,000)

Maximum Retained Risk =	$	75,000	deductible
	+	0	($750,000 - $1,075,000)
	+ $	67,500	(10% of $675,000) coverage layer)
	= $	142,500	

8. A participating provider is defined as a provider that, under a contract with the health entity or with its contractor or subcontractor, has agreed to provide health care services to covered persons with an expectation of receiving payment other than co-payments or deductibles, directly or indirectly from the health entity, with the understanding that the provider will look solely to the health entity, its contractor or subcontractor for payment other than copays or deductibles.

9. This interrogatory only applies to those lines of accident and health business that include a medical trend risk, i.e., Comprehensive Medical, Medicare Supplement, Dental, and Stop Loss and Minimum Premium. Premiums entered should be earned premium for the current calendar year period and not for the entire period of the rate guarantees. Premium amounts should be shown net of reinsurance only when the reinsurance ceded premium is also subject to the same rate guarantee.

11. If the Plans' statutory minimum capital and surplus requirement is based upon a contingency reserve for statutory minimum capital and surplus that is other than a flat dollar amount, the calculation must be shown. An example of the disclosure of a calculation based upon 2% of the net capitation revenue from risk contracts is:

Net earned subscription revenue	$	33,103,906
		2%
Addition to Reserve		662,078
Reserve Balance Beginning of Year		353,689
Reserve Balance End of Year		1,025,767

Item 11.4 should equal Column 1, Line 3 of the Five Year History Page.

14.2 If the response to 14.1 is "YES," provide for the captive affiliate the company name, NAIC company code, domiciliary jurisdiction, reserve credit amount and the amounts supporting the reserve credit (letters of credit, trust agreements and other).

Reserve Credit: Report the amount by which the aggregate reserve for life contracts, deposit-type contracts and accident and health contracts has been reduced on account of reinsurance with authorized companies. The amounts by company should be the same as those shown for life reinsurance ceded in Schedule S, Part 3, Section 1, Columns 9 and 14 and for accident and health reinsurance ceded in Schedule S, Part 3, Section 2, Columns 9, 10 and 13.

15. Ordinary Life Insurance (U.S. business only) for the current year for Lines 15.1, 15.2 and 15.3 (prior to reinsurance assumed or ceded)

U.S. business includes U.S. States, Territories and Possessions (composed of the 50 states, the District of Columbia, American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands). The method for determining which jurisdiction a policy is reported in should be the same method used for reporting on Schedule T.

Include:

Term (whether full underwriting, limited underwriting, jet issue, "short form app")

Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")

Variable Life (with or without Secondary Guarantee)

Universal Life (with or without Secondary Guarantee)

Variable Universal Life (with or without Secondary Guarantee)

Exclude:

Credit Life

Simplified Issue/Guaranteed Issue (if it can be separated)

Worksite

Individually Solicited Group Life

Direct Response

Final Expense

Pre-need

Home Service

COLI/BOLI/CHOLI.

Refer to the *NAIC Valuation Manual* for additional guidance on what policies should be included.

16. "YES" answer indicates the reporting entity is a multistate company based on the information reported in Schedule T – Exhibit of Premiums Written.

If the sum of codes L, R, and Q provided in Column 1 of Schedule T is greater than 1, the answer to Question 16 should be "YES."

16.1 A "YES" answer indicates that while the reporting entity does not meet the criteria shown on Schedule T to be considered a multistate insurer, the reporting entity's assumption of business that covers risks in at least two states will qualify the entity as multistate.

FIVE-YEAR HISTORICAL DATA

Complete all lines for all years to the extent possible.

The derivation of each line on Five-Year Historical Data is indicated in the annual statement blank except that Lines 30 and 31 should be based upon the book/adjusted carrying value of the asset, which is consistent with the other affiliated investments.

Reporting entities that were part of a merger should refer to *SSAP No. 3—Accounting Changes and Corrections of Errors* for guidance on restatement of prior-year numbers and footnote disclosure requirements for this exhibit. Complete the footnote only if reporting entity was a party to a merger in the current reporting period.

Balance Sheet (Pages 2 and 3)

Line 1 – Total Admitted Assets

All years .... Page 2, Line 28

Line 2 – Total Liabilities

All years .... Page 3, Line 24

Line 3 – Statutory Minimum Capital and Surplus Requirement

Report the statutory minimum capital and surplus required under applicable state law. If statutory minimum capital and surplus required is the result of a calculation or calculations, report the result here and report the current year calculation in General Interrogatories – Part 2 – Health Interrogatory 11.6.

Should equal Line 11.4, Column 1 of the General Interrogatories Part 2

Line 4 – Total Capital and Surplus

All years .... Page 3, Line 33

Income Statement (Page 4)

Line 5 – Total Revenues

All years .... Page 4, Line 8

Line 6 – Total Medical and Hospital Expenses

All years .... Page 4, Line 18

Line 7 – Claim Adjustment Expenses

All years .... Page 4, Line 20

Line 8 – Total Administrative Expenses

All years .... Page 4, Line 21

Line 9 – Net Underwriting Gain (Loss)

All years .... Page 4, Line 24

Line 10 – Net Investment Gain (Loss)

All years .... Page 4, Line 27

Line 11 – Total Other Income

All years .... Page 4, Lines 28 plus Line 29

Line 12 – Net Income or (Loss)

All years .... Page 4, Line 32

<u>Cash Flow (Page 6)</u>

Line 13 – Net cash from operations

All years .... Line 11

<u>Enrollment (Exhibit 1)</u>

Line 16 – Total Members at End of Period

All years .... Exhibit 1, Column 5, Line 7

Line 17 – Total Member Months

All years .... Exhibit 1, Column 6, Line 7

<u>Operating Percentage</u>

All years .... (Page 4, Item Divided by Page 4, Lines 2, 3 and 5) x 100.0

Line 18 – Premiums Earned Plus Risk Revenue

All years .... (sum of Lines 2 plus 3 plus 5) x 100.0

Line 19 – Total Hospital and Medical plus Other Non-health

All years .... Lines 18 plus 19

Line 20 – Cost Containment Expenses

All years .... Underwriting and Investment Exhibit, Part 3, Column 1, Line 26

Line 21 – Other Claim Adjustment Expenses

All years .... Underwriting and Investment Exhibit, Part 3, Column 2, Line 26

Line 22 – Total Underwriting Deductions

All years .... Line 23

Line 23 – Total Underwriting Gain (Loss)

All years .... Line 24

Unpaid Claims Analysis (U & I Exhibit, Part 2B)

Line 24 – Total Claims Incurred For Prior Years

All years .... Line 13, Column 5

Line 25 – Estimated liability of Unpaid Claims Prior Year

All years .... Line 13, Column 6

Investments in Parent, Subsidiaries and Affiliates

Line 26 – Affiliated Bonds

All years .... Schedule D Summary, Line 12, Column 1

Line 27 – Affiliated Preferred Stocks

All years .... Schedule D Summary, Line 18, Column 1

Line 28 – Affiliated Common Stocks

All years .... Schedule D Summary, Line 24, Column 1

Line 29 – Affiliated Short-term Investment

All years .... Subtotal included in Schedule DA, Verification Between Years, Column 5, Line 10

Line 33 – Total Investment in Parent

Report the amount of investments reported in Lines 26 to 31 above that are in an immediate or indirect parent.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

A schedule must be prepared and submitted to the state of domicile for each jurisdiction in which the company has written direct business, or has direct amounts paid, incurred or unpaid for provisions of health care services. In addition, a schedule must be prepared and submitted that contains the grand total (GT) for the company. To other states in which the company is licensed it should submit a schedule for that state.

Written premium is defined as the contractually determined amount charged by the reporting entity to the policyholder for the effective period of the contract based on the expectation of risk, policy benefits, and expenses associated with the coverage provided by the terms of the insurance contract. For health contracts without fixed contract periods, premiums written will be equal to the amount collected during the reporting period plus uncollected premiums at the end of the period less uncollected premiums at the beginning of the period.

Column 1 – Total

Include: All members.

Columns 2 through 10 – Lines of Business

See Appendix – Definitions of Lines of Business in determining which source information is associated. Stop loss, disability income and long-term care are to be included in the Other column.

Column 4 – Medicare Supplement

Include: Medicare Supplement contracts as defined by the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#650) and Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651).

Contracts sold primarily to Medicare eligible persons and designed to coordinate with Medicare but that are exempt from the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#650) and Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651).

Column 8 – Title XVIII Medicare

Include only amounts collected from the Federal Government for Medicare benefits and the amounts collected from enrollees over and above that collected from the Federal Government as authorized under Title XVIII.

Column 10 – Other

Include: Policies providing stand-alone Medicare Part D Prescription Drug Coverage.

Line 1 – Total Members at End of Prior Year

A member is a person who has been enrolled as a subscriber, or an eligible dependent of a subscriber, and for whom the reporting entity has accepted the responsibility for the provision of basic health services as provided by contract.

Line 2 – Total Members at End of First Quarter

Show total members (cumulative) at the end of the quarter.

Line 3 – Total Members at End of Second Quarter

Show total members (cumulative) at the end of the quarter.

Line 4 – Total Members at End of Third Quarter

Show total members (cumulative) at the end of the quarter.

Line 5 – Total Members at End of Current Year

Show total members at the end of the year.

Line 6 – Current Year Member Months

A member month is equivalent to one member for whom the reporting entity has recognized premium revenue for one month. Where the revenue is recognized for only part of a month (or other relevant time period) for a given individual, a pro-rated partial member month may be counted. Accumulate member months for the period.

Lines 7 through 9 – Ambulatory Encounters

The accrued ambulatory encounters experienced by the total membership during the time period. "Ambulatory Encounters" are further defined as follows:

Ambulatory Services

Health services provided to reporting entity members who are not confined to a health care institution. Ambulatory services are often referred to as "outpatient" services, as distinct from "inpatient" services.

Encounter

Contact between a reporting entity member and a provider of health care services who exercises independent judgement in the care and provision of health service(s) to the member. The term "independent" is used synonymously with self-reliant, to distinguish between providers who assume major responsibility for the care of individual members and all other personnel who assist in providing that care.

Line 7 – Physician

Encounters provided by physicians only.

Line 8 – Non-Physician

Encounters provided by other health professionals.

Line 10 – Total Hospital Patient Days Incurred

The accrued number of hospital patient days experienced by the total membership during the time period.

This also provides for accruing hospital utilization for which the reporting entity may ultimately be financially responsible, consistent with accrued expenses shown in financial reports.

A "Patient Day" is a period of service rendered an inpatient with the day of discharge being counted only when the patient was admitted on the same day. Newborns whose inpatient stay is concurrent with the mother's stay should not be counted separately from the mother's patient days. Newborns whose inpatient stay is longer than the mother's should be counted as separate days for the period beginning with the discharge of the mother.

Lines 12 to 16 – Premiums

Include premiums for riders with the type of package sold. Report riders attached to group contracts under the appropriate group category, riders attached to individual contracts under the individual category, and riders attached to Medicare contracts under either Title XVIII Medicare or Medicare Supplement.

Line 12 – Health Premiums Written

Include: Direct premiums written Amount should agree with Underwriting and Investment Exhibit, Part 1, Column 1, Line 9.

Line 13 – Life Premiums Direct

Include: Direct premiums and annuity considerations for life contracts excluding reinsurance assumed and without deduction of reinsurance ceded.

Line 14 – Property/Casualty Premiums Written

Include: Direct premiums for property and casualty lines of business excluding reinsurance assumed and without deduction of reinsurance ceded.

Line 15 – Health Premiums Earned

Include: Direct written premiums plus the change in unearned premium reserves and reserve for rate credits.

Sum of General Interrogatories Part 2, Lines 1.6, 1.64, 1.71 and 1.74 should equal Column 4, Grand Total Exhibit of Premiums, Enrollment and Utilization page.

Line 16 – Property/Casualty Premiums Earned

May be estimated by formula on the basis of countrywide ratios for the respective lines of business except where adjustments are required to recognize special situations.

Line 17 – Amount Paid for Provision of Health Care Services

Should equal the amount reported in Exhibit 7, Part 1, Line 13, Column 1.

Line 18 – Amount Incurred for Provision of Health Care Services

Column 1 should equal the Statement of Revenue and Expenses, Column 2, Line 16.

General Interrogatories Part 2, Line 1.5 should equal Column 4, Grand Total Exhibit of Premiums, Enrollment and Utilization page.

Footnote (a) – Complete the information regarding number of persons covered under PPO managed care products and number of persons covered under indemnity only products. Include in PPO business health insurance products that provide access to higher level of benefits whenever participating provider networks are used. This will include all blended products whereby an indemnity product is sold and issued in conjunction with an HMO product. Health business includes all business equivalent to that included in the health blank.

Footnote (b) – Report Medicare Title XVIII premiums that are exempted from state taxes or other fees by Section 1854(g) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. This includes but is not limited to premiums written under a Medicare Advantage product, a Medicare PPO product, or a stand-alone Medicare part D product.

This page intentionally left blank.

Schedule S

SCHEDULE S – REINSURANCE

These parts (except Part 1 that shows reinsurance assumed) provide an analysis by reinsurance carrier of reinsurance ceded data shown in total in various parts of the statement. Information is included on all reinsurance ceded to other entities authorized as well as unauthorized or certified in the state of domicile of the reporting entity. Additional data for unauthorized companies is displayed in Part 4; additional data for certified reinsurers is displayed in Part 5.

NOTE: Certified reinsurer status applies on a prospective basis, and is determined by the state of domicile of the ceding insurer. As such, it is possible that a ceding insurer will report reinsurance balances applicable to a single assuming insurer under multiple classifications within Schedule S. For example, with respect to a certified reinsurer that was considered unauthorized prior to certification, balances attributable to contracts entered into prior to the assuming insurer's certification would be reported in the unauthorized classification, while balances attributable to contracts entered into or renewed on or after the assuming insurer's certification would be reported in the certified classification. Proper classification of such balances is essential to ensure accurate reporting of collateral requirements applicable to specific balances and the corresponding calculation of the liability for unauthorized and/or certified reinsurance.

Effective date as used in this schedule is the date the contract originally went into effect.

Where name of company is specified, show the full corporate name of the company to which reinsurance is ceded.

The reinsurance type should be entered in all capital letters, and all reinsurance types must be followed by /G (for Group) or /I (for Individual).

Index to Schedule S

**	Part 1, Section 1	–	Reinsurance Assumed Life Insurance, Annuities, Deposit Funds and Other Liabilities Without Life or Disability Contingencies, and Related Benefits
*	Part 1, Section 2	–	Reinsurance Assumed Accident and Health Insurance
*	Part 2	–	Reinsurance Recoverable on Paid and Unpaid Losses
**	Part 3, Section 1	–	Reinsurance Ceded Life Insurance, Annuities, Deposit Funds and Other Liabilities Without Life or Disability Contingencies, and Related Benefits
*	Part 3, Section 2	–	Reinsurance Ceded Accident and Health Insurance
*	Part 4	–	Reinsurance Ceded to Unauthorized Companies
*	Part 5	–	Reinsurance Ceded to Certified Reinsurers
*	Part 6	–	Five-Year Exhibit of Reinsurance Ceded Business
*	Part 7	–	Restatement of Balance Sheet to Identify Net Credit for Ceded Reinsurance

* These parts of Schedule S are included as part of the Health Annual Statement

** These parts of Schedule S are included as part of the Life Supplement to the Health Annual Statement

ID Number

Most parts of Schedule S require that the "ID Number" be reported for assuming or ceding entities.

Reinsurance intermediaries should not to be listed, because Schedule S is intended to identify only risk-bearing entities.

Use of Federal Employer Identification Number

The Federal Employer Identification Number (FEIN) must be reported for each U.S.-domiciled insurer and U.S. branch of an alien insurer. The FEIN should not be reported as the "ID Number" for other alien insurers, even if the federal government has issued such a number.

Alien Insurer Identification Number (AIIN)

In order to report transactions involving alien companies correctly, the appropriate Alien Insurer Identification Number (AIIN) must be included on Schedule S instead of the FEIN. The AIIN number is assigned by the NAIC and is listed in the NAIC *Listing of Companies*. If an alien company does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at *FDRCCREQ@NAIC.ORG* for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC *Listing of Companies*, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

Pool and Association Numbers

In order to correctly report transactions involving non-risk bearing pools or associations consisting of non-affiliated companies, the company must include on Schedule S the appropriate Pool/Association Identification Number. These numbers are listed in the NAIC *Listing of Companies*. The Pool/Association Identification Number should be used instead of any FEIN that may have been assigned. If a pool or association does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at *FDRCCREQ@NAIC.ORG* for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC *Listing of Companies*, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

Certified Reinsurer Identification Number (CRIN)

In order to report transactions involving certified reinsurers correctly, the appropriate Certified Reinsurer Identification Number (CRIN) must be included on Schedule S instead of the FEIN or Alien Insurer Identification Number (AIIN). The CRIN is assigned by the NAIC and is listed in the NAIC *Listing of Companies*. If a certified reinsurer does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at *FDRCCREQ@NAIC.ORG* for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC *Listing of Companies*, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

NAIC Company Code

Company codes are assigned by the NAIC and are listed in the NAIC *Listing of Companies*. The NAIC does not assign a company code to insurers domiciled outside of the U.S. or to non-risk bearing pools or associations. The "NAIC Company Code" field should be zero-filled for those organizations. Non-risk bearing pools or associations are assigned a Pool/Association Identification Number. See the "Pool and Association Numbers" section above for details on assignment of Pool/Association Identification Numbers. Risk-bearing pools or associations are assigned a company code. If a reinsurer or reinsured has merged with another entity, report the company code of the surviving entity. If a risk-bearing entity (e.g., risk-bearing pools or associations) does not appear in the NAIC *Listing of Companies*, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at *FDRCCREQ@NAIC.ORG* for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned company codes are incorporated in revised editions of the NAIC *Listing of Companies*, which are available semi-annually. The NAIC provides this information to annual statement software vendors for incorporation into the software.

Domiciliary Jurisdiction

In those parts of Schedule S requiring disclosure of the "Domiciliary Jurisdiction," for each domestic reinsurer or U.S. branch listed, the column should be completed with the state where the reinsurer maintains its statutory home office. For pools and associations, enter the state where the administrative office of such pool or association is located. For alien reinsurers, this column should be completed with the country where the alien is domiciled. Enter the two-character U.S. postal code abbreviation for the domiciliary jurisdiction for U.S. states, territories and possessions. A comprehensive listing of postal code three-character (ISO Alpha 3) abbreviations for foreign countries is available in the appendix of these instructions.

Lloyd's of London

The following procedure will apply as respects annual statement filings for 1995 and subsequent years:

Cessions to Lloyd's under reinsurance agreements having an inception date on or before July 31, 1995, and which are not amended or renewed thereafter should continue to be reported using the collective Lloyd's number, AA-1122000, on an aggregated basis, under "Authorized – Other Non-U.S. Insurers." As respects continuous reinsurance agreements, the anniversary date shall be deemed to be the renewal date of the agreement. Any revision of terms and conditions shall be deemed to be an amendment of the reinsurance agreement.

Cessions to Lloyd's under reinsurance agreements having an inception, amendment or renewal date on or after August 1, 1995, must be reported using the specific number of each subscribing syndicate, as listed in the alien section of the NAIC *Listing of Companies*. Such syndicates should be listed individually, under "Authorized – Other Non-U.S. Insurers."

Syndicates for which an identification number does not appear in the NAIC *Listing of Companies* must be treated as unauthorized as respects cessions under reinsurance agreements having an inception, amendment or renewal date on or after August 1, 1995, and should be reported, on an aggregated basis, under "Unauthorized – Other Non-U.S. Insurers," using a new collective number, AA-1123000.

Reinsurance assumed from syndicates at Lloyd's should continue to be reported on Schedule S, Part 1 using the original collective Lloyd's number, AA-1122000.

Dates

All dates reported in Schedule S must be in the format MM/DD/YYYY. For example, the date December 13, 2011 should be reported as 12/13/2011.

Determination of Authorized Status

The determination of the authorized, unauthorized or certified status of an insurer or reinsurer listed in any part of Schedule S shall be based on the status of that insurer or reinsurer in the reporting entity's state of domicile.

Captive Affiliate Line Category

For the purpose of reporting a reinsurer as captive affiliate on Schedule S, the captive affiliate line categories shall include affiliated non-traditional insurers/reinsurers.

Definition of Affiliated Non-Traditional Insurer/Reinsurer

This disclosure is intended to capture cessions to affiliated insurance/reinsurance entities that are subject to a financial solvency regulatory system separate from that generally applicable to traditional insurers and/or reinsurers in the ceding entity's domestic jurisdiction. The definition of "Affiliate" is established in the NAIC Model Holding Company Act. An affiliated non-traditional insurer/reinsurer is an insurance or reinsurance company that reinsures risks only from its parent or affiliates, and is subject to a financial solvency regulatory system separate from that generally applicable to traditional insurers and/or reinsurers in the ceding entity's domestic jurisdiction. For the purpose of annual statement reporting, this definition shall be presumed to include the following, subject to the cedant's rebuttal to its domicile:

1. An affiliated insurance or reinsurance company licensed, authorized or otherwise granted the authority to operate in a single United States jurisdiction under any captive insurer law, special purpose insurer law, or other similar law separate from those applicable to traditional insurers and/or reinsurers.

2. An affiliated insurance or reinsurance company licensed, authorized or otherwise granted the authority to operate in any jurisdiction outside the United States under any captive insurer law, special purpose insurer law, or other similar law separate from those applicable to traditional insurers and/or reinsurers in that non-United States jurisdiction.

3. Any other affiliated insurance or reinsurance company that by law, regulation, or order, or contract is authorized to insure or reinsure only risks from its parent or affiliate.

SCHEDULE S – PART 1 – SECTION 2

REINSURANCE ASSUMED FOR ACCIDENT AND HEALTH LISTED BY REINSURED COMPANY AS OF DECEMBER 31, CURRENT YEAR

If a reporting entity has any detail lines reported for any of the following required groups, categories, or sub-categories it shall report the subtotal amount of the corresponding group, category, or sub-category, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number:

Group or Category	Line Number
Affiliates	
U.S.	
Captive	0199999
Other	0299999
Total	0399999
Non-U.S.	
Captive	0499999
Other	0599999
Total	0699999
Total Affiliates	0799999
Non-Affiliates	
U.S. Non-Affiliates	0899999
Non-U.S. Non-Affiliates	0999999
Total Non-Affiliates	1099999
Total U.S. (Sum of 0399999 and 0899999)	1199999
Total Non-U.S. (Sum of 0699999 and 0999999)	1299999
Total (Sum of 0799999 and 1099999)	9999999

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)
Alien Insurer Identification Number	(AIIN)
Certified Reinsurer Identification Number	(CRIN)
Pool Association Identification Number	

Column 5 – Domiciliary Jurisdiction

Report the two-character U.S. postal code abbreviation for the domiciliary jurisdiction for U.S. states, territories and possessions. A comprehensive listing of three-character (ISO Alpha 3) abbreviations for foreign countries is available in the appendix of these instructions.

If a reinsurer has merged with another entity, report the domiciliary jurisdiction of the surviving entity.

Column 6 – Type of Reinsurance Assumed

Use the following abbreviations to identify the plan and type of reinsurance. Note: The type should be entered in all capital letters, and ALL reinsurance types must be followed by /G (for Group) or /I (for Individual). For example, group specific stop loss should be identified as SSL/G. (If there is more than one type of reinsurance in the same reinsurance company, show each type on a separate line.)

Abbreviations:

I	Individual
G	Group

{ All Reinsurance Types should be followed by /I or /G.

REINSURANCE TYPES

ASL	Aggregate Stop Loss	QA	Quota Share
SSL	Specific Stop Loss	SS	Surplus Share
LRSL	Loss Ratio Stop Loss	OTH	Other Reinsurance
CAT	Catastrophe		

NOTE: The insurance type should be entered in all capital letters.

Column 7 – Type of Business Assumed

Use the following codes to identify the type of business assumed. If there is more than one type of business assumed from the same reinsurance company, show each type on a separate line.

Abbreviations:

CMM	Comprehensive Major Medical	STM	Short-Term Medical
OM	Other Medical (Non-Comprehensive)	LB	Limited Benefit
SD	Specific/Named Disease	S	Student
A	Accident Only or AD&D	LTC	Long-Term Care
STDI	Disability Income – Short-Term	D	Dental
LTDI	Disability Income – Long-Term	MR	Medicare
MS	Medicare Supplement (Medigap)	MC	Medicaid
MD	Medicare Part D – Stand-Alone	TRI	Tricare
FEHBP	Federal Employees Health Benefit Plan	CAH	Credit A&H
SCHIP	State Children's Health Insurance Program	OH	Other Health
SLEL	Stop Loss/Excess Loss		

NOTE: The Type of Business Assumed code should be entered in all capital letters.

All types of business shown above are as reported in the Accident and Health Policy Experience Exhibit.

Column 8 – Premiums

This represents premiums assumed by the company and agrees to U&I Exhibit, Part 1, Column 2, Line 9.

Column 12 – Modified Coinsurance Reserve

Not Applicable.

Column 13 – Funds Withheld Under Coinsurance

Not Applicable.

SCHEDULE S – PART 2

REINSURANCE RECOVERABLE ON PAID AND UNPAID LOSSES LISTED BY REINSURING COMPANY AS OF DECEMBER 31, CURRENT YEAR

If the reporting entity has any detail lines reported for any of the following required groups, categories, or sub-categories report the subtotal amount of the corresponding group, category, or sub-category, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number:

Group or Category	Line Number
Life and Annuity	
Affiliates	
U.S.	
Captive	0199999
Other	0299999
Total	0399999
Non-U.S.	
Captive	0499999
Other	0599999
Total	0699999
Total Affiliates	0799999
Non-Affiliates	
U.S. Non-Affiliates	0899999
Non-U.S. Non-Affiliates	0999999
Total Non-Affiliates	1099999
Total Life and Annuity	1199999
Accident and Health	
Affiliates	
U.S.	
Captive	1299999
Other	1399999
Total	1499999
Non-U.S.	
Captive	1599999
Other	1699999
Total	1799999
Total Affiliates	1899999
Non-Affiliates	
U.S. Non-Affiliates	1999999
Non-U.S. Non-Affiliates	2099999
Total Non-Affiliates	2199999
Total Accident and Health	2299999
Total U.S. (Sum of 0399999, 0899999, 1499999 and 1999999)	2399999
Total Non-U.S. (Sum of 0699999, 0999999, 1799999 and 2099999)	2499999
Total (Sum of 1199999 and 2299999)	9999999

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)
Alien Insurer Identification Number	(AIIN)
Certified Reinsurer Identification Number	(CRIN)
Pool/Association Identification Number	

Column 5 – Domiciliary Jurisdiction

Report the two-character U.S. postal code abbreviation for the domiciliary jurisdiction for U.S. states, territories and possessions. A comprehensive listing of three-character (ISO Alpha 3) abbreviations for foreign countries is available in the appendix of these instructions.

If a reinsurer has merged with another entity, report the domiciliary jurisdiction of the surviving entity.

Column 6 – Paid Losses

Report reinsured claim amounts paid by the reporting company but not yet reimbursed by the reinsurer. This amount agrees with the Assets Page, Line 16.1, Column 3.

Column 7 – Unpaid Losses

Include the reinsured amounts for claims that are in course of settlement and will become recoverable from reinsurers following payment.

Line 9999999 should equal Liabilities Page, Line 1, inside amount.

SCHEDULE S – PART 3 – SECTION 2

REINSURANCE CEDED ACCIDENT AND HEALTH INSURANCE LISTED BY REINSURING COMPANY AS OF DECEMBER 31, CURRENT YEAR

Include actual reinsurance ceded on group cases but exclude jointly underwritten group contracts.

If a reporting entity has any detail lines reported for any of the following required groups, categories, or sub-categories it shall report the subtotal amount of the corresponding group, category, or sub-category, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number:

Group or Category	Line Number
General Account	
Authorized	
Affiliates	
U.S.	
Captive	0199999
Other	0299999
Total	0399999
Non-U.S.	
Captive	0499999
Other	0599999
Total	0699999
Total Authorized Affiliates	0799999
Non-Affiliates	
U.S. Non-Affiliates	0899999
Non-U.S. Non-Affiliates	0999999
Total Authorized Non-Affiliates	1099999
Total General Account Authorized	1199999
Unauthorized	
Affiliates	
U.S.	
Captive	1299999
Other	1399999
Total	1499999
Non-U.S.	
Captive	1599999
Other	1699999
Total	1799999
Total Unauthorized Affiliates	1899999
Non-Affiliates	
U.S. Non-Affiliates	1999999
Non-U.S. Non-Affiliates	2099999
Total Unauthorized Non-Affiliates	2199999
Total General Account Unauthorized	2299999

- Certified
  - Affiliates
    - U.S.
      - Captive 2399999
      - Other 2499999
      - Total 2599999
    - Non-U.S.
      - Captive 2699999
      - Other 2799999
      - Total 2899999
    - Total Certified Affiliates 2999999
  - Non-Affiliates
    - U.S. Non-Affiliates 3099999
    - Non-U.S. Non-Affiliates 3199999
    - Total Certified Non-Affiliates 3299999
  - Total General Account Certified 3399999
- Total General Account Authorized, Unauthorized and Certified 3499999

Separate Accounts

- Authorized
  - Affiliates
    - U.S.
      - Captive 3599999
      - Other 3699999
      - Total 3799999
    - Non-U.S.
      - Captive 3899999
      - Other 3999999
      - Total 4099999
    - Total Authorized Affiliates 4199999
  - Non-Affiliates
    - U.S. Non-Affiliates 4299999
    - Non-U.S. Non-Affiliates 4399999
    - Total Authorized Non-Affiliates 4499999
  - Total Separate Accounts Authorized 4599999
- Unauthorized
  - Affiliates
    - U.S.
      - Captive 4699999
      - Other 4799999
      - Total 4899999
    - Non-U.S.
      - Captive 4999999
      - Other 5099999
      - Total 5199999
    - Total Unauthorized Affiliates 5299999
  - Non-Affiliates
    - U.S. Non-Affiliates 5399999
    - Non-U.S. Non-Affiliates 5499999
    - Total Unauthorized Non-Affiliates 5599999
  - Total Separate Accounts Unauthorized 5699999

- Certified
  - Affiliates
    - U.S.
      - Captive 5799999
      - Other 5899999
      - Total 5999999
    - Non-U.S.
      - Captive 6099999
      - Other 6199999
      - Total 6299999
    - Total Certified Affiliates 6399999
  - Non-Affiliates
    - U.S. Non-Affiliates 6499999
    - Non-U.S. Non-Affiliates 6599999
    - Total Certified Non-Affiliates 6699999
  - Total Separate Accounts Certified 6799999
- Total Separate Accounts Authorized, Unauthorized and Certified 6899999

Total U.S. (Sum of 0399999, 0899999, 1499999, 1999999, 2599999, 3099999, 3799999, 4299999, 4899999, 5399999, 5999999 and 6499999) 6999999

Total Non-U.S. (Sum of 0699999, 0999999, 1799999, 2099999, 2899999, 3199999, 4099999, 4399999, 5199999, 5499999, 6299999 and 6599999) 7099999

Total (Sum of 3499999 and 6899999) 9999999

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)
Alien Insurer Identification Number	(AIIN)
Certified Reinsurer Identification Number	(CRIN)
Pool/Association Identification Number	

Column 5 – Domiciliary Jurisdiction

Report the two-character U.S. postal code abbreviation for the domiciliary jurisdiction for U.S. states, territories and possessions. A comprehensive listing of three-character (ISO Alpha 3) abbreviations for foreign countries is available in the appendix of these instructions.

If a reinsurer has merged with another entity, report the domiciliary jurisdiction of the surviving entity.

Column 6 – Type of Reinsurance Ceded

Use the following abbreviations to identify the plan and type of reinsurance. If there is more than one type of reinsurance in the same reinsurance company, show each type on a separate line. Note: The type should be entered in all capital letters, and ALL reinsurance types must be followed by /G (for Group) or /I (for Individual). For example, group specific stop loss for hospital only should be identified as SSL/G.

Abbreviations:

I	Individual
G	Group

All Reinsurance Types should be followed by /I or /G.

REINSURANCE TYPES

ASL	Aggregate Stop Loss	QA	Quota Share
SSL	Specific Stop Loss	SS	Surplus Share
LRSL	Loss Ratio Stop Loss	OTH	Other Reinsurance
CAT	Catastrophe		

NOTE: The insurance type should be entered in all capital letters.

Column 7 – Type of Business Ceded

Use the following codes to identify the type of business ceded. If there is more than one type of business ceded to the same reinsurance company, show each type on a separate line.

Abbreviations:

CMM	Comprehensive Major Medical	STM	Short-Term Medical
OM	Other Medical (Non-Comprehensive)	LB	Limited Benefit
SD	Specified/Named Disease	S	Student
A	Accident Only or AD&D	LTC	Long-Term Care
STDI	Disability Income – Short-Term	D	Dental
LTDI	Disability Income – Long-Term	MR	Medicare
MS	Medicare Supplement (Medigap)	MC	Medicaid
MD	Medicare Part D – Stand-Alone	TRI	Tricare
FEHBP	Federal Employees Health Benefit Plan	CAH	Credit A&H
SCHIP	State Children's Health Insurance Program	OH	Other Health
SLEL	Stop Loss/Excess Loss		

NOTE: The Type of Business Ceded code should be entered in all capital letters.

All types of business shown above are as reported in the Accident and Health Policy Experience Exhibit.

Column 8 – Premiums

This represents reinsurance premiums ceded to the companies assuming risk and agrees with the Underwriting and Investment Exhibit, Part 1, Column 3, Line 9.

Column 9 – Unearned Premiums (Estimated)

This represents the portion of the unearned premium reserve that is transferred to the company assuming the risk.

Column 10 – Reserve Credit Taken Other Than For Unearned Premiums

This column represents the reinsurance ceded portion of the claim reserve.

Columns 11 – Outstanding Surplus Relief – Current Year and
Columns 12 – Outstanding Surplus Relief – Prior Year

Not Applicable.

Column 13 – Modified Coinsurance Reserve

Not Applicable.

Column 14 – Funds Withheld Under Coinsurance

Not Applicable.

SCHEDULE S – PART 4

REINSURANCE CEDED TO UNAUTHORIZED COMPANIES

This schedule contains data on in force that is reinsured with companies not authorized in the state of domicile of the reporting entity. The purpose of this schedule is to display reinsurance ceded data used in the development of the liability for reinsurance in unauthorized companies. This liability serves to offset those assets and liability reductions that reflect the result of reinsurance ceded with unauthorized companies.

Securities held on deposit or held in a trust account must be valued at fair market value. NAIC published market values must be used when available.

Letters of credit and trust agreements are not included in assets or liabilities on Pages 2 or 3 or supporting pages and exhibits.

If a reporting entity has any detail lines reported for any of the following required groups, categories, or sub-categories, it shall report the subtotal amount of the corresponding group, category, or sub-category, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number.

Group or Category	Line Number
General Account	
Life and Annuity	
Affiliates	
U.S.	
Captive	0199999
Other	0299999
Total	0399999
Non-U.S.	
Captive	0499999
Other	0599999
Total	0699999
Total Affiliates	0799999
Non-Affiliates	
U.S. Non-Affiliates	0899999
Non-U.S. Non-Affiliates	0999999
Total Non-Affiliates	1099999
Total Life and Annuity	1199999
Accident and Health	
Affiliates	
U.S.	
Captive	1299999
Other	1399999
Total	1499999
Non-U.S.	
Captive	1599999
Other	1699999
Total	1799999
Total Affiliates	1899999
Non-Affiliates	
U.S. Non-Affiliates	1999999
Non-U.S. Non-Affiliates	2099999
Total Non-Affiliates	2199999
Total Accident and Health	2299999
Total General Account	2399999

Separate Accounts

Affiliates

U.S.

Captive 2499999
Other 2599999
Total 2699999

Non-U.S.

Captive 2799999
Other 2899999
Total 2999999

Total Separate Accounts Affiliates 3099999

Non-Affiliates

U.S. Non-Affiliates 3199999
Non-U.S. Non-Affiliates 3299999
Total Separate Accounts Non-Affiliates 3399999

Total Separate Accounts 3499999

Total U.S. (Sum of 0399999, 0899999, 1499999, 1999999, 2699999 and 3199999) 3599999

Total Non-U.S. (Sum of 0699999, 0999999, 1799999, 2099999, 2999999 and 3299999) 3699999

Total (Sum of 2399999 and 3499999) 9999999

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)
Alien Insurer Identification Number	(AIIN)
Certified Reinsurer Identification Number	(CRIN)
Pool/Association Identification Number	

Column 5 – Reserve Credit Taken

Report the amount by which the aggregate reserve for life contracts (Exhibit 5 – life supplement), deposit-type contracts (Exhibit 7 – life supplement), and accident and health contracts (Underwriting and Investment Exhibit, Part 2D) has been reduced on account of reinsurance with unauthorized companies. The amounts by company should be the same as those shown for life reinsurance ceded in Schedule S – Part 3 Section 1, Column 9 and for accident and health reinsurance ceded in Schedule S – Part 3 Section 2, Columns 9 and 10.

Column 7 – Other Debits

Report all asset and liability reductions resulting from reinsurance ceded to unauthorized reinsurers not included in Columns 5 and 6. Examples of items included in this column are:

Include: Reduction in claim liability reductions resulting from reinsurance on incurred but not reported claims (estimated).

Commissions and expense allowances due the ceding company.

Experience rating refunds due.

Column 10 – Issuing or Confirming Bank Name Reference Number

Enter a reference number in this column (e.g., 0001, 0002, etc.) for each reinsurer that provided a letter(s) of credit to the reporting entity. This reference number will be used in the footnote table to provide more detail of the letter(s) of credit provided by the reinsurer.

If no letter of credit has been provided, leave blank.

Columns 9
11, 12 & 13 – Deposits by and Funds Withheld from Reinsurers

Include: Where permissible to be taken as credit against the loss and reserve liabilities in Column 8, amounts deposited by the reinsurer, with or for the reporting insurance company, letters of credit and trust agreements. Securities held on deposit or held in a trust fund should be valued at fair market value.

NAIC-published market values must be used when available. Letters of credit and trust agreements are not to be included in assets or liabilities on Pages 2 or 3 or supporting pages and exhibits.

Column 14 – Miscellaneous Balances (Credit)

Report amounts due the reinsurer, as a result of day-to-day transaction activity.

Include: Paid premiums due reinsurers, deferred premiums and any similar amounts that would be credited, as an alternative to the reinsurer should the contract terminate as of the statement date.

Column 15 – Sum of Items in Column 9 + Column 11 + Column 12 + Column 13 + Column 14 But Not in Excess of Column 8

Amounts are calculated individually by company and represent the maximum allowable credit that may be taken for each.

The Total of Column 15 subtracted from the Total of Column 8 equals the liability for unauthorized reinsurance included on Page 3, Line 20, Column 3.

<u>Issuing or Confirming Bank Detail Table</u>

Issuing or Confirming Bank Name Reference Number:

Enter a reference number in this column (e.g., 0001, 0002, etc.) that corresponds to the reinsurer providing the letter(s) of credit from the issuing or confirming bank. The reference number may be used multiple times if the letter(s) of credit provided by the reinsurer are from more than one bank or are part of a Syndicated Letter of Credit.

Letters of Credit Code:

Enter "1" for single letter of credit that is not a syndicated letter of credit.
Enter "2" for syndicated letter of credit.
Enter "3" for multiple letters of credit.

Letter of Credit Issuing or Confirming Bank's American Bankers Association (ABA) Routing Number:

Provide for each issuing or confirming bank its nine-digit American Bankers Association (ABA) routing number.

For **Fronted Letters of Credit**, where a single bank issues a letter of credit as the fronting bank and sells to other banks undivided interests in its obligations under the credit, provide the ABA routing number for the fronting bank but not the other banks participating.

For **Syndicated Letters of Credit**, where one bank acts as agent for a group of banks issuing the letter of credit but each participating bank is severally, not jointly, liable, provide the ABA routing number for all banks in the syndicate.

For reinsurers providing letters of credit from multiple banks that are not part of a syndicated letter of credit, provide the ABA routing number for all of the banks.

Letter of Credit Issuing or Confirming Bank Name:

Provide the name of each issuing or confirming banks.

For **Fronted Letters of Credit**, where a single bank issues a letter of credit as the fronting bank and sells to other banks undivided interests in its obligations under the credit, provide the name of the fronting bank but not the other banks participating.

For **Syndicated Letters of Credit**, where one bank acts as agent for a group of banks issuing the letter of credit but each participating bank is severally, not jointly, liable, provide the name of each bank in the syndicate.

For reinsurers providing letters of credit from multiple banks that are not part of a syndicated letter of credit, provide the name of each bank.

Letters of Credit Amount:

Enter the amount for the letter of credit issued or confirmed by the bank.

The sum of the amounts by reference number should equal the amount reported for that reference number in Schedule S, Part 4, Column 9.

The total for this column should also equal the total of Schedule S, Part 4, Column 9.

SCHEDULE S – PART 5

REINSURANCE CEDED TO CERTIFIED REINSURERS

NOTE: This schedule is to be completed by those reporting entities whose domiciliary state has enacted the *Credit for Reinsurance Model Law (#785)* and/or *Credit for Reinsurance Model Regulation (#786)* with the defined certified reinsurer provisions.

Contains data on in force that is reinsured with companies that have been certified in the state of domicile of the reporting insurance company. The purpose of this schedule is to display reinsurance ceded data used in the development of the liability for reinsurance with certified reinsurers. This liability serves to offset those assets and liability reductions that reflect the result of reinsurance ceded with certified reinsurers that is not properly collateralized in accordance with the rating assigned to the certified reinsurer by the commissioner of the reporting company's state of domicile.

A reporting entity should refer to information published by its domestic state with respect to the rating and collateral requirements applicable to a certified reinsurer. Ratings may vary from state to state; however, the rating assigned by the ceding insurer's domestic state is authoritative.

NOTE: Rating upgrades apply on a prospective basis only; i.e., the lower collateral level associated with the upgrade applies only to reinsurance contracts entered into or renewed on or after the date of the upgrade. Rating downgrades apply to all reinsurance contracts entered into or renewed under certified status. As such, it is possible that a reporting entity might have multiple contracts with a single certified reinsurer under different rating/collateral requirements, and should report the amounts attributable to the contracts separately based on the rating/collateral requirements applicable to such balances.

NOTE: Section 8B(8)(d) of Model #786 allows a ceding insurer a three-month grace period for obtaining additional collateral, in the event that a certified reinsurer's rating is downgraded or its certification is revoked, before incurring a provision for reinsurance based on the additional collateral requirement. When the reporting date falls within such three-month grace period, with respect to such certified reinsurer, the ceding insurer may report collateral required and calculate the provision for reinsurance applicable to collateral deficiency based on the certified reinsurer's rating prior to the downgrade or revocation, unless otherwise instructed by the state of domicile.

Securities held on deposit or held in a trust account should be valued at their fair market value. NAIC-published market values must be used when available.

Letters of credit and trust agreements are not to be included in assets or liabilities on Pages 2 or 3 or supporting pages and exhibits.

If a reporting entity has any detail lines reported for any of the following required groups, categories or subcategories, it shall report the subtotal amount of the corresponding group, category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number:

Group or Category	Line Number
General Account	
Life and Annuity	
Affiliates	
U.S.	
Captive	0199999
Other	0299999
Total	0399999
Non-U.S.	
Captive	0499999
Other	0599999
Total	0699999
Total Affiliates	0799999

Non-Affiliates

- U.S. Non-Affiliates 0899999
- Non-U.S. Non-Affiliates 0999999
- Total Non-Affiliates 1099999

Total Life and Annuity 1199999

Accident and Health

Affiliates

U.S.

- Captive 1299999
- Other 1399999
- Total 1499999

Non-U.S.

- Captive 1599999
- Other 1699999
- Total 1799999

Total Affiliates 1899999

Non-Affiliates

- U.S. Non-Affiliates 1999999
- Non-U.S. Non-Affiliates 2099999
- Total Non-Affiliates 2199999

Total Accident and Health 2299999

Total General Account 2399999

Separate Accounts

Affiliates

U.S.

- Captive 2499999
- Other 2599999
- Total 2699999

Non-U.S.

- Captive 2799999
- Other 2899999
- Total 2999999

Total Separate Accounts Affiliates 3099999

Non-Affiliates

- U.S. Non-Affiliates 3199999
- Non-U.S. Non-Affiliates 3299999
- Total Separate Accounts Non-Affiliates 3399999

Total Separate Accounts 3499999

Total U.S. (Sum of 0399999, 0899999, 1499999, 1999999, 2699999 and 3199999) 3599999

Total Non-U.S. (Sum of 0699999, 0999999, 1799999, 2099999, 2999999 and 3299999) 3699999

Total (Sum of 2399999 and 3499999) 9999999

Column 2	–	ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)
Alien Insurer Identification Number	(AIIN)
Certified Reinsurer Identification Number	(CRIN)
Pool/Association Identification Number	

Column 6 Certified Reinsurer Rating (1 through 6)

Report the certified reinsurer's rating as assigned by the reporting company's domiciliary state.

Column 7 Effective Date of Certified Reinsurer Rating

Report the effective date of the certified reinsurer's rating that is applicable to the reinsurance recoverable and/or reserve credit taken reported on the individual line.

Column 8 Percent Collateral Required for Full Credit (0% – 100%)

Report the percentage of collateral that is required to be provided by the certified reinsurer, in accordance with the rating assigned by the ceding insurer's domiciliary state in order for a domestic ceding insurer to receive full financial statement credit for the reinsurance ceded to the certified reinsurer, that is applicable to the net obligation subject to collateral reported on the individual line.

Column 9 – Reserve Credit Taken

Report the amount by which the aggregate reserve for life contracts (Exhibit 5 – life supplement), deposit-type contracts (Exhibit 7 – life supplement) and accident and health contracts (Underwriting and Investment Exhibit, Part 2D) has been reduced on account of reinsurance with certified reinsurers. The amounts by company should be the same as those shown for life reinsurance ceded in Schedule S, Part 3, Section 1, Column [illegible] and for accident and health reinsurance ceded in Schedule S, Part 3, Section 2, Columns 9 and 10.

Column 10 – Paid and Unpaid Losses Recoverable (Debit)

Report all paid and unpaid losses recoverable, including IBNR.

Include: Reduction in claim liability on account of reinsurance on incurred but not reported claims (estimated).

Column 11 – Other Debits

Report all asset and liability reductions resulting from reinsurance ceded to certified reinsurers not included in Columns 9 and 10. Examples of items included in this column are:

- Commissions and expense allowances due the ceding company.
- Modified coinsurance reserve adjustments due.
- Experience rating refunds due.

Column 13 – Miscellaneous Balances (Credit)

Report amounts due the reinsurer, as a result of day-to-day transaction activity, held by the reporting insurance company.

Include: Paid premiums due reinsurers, deferred premiums and any similar amounts that would be credited as returnable to the reinsurer should the contract terminate as of the statement date.

Column 14 – Net Obligation Subject to Collateral

Column 12 minus Column 13

Column 15 – Dollar Amount of Collateral Required for Full Credit

Report the amount of collateral that is required in order for the reporting company to receive full financial statement credit for reinsurance (Column 14 times Column 9).

Column 16 – Multiple Beneficiary Trust

If the certified reinsurer utilizes a multiple beneficiary trust account for the purposes of meeting its collateral requirements as a certified reinsurer to U.S. ceding insurers, report the amounts within such trust that are applicable to the reporting entity's reinsurance ceded to the certified reinsurer.

Column 17 – Letters of Credit

Report the dollar amount of letters of credit provided by the certified reinsurer and held by or on behalf of the reporting entity as security for the certified reinsurer's reinsurance obligations.

Column 18 – Issuing or Confirming Bank Name Reference Number

Enter a reference number in this column (e.g., 0001, 0002, etc.) for each reinsurer that provided a letter(s) of credit to the reporting entity. This reference number will be used in the footnote table to provide more detail of the letter(s) of credit provided by the reinsurer.

If no letter of credit has been provided, leave blank.

Column 19 – Trust Agreements

Report trust funds, other than those held in a multiple beneficiary trust that are reported in Column 16,

Column 20 – Funds Deposited by and Withheld from Reinsurers

Include: Where permissible to be taken as credit against the loss and reserve liabilities in Column 14, amounts deposited by the reinsurer with or for the reporting insurance company, letters of credit and trust agreements. Securities held on deposit or held in a trust fund should be valued at fair market value.

NAIC-published market values must be used when available. Letters of credit and trust agreements are not to be included in assets or liabilities on Pages 2 or 3 or supporting pages and exhibits.

Column 21 – Other

Report other acceptable security held by or on behalf of the reporting company.

Column 23 Percent of Collateral Provided for Net Obligation Subject to Collateral

Report the percentage of collateral provided by the certified reinsurer for obligations subject to collateral requirements (Column 22 divided by Column 14).

Column 24 Percent Credit Allowed on Net Obligation Subject to Collateral

Report the proportion of collateral provided by the certified reinsurer as compared to the amount of collateral that is required based on its assigned rating (Column 23 divided by Column 8, not to exceed 100%).

Column 25 Amount of Credit Allowed for Net Obligation Subject to Collateral

(Column 14 times Column 24).

<u>Issuing or Confirming Bank Detail Table</u>

Issuing or Confirming Bank Name Reference Number:

Enter a reference number in this column (e.g., 0001, 0002, etc.) that corresponds to the reinsurer providing the letter(s) of credit from the issuing or confirming bank. The reference number may be used multiple times if the letter(s) of credit provided by the reinsurer are from more than one bank or as part of a Syndicated Letter of Credit.

Letter of Credit Code:

Enter "1" for single letter of credit that is not a syndicated letter of credit.

Enter "2" for syndicated letter of credit.

Enter "3" for multiple letters of credit.

Letter of Credit Issuing or Confirming Bank's American Bankers Association (ABA) Routing Number:

Provide for each issuing or confirming bank its nine-digit American Bankers Association (ABA) routing number.

For **Fronted Letters of Credit**, where a single bank issues a letter of credit as the fronting bank and sells to other banks undivided interests in its obligations under the credit, provide the ABA routing number for the fronting bank but not the other banks participating.

For **Syndicated Letters of Credit**, where one bank acts as agent for a group of banks issuing the letter of credit but each participating bank is severally, not jointly, liable, provide the ABA routing number for all banks in the syndicate.

For reinsurers providing letters of credit from multiple banks that are not part of a syndicated letter of credit, provide the ABA routing number for all of the banks.

Letter of Credit Issuing or Confirming Bank Name:

Provide the name of each issuing or confirming banks.

For **Fronted Letters of Credit**, where a single bank issues a letter of credit as the fronting bank and sells to other banks undivided interests in its obligations under the credit, provide the name of the fronting bank but not the other banks participating.

For **Syndicated Letters of Credit**, where one bank acts as agent for a group of banks issuing the letter of credit but each participating bank is severally, not jointly, liable, provide the name of each bank in the syndicate.

For reinsurers providing letters of credit from multiple banks that are not part of a syndicated letter of credit, provide the name of each bank.

Letters of Credit Amount:

Enter the amount for the letter of credit issued or confirmed by the bank.

The sum of the amounts by reference number should equal the amount reported for that reference number in Schedule S, Part 5, Column 17.

The total for this column should also equal the total of Schedule S, Part 5, Column 17.

SCHEDULE S – PART 6

FIVE-YEAR EXHIBIT OF REINSURANCE CEDED BUSINESS

(000's omitted)

A. Operations Items:

Line 1 – Premiums

Underwriting and Investment Exhibit, Part 1, Column 3, Sum of Lines 1 through 5 and Line 8.

Line 2 – Title XVIII – Medicare

Underwriting and Investment Exhibit, Part 1, Line 6, Column 3.

Line 3 – Title XIX – Medicaid

Underwriting and Investment Exhibit, Part 1, Line 7, Column 3.

Line 4 – Commissions and Reinsurance Expense Allowance

Included in administrative expenses.

B. Balance Sheet Items:

Line 6 – Premiums Receivable

Include any provisions for reinsurance premiums.

Line 7 – Claims Payable

Losses Recoverable Included on Page 3, Column 3, Line 1.

Line 8 – Reinsurance Recoverable on Paid Losses

Page 2, Line 16.1, Column 3.

Line 11 – Unauthorized Reinsurance Offset

Page 3, Line 1[illegible] inset amount for Unauthorized Reinsurance.

Line 12 – Offset for Reinsurance with Certified Reinsurers

Page 3, Line 19 inset amount for Certified Reinsurance.

C. Unauthorized Reinsurance (Deposits by and Funds Withheld from):

Line 13 – Funds Deposited by and Withheld from (F)

Schedule S, Part 4, Column 12.

Line 14 – Letters of Credit (L)

Schedule S, Part 4, Column 9.

Line 15 – Trust Agreements (T)

Schedule S, Part 4, Column 11.

Line 16 – Other (O)

Schedule S, Part 4, Column 13.

D. Reinsurance with Certified Reinsurers (Deposits by and Funds Withheld from):

Line 17 – Multiple Beneficiary Trusts (M)

Schedule S, Part 5, Column 16.

Line 18 – Funds Deposited by and Withheld from (F)

Schedule S, Part 5, Column 20.

Line 19 – Letters of Credit (L)

Schedule S, Part 5, Column 17.

Line 20 – Trust Agreements (T)

Schedule S, Part 5, Column 19.

Line 21 – Other (O)

Schedule S, Part 5, Column 21.

SCHEDULE S – PART 7

RESTATEMENT OF BALANCE SHEET
TO IDENTIFY NET CREDIT FOR CEDED REINSURANCE

Column 1 – As Reported (Net of Ceded)

Complete this data consistent with the data reported for the current year on Page 2, Column 3 and Page 3, Column 3 of the annual statement.

Column 2 – Restatement Adjustments

Enter adjustments to remove the financial statement impact of the ceded reinsurance amounts from those assets and liabilities in which they are incorporated and to place all of the net balance sheet impact in a single "Net Credit for Ceded Reinsurance" asset. In most instances, the adjustment will increase the asset or liability item for the amount of ceded reinsurance that has been deducted from that item. Two notable exceptions are the Reinsurance Ceded Asset(s) (Page 2, Line 16.1, Column 3) and the Liability for Reinsurance in Unauthorized Companies (Page 3, Line 20) where the adjustment moves the item to the (Net Credit for Ceded Reinsurance) asset and zeros out the original item. Total Capital and Surplus of the company should remain unchanged by the restatement adjustments.

Column 3 – Restated (Gross of Ceded)

Sum of Column 1 plus Column 2. Balance sheet restated to show gross assets and liabilities before netting of ceded reinsurance and total "Net Credit for Ceded Reinsurance."

Liabilities (Page 3)

Line 10 – Funds held under reinsurance treaties with authorized and unauthorized reinsurers

These amounts should be applied in Column 2 as an offset to the credit taken for ceded reinsurance recoverable.

Line 12 Funds held under reinsurance treaties with certified reinsurers

These amounts should be applied in Column 2 as an offset to the credit taken for ceded reinsurance recoverable.

<u>Net Credit for Ceded Reinsurance</u>

Column 1 – As Reported (Net of Ceded)

Analysis of credit for ceded reinsurance, total net (Line 31) to agree with restated asset, Line 4, Column 3, of this schedule.

This page intentionally left blank.

SCHEDULE T – PREMIUMS AND OTHER CONSIDERATIONS

ALLOCATED BY STATES AND TERRITORIES

Premiums are reported on a written basis, gross of reinsurance.

Written premium is defined as the contractually determined amount charged by the reporting entity to the policyholder for the effective period of the contract based on the expectation of risk, policy benefits, and expenses associated with the coverage provided by the terms of the insurance contract. For health contracts without fixed contract periods, premiums written will be equal to the amount collected during the reporting period plus uncollected premiums at the end of the period less uncollected premiums at the beginning of the period.

Column 1 – Active Status

Use the following codes to identify the Reporting Entity's status for each state or territory reported in the schedule as of the end of the reporting period. Enter the code that applies to the Reporting Entity's status in the state or territory. Each line must have an entry in order to subtotal Footnote (a).

L –	Licensed or Chartered	(Licensed Insurance Carrier and Domiciled Risk Retention Groups referred to in some states as admitted.)
R –	Registered	(Non-domiciled Risk Retention Groups)
E –	Eligible	(Reporting Entities eligible or approved to write Surplus Lines in the state. In some states referred to as nonadmitted.)
Q –	Qualified	(Qualified or Accredited Reinsurer)
N –	None of the above	(Not allowed to write business in the state)

Column 2 – Accident and Health Premiums

Include: Policies providing stand alone Medicare Part D Prescription Drug Coverage.

Exclude: Premiums reported in Column 3 through 7 and Column 9.

Policies providing Medicare Part D Prescription Drug Coverage through a Medicare Advantage product.

Column 3 – Medicare Title XVIII

Include: Policies providing Medicare Part D Prescription Drug Coverage through a Medicare Advantage product.

Exclude: Policies providing stand alone Medicare Part D Prescription Drug Coverage.

Column 5 – Federal Employees Health Benefits Plan Premiums

Include: Premiums allocable to the Federal Employees Health Benefits Plan that are exempted from state taxes or other fees by Section 8909(f)(1) of Title 5 of the United States Code.

Column 6 – Life and Annuity Premiums and Other Considerations

Report premiums for life insurance and all supplemental benefits attached to life contracts, allocated annuity considerations for contracts that incorporate any mortality or morbidity risk, unallocated annuity considerations and other unallocated deposits which incorporate any mortality or morbidity risk.

Column 7 – Property/Casualty Premiums

Include: Premiums for property/casualty insurance business.

Column 9 – Deposit-Type Contracts

Report deposits and other amounts for contracts without any mortality or morbidity risk. Include deposits for guaranteed investment contracts and immediate annuities without life contingencies.

**** Column 10 will be electronic only ****

Column 10 – Branch Operations Indicator

Include the indicator "B" if any direct premium in the alien jurisdiction is written via branch operations. If the premium in the jurisdiction represents both branch operations and other direct business (e.g., the policyholder or group member residence changed to that jurisdiction), then indicate "B." If there are no branch operations in the jurisdiction, then leave blank. The definition of "branch operations" is the definition used by the reporting entity's state of domicile.

<u>Definitions for the following section Lines 1 – 58 Allocation by state/jurisdiction</u>

<u>Resident</u>

A member who occupies a dwelling within a state with indications that the state is their primary domicile by payment of taxes, voting registration, and other indicators.

<u>Residence</u>

The domicile location of a member as shown by his or her determination as a resident. In the context of Schedule T, the residence of the policyowner or group member would equate to the location that the member uses for official documents; information maintained by an employer as the home address of the employee would be accepted as a member's residence for allocation purposes.

<u>Situs of the Contract</u>

The jurisdiction in which the contract is issued or delivered as stated in the contract.

<u>Rule of 500</u>

For individual and group health insurance shall be defined as a premium allocation method for group policies that 1) permits a reporting entity to allocate premiums and other considerations from a non-employer group policy covering fewer than 500 members to the jurisdiction in which the majority of covered members reside or to the situs of the contract; 2) permits a reporting entity to allocate premiums and other considerations from an employer group policy covering fewer than 500 members to the jurisdiction in which the majority of covered members reside or are employed or to the situs of the contract; 3) requires a reporting entity to allocate premiums and other considerations from a non-employer group policy covering 500 or more members to the jurisdiction where each member resides; and 4) requires a reporting entity to allocate premiums and other considerations from an employer group policy covering 500 or more members to the jurisdiction where each member resides or is employed.

For individual and group life insurance shall be defined as a premium allocation method for group policies that 1) permits a reporting entity to allocate premiums and other considerations from a group policy covering fewer than 500 members to the state or territory in which the majority of covered members reside or to the situs of the contract; 2) requires a reporting entity to allocate premiums and other considerations from a non-employer group policy covering 500 or more members to the state or territory where each member resides; and 3) requires a reporting entity to allocate premiums and other considerations from an employer group policy covering 500 or more members to the state or territory where each member resides or is employed.

<u>Members</u>

A person, employee, retiree, etc., that qualifies for and is covered under a group insurance policy. No consideration should be given to a member's dependents for counting the number of members in a group or in allocating premium and other considerations to the various state and territories.

Lines 1 – 58 Allocation by jurisdictions **for individual and group health insurance**

The instructions are minimum allocation standards. More detailed methods of allocation are acceptable, as long as they still encompass the minimum allocation instructions. Methods of allocation that better reflect the actual risk location by jurisdiction are encouraged. The method should be established by company policy and must be consistently applied to all policies within each type and for all reporting periods.

For individual policies, allocate and report premium and other considerations to the jurisdiction based on the residence of the policyowner, insured or payer or on the situs of the contract.

For group policies not provided by an employer, allocate and report premiums and other considerations to the jurisdiction based on the Rule of 500, or on the situs of the contract.

For group policies provided by an employer, allocate and report premiums and other considerations to the jurisdiction based on the Rule of 500, location of employer or on the situs of the contract.

If using the Rule of 500 for group insurance sold through an association or trust, the following instructions apply:

> Apply the Rule of 500 to the association or trust policy first. If the association or trust policy has more than 500 covered members, apply the Rule of 500 at the level of each group or employer in determining the allocation of the premium. The determination of jurisdiction allocation by group or employer should be added to the determination of jurisdiction allocation of each group or employer under the association or trust policy to come up with the total allocation of premium. Do not report all association or trust business in one state unless all covered members of the association or trust reside in one state, in fact or by operation of the Rule of 500. If the group is a collection of employers, do not report all premiums in one jurisdiction unless all of the covered employees reside or work in one state, in fact or by operation of the Rule of 500.
>
> > Example of an association policy that covers a group of employers: If the association policy covers more than 500 members, each employer would be reviewed to determine if coverage is provided through the association policy for more than 500 members. If an employer has less than 500 covered members, the premium for that employer may be reported in one state based on the Rule of 500. If an employer covers more than 500 members through the association policy, the premiums would be reported based on the residence or employment location of each member. The determination for each employer would be added to the determinations for all the other employers that provide coverage to employees through the association policy.

Where applicable, reporting entities must have procedures to capture and maintain changes in allocation when notified through renewals or other procedures and must use the changes to adjust the allocation of premiums and other considerations in subsequent financial statements. It is not necessary to anticipate unreported changes in allocation at any specific reporting date.

If allocating premiums to multiple jurisdictions under group policies, the premiums and other considerations associated with a member should be the basis of determining the amount of premium to report in a jurisdiction. If information is not available to associate a specific premium to each member, an allocation can be made based on the number of covered persons in a jurisdiction compared to the total number of the group's covered members and apply that ratio to the total group premiums and other considerations.

Lines 1 – 58 Allocation by states and territories **for individual and group life insurance**

The instructions are minimum allocation standards. More detailed methods of allocation are acceptable, as long as they still encompass the minimum allocation instructions. Methods of allocation that better reflect the actual risk location by state are encouraged.

For individual policies, allocate and report premium and other considerations to a state or territory based on the residence of the policyowner, insured or payer. Use of policyowner, insured or payer residence should be established by company policy and must be consistently applied to all individual policies and reporting periods.

For group policies not provided by an employer, allocate and report premium and other considerations to a state or territory based on the residence of each group member. A group policy covering less than 500 members may allocate all group premiums to the state or territory where the greatest number of members reside or to the situs of the contract (Rule of 500).

For group policies provided by an employer, allocate and report premium and other considerations based on the residence or the employment location of each covered group member. For group insurance provided by an employer covering fewer than 500 members, the premium may be allocated to one state or territory based on the residence or employment location of the greatest number of covered members or to the situs of the contract (Rule of 500).

For group insurance sold through associations or trusts, allocate and report premium and other considerations on a basis similar to group policies. Apply the Rule of 500 to the association or trust policy first. An association or trust policy covering fewer than 500 members may allocate all premiums to the state or territory where the greatest number of members reside or work or to the situs of the contract. Regardless of the number of groups or employers under the association or trust policy, if the association or trust policy has more than 500 covered members, apply the Rule of 500 at the level of each group and employer in determining the allocation of the premium. The determination of state and territory allocation by group or employer should be added to the determination of state and territory allocation of each group or employer under the association or trust policy to come up with the total allocation of premium. Do not report all association or trust business in one state or territory unless all covered members of the association or trust reside in one state, in fact or by operation of the Rule of 500. If the group is a collection of employers, do not report all premiums in one state or territory unless all of the covered employees reside or work in one state, in fact or by operation of the Rule of 500.

> Example of an association policy that covers a group of employers: If the association policy covers more than 500 members, each employer would be reviewed to determine if coverage is provided through the association policy for more than 500 members. If an employer has fewer than 500 covered members, the premium for that employer may be reported in one state or territory based on the residence or work location of the most employees or to the situs of the contract. If an employer covers more than 500 members through the association policy, the premium would be reported based on the residence or employment location of each member. The determination for each employer would be added to the determinations for all the other employers that provide coverage to employees through the association policy.

Reporting entities must have procedures to capture and maintain changes in a member's residence and/or employment location and/or policyowner location when notified through renewals or other procedures and must use the changes to allocate premium and other considerations. It is not necessary to anticipate unreported changes in allocation at any specific reporting date.

For all group policies, the premium and other considerations associated with a member should be the basis of determining the amount of premium to report in a jurisdiction. If information is not available to associate a specific premium to each member, an allocation can be made based on the number of covered persons in a state or territory compared to the total number of the group's covered members and apply that ratio to the total group premium and other considerations.

The allocation method established by the reporting entity in compliance with these instructions and the instructions of the domiciliary state should be consistently applied to all policies and reporting periods.

The data reported in Schedule T of the annual statement may or may not be used for the calculation of the amount of premium tax due to a state/jurisdiction. Individual states/jurisdictions may require a separate schedule to support premium tax calculations.

NOTE: Existing State laws and regulations need to be considered when applying these instructions.

Line 60 – Reporting Entity Contributions for Employee Benefit Plans

Report the reporting entity's share of costs for employee benefit plans. Exclude any premiums paid by employees; these should be allocated to the states as above.

Line 61 – Total (Direct Business)

The sum of Column 2, 3, 4, 5, 6 and 7, Line 61 should equal the Underwriting and Investment Exhibit, Part 1, Column 1, Line 12.

Details of Write-ins Aggregated at Line 58 for Other Alien

List separately each alien jurisdiction for which there is no pre-printed line on Schedule T.

If the premium from an alien jurisdiction is due to relocation of current policyholders, the amount may be aggregated and reported as "Other Alien." Premiums from jurisdictions in which there is active writing must be reported by jurisdiction and include premium from relocated policyholders residing in the respective jurisdiction.

Identify each alien jurisdiction by using **the three-character (ISO Alpha 3) country code followed by the name of the country (e.g., DEU Germany)**. For premium that can be aggregated and reported as "Other Alien" as stated in the previous paragraph, use "ZZZ" for the country code and "Other Alien" for the country name. A comprehensive listing of country codes is available in the appendix of these instructions.

Include summary of remaining write-ins for Line 58 from the Overflow page on the separate line indicated.

Explanation of basis of allocation by states, premiums by states, etc.

Provide a detailed explanation of the by-state and by-territory allocation of premium and other considerations used by the reporting entity. The explanation should be detailed enough to determine compliance with state laws and regulations.

Footnote (a):

Provide the total of each active status code in Column 1. The sum of all the counts of all active status codes should equal 57.

SCHEDULE T – PART 2

INTERSTATE COMPACT –EXHIBIT OF PREMIUMS WRITTEN ALLOCATED BY STATES AND TERRITORIES

This exhibit is to be completed by all reporting entities. The purpose of the Interstate Compact is to promote and protect the interest of consumers of individual and group annuity, life insurance, disability income and long-term care insurance products through establishing a central clearinghouse to receive and provide prompt review of insurance products covered under the Compact pursuant to adopted uniform product standards. The Interstate Compact uses premium volume information statutorily reported to the NAIC for several purposes including the composition of the Compact Commission Management Committee. Data to be reported on this schedule should include all premiums for that line of business, not just for those policies that apply to the Compact.

Report direct business only.

Report premiums based on the instructions for allocating premiums between lines of business and jurisdictions for Schedule T.

Column 1 – Life Insurance

Life insurance is insurance primarily for the purpose of coverage on human lives, including incidental benefits. The primary purpose of life insurance is to provide financial assistance to a beneficiary at the insured's death.

Column 2 – Annuities

An annuity is a contract the primary purpose of which is to obligate a reporting entity to make periodic payments, including incidental benefits. An annuity contract is an arrangement whereby an annuitant is guaranteed to receive a series of stipulated amounts commencing either immediately or at some future date.

Report only annuities with mortality and/or morbidity risk.

Column 3 – Disability Income

Disability income insurance is insurance primarily for the purpose of coverage that provides payments when an insured is disabled or unable to work because of illness, disease or injury, including incidental benefits. Policies may provide monthly benefits for loss of income from disability, either on a short-term or a long-term basis.

Column 4 – Long-Term Care

Long-term care insurance is insurance primarily for the purpose of providing coverage when the insured is unable to perform specified activities of daily living or related functions, or have a cognitive impairment, including incidental benefits. Long-term care contracts represent any contract or policy rider providing coverage for not less than 12 consecutive months for each covered person for one or more necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance or personal care services, provided in a setting other than an acute care unit of a hospital. Under long-term care contracts, the insured event is generally the inability of the contract holder to perform certain activities of daily living.

Column 5 – Deposit-Type Contracts

A deposit-type contract is one that does not subject the reporting entity to any risks arising from policyholder mortality or morbidity. A mortality or morbidity risk is present if, under the terms of the contract, the reporting entity is required to make payments or forego required premiums contingent upon the death or disability (in the case of life and disability insurance contracts) or the continued survival (in the case of annuity contracts) of a specific individual or group of individuals. As such, deposit-type contracts are more comparable to financial or investment instruments, rather than insurance contracts.

Refer to *SSAP No. 50—Classifications of Insurance or Managed Care Contracts* and *SSAP No. 52—Deposit-Type Contracts* for accounting guidance.

Line 58 – Aggregate Other Alien

Enter the total of all alien business in the appropriate columns. Details by countries are not required.

Life and Fraternal

Line 59 – Totals

Column 1 amount should equal Schedule T, Line 59, Column 2.

Column 2 amount should equal Schedule T, Line 59, Column 3.

Column 5 amount should equal Schedule T, Line 59, Column 7.

This page intentionally left blank.

Schedule Y

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

PART 1 – ORGANIZATIONAL CHART

The term "holding company group" includes members of a holding company system and controlled groups.

All insurer and reporting entity members of a holding company group shall prepare a common schedule for inclusion in each of the individual annual statements. If the company is required to file a registration statement under the provisions of the domiciliary state's Insurance Holding Company System Regulatory Act, then Schedule Y, Part 1, Organizational Chart must be included in the annual statement. See *SSAP No. 25—Affiliates and Other Related Parties* for further information.

NOTE: If the reporting entity completes this schedule, it should have answered "YES" to General Interrogatories, Part 1, Question 1.1.

Attach a chart or listing presenting the identities of and interrelationships between the parent, all affiliated insurers and reporting entities; and other affiliates, identifying all insurers and reporting entities as such and listing the Federal Employer's Identification Number for each. The NAIC company code and two-character state abbreviation of the state of domicile should be included for all domestic insurers. The relationships of the holding company group to the ultimate controlling person (if such person is outside the reported holding company) should be shown. Only those companies that were a member of a holding company group at the end of the reporting period should be shown on Schedule Y, Part 1, Organizational Chart.

Where interrelationships are a 50%/50% ownership, footnote any voting rights preferences that one of the entities may have.

However, any person(s) (that includes natural person) deemed to be an ultimate controlling person, must be included in the organizational chart. The Social Security number for individual persons should not be included on this schedule.

SCHEDULE Y

PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

All insurer and reporting entity members of the holding company system shall prepare a schedule for inclusion in each of the individual annual statements that is common for the group with the exception of Column 10, Relationship to Reporting Entity.

NOTE: If the reporting entity completes this schedule, it should have answered "YES" to General Interrogatories, Part 1, Question 1.1.

Column 1 – Group Code

If not applicable for the entity in Column 8, leave blank.

Column 2 – Group Name

If not applicable for the entity in Column 8, leave blank.

Column 3 – NAIC Company Code

If not applicable, the NAIC Company Code field should be zero filled.

Column 4 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F (Property and Title) or Schedule S (Life, Health and Fraternal) General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)	
Alien Insurer Identification Number	(AIIN)	*
Certified Reinsurer Identification Number	(CRIN)	*

* AIINs or CRINs are only reported if the entity in Column 8 is a reinsurer that has had an AIIN or CRIN number assigned or should have one assigned due to transactions being reported on Schedule F (Property and Title) or Schedule S (Life, Health and Fraternal) of another entity regardless of whether the entity in Column 8 is part of reporting entity's group.

If not applicable for the entity in Column 8, leave blank.

Column 5 – Federal RSSD

RSSD is the primary identifier for the Federal Reserve's National Information Center (NIC) of the entity in Column 8, if applicable.

Column 6 – CIK

Central Index Key (CIK) (for example the U. S. Securities and Exchange Commission (SEC) or any other exchange) of the entity in Column 8, if applicable.

Only provide the CIK issued for a publicly traded entity in Column 8. Do not provide a CIK issued for a variable insurance product written by the entity in Column 8.

If the name of a securities exchange is provided for Column 7, then a CIK should be provided for Column 6.

Column 7 – Name of Securities Exchange if Publicly Traded (U.S. or International)

If the entity in Column 8 is publicly traded either in the U.S. or internationally, list the name of the securities exchange (e.g., New York Stock Exchange).

For companies traded on more than one exchange, show the U.S. exchange if traded both in the U.S. and internationally; otherwise show the primary exchange.

The listing of most stock exchanges can be found in the Investment Schedules General Instructions or at the following Web address:

www.fixprotocol.org/specifications/exchanges.shtml

If a CIK is provided for Column 6, then the name of a securities exchange should be provided for Column 7.

Column 8 – Name of Parent, Subsidiaries or Affiliates

Names of all insurers and parent, subsidiaries or affiliates, insurance and non-insurance, in the insurance holding company system.

Each company within the group may be listed more than once if control is not 100%.

For example, if Company A is 50% controlled by Company B and 50% controlled by Company C, Company A would be listed twice with detail about Company B's control in Columns 10–15 on the first line and detail about Company C's control in Columns 10–15 on the second line.

Column 9 – Domiciliary Location

Report the two-character U.S. postal code abbreviation for the domiciliary jurisdiction for U.S. states, territories and possessions. A comprehensive listing of three-character (ISO Alpha 3) abbreviations for foreign countries is available in the appendix of these instructions.

Column 10 – Relationship to Reporting Entity

Use the most applicable of the following codes to describe the relationship of the entity in Column 8 to the reporting entity for which the filing is made.

Relationship Codes:

UDP	=	Upstream Direct Parent
UIP	=	Upstream Indirect Parent
DS	=	Downstream Subsidiary
IA	=	Insurance Affiliate
NIA	=	Non-Insurance Affiliate
OTH	=	Other (explain relationship in the footnote line)
RE	=	Reporting Entity

Column 11 – Directly Controlled by (Name of Entity/Person)

Name of the person/entity that directly controls the entity listed in Column 8.

As defined in the *Insurance Holding Company System Regulatory Act* (#440), the term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or nonmanagement services, or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control shall be presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, ten percent (10%) or more of the voting securities of any other person. This presumption may be rebutted by a showing made in the manner provided by Section 4K that control does not exist in fact. The commissioner may determine, after furnishing all persons in interest notice and opportunity to be heard and making specific findings of fact to support the determination that control exists in fact, notwithstanding the absence of a presumption to that effect.

Refer to *SSAP 25—Affiliates and Other Related Parties*.

Column 12 – Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence)

Type of control the entity in Column 11 has over the entity in Column 8.

- Ownership
- Board of Directors
- Management
- Attorney In-Fact
- Influence
- Other

Column 13 – If Control is Ownership, Provide Percentage

If the control the entity in Column 11 has over the entity in Column 8 is ownership, then provide the percentage of ownership. If control is not ownership, report zero. (Format such that 100.0% is shown as 100.0.)

Column 14 – Ultimate Controlling Entity(ies)/Person(s)

Name of the Ultimate Controlling Entity(ies)/Person(s).

As defined in the *Insurance Holding Company System Model Regulation* (#450), the "ultimate controlling person" is defined as that person which is not controlled by any other person.

Column 15 – Is an SCA Filing Required? (Y/N)

Answer yes (Y) or no (N) if a SCA (Subsidiary, Controlled and Affiliated) SUB 1 (initial) or SUB 2 (annual) filing with the NAIC is required per *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities,* and *Purposes and Procedures Manual of the NAIC Investment Analysis Office* ,Part Five, Section 2 for the entity in Column 8

Column 16 – *

Using the footnote lines at the bottom of the schedule, provide any footnotes or explanations of intercompany relationships. Insert the footnote line number in Column 16.

Where interrelationships are a 50%/50% ownership, footnote any voting rights preferences that one of the entities may have.

**** Column 17 will be electronic only. ****

Column 17 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

SCHEDULE Y

PART 2 – SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

This schedule was designed to provide an overview of transactions among insurance holding company system members. It is intended to demonstrate the scope and direction of major fund and/or surplus flows throughout the system. This schedule should be prepared on an accrual basis.

All insurer and reporting entity members of the holding company system shall prepare a common schedule for inclusion in each of the individual annual statements.

NOTE: If the reporting entity completes this schedule, it should have answered "YES" to General Interrogatories, Part 1, Question 1.1.

Include transactions between insurers; and between insurers and non-insurers within the holding company system. Exclude transactions between non-insurers that do not involve an affiliated insurer. Include all shareholder dividends, capital contributions and reinsurance recoverable (payable), Columns 4, 5 and 13, respectively, and transactions involving one-half of one percent or more of the largest insurer's admitted assets as of December 31. Exclude transactions of a non-insurer with an affiliated insurance company that are of a routine nature (e.g., the purchase of insurance coverage).

Transactions among holding company system members should only be reported for the portion of the year in which each company to the transaction was a member of the holding company system. For example, if a member of a holding company system is sold to a party who is not a member of the system on June 30, transactions that occur prior to June 30 between that company and members of the holding company system should be included on Schedule Y, Part 2, Summary of Insurer's Transactions With Any Affiliates. Those transactions that occur on or after June 30 should be reported on Schedule Y, Part 2 of the holding company system that acquired the insurer.

Report the aggregate amount of transactions for the reporting period within each category for both the payor and recipient of each transaction. If the insurer is both a payor and a recipient of amounts in any category, the net of these amounts should be reported on one line. Amounts of transactions that result in an increase in surplus should be shown as positive figures; and, transactions that result in a decrease in surplus should be reported enclosed in parentheses as negative figures. The total of each column is expected to be zero.

Refer to *SSAP No. 25—Affiliates and Other Related Parties* for accounting guidance.

If the nature of the transactions reported in Schedule Y, Part 2 requires explanation, report such in an explanatory note immediately following Schedule Y, Part 2.

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F (Property and Title) or Schedule S (Life, Health and Fraternal) General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)	
Alien Insurer Identification Number	(AIIN)	*
Certified Reinsurer Identification Number	(CRIN)	*

* AIIN or CRIN numbers are only reported if the entity in Column 3 is a reinsurer that has had an AIIN or CRIN number assigned or should have one assigned due to transactions being reported on Schedule F (Property and Title) or Schedule S (Life, Health and Fraternal) of another entity regardless of whether the entity in Column 3 is part of reporting entity's group or not.

If not applicable for the entity in Column 3, leave blank.

Column 3 – Names of Insurers and Parent, Subsidiaries or Affiliates

Each company will be represented by a single line containing the net amount of all transactions.

Column 5 – Capital Contributions

Include: Surplus notes.

Column 7 – Income/(Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)

Exclude: Contingent liabilities. Contingent liabilities should be disclosed in the Notes to the Financial Statements.

Column 8 – Management Agreements and Service Contracts

Include: All revenues/expenditures under management agreements, service contracts, etc.

Contracts for services provided by the insurer or purchased by the insurer from other affiliates.

All income tax amounts resulting from intercompany tax-sharing arrangements.

All compensation under agreements with affiliated brokers and reinsurance intermediaries.

Exclude: Any amounts reportable under Column 9.

Column 9 – Income/(Disbursements) Incurred Under Reinsurance Agreements

Include: Experience rating refunds.

Exclude: Pooling agreement amounts.

List the pooling percentage and the name of each insurer in each pool in an explanatory note in the space following Schedule Y, Part 2.

Column 10 – * Column

Place an "*" in this column to indicate insurers that participate in a pooling agreement with affiliated insurers.

Column 11 – Any Other Material Activity not in the Ordinary Course of the Insurer's Business

Include: Intercompany loans, to the extent that these loans are not repaid at year-end.

Exclude: Those transactions that are of a routine nature (e.g., the purchase of insurance coverage and cost allocation transactions that are based upon Generally Accepted Accounting Principles).

Column 13 – Reinsurance Recoverable/(Payable) on Losses and/or Reserve Credit Taken/(Liability)

The purpose of this column is to show the net effect on surplus of reinsurance transactions with affiliates, and should represent the net (ceded less assumed) of the following amounts from Schedule F (P&C, Title) or Schedule S (Life, Health and other reporting entity), as appropriate:

<u>Property/Casualty – Schedule F, Parts 1 and 3, affiliated amounts only</u>

Reinsurance Recoverable (Payable) on Paid Losses –

Should agree with net of Schedule F, Part 3, Column 43 and Schedule F, Part 1, Column 6 multiplied by 1000 (Affiliates Only).

Reinsurance Recoverable (Payable) on Unpaid Losses –

Should agree with net of Schedule F, Part 3, Columns 9 through 12 and Schedule F, Part 1, Column 7 multiplied by 1000 (Affiliates Only).

Unearned Premiums –

Should agree with net of Schedule F, Part 3, Column 13 multiplied by 1000 plus Schedule F, Part 1, Column 11 multiplied by 1000 (Affiliates Only).

<u>Title – Schedule F, Parts 1 and 2, affiliated amounts only</u>

Reinsurance Recoverable (Payable) on Paid Losses –

Should agree with net of Schedule F, Part 1, Column 7 and Schedule F, Part 2, Column 8 (Affiliates only).

Reinsurance Recoverable (Payable) on Unpaid Losses –

Should agree with net of Schedule F, Part 1, Column 8 and Schedule F, Part 2, Column 9 (Affiliates only).

<u>Life, Health and Fraternal – Schedule S, Part 1, Section 1; Part 1, Section 2; Part 2; Part 3, Section 1 and Part 3, Section 2; affiliated amounts only</u>

Reinsurance Recoverable (Payable) on Paid and Unpaid Losses –

Should agree with Schedule S, Part 2, Columns 6 and 7 minus the sum of Schedule S, Part 1, Section 1, Column 11 and Schedule S, Part 1, Section 2, Column 11 (Affiliates only).

Reserve Credit Taken (Liability) –

Should agree with Schedule S, Part 3, Section 1, Column 9 minus Schedule S, Part 1, Section 1, Column 9 (Affiliates only).

Unearned Premiums –

Should agree with Schedule S, Part 3, Section 2, Column 9 minus Schedule S, Part 1, Section 2, Column 9 (Affiliates only).

Reserve Credit Taken (Liability) Other Than for Unearned Premiums –

Should agree with Schedule S, Part 3, Section 2, Column 10 minus Schedule S, Part 1, Section 2, Column 10 (Affiliates only).

INVESTMENT SCHEDULES GENERAL INSTRUCTIONS
(Applies to all investment schedules)

The following definitions apply to the investment schedules.

SAP Book Value (Defined in Glossary of *Accounting Practices and Procedures Manual*):

> Original Cost, including capitalized acquisition costs and accumulated depreciation, unamortized premium and discount, deferred origination and commitment fees, direct write-downs, and increase/decrease by adjustment.

SAP Carrying Value (Defined in Glossary of *Accounting Practices and Procedures Manual)*:

> The SAP Book Value plus accrued interest and reduced by any valuation allowance (IF APPLICABLE) and any nonadmitted adjustment applied to the individual investment. Carrying Value is used in the determination of impairment.

Adjusted Carrying Value:

> Carrying Value amount adjusted to remove any accrued interest and to add back any of the following amounts: individual nonadmitted amounts, individual valuation allowances (IF APPLICABLE), and aggregate valuation allowance (IF APPLICABLE). In effect, this is equivalent to the definition of SAP Book Value (not to be confused with the old "Book Value" reported in the annual statement blanks for data years 2000 and prior).

Recorded Investment:

> The SAP Book Value (Adjusted Carrying Value) plus accrued interest.

The information included in the investment schedules shall be broken down to the level of detail as required when all columns and rows are considered together unless otherwise addressed in specific instructions. For example, on Schedule D Part 4, a reporting entity is required to list the CUSIP book adjusted carrying value, among other things. The reporting entity would only be required to break this information down to a lower level of detail if the information was inaccurate if reported in the aggregate. Thus, the reporting entity would not be required to break the information down by lot (information for each individual purchase) and could utilize the information for book/adjusted carrying value using an average cost basis, or some other method, provided the underlying data reported in that cell was calculated in accordance with the *Accounting Practices and Procedures Manual*. However, reporting entities are not precluded from reporting the information at a more detailed level (by lot) if not opposed by their domiciliary commissioner.

"To Be Announced" securities (commonly referred to as TBAs) are to be reported in Schedule D unless the structure of the security more closely resembles a derivative, as defined within *SSAP No. 86—Derivatives*, in which case the security should be reported on Schedule DB. The exact placement of TBAs in the investment schedules depends upon how a company uses TBA.

For Rabbi Trusts, refer to *SSAP No. 104R—Share-Based Payments* for accounting guidance.

For the Foreign Code columns in Schedules D and DA, the following codes should be used:

"A"	For Canadian securities issued in Canada and denominated in U.S. dollars.
"B"	For those securities that meet the definition of foreign provided in the Supplement Investment Risk Interrogatories and pay in a currency OTHER THAN U.S. dollars.
"C"	For foreign securities issued in the U.S. and denominated in U.S. dollars.
"D"	For those securities that meet the definition of a foreign as provided in the Supplement Investment Risk Interrogatories and denominated in U.S. dollars (e.g., Yankee Bonds or Eurodollar bonds).

Leave blank for those securities that do not meet the criteria for the use of "A", "B", "C" or "D".

Derivatives (Schedule DB); repurchase and reverse repurchase agreements (Schedule DA); and securities borrowing and securities lending transactions (Schedule DL) shall be shown gross when reported in the investment schedules. If these transactions are permitted to be reported net in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*, the investment schedule shall continue to provide detail of all transactions (gross), with the net amount from the valid right to offset reflected in the financial statements (pages 2 and 3 of the statutory financial statements). Disclosures for items reported net when a valid right to offset exists including the gross amount, the amount offset and the net amount reported in the financial statements are required per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*.

For the columns that disclose information regarding investments that are not under the exclusive control of the reporting entity, and also including assets loaned to others, the following codes should be used:

LS	–	Loaned or leased to others
RA	–	Subject to repurchase agreement
RR	–	Subject to reverse repurchase agreement
DR	–	Subject to dollar repurchase agreement
DRR	–	Subject to dollar reverse repurchase agreement
C	–	Pledged as collateral – excluding collateral pledged to FHLB
CF	–	Pledged as collateral to FHLB (including assets backing funding agreements)
DB	–	Pledged under an option agreement
DBP	–	Pledged under an option agreement involving "asset transfers with put options"
R	–	Letter stock or otherwise restricted as to sale – excluding FHLB capital stock (Note: Private placements are not to be included unless specific restrictions as to sale are included as part of the security agreement.)
RF	–	FHLB capital stock
SD	–	Pledged on deposit with state or other regulatory body
M	–	Not under the exclusive control of the reporting entity for multiple reasons
SS	–	Short sale of a security
O	–	Other

The following is the description of the General and Specific Classifications used for reporting the detail lines for bonds and stocks.

General Classifications Bonds Only:

Refer to *SSAP No. 26R—Bonds, SSAP No. 43R—Loan-Backed and Structured Securities* and *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* for additional guidance.

U.S. Government:

U.S. Government shall be defined as U.S. Government Obligations as defined per the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* Part Two, Section 4:

(i) Filing Exemption for Direct Claims on, or Backed Full Faith and Credit of the United States

"U.S. Government Obligations" means all direct claims (including securities, loans, and leases) on, and the portions of claims that are directly and unconditionally guaranteed by the United States Government or its agencies.

"U.S. Government agency" means an instrumentality of the U.S. Government the debt obligations of which are fully guaranteed as to the timely payment of principal and interest by the full faith and credit of the U.S. Government. This category includes in addition to direct claims on, and the portions of claims that are directly and unconditionally guaranteed by, the United States Government agencies listed below, claims collateralized by securities issued or guaranteed by the U.S. government agencies listed below for which a positive margin of collateral is maintained on a daily basis, fully taking into account any change in the insurance company's exposure to the obligor or counterparty under a claim in relation to the market value of the collateral held in support of that claim.

All Other Governments:

This includes bond investments issued by non-U.S. governments, including bonds of political subdivisions and special revenue. This includes bonds issued by utilities owned by non-U.S. governments and bonds fully guaranteed by non-U.S. governments.

U.S. States, Territories and Possessions (Direct and Guaranteed):

General obligations of these entities (NAIC members), as well as bonds issued by utility companies owned by these entities. NAIC membership is composed of the 50 states, the District of Columbia, American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed):

General obligations of cities, counties, townships, etc., as well as bonds issued by utility companies owned by these entities.

U.S. Special Revenue and Special Assessment Obligations and All Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions:

Those U.S. government issues not listed in Part Six, Section 2(e) of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, yet included in Part Two, Section 4(c)(ii). This category also includes bonds that are issued by states, territories, possessions and other political subdivisions that are issued for a specific financing project rather than as general obligation bonds.

Industrial and Miscellaneous (Unaffiliated):

This category includes all non-governmental issues that do not qualify for some other category in Schedule D, Part 1, including privatized (non-government ownership) utility companies. Include Public Utilities.

SVO Identified Funds:

This category includes all Bond Mutual Funds as listed in Part Six, Section 2(h) of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* and Exchange Traded Funds listed in Part Six, Section 2(i) of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office.*

Bank Loans

See *SSAP No. 26R—Bonds* for guidance.

Hybrid Securities:

Securities whose proceeds are accorded some degree of equity treatment by one or more of the nationally recognized statistical rating organizations and/or which are recognized as regulatory capital by the issuer's primary regulatory authority. Hybrid securities are designed with characteristics of debt and of equity and are intended to provide protection to the issuer's senior note holders. Hybrid securities products are sometimes referred to as capital securities. Examples of hybrid securities include Trust Preferreds, Yankee Tier 1s (with and without coupon step-ups) and debt-equity hybrids (with and without mandatory triggers).

This specifically excludes surplus notes, which are reported in Schedule BA; subordinated debt issues, which have no coupon deferral features; and "Traditional" preferred stocks, which are reported in Schedule D, Part 2, Section 1. With respect to preferred stock, traditional preferred stocks include, but are not limited to a) U.S. issuers that do not allow tax deductibility for dividends; and b) those issued as preferred stock of the entity or an operating subsidiary, not through a trust or a special purpose vehicle.

Parent, Subsidiaries and Affiliates:

Defined by *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

General Classifications Preferred Stock Only:

Refer to *SSAP No. 32—Preferred Stock* and *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

Industrial and Miscellaneous (Unaffiliated):

All unaffiliated preferred stocks. Include Public Utilities, Banks, Trusts and Insurance Companies. This category includes Exchange Traded Funds listed in Part Six, Section 2 of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*.

Parent, Subsidiaries and Affiliates:

Defined by *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

General Classifications Common Stock Only:

Refer to *SSAP No. 30—Unaffiliated Common Stock* and *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

Industrial and Miscellaneous (Unaffiliated):

All unaffiliated common stocks that are not mutual funds or money market mutual funds. Include Public Utilities, Banks, Trusts and Insurance Companies.

Mutual Funds:

All investments in shares of funds regulated as mutual funds by the U.S. Securities and Exchange Commission. This definition does not include closed funds or hedge funds.

Parent, Subsidiaries and Affiliates:

Defined by *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

General Classifications Cash Equivalents Only:

Refer to *SSAP No. 2R— Cash ,Cash Equivalents, Drafts and Short-Term Investments*.

Money Market Mutual Funds:

All investment in shares of funds regulated as money market mutual funds by the U.S. Securities and Exchange Commission.

Specific Classifications:

Issuer Obligations:

All bonds not backed by other loans and other assets. Those securities subject to the guidance in *SSAP No. 26R—Bonds*.

Residential Mortgage-Backed Securities:

Those securities directly or indirectly secured by liens on one- to four-family residential properties and subject to the guidance in *SSAP No. 43R—Loan-Backed and Structured Securities*. Includes prime, subprime, Alt-A mortgages, as well as home equity loans and home equity lines of credit.

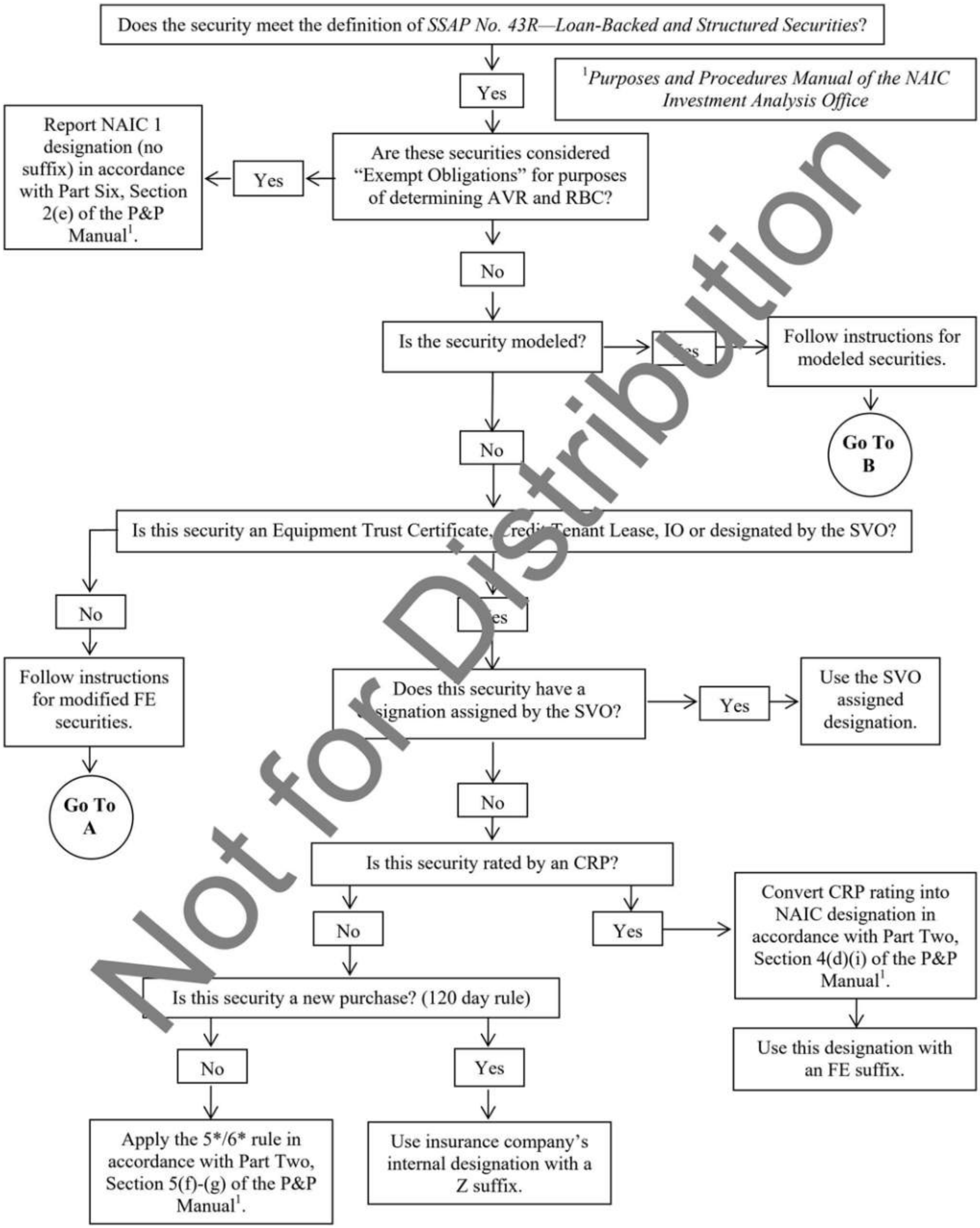
Commercial Mortgage-Backed Securities:

Those securities directly or indirectly secured by a lien on one or more parcels of commercial real estate with one or more structures located on the real estate and subject to the guidance in *SSAP No. 43R—Loan-Backed and Structured Securities*. Does not include those securities secured by liens on one- to four-family residential properties.

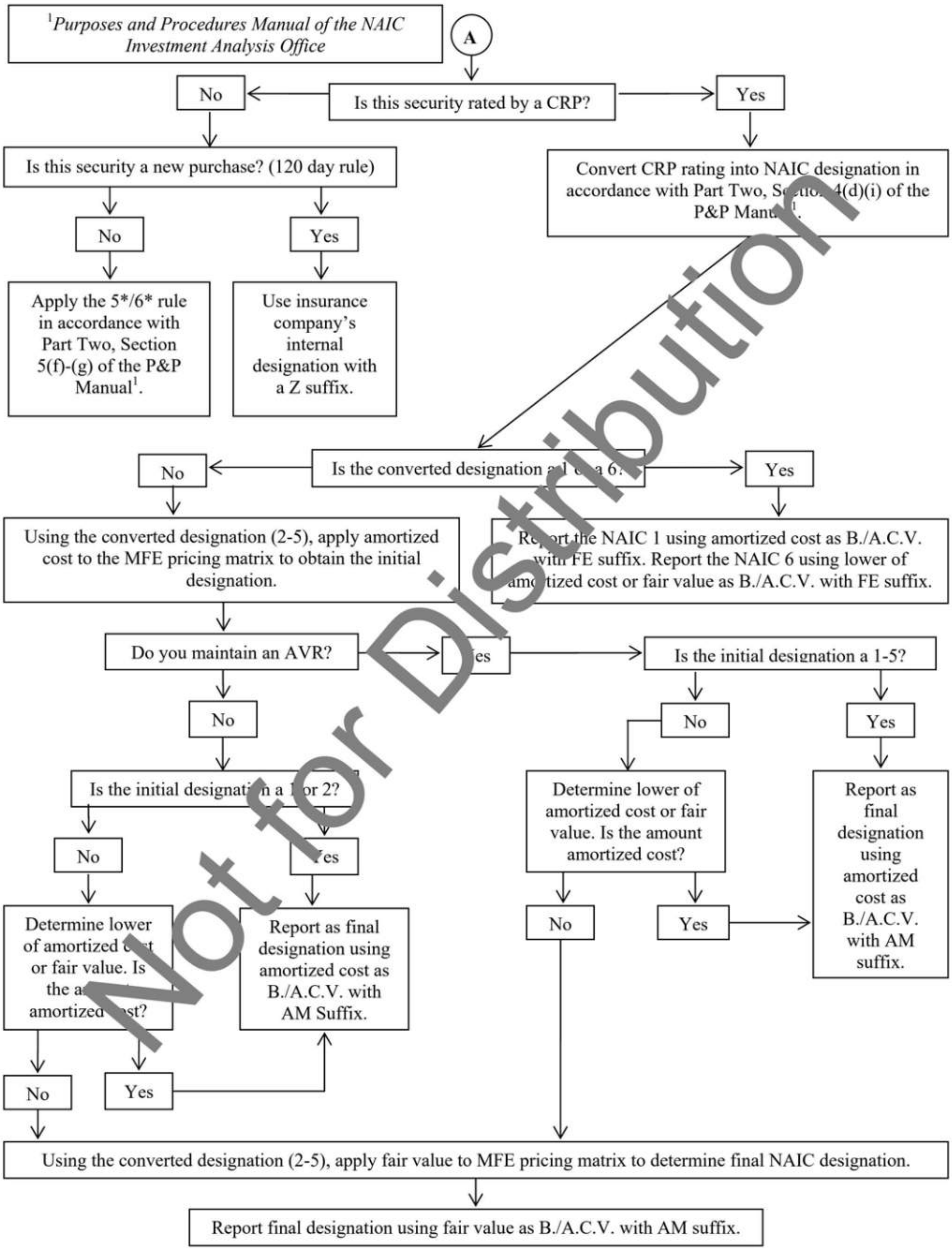
Other Loan-Backed and Structured Securities:

Those securities subject to the guidance in *SSAP No. 43R—Loan-Backed and Structured Securities* not included in the definition of Residential Mortgage-Backed Securities or Commercial Mortgage-Backed Securities.

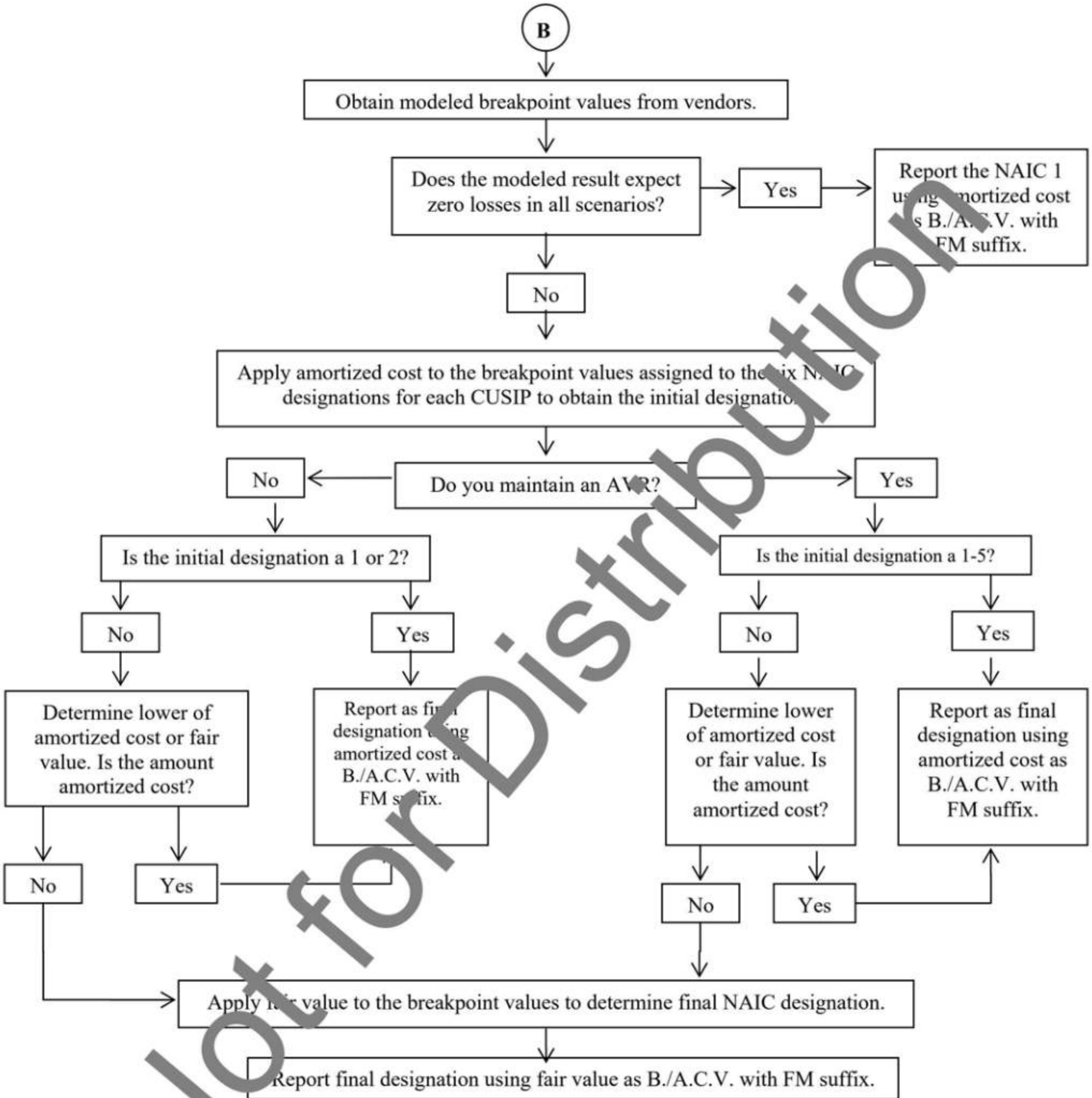
STRUCTURED SECURITIES (*SSAP No. 43R—LOAN-BACKED AND STRUCTURED SECURITIES*) FLOW CHART



SECURITIES SUBJECT TO MODIFIED FILING EXEMPT PROCESS



SECURITIES SUBJECT TO MODELING



STOCK EXCHANGE LIST

This is not a comprehensive list of stock exchanges. If a stock exchange is not listed, refer to *www.fixprotocol.org/specifications/exchanges.shtml*. If a stock exchange is not found in one of the sources above, use a description or abbreviation that accurately identifies the exchange.

Abidjan Stock Exchange	CI	Japanese Securities Dealers Association (JASDAQ)	Q
AEX Options and Futures Exchange	E	Johannesburg Stock Exchange	J
AEX Stock Exchange	AS	Kabu.com PTS	KAB
Alpha Trading Sytems	AL	Karachi Stock Exchange	KA
American Stock Exchange	A	Kazakhstan Stock Exchange	KZ
Amman Stock Exchange	AM	Korea Stock Exchange	KS
Australian Stock Exchange	AX	Korean Futures Exchange	KFE
Bahrain Stock Exchange	BH	KOSDAQ (Korea)	KQ
Barcelona Stock Exchange - CATS Feed	MC	Kuala Lumpur Stock Exchange	KL
Barcelona Stock Exchange - Floor Trading	BC	Kuwait Stock Exchange	KW
Beirut Stock Exchange	BY	Kyoto Stock Exchange	KY
Belfox	b	Lagos Stock Exchange	LG
Berlin Stock Exchange	BE	Latin American Market in Spain (LATIBEX)	LA
Berne Stock Exchange	BN	Le Nouveau Marche	LN
Bilbao Stock Exchange	BI	Lima Stock Exchange	LM
BlockBook ATS	BBK	Lisbon Stock Exchange (Portugal)	LS
Bombay Stock Exchange	BO	London Stock Exchange	L
Boston Stock Exchange	B	Lusaka Stock Exchange	LZ
Botswana Share Market	BT	Luxembourg Stock Exchange	LU
Bremen Stock Exchange	BM	Madras Stock Exchange	MD
Brussels Stock Exchange	BR	Madrid Stock Exchange - Floor Trading	MA
Cairo and Alexandria Stock Exchange	CA	Malta Stock Exchange	MT
Calcutta Stock Exchange	CL	Mauritius Stock Exchange	MZ
Canadian Ventures Exchange	V	Medellin Stock Excahnge	ML
Channel Islands	CH	Mexican Stock Exchange	MX
Chicago Board Options Exchange	W	Milan Stock Exchange	MI
Chicago Stock Exchange	MW	MONEP Paris Stock Options	p
Chile Electronic Exchange	CE	Montreal Exchange	M
CHI-X Exchange	INS	Moscow Inter Bank Currency Exchange	MM
Cincinnati Stock Exchange	C	Moscow Stock Exchange	MO
Colombo Stock Exchange	CM	Munich Stock Exchange	MU
Copenhagen Stock Exchange	CO	Muscat Stock Exchange	OM
Dehli Stock Exchange	DL	Nagoya Stock Exchange	NG
Doha Securities Market	QA	Nairobi Stock Exchange	NR
Dubai Financial Market	DU	Namibia Stock Exchange	NM
Dubai International Financial Exchange	DI	NASDAQ	OQ
Dusseldorf Stock Exchange	D	NASDAQ Dealers - Bulletin Board	OB
Electronic Stock Exchange of Venezuela	EB	NASDAQ Japan	OJ
Frankfurt Stock Exchange	F	National Stock Exchange of India	NS
Fukuoka Stock Exchange	FU	NewEx (Austria)	NW
Ghana Stock Exchange	GH	New York Stock Exchange	N
Hamburg Stock Exchange	H	New Zealand Stock Exchange	NZ
Hanover Stock Exchange	HA	NYSE Match Point	MP
Helsinki Stock Exchange	HE	Occidente Stock Exchange	OD
Hong Kong Stock Exchange	HK	Osaka Stock Exchange	OS
Iceland Stock Exchange	IC	Oslo Stock Exchange	OL
Interbolsa (Portugal)	IN	Pacific Stock Exchange	P
International Securities Exchange (ISE)	Y	Paris Stock Exchange	PA
Irish Stock Exchange	I	Philadelphia Stock Exchange	PH
Istanbul Stock Exchange	IS	Philadelphia Stock Exchange Options	X
Jakarta Stock Exchange	JK	Phillipine Stock Exchange	PS

Pink Sheets (National Quotation Bureau)	PNK
Prague Stock Exchange	PR
Pure Trading	PT
RASDAQ (Romania)	RQ
Riga Stock Exchange	RI
Rio de Janeiro OTC Stock Exchange (SOMA)	SO
Russian Trading System	RTS
Santiago Stock Exchange	SN
Sao Paulo Stock Exchange	SA
Sapporo Stock Exchange	SP
Saudi Stock Exchange	SE
SBI Japannext	JNX
SBI Stock Exchange (Sweden)	SBI
Shanghai Stock Exchange	SS
Shenzhen Stock Exchange	SZ
Singapore Exchange - Derivatives	SIM
Singapore Stock Exchange	SI
St. Petersburg Stock Exchange	PE
Stockholm Stock Exchange	ST
Stuttgart Stock Exchange	SG
Surabaya Stock Exchange	SU
SWX Quotematch AG	QMH
SWX Swiss Exchange	S
Sydney Futures Exchange	SFE
Taiwan OTC Securities Exchange	TWO
Taiwan Stock Exchange	TW
Tallinn Stock Exchange	TL
Tel Aviv Stock Exchange	TA
Thailand Stock Exchange	BK
Third Market	TH
Tokyo Commodity Exchange	TCE
Tokyo Financial Futures Exchange	TFF
Tokyo Stock Exchange	T
Toronto Options Exchange	K
Toronto Stock Exchange	TO
Tradepoint Stock Exchange	TP
Tunis Stock Exchange	TN
Turqoise	TQ
Ukraine PFTS	PFT
Valencia Stock Exchange	VA
Vienna Stock Exchange	VI
Vilnus Stock Exchange	VL
virt-x	VX
Xetra	DE
Zagreb Stock Exchange	ZA
Zimbabwe Stock Exchange	ZI

Summary Investment
Schedule and
Verifications

SUMMARY INVESTMENT SCHEDULE

This schedule was developed to assist regulators in identifying and analyzing the risks inherent in a portfolio of securities as well as identifying the differences in valuation and admission between those practices prescribed or permitted by the state of domicile and those set forth in the NAIC *Accounting Practices and Procedures Manual*. This schedule includes only those assets from the general account. The line captions were developed with the intention of grouping securities with common risk characteristics together. These groupings were determined based upon a review of schedules within the NAIC Annual Statement and the Federal Financial Institutions Examination Council Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices (FFIEC 031, also known as the "Call Report").

Column 1 – Gross Investment Holdings – Amount

This column represents the admitted value of an asset determined by applying the valuation procedures and admission criteria of the NAIC *Accounting Practices and Procedures Manual*.

Column 2 – Gross Investment Holdings – Percentage

Amount represents the percentage of the individual Column 1 line item to the Total Invested Assets amount presented in Column 1, Line 12.

Column 3 – Admitted Assets as Reported in the Annual Statement – Amount

This column represents the admitted value of an asset determined by applying the valuation procedures and admission criteria prescribed or permitted by the state of domicile (i.e., the basis of admitted assets reported in the Annual Statement). A variation between the amounts in Column 1 and Column 3 would indicate that a reporting entity valued or admitted an asset differently under its state law than it would have under the NAIC *Accounting Practices and Procedures Manual*. An example includes a case where an entity was required to nonadmit an asset under its state investment law but was not required to nonadmit under the NAIC *Accounting Practices and Procedures Manual* because there are no investment limits within the Manual. Another example includes a case where an entity was not able to admit an asset under the NAIC *Accounting Practices and Procedures Manual* (i.e., it did not meet the requirements of *SSAP No. 4—Assets and Nonadmitted Assets*) but was able to admit the asset under the basket clause within the state investment law.

Column 4 – Admitted Assets as Reported in the Annual Statement – Securities Lending Reinvested Collateral Amount

This column represents Schedule DL, Part 1 (Page 2, Line 10) reflected in their respective investment categories.

Line 12, Total Invested Assets should equal Column 3, Line 9, Securities Lending.

Column 5 – Admitted Assets as Reported in the Annual Statement – Total Amount

For Lines 1 through 8, Line 10 and Line 11, Column 5 should equal Column 3 plus Column 4.

For Line 12, Column 5 should equal Column 3, Line 12 plus Column 4, Line 12 minus Column 3, Line 9.

Column 6 – Admitted Assets as Reported in the Annual Statement – Percentage

Amount represents the percentage of the individual Column 5 line item to the Total Invested Assets amount presented in Column 5, Line 12.

Line 1.1 – U.S. Treasury Securities

Include: The value of all U.S. Treasury securities.

All bills, certificates of indebtedness, notes, and bonds, including those issued under the Separate Trading of Registered Interest and Principal of Securities (STRIPS) program and those that are "inflation-indexed."

Exclude: All obligations of U.S. Government agencies.

Detached Treasury security coupons and ex-coupon Treasury securities held as the result of either their purchase or stripping of such securities and variations of coupon stripping that have been marketed with names such as CATS (Certificates of Accrual on Treasury Securities), TIGR (Treasury Investment Growth Receipts), COUGAR (Certificates on Government Receipts), LION (Lehman Investment Opportunity Notes), and ETR (Easy Treasury Receipts).

Line 1.2 – U.S. Government Agency Obligations (Excluding Mortgage-Backed Securities)

Include: The value of all U.S. Government agency obligations (excluding mortgage-backed securities).

Exclude: All holdings of U.S. Government-issued or -guaranteed mortgage pass-through securities.

Collateralized mortgage obligations (CMOs), real estate mortgage investments conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments) issued by U.S. Government agencies and corporations.

Participations in pools of Federal Housing Administration (FHA) Title I loans, which generally consist of junior lien home improvement loans.

Line 1.21 – Issued by U.S. Government Agencies

Include: The value of all obligations (excluding mortgage-backed securities) that have been issued by U.S. Government agencies. For purposes of this schedule, a U.S. Government agency is defined as an instrumentality of the U.S. Government whose debt obligations are fully and explicitly guaranteed as to the timely payment of principal and interest by the full faith and credit of the U.S. Government. Include, among others, debt securities (but not mortgage-backed securities) of the following U.S. Government agencies:

Export-Import Bank (Ex-Im Bank)

Federal Housing Administration (FHA)

Government National Mortgage Association (GNMA)

Maritime Administration

Small Business Administration (SBA)

Small Business Administration (SBA) "Guaranteed Loan Pool Certificates," which represent an undivided interest in a pool of SBA-guaranteed portions of loans for which the SBA has further guaranteed the timely payment of scheduled principal and interest payments

Participation certificates issued by the Export-Import Bank and the General Services Administration

Line 1.22 – Issued by U.S. Government-sponsored Agencies

Include: The value of all obligations (excluding mortgage-backed securities) that have been issued by U.S. Government-sponsored agencies. For purposes of this schedule, U.S. Government-sponsored agencies are defined as agencies originally established or chartered by the U.S. Government to serve public purposes specified by the U.S. Congress but whose debt obligations are not explicitly guaranteed by the full faith and credit of the U.S. Government. Include, among others, debt securities and mortgage-backed bonds (i.e., bonds that are collateralized by mortgages) of the following government-sponsored agencies:

Federal Agricultural Mortgage Corporation (Farmer Mac)

Federal Farm Credit Banks

Federal Home Loan Banks (FHLBs)

Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)

Federal Land Banks (FLBs)

Federal National Mortgage Association (FNMA or Fannie Mae)

Financing Corporation (FICO)

Resolution Funding Corporation (REFCORP)

Tennessee Valley Authority (TVA)

U.S. Postal Service

Line 1.3 – Non-U.S. Government (Including Canada, Excluding Mortgage-Backed Securities)

Include: The value of all obligations (excluding mortgage-backed securities) that have been issued by Foreign Governments (including Canadian obligations). All included are debt securities issued by foreign governmental units and debt securities issued by international organizations such as the International Bank for Reconstruction and Development (World Bank), Inter-American Development Bank, and Asian Development Bank.

Line 1.4 – Securities Issued by States, Territories and Possessions and Political Subdivisions in the U.S

Include: The value of all securities issued by states and political subdivisions in the United States.

Exclude: All mortgage-backed securities issued by state and local housing authorities in the U.S. Collateralized mortgage obligations (CMOs), real estate mortgage investments conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments) issued by state and local housing authorities in the U.S.

Line 1.41 – States, Territories and Possessions General Obligations

Include: The value of all obligations (excluding mortgage-backed securities) that have been issued by U.S. States and Territories. U.S. States and Territories, for purposes of this schedule, include general obligations that are securities whose principal and interest will be paid from the general tax receipts of the NAIC members. NAIC members are composed of the 50 states, the District of Columbia, American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

Line 1.42 – Political Subdivisions of States, Territories and Possessions and Political Subdivisions General Obligations

Include: The value of all obligations (excluding mortgage-backed securities) that have been issued by Political Subdivisions of U.S. States, Territories and Political Subdivisions. Political Subdivisions of U.S. States, Territories and Possessions, for purposes of this schedule, include general obligations that are securities whose principal and interest will be paid from the general tax receipts of the Political Subdivision (the counties, municipalities, school districts, irrigation districts, and drainage and sewer districts) of the NAIC members. NAIC members are composed of the 50 states, the District of Columbia, American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

Line 1.43 – Revenue and Assessment Obligations

Include: The value of all revenue and assessment obligations that are securities whose debt service is paid solely from the revenues of the projects financed by the securities rather than from general tax funds.

Line 1.44 – Industrial Development and Similar Obligations

Include: The value of all industrial development bonds (IDB) and similar obligations. IDBs and similar obligations are issued under the auspices of states or political subdivisions for the benefit of a private party or enterprise where that party or enterprise, rather than the government entity, is obligated to pay the principal and interest on the obligation.

Line 1.5 – Mortgage-backed Securities (Includes Residential and Commercial MBS)

Include: The value of all residential and commercial mortgage-backed securities, including mortgage pass-through securities, collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments).

Exclude: Securities backed by loans extended under home equity lines, (i.e., revolving open-end lines of credit secured by 1-4 family residential properties).

Bonds issued by the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC) that are collateralized by mortgages, (i.e., mortgage-backed bonds, and mortgage-backed bonds issued by non-U.S. Government issuers).

Participation certificates issued by the Export-Import Bank and the General Services Administration.

Participation certificates issued by a Federal Intermediate Credit Bank.

Line 1.51 – Pass-through Securities

Include: The value of all holdings of mortgage pass-through securities. In general, a mortgage pass-through security represents an undivided interest in a pool that provides the holder with a pro rata share of all principal and interest payments on the residential mortgages in the pool, and includes certificates of participation in pools of residential mortgages. U.S. Government-issued participation certificates (PCs) that represent a pro rata share of all principal and interest payments on a pool of resecuritized participation certificates that, in turn, are backed by residential mortgages, (e.g., FHLMC Giant PCs).

Exclude: All collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments).

Line 1.511 – Issued or Guaranteed by GNMA

Include: The value of all holdings of mortgage pass-through securities guaranteed by the Government National Mortgage Association (GNMA).

Exclude: Mortgage pass-through securities issued by FNMA and FHLMC.

Line 1.512 – Issued or Guaranteed by FNMA and FHLMC

Include: The value of all holdings of mortgage pass-through securities issued by the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC).

Exclude: Mortgage pass-through securities that are guaranteed by the Government National Mortgage Association (GNMA).

Line 1.513 – All Other

Include: The value of all holdings of mortgage pass-through securities issued by others (e.g., other depository institutions, insurance companies, state and local housing authorities in the U.S.) that are not guaranteed by the U.S. Government.

Line 1.52 – CMOs and REMICs

Include: The value of all mortgage-backed securities other than pass-through securities. Other mortgage-backed securities include all classes of collateralized mortgage obligations (CMOs) and real estate mortgage investments conduits (REMICs), CMO and REMIC residuals and similar interests, stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments).

Line 1.521 – Issued or Guaranteed by GNMA, FNMA, FHLMC, or VA

Include: The value of all classes of CMOs and REMICs, CMO and REMIC residuals, and stripped mortgage-backed securities issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC) or guaranteed by the Government National Mortgage Association (GNMA). For purposes of this schedule, also include REMICs issued by the U.S. Department of Veterans Affairs (VA) in this item.

Line 1.522 – Issued by Non-U.S. Government Issuers and Collateralized by Mortgage Backed Securities Issued or Guaranteed by Agencies Shown in Line 1.521

Include: The value of all classes of CMOs, REMICs, CMO and REMIC residuals, and stripped mortgage backed securities issued by non-U.S. Government issuers (e.g., other depository institutions, insurance companies, state and local housing authorities in the U.S.) for which the collateral consists of GNMA (Ginnie Mae) pass-throughs, FNMA (Fannie Mae) pass-throughs, FHLMC (Freddie Mac) participation certificates, or other mortgage-backed securities (i.e., classes of CMOs or REMICs, CMO or REMIC residuals, and stripped mortgage-backed securities) issued or guaranteed by FNMA, FHLMC, GNMA, or VA.

Line 1.523 – All Other

Include: The value of all CMOs, REMICs, CMO and REMIC residuals, and stripped mortgage-backed securities issued by non-U.S. Government issuers (e.g., other depository institutions, insurance companies, state and local housing authorities in the U.S.) for which the collateral does not consist of GNMA (Ginnie Mae) pass-throughs, FNMA (Fannie Mae) pass-throughs, FHLMC (Freddie Mac) participation certificates, or other mortgage-backed securities (i.e., classes of CMOs or REMICs, CMO or REMIC residuals, and stripped mortgage-backed securities) issued or guaranteed by FNMA, FHLMC, GNMA, or VA.

Line 2 – Other Debt and Other Fixed Income Securities (Excluding Short-term)

Include: The value of all debt securities that cannot properly be reported within Line 1, above.

Bond Mutual Funds as identified by the SVO as listed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, Part Six, Section 2(h) and Exchange Traded Funds listed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, Part Six, Section 2(i).

Line 2.1 – Unaffiliated Domestic Securities (Includes Credit Tenant Loans and Hybrid Securities)

Include: The value of all unaffiliated domestic debt securities. Unaffiliated domestic debt securities includes but is not limited to bonds, notes, debentures, equipment trust certificates, and commercial paper issued by unaffiliated U.S.-chartered corporations, detached U.S. Government security coupons and ex-coupon U.S. Government securities held as the result of either their purchase or the stripping of such securities, and treasury receipts such as CATS, TIGRs, COUGARs, LIONs, and ETRs.

Other U.S. issuers not reportable elsewhere within Line 1.

Line 2.2 – Unaffiliated Non-U.S. Securities (Including Canada)

Include: The value of all unaffiliated foreign debt securities. Unaffiliated foreign debt securities include bonds, notes, debentures, equipment trust certificates, and commercial paper issued by unaffiliated non-U.S.-chartered corporations.

Line 2.3 – Affiliated Securities

Include: The value of all affiliated debt securities. Affiliated debt securities include bonds, notes, debentures, equipment trust certificates, and commercial paper issued by affiliated non-U.S.-chartered corporations.

Line 3 – Equity Interests

Include: The value of all investments in mutual funds and other equity securities. Such securities include, but are not limited to, mutual funds that invest solely in U.S. Government securities, common stock of the Federal National Mortgage Association (Fannie Mae), preferred stock and unrestricted voting common stock of the Student Loan Marketing Association (Sallie Mae), and common stock of the Federal Home Loan Mortgage Corporation (Freddie Mac).

Line 3.1 – Investments in Mutual Funds

Include: Include only mutual funds reported in Schedule D, Part 2, Section 2.

Line 3.2 – Preferred Stocks

Include: The value of all investments in the preferred stock of affiliated and unaffiliated entities. Preferred stock which may or may not be publicly traded and may include shares against which exchange traded call options are outstanding include redeemable preferred stock, mandatory sinking fund preferred stock, perpetual preferred stock, including nonredeemable preferred stock and preferred stock redeemable at the option of the issuer. Redeemable preferred stock is defined as preferred stock that must be redeemed by the issuing enterprise or is redeemable at the option of the reporting entity. It includes mandatory sinking fund preferred stock and payment-in-kind (PIK) preferred stock.

Exchange Traded Funds listed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, Part Six, Section 2.

Line 3.3 – Publicly Traded Equity Securities (Excluding Preferred Stocks)

Include: The value of all investments in the equity securities of affiliated and unaffiliated entities. Publicly traded equity securities includes but is not limited to equity securities traded on a public exchange, master limited partnerships trading as common stock and American deposit receipts only if the security is traded on the New York, American, or NASDAQ exchanges, and publicly traded common stock warrants.

Line 3.4 – Other Equity Securities

Include: The value of all equity securities of affiliated and unaffiliated entities not reported in Lines 3.1, 3.2, 3.3 and 3.5. Other equity securities includes but is not limited to:

(1) Equity securities not traded on a public exchange (e.g., private equities).

(2) Master limited partnership common stock not traded on the New York, American, or NASDAQ exchanges.

Line 3.5 – Other Equity Interests Including Tangible Personal Property under Lease

Include: The value of all investments in tangible property under lease.

Line 4 – Mortgage Loans

Include: The value of all loans secured by real estate. This includes loans secured by residential properties that are guaranteed by the Farmers Home Administration (FmHA) and extended, collected, and serviced by a party other than the FmHA, loans secured by properties and guaranteed by governmental entities in foreign countries, participations in pools of Federal Housing Administration (FHA) Title I home improvement loans that are secured by liens (generally, junior liens) on residential properties, and mezzanine real estate loans (as defined in *SSAP No. 83—Mezzanine Real Estate Loans*).

Exclude: From loans secured by real estate:

> Obligations (other than securities and leases) of states and political subdivisions in the U.S. that are secured by real estate.
>
> All loans and sales contracts indirectly representing other real estate.
>
> Loans to real estate companies, real estate investment trusts, mortgage lenders, and foreign non-governmental entities that specialize in mortgage loan originations and that service mortgages for other lending institutions when the real estate mortgages or similar liens on real estate are not sold to the bank but are merely pledged as collateral.
>
> Bonds issued by the Federal National Mortgage Association or by the Federal Home Loan Mortgage Corporation that are collateralized by residential mortgages.
>
> Pooled residential mortgages for which participation certificates have been issued or guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation.

Line 4.1 – Construction and Land Development

Include: The value of loans secured by real estate made to finance land development (i.e., the process of improving land – laying sewers, water pipes, etc.) preparatory to erecting new structures or the on-site construction of industrial, commercial, residential, or farm buildings. For this item, "construction" includes not only construction of new structures, but also additions or alterations to existing structures and the demolition of existing structures to make way for new structures.

Loans secured by vacant land, except land known to be used or usable for agricultural purposes, such as crop and livestock production.

Loans secured by real estate the proceeds of which are to be used to acquire and improve developed and undeveloped property.

Loans made under Title I or Title X of the National Housing Act that conform to the definition of construction stated above and that are secured by real estate.

Exclude: Loans to finance construction and land development that are not secured by real estate.

Line 4.2 – Agricultural

Include: The value of loans secured by farmland and improvements thereon, as evidenced by mortgages or other liens. Farmland includes all land known to be used or usable for agricultural purposes, such as crop and livestock production. Farmland includes grazing or pastureland, whether tillable or not and whether wooded or not. Include loans secured by farmland that are guaranteed by the Farmers Home Administration (FmHA) or by the Small Business Administration (SBA) and that are extended, serviced, and collected by any party other than FmHA or SBA.

Exclude: Loans for farm property construction and land development purposes.

Line 4.3 – Single Family Residential Properties

Include: The value of loans secured by real estate as evidenced by mortgages (FHA, FmHA, VA, or conventional) or other liens on nonfarm property containing one to four dwelling units (including vacation homes) or more than four dwelling units if each is separated from other units by dividing walls that extend from ground to roof (e.g., row houses, townhouses, or the like), mobile homes where (a) state laws define the purchase or holding of a mobile home as the purchase or holding of real property and where (b) the loan to purchase the mobile home is secured by that mobile home as evidenced by a mortgage or other instrument on real property, individual condominium dwelling units and loans secured by an interest in individual cooperative housing units, even if in a building with five or more dwelling units, and housekeeping dwellings with commercial units combined where use is primarily residential and where only one to four family dwelling units are involved.

Exclude: Loans for one to four family residential property construction and land development purposes. Also exclude loans secured by vacant lots in established single family residential sections or in areas set aside primarily for one to four family homes.

Line 4.4 – Multifamily Residential Properties

Include: The value of all other nonfarm residential loans secured by real estate as evidenced by mortgages (FHA and conventional) or other liens that are not reportable in Line 4.3.

Nonfarm properties with five or more dwelling units in structures (including apartment buildings and apartment hotels) used primarily to accommodate households on a more or less permanent basis.

Five or more unit housekeeping dwellings with commercial units combined where use is primarily residential.

Cooperative-type apartment buildings containing five or more dwelling units.

Exclude: Loans for multifamily residential property construction and land development purposes. Loans secured by nonfarm nonresidential properties.

Line 4.5 – Commercial Loans

Include: The value of loans secured by real estate as evidenced by mortgages or other liens on business and industrial properties, hotels, motels, churches, hospitals, educational and charitable institutions, dormitories, clubs, lodges, association buildings, "homes" for aged persons and orphans, golf courses, recreational facilities, and similar properties.

Exclude: Loans for nonfarm nonresidential property construction and land development.

Line 5 – Real Estate Investments

Include: Property occupied by the company. (Line 4.1, Column 3, Page 2, Assets)

Property held for the production of income. (Line 4.2, Column 3, Page 2, Assets)

Property held for sale. (Line 4.3 Column 3, Page 2, Assets)

Line 5.1, Column 3 should equal the amount reported in Line 4.1, Column 3, Page 2, Assets.

Line 5.2, Column 3 should equal the amount reported in Line 4.2, Column 3, Page 2, Assets.

Line 5.3, Column 3 should equal the amount reported in Line 4.3, Column 3, Page 2, Assets.

Line 6 – Contract Loans

Include: The value of all contract loans.

Column 3 should equal the amount reported in Line 6, Column 3, Page 2, Assets.

Line 7 – Derivatives

Include: The value of derivatives.

Column 3 should equal the amount reported in Line 7, Column 3, Page 2, Assets.

Line 8 – Receivable for Securities

Include: The value of receivable for securities.

Column 3 should equal the amount reported in Line 9, Column 3, Page 2, Assets.

Line 9 – Securities Lending (Reinvested Collateral Line 10, Asset Page)

Include: The value of securities lending.

Column 3 should equal the amount reported in Line 10, Column 3, Page 2, Assets.

Line 10 – Cash, Cash Equivalents and Short-term Investments

Include: The value of cash (Schedule E, Part 1), cash equivalents (Schedule E, Part 2 including money market mutual funds) and short-term investments (Schedule DA, Part 1).

Line 11 – Other Invested Assets

Include: The value of all other invested assets that have not been included in Lines 1 to 10 above.

Line 12 – Total Invested Assets

Sum of Lines 1 to 11. The amount reported in Column 3 should equal the amount of total invested assets reported in Line 12 Column 3, Page 2, Assets.

SCHEDULE A – VERIFICATION BETWEEN YEARS

REAL ESTATE

Line 1 – Book/Adjusted Carrying Value, December 31 of Prior Year

Report the book/adjusted carrying value excluding accrued interest of real estate owned as of December 31, of the prior year's statement.

Line 2.1 – Actual Cost at Time of Acquisitions

Report the actual cost at the time the asset was originally acquired. Do not include additional expenditures after the time of initial acquisition. These amounts are reported on Line 2.2.

Line 2.2 – Additional Investment Made After Acquisition

On a year-to-date basis, report additions and improvements that increased the investment subsequent to the time the asset was originally acquired.

Line 3 – Current Year Change in Encumbrances

Report as a positive number any decreases in encumbrances reported on real estate for the year.
Report as a negative number any increases in encumbrances reported on real estate for the year.

Line 4 – Total Gain (Loss) on Disposals

Report the total gain (loss) on disposal of real estate for the year.

Line 5 – Deduct Amounts Received on Disposals

This is the consideration received on the disposal and should include not only real estate fully disposed but also real estate partially disposed.

Line 6 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

Report the unrealized foreign exchange gain or loss for the year.

Line 7 – Deduct Current Year's Other-Than-Temporary Impairment Recognized

Report the other-than-temporary impairments for the year.

Line 8 – Deduct Current Year's Depreciation

Report the total depreciation for the entire year.

Include: Depreciation that was recorded on property during the current year that was later classified as property held for sale.

Include the unrealized valuation gain/loss for separate account only

Line 9 – Book/Adjusted Carrying Value at End of Current Period

The amount in Line 9 should tie to the Assets Page, Column 1, the sum of all types of real estate included in Lines 4.1, 4.2 and 4.3.

Line 10 – Deduct Total Nonadmitted Amounts

Report the adjustment for nonadmitted amounts related to real estate loans.

Include: The amount of the portfolio that is in excess of any investment limitation.

Line 11 – Statement Value at End of Current Period

Report the statement value of real estate owned as of December 31, current year. This should agree with Page 2, Column 3, of the current year's statement.

SCHEDULE B – VERIFICATION BETWEEN YEARS

MORTGAGE LOANS

Line 1 – Book Value/Recorded Investment excluding Accrued Interest on December 31 of Prior Year

Report the book value/recorded investment (excluding accrued interest) of mortgages owned as of December 31 of the prior year's statement.

Line 2.1 – Actual Cost at Time of Acquisitions

Report the actual amount loaned for the mortgages at the time the asset was originally acquired. The cost of acquiring the assets includes any additional amounts that are to be capitalized. Accordingly, there may be a premium or discount on such loans resulting from a difference between the amount paid and the principal amount. Do not include additional expenditures after the time of initial acquisition. These amounts are reported on Line 2.2.

Line 2.2 – Additional Investments Made After Acquisitions

Report additional amounts that increased the mortgage during the year subsequent to the time the asset was originally acquired, e.g., increases in the loan. Include additional loans on mortgages that were subsequently disposed during the year.

Line 3 – Capitalized Deferred Interest and Other

Report the other capitalized past due interest and other items for the year.

Line 4 – Accrual of Discount

Report the total amount of discount accrued for the year as included in Schedule B, Part 1, Column 10 and Schedule B, Part 3, Column 9. Refer to *SSAP No. 37—Mortgage Loans* for accounting guidance.

Line 5 – Unrealized Valuation Increase (Decrease)

Report the total amount of noncash increases and decreases in the book value/recorded investment (excluding accrued interest) for the year.

Include: The amount on mortgage loans still owned as of the reporting date and the amount on mortgage loans disposed and reported on Schedule B, Part 3, Column 8.

Line 6 – Total Gain (Loss) on Disposal

Report the gain (loss) on disposal of mortgages for the year.

Line 7 – Deduct Amounts Received On Disposals

Considerations received on mortgages disposed during the year.

Line 8 – Deduct Amortization of Premium and Mortgage Interest Points and Commitment Fees

Report the total amount of premium, mortgage interest points, and commitment fees amortized for the year as included in Schedule B, Part 1, Column 10 and Schedule B, Part 3, Column 9. Refer to *SSAP No. 37—Mortgage Loans* for accounting guidance.

Line 9 – Total Foreign Exchange Change In Book Value/Recorded Investment Excluding Accrued Interest

Report the unrealized foreign exchange gain or loss for the year.

Line 10 – Deduct current Year's Other-Than-Temporary Impairment Recognized

Report the other-than-temporary impairments for the year.

Line 11 – Book Value/Recorded Investment Excluding Accrued Interest at End of Current Period

Report the book value/recorded investment (excluding accrued interest) of mortgages owned as of the end of the year.

Line 12 – Total Valuation Allowance

Report as a negative number the aggregate outstanding valuation allowance related to impaired loans as set forth in *SSAP No. 37—Mortgage Loans*.

Line 14 – Deduct Total Nonadmitted Amounts

Report the adjustment for nonadmitted amounts related to mortgage loans.

Include: The amount of the portfolio that is in excess of any investment limitation.

Line 15 – Statement Value at End of Current Period

Report the statement value of mortgages owned as of December 31, current year. This should agree with Page 2, Column 3, of the current year's statement.

SCHEDULE BA – VERIFICATION BETWEEN YEARS

LONG-TERM INVESTED ASSETS

Line 1 – Book/Adjusted Carrying Value of Long-Term Invested Assets Owned, December 31 of Prior Year

Report the book/adjusted carrying value of other long-term invested assets and collateral loans owned as of December 31 prior year shown on Page 2, Column 1 of the prior year's statement.

Line 2.1 – Actual Cost at Time of Acquisition

Include: The actual cost at the time the asset was originally acquired.

The cost of acquiring the assets including broker's commission and incidental expenses of effecting delivery.

Exclude: Additional expenditures after the time of the initial acquisition or encumbrances or impairments.

Line 2.2 – Additional Investment Made After Acquisition

Include: The actual cost (including Broker's commissions and incidental expenses of affecting delivery) to increase investments in the original assets.

Improvements to the assets subsequent to acquisition.

Activity on investments sold during the year.

Line 3 – Capitalized Deferred Interest and Other

Report the other capitalized past due interest and other items for the year.

Line 4 – Accrual of Discount

Report the total amount of discount accrued for the year as included in Schedule BA, Part 1, Column 14 and Schedule BA, Part 3, Column 10.

Line 5 – Unrealized Valuation Increase (Decrease)

Report the total amount of noncash increases and decreases to the book/adjusted carrying value, except for amounts reported on Lines 4, 8 and 9. This includes a valuation allowance as allowed under *SSAP No. 37—Mortgage Loans*.

Line 6 – Total Gain (Loss) on Disposal

Report the gain (loss) on disposal of other long-term invested assets for the year.

Line 7 – Deduct Amounts Received on Disposal

Include: Portions of investments repaid during the year.

Considerations received on investments disposed during the year are to be included.

Line 8 – Deduct Amortization of Premium and Depreciation

Report the total amount of premium amortized during the year and amount of depreciation on any assets that are considered real estate on a look-through basis, as included in Schedule BA, Part 1, Column 14 and Schedule BA, Part 3, Column 10.

Report the amount of depreciation on any assets that are considered real estate on a look-through basis.

Line 9 – Total Foreign Exchange Change in Book Value/Adjusted Carrying Value

Report the unrealized foreign exchange gain or loss for the year.

Line 10 – Deduct Current Year's Other-Than-Temporary Impairment Recognized

Report the other-than-temporary impairments for the year.

Line 11 – Book/Adjusted Carrying Value at End of Current Period

Report the book/adjusted carrying value of other long-term invested assets owned as of the end of the year.

Line 12 – Deduct Total Nonadmitted Amounts

Report the adjustment for nonadmitted amounts related to long-term invested assets.

Include: The amount of the portfolio that is in excess of any investment limitation.

The amount of any goodwill that exceeds the surplus limitation as described in *SSAP No. 68—Business Combinations and Goodwill*.

Line 13 – Statement Value at End of Current Period

Report the statement value of other long-term invested assets owned as of December 31, current year, shown on Page 2, Column 3 of the current year's statement.

SCHEDULE D – VERIFICATION BETWEEN YEARS

BONDS AND STOCKS

Line 1 – Book/Adjusted Carrying Value of Bonds and Stocks, December 31 of Prior Year

Report the book/adjusted carrying value of Bonds and Stocks owned as of December 31 on Schedule D, Verification Between Years, of the prior year's annual statement.

Line 2 – Cost of Bonds and Stocks Acquired

Report the actual cost to acquire bonds and stocks for the year. The cost of acquiring the investment should be consistent with the accounting guidance contained in the *Accounting Practices and Procedures Manual*.

Line 3 – Accrual of Discount

Report the total amount of discount accrued for the year, including the amount on bonds and stocks still owned as of the reporting date and reported on Schedule D, Part 1, Column 13 and Schedule D, Part 2, Section 1, Column 16, and the amount on bonds and stocks disposed in the current year and reported on Schedule D, Part 4, Column 12.

Line 4 – Unrealized Valuation Increase (Decrease)

Report the total unrealized valuation increase (decrease) for the year.

Line 5 – Total Gain (Loss) on Disposals

Report the profit (loss) on sales of bonds and stocks for the year.

Line 6 – Deduct Consideration for Bonds and Stocks Disposed of During the Year

Report the total consideration received on bonds and stocks for the year.

Line 7 – Deduct Amortization of Premium

Report the total amount of premium amortized for the year, including the amount on bonds and stocks still owned as of the reporting date and reported on Schedule D, Part 1, Column 13 and Schedule D, Part 2, Section 1, Column 16, and the amount on bonds and stocks disposed in the current year and reported on Schedule D, Part 4, Column 12.

Line 8 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

Report the unrealized foreign exchange gain or loss for the year.

Line 9 – Deduct Current Year's Other-Than-Temporary Impairment Recognized

Report the other-than-temporary impairments for the year.

Line 10 – Total Investment Income Recognized as a Result of Prepayment Penalties and/or Acceleration Fees

Report only the total investment income recognized, using the information recorded in Schedule D, Part 4, Column 20, for bonds and stocks that were sold, disposed or otherwise redeemed during the year, as a result of a prepayment penalty and/or acceleration fee. Line 10 should equal Note 5, Line 5R(2).

Line 11 – Book/Adjusted Carrying Value at End of Current Period

The amount in Line 11 should tie to the Assets Page, Column 1, the sum of the lines for Bonds, Line 1, Preferred Stocks, Line 2.1 and Common Stocks, Line 2.2.

Line 12 – Deduct Total Nonadmitted Amounts

Include: The amount of the portfolio that is in excess of any investment limitation.

The amount of any goodwill that exceeds the surplus limitation as described in *SSAP No. 68—Business Combinations and Goodwill*.

The amount to be reported here should tie to the Assets Page, Column 2, the sum of the lines for Bonds, Line 1, Preferred Stocks, Line 2.1, and Common Stocks, Line 2.2.

Line 13 – Statement Value of Bonds and Stocks, Current Period

This amount should tie to the Assets Page, Column 3, the sum of the lines for Bonds, Line 1, Preferred Stocks, Line 2.1, and Common Stocks, Line 2.2.

SCHEDULE D – SUMMARY BY COUNTRY

LONG-TERM BONDS AND STOCKS OWNED DECEMBER 31 OF CURRENT YEAR

Enter summarized amounts in the appropriate columns by the specified major classifications, subdividing into United States, Canada, and Other Countries where applicable. For purposes of this schedule, investments in Other Countries are considered Foreign Investments. For the definition of Foreign Investment, and Domestic Investment, see instructions to the Supplemental Investment Risk Interrogatories.

Column 2 – Fair Value

For certain bonds, values other than actual market may appear in this column. (See Schedule D, Part 1 instructions for details.)

Exclude: Accrued interest.

Column 3 – Actual Cost

Include: Brokerage and other related fees, to the extent they do not exceed the fair market value at the date of acquisition.

Exclude: Accrued interest.

Lines 8 through 11 – Bonds – Industrial and Miscellaneous, SVO Identified Funds, Bank Loans and Hybrid Securities (Unaffiliated)

Include: Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO reported in Schedule D, Part 1.

Bank Loans

Line 13 – Total Bonds

Columns 1, 2, 3, and 4, should agree with Columns 11, 9, 7 and 10, respectively, in Schedule D, Part 1.

Column 1 should equal Column 1, Line 1 of the assets page.

Lines 14 through 17 – Preferred Stocks – Industrial and Miscellaneous (Unaffiliated)

Include: Exchange Traded Funds (ETFs) reported in Schedule D, Part 2, Section 1.

Line 19 – Total Preferred Stocks

Columns 1, 2 and 3 should agree with Columns 8, 10 and 11, respectively, in Schedule D, Part 2, Section 1.

Column 1 should equal Column 1, Line 2.1 of the assets page.

Lines 20 through 23 – Common Stocks – Industrial and Miscellaneous (Unaffiliated)

Include: Mutual funds reported in Schedule D, Part 2, Section 2.

Line 25 – Total Common Stocks

Columns 1, 2 and 3 should agree with Columns 6, 8 and 9, respectively, in Schedule D, Part 2, Section 2.

Column 1 should equal Column 1, Line 2.2 of the assets page.

SCHEDULE D – PART 1A – SECTION 1

QUALITY AND MATURITY DISTRIBUTION OF ALL BONDS OWNED DECEMBER 31 BY MAJOR TYPE AND NAIC DESIGNATION

The schedule summarizes the aggregate book/adjusted carrying value of all bond holdings, including those in Schedule DA and Schedule E, Part 2 by quality, designation, maturity and bond categories. Include short-term and cash equivalent bonds in the category that most closely resembles their credit risk.

The maturity category for a particular holding is determined by the following criteria:

a. Serial issues and mandatory fixed prepayment obligations valued on an amortizable basis may be distributed based on the par value of each scheduled repayment date and the final installment and adjusted for any discount or premium. Such holdings reported at market may be distributed based on market value by applying market rate to each scheduled repayment.

b. (i) Mortgage-backed/loan-backed and structured securities (these securities are considered loan-backed securities and subject to the guidance in *SSAP No. 43R—Loan-Backed and Structured Securities*) should be distributed based on the anticipated future prepayment cash flows used to value the security.

   (ii) Other bonds with optional prepayment provisions should be distributed based on the expected future prepayments used to value the security.

   (iii) Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO (as described in the Investment Schedules General Instructions) should be reported in Column 6, "No Maturity Date" in Section 9 "SVO Identified Funds." Only funds reported in Section 9 would be reported in Column 6.

c. Place all holdings in default as to principal or interest in the "Over 20 years" category in the absence of definitive information as to final settlement. Perpetual bonds should also be included in this category.

d. Consider obligations without maturity date and payable on demand to be due within one year if in good standing. Otherwise, include in the "Over 20 years" category, or earlier if justifiable.

There are 14 sections to this schedule: Sections 1 through 10 for each of the 10 bond categories, Section 11 for total bonds current year, Section 12 for total bonds prior year, Section 13 for total bonds publicly traded and Section 14 for total bonds privately placed. The 10 bond categories combine corresponding subtotals from Schedule D, Part 1; Schedule DA, Part 1; and Schedule E, Part 2 as follows, and for each of those 10 bond categories, the total line for Column 7 of each section should equal the sum of the subtotal lines shown below:

Section 1. U.S. Governments

Line 0599999 from Schedule D, Part 1, Column 11; Line 0599999 from Schedule DA, Part 1, Column 7; and Line 0599999 from Schedule E, Part 2, Column 7.

Section 2. All Other Governments

Lines 1099999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 3. U.S. States, Territories and Possessions, Guaranteed

Lines 1799999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed

Lines 2499999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed

Lines 3199999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and in Schedule E, Part 2, Column 7.

Section 6. Industrial & Miscellaneous (Unaffiliated)

Line 3899999 from Schedule D, Part 1, Column 11; Line 3899999 from Schedule DA, Part 1, Column 7; and Line 3899999 from Schedule E, Part 2, Column 7.

Section 7. Hybrid Securities

Lines 4899999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 8. Parent, Subsidiaries and Affiliates

Lines 5599999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 9. SVO Identified Funds

Lines 6099999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 10. Bank Loans

Lines 6599999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

The quality designation used is the "NAIC Designation" that appears with each bond as listed in the *Valuations of Securities*. Include short-term and cash equivalent bonds in the category that most closely resembles their credit risk. For each Section 1 through 14, seven lines of information are shown, which are numbered in a format "X.Y" where the number "X" is the number of the section and the number "Y" is the order of the line within the section. The lines within each section are categorized as follows for Section "X".

X.1	Highest Quality	(NAIC 1)
X.2	High Quality	(NAIC 2)
X.3	Medium Quality	(NAIC 3)
X.4	Low Quality	(NAIC 4)
X.5	Lower Quality	(NAIC 5)
X.6	In or near default	(NAIC 6)
X.7	Total for section	

Column 11 is to contain publicly traded securities; i.e., those securities that have been assigned a CUSIP/CINS number in the *Valuations of Securities*. Any securities outside the CUSIP/PPN/CINS coding system will be considered to be publicly traded for Annual Statement purposes (e.g., short-term investments). Exclude bonds that are qualified for resale under SEC Rule 144A or freely tradable under SEC Rule 144.

Column 12 is to contain privately placed securities as identified with Private Placement Numbers (PPN) in the *Valuations of Securities*. A PPN can be differentiated by the presence of a *, #, or @ sign appearing in either the sixth, seventh or eighth digit of the nine-digit CUSIP-like number. Include bonds that are qualified for resale under SEC Rule 144A or freely tradable under SEC Rule 144 that have been assigned a CUSIP/CINS number in the *Valuations of Securities*.

Column 12 Footnote

Include bonds that are qualified for resale under SEC Rule 144A.

Include bonds that are freely tradable under SEC Rule 144 (e.g., that are presently held by, and for the immediately preceding three year period have been held by, persons unrelated to the issuer); however, there shall be excluded any such security containing a contractual restriction against resale (a "right of first refusal" provision is not considered a restriction against resale).

Footnote (d)

Provide the total book/adjusted carrying value amount reported in Section 11, Column 1 by NAIC designation that represents the amount of securities reported in Schedule DA and Schedule E, Part 2.

The sum of the amounts by NAIC designation (NAIC 1, NAIC 2, NAIC 3, NAIC 4, NAIC 5 and NAIC 6) reported in the footnote should equal the sum of Schedule DA, Part 1, Column 7, Lines 8399999 plus Schedule E, Part 2, Column 7, Line 8399999.

SCHEDULE D – PART 1A – SECTION 2

MATURITY DISTRIBUTION OF ALL BONDS OWNED DECEMBER 31 BY MAJOR TYPE AND SUBTYPE

The schedule summarizes the aggregate book/adjusted carrying value of all bond holdings, including those in Schedule DA and Schedule E, Part 2 by maturity, major bond categories and the subcategories of issuer obligations, and mortgage-backed/loan-backed and structured securities.

The maturity category for a particular holding is determined by the following criteria:

a. Serial issues and mandatory fixed prepayment obligations valued on an amortizable basis may be distributed based on the par value of each scheduled repayment date and the final installment and adjusted for any discount or premium. Such holdings reported at market may be distributed based on market value by applying market rate to each scheduled repayment.

b. (i) Mortgage-backed/loan-backed and structured securities (these securities are considered loan-backed securities and subject to the guidance in *SSAP No. 43R—Loan-Backed and Structured Securities*) should be distributed based on the anticipated future prepayment cash flows used to value the security.

   (ii) Other bonds with optional prepayment provisions should be distributed based on the expected future prepayments used to value the security.

   (iii) Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO (as described in the Investment Schedules General Instructions) should be reported in Column 6, “No Maturity Date” in Section 9 – SVO Identified Funds.” Only funds reported in Section 9 would be reported in Column 6.

c. Place all holdings in default as to principal or interest in the “Over 20 years” category in the absence of definitive information as to final settlement. Perpetual bonds should also be included in this category.

d. Consider obligations without maturity date and payable on demand to be due within one year if in good standing. Otherwise, include in the “Over 20 years” category, or earlier if justifiable.

There are 14 sections to this schedule: Sections 1 through 10 for each of the 10 bond categories, Section 11 for total bonds current year, Section 12 for total bonds prior year, Section 13 for total bonds publicly traded and Section 14 for total bonds privately placed. The 10 bond categories combine corresponding subtotals from Schedule D, Part 1; Schedule DA, Part 1; and Schedule E, Part 2 as follows, and for each of those 10 bond categories, the total line for Column 7 of each section should equal the sum of the subtotal lines shown below:

Section 1. U.S. Governments

Line 0599999 from Schedule D, Part 1, Column 11; Line 0599999 from Schedule DA, Part 1, Column 7; and Line 0599999 from Schedule E, Part 2, Column 7.

Section 2. All Other Governments

Lines 1099999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 3. U.S. States, Territories and Possessions, Guaranteed

Lines 1799999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed

Lines 2499999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 5. U.S. Special Revenue & Special Assessment Obligations, etc. Non-guaranteed

Lines 3199999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 6. Industrial & Miscellaneous (Unaffiliated)

Line 3899999 from Schedule D, Part 1, Column 11; Line 3899999 from Schedule DA, Part 1, Column 7; and Line 3899999 from Schedule E, Part 2, Column 7.

Section 7. Hybrid Securities

Lines 4899999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 8. Parent, Subsidiaries and Affiliates

Lines 5599999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 9. SVO Identified Funds

Lines 6099999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 10. Bank Loans

Lines 6599999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

For each major section the following subgroups, which are described in the Investment Schedules General Instructions, shall be presented by maturity category:

Sections 1 through 8:

- Issuer Obligations
- Residential Mortgage-Backed Securities
- Commercial Mortgage-Backed Securities
- Other Loan-Backed and Structured Securities

Section 9:

- Exchange Traded Funds – as Identified by the SVO
- Bond Mutual Funds – as Identified by the SVO

Section 10:

- Bank Loans – Issued
- Bank Loans – Acquired

Sections 11 through 14:

- Issuer Obligations
- Residential Mortgage-Backed Securities
- Commercial Mortgage-Backed Securities
- Other Loan-Backed and Structured Securities
- SVO Identified Funds
- Bank Loans

Column 11 is to contain publicly traded securities; i.e., those securities that have been assigned a CUSIP/CINS number in the *Valuations of Securities*. Any securities outside the CUSIP/PPN/CINS coding system will be considered to be publicly traded for annual statement purposes (e.g., short-term investments). Exclude bonds that are qualified for resale under SEC Rule 144A or freely tradable under SEC Rule 144.

Column 12 is to contain privately placed securities as identified with Private Placement Numbers (PPN) in the *Valuations of Securities*. A PPN can be differentiated by the presence of a *, #, or @ sign appearing in either the sixth, seventh or eighth digit of the nine-digit CUSIP-like number. Include bonds that are qualified for resale under SEC Rule 144A or freely tradable under SEC Rule 144 that have been assigned a CUSIP/CINS number in the *Valuations of Securities*.

SCHEDULE DA – VERIFICATION BETWEEN YEARS

SHORT-TERM INVESTMENTS

Report the aggregate amounts required by type of short-term investment asset. The categories of assets to be reported are: bonds; mortgage loans; other short-term investment assets; and investments in parent, subsidiaries and affiliates. A grand total of all activity is also required.

Column 1 – Total

Equals the sum of Columns 2 through 5.

Line 1 – Book/Adjusted Carrying Value, December 31 of Prior Year

In Column 1, report the book/adjusted carrying value per Schedule DA, Part 1, Column 7 of the prior year's annual statement.

Line 2 – Cost of Short-Term Investments Acquired

Report the aggregate cost of short-term investments acquired during the year. A reporting entity may summarize all "overnight" transactions and report the net amount as an increase in short-term investments on this line; all other transactions shall be recorded gross.

Line 3 – Accrual of Discount

In Column 1, report the total amount of accrual of discount during the year. The accrual of discount should be consistent with the accounting guidance contained in the *Accounting Practices and Procedures Manual*.

Line 4 – Unrealized Valuation Increase (Decrease)

Report the total unrealized valuation increase (decrease) for the year.

Line 5 – Total Gain (Loss) on Disposals

In Column 1, report the profit (loss) on disposal of short-term investments.

Line 6 – Deduct Consideration Received on Disposals of Short-Term Investments

Report the proceeds received on disposal of short-term investments. A reporting entity may summarize all "overnight" transactions and report the net amount as a decrease in short-term investments on this line; all other transactions shall be recorded gross.

Line 7 – Deduct Amortization of Premium

In Column 1, report the total amount of amortization of premium during the year. The amortization of premium should be consistent with the accounting guidance contained in the *Accounting Practices and Procedures Manual*.

Line 8 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

In Column 1, report the unrealized foreign exchange gain or loss for the year.

Line 9 – Deduct Current Year's Other-Than-Temporary Impairment Recognized

Report the other-than-temporary impairments for the year.

Line 10 – Book/Adjusted Carrying Value, Current Year

Column 1 equals Schedule DA, Part 1, Column 7, Total.

Line 11 – Deduct Total Nonadmitted Amounts

In Column 1, report the adjustment for nonadmitted amounts as of the end of the current period.

Include: The amount of the portfolio that is in excess of any investment limitation.

Line 12 – Statement Value at End of Current Period

In Column 1, report the statement value of as of the end of the current period. This amount should tie to the Assets Page, Line 5, inset for short-term investments.

SCHEDULE DB – PART A VERIFICATION BETWEEN YEARS

OPTIONS, CAPS, FLOORS, COLLARS, SWAPS and FORWARDS

The purpose of this schedule is to roll the information reported on Schedule DB, Part A, Sections 1 and 2 from the prior year to the end of the current reporting year.

Line 1 – Book/Adjusted Carrying Value, December 31 of Prior Year

Line 2 – Cost Paid/(Consideration Received) on Additions

- Line 2.1 – Current Year Paid/(Consideration Received) at Time of Acquisition, Still Open, Section 1 Column 12
- Line 2.2 – Current Year Paid/(Consideration Received) at Time of Acquisition, Terminated, Section 2 Column 14

Line 3 – Unrealized Valuation Increase/(Decrease)

- Line 3.1 – Section 1, Column 17
- Line 3.2 – Section 2, Column 19

Line 4 – Total Gain (Loss) on Termination Recognized, Section 2, Column 22

Line 5 – Considerations Received/(Paid) on Terminations, Section 2, Column 15

Line 6 – Amortization

- Line 6.1 – Section 1, Column 19
- Line 6.2 – Section 2, Column 21

Line 7 – Adjustment to Book/Adjusted Carrying Value of Hedged Item

- Line 7.1 – Section 1, Column 20
- Line 7.2 – Section 2, Column 23

Line 8 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

- Line 8.1 – Section 1, Column 18
- Line 8.2 – Section 2, Column 20

Line 9 – Book/Adjusted Carrying Value at End of Current Period (1 + 2 + 3 + 4 – 5 + 6 + 7 + 8)

Line 10 – Deduct Nonadmitted Assets

Line 11 – Statement Value at End of Current Period (9 - 10)

SCHEDULE DB – PART B – VERIFICATION BETWEEN YEARS

FUTURES CONTRACTS

Line 1 – Book/Adjusted Carrying Value, December 31 of Prior Year

Show the total from the prior year. For purposes of this schedule, positive amounts should be reported for assets, and negative amounts should be reported for liabilities.

Line 2 – Cumulative Cash Change

Show the cash that the company received (paid) as initial margin for entering the futures contracts (Section 1, Broker Name/Net Cash Deposits Footnote – Cumulative Cash Change Column).

Line 3.11 & 3.12 – Change in the Variation Margin on Open Contracts – Highly Effective Hedges

Report the change in the variation margin on open contracts between years. Report separately the change in variation margin on futures contracts open in the prior year from futures contracts open in the current year.

Line 3.13 & 3.14 – Change in the Variation Margin on Open Contracts – All Other

Report the change in the variation margin on open contracts between years. Report separately the change in variation margin on futures contracts open in the prior year from futures contracts open in the current year.

Line 3.21 & 3.22 – Change in adjustment to basis of hedged item

Report the change in variation margin on open contracts between years that were adjusted into the hedged item(s). Report separately the change in variation margin on futures contracts open in the prior year from futures contracts open in the current year.

Line 3.23 & 3.24 – Change in amount recognized

Report the change in variation margin on open contracts between years that were recognized. Report separately the change in variation margin on futures contracts open in the prior year from futures contracts open in the current year.

Line 3.3 – Subtotal the change in variation margin on open contracts used to adjust hedged item(s) and recognized less the total change in variation margin on open contracts.

Line 4.1 – Report the cumulative variation margin on contracts terminated during the year.

Line 4.21 – Report the amount of gain (loss) adjusted into the hedged item(s) from terminated contracts during the year.

Line 4.22 – Report the amount of gain (loss) recognized from terminated contracts during the year.

Line 4.3 – Subtotal the total gain (loss) on terminated contracts during the year less the total gain (loss) on contracts terminated during the year that were recognized or basis adjusted into the hedged item(s).