National Association *of* Insurance Commissioners

& *The* CENTER *for* INSURANCE POLICY *and* RESEARCH

TO: Subscribers to the NAIC *Annual Statement Instructions* – Property/Casualty

FROM: Calvin Ferguson, Senior Insurance Reporting Analyst

DATE: September 1, 2018

RE: 2018 Property/Casualty Annual Statement Instructions

Enclosed please find a complete set of 2018 annual statement instructions. Revision bars throughout the instruction manual in the left margin identify changes from 2017 instructions.

The current instructions are printed in loose-leaf, three-hole drilled format, and are shipped with tabs. The NAIC will ship a binder to new subscribers. For existing subscribers, please utilize your existing binders, as new binders will not be shipped each year.

Updates to the instructions included in this manual are available on the NAIC website *www.naic.org/cmte_e_app_blanks.htm*. Information regarding updates is also printed on the instructions cover page.

For instructions content questions, please contact me at *cferguson@naic.org*. If you need additional copies or have any questions about your order, please contact an NAIC representative at *prodserv@naic.org*.

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NAIC
National Association of Insurance Commissioners

Official NAIC
Annual Statement Instructions

Property/Casualty

For the 2018 reporting year
Printed September 2018

This guidance is adopted by the NAIC as of June 2018. Please note that there can be modifications to the instructions included in this manual from year to year as such guidance is subject to the maintenance process. To address this, the NAIC has a website dedicated to providing the holder of this manual with the latest information impacting quarterly and annual statement instructions.

Website: ***www.naic.org/cmte_e_app_blanks.htm***

The NAIC is the authoritative source for insurance industry information. Our expert solutions support the efforts of regulators, insurers and researchers by providing detailed and comprehensive insurance information. The NAIC offers a wide range of publications in the following categories:

Accounting & Reporting
Information about statutory accounting principles and the procedures necessary for filing financial annual statements and conducting risk-based capital calculations.

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Important answers to common questions about auto, home, health and life insurance — as well as buyer's guides on annuities, long-term care insurance and Medicare supplement plans.

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Useful handbooks, compliance guides and reports on financial analysis, company licensing, state audit requirements and receiverships.

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Annual Supplements

EDITOR'S NOTE:

Some statement pages and items are considered self-explanatory and have no instructions other than what appears on the printed statement blank.

This page intentionally left blank.

INSTRUCTIONS

For Completing Property and Casualty Annual Statement Blank

FOREWORD

Line titles and column headings of the various statement items and lines are in general self-explanatory and as such constitute instructions. Specific further instructions are prescribed for items and lines about which there might be some question as to content. Make any entry for which no specific instruction appears in accordance with sound insurance accounting principles and in a manner consistent with related items and lines covered by specific instructions. The *Accounting Practices and Procedures Manual* is one reference for guidance concerning statutory accounting principles.

For U.S. branches of non-U.S. insurers:

> In completing the annual statement blank, report all business done by the U.S. branch in the United States. The difference between the amounts reported on the Assets page, Line 28, Column 3 and the Liabilities, Surplus and Other Funds page, Line 28 shall be reported on the Liabilities, Surplus and Other Funds page, Line 35.

The format of the annual statement facilitates data capture. Therefore, do not change the captions for pre-printed items, lines, or columns and do not insert write-ins between pre-printed items, lines or columns (however, these requirements do not apply to the signature lines on the Jurat Page). An entry for which no specific pre-printed line title appears (for example, Deferred Option Income) should be included in the appropriate write-in line for each schedule or applicable page. Include an identifying title with each entry. Report write-in lines in descending order. The statement provides a limited number of lines for write-ins in each applicable section. Do not modify these pre-printed write-in detail schedules. If there is not sufficient room in a write-in detail schedule to accommodate all write-ins to be reported therein, report the write-in detail overflow on pages sequentially numbered beginning with Page 100 (Overflow Page), followed by 100.1, 100.2, etc. In such instances, carry the summary of write-in overflow lines from this page to the prescribed line in the write-in detail schedule.

Each overflow write-in section should adhere to the following example:

Page 2

ASSETS
DETAILS OF WRITE-INS AGGREGATED AT LINE 25 FOR OTHER-THAN-INVESTED-ASSETS

2501.	Write-in caption aaaa	$	500,000
2502.	Write-in caption bbbb		350,000
2503.	Write-in caption cccc		250,000
2598.	Summary of remaining write-ins for Line 25 from Overflow page		300,000
2599.	TOTAL (Lines 2501 through 2503 plus 2598) (Page 2, Line 25)	$	1,400,000

Overflow Page
Page 2 – Continuation
Assets
Remainder of Write-ins Aggregated in Line 25

2504.	Write-in caption dddd	$	100,000
2505.	Write-in caption eeee		75,000
2506.	Write-in caption ffff		50,000
2507.	Write-in caption gggg		50,000
2508.	Write-in caption hhhh		20,000
2509.	Write-in caption iiii		5,000
2597.	Summary of remaining write-ins for Line 25 (Lines 2504 through 2596) (Page 2, Line 2598)	$	300,000

More than one detail overflow section may appear on one page. However, the items should remain in page number order. Notwithstanding the prohibition against changing the captions of pre-printed items or columns and against inserting write-ins between pre-printed lines or columns, certain portions of the annual statement may require more lines than are provided. When additional lines are required within any of these statement areas, companies shall continue the sequence of either the pre-printed line number range, or the line number range described in the appropriate instruction area.

When the use of such additional lines requires more room than exists on the pre-printed page, the continuation should be presented on a page, inserted immediately following the pre-printed page, designated as page n.1, n.2, etc. For instance, if Schedule BA, Part 1, Other Long-Term Invested Assets requires more lines, the continuation would be presented on Page E07.1, E07.2, etc. Adequately caption all such additional pages to enable ready identification.

Pre-printed subtotal, total, and grand total lines have specific line numbers assigned. The prescribed subtotal line numbers are set forth in the instructions for the respective annual statement page or part thereof, to which they pertain.

In most instances, the information appearing in the various sections of the statement will be sufficient to meet examination needs. However, each company must maintain adequate records and work papers to support the detail of all accounting transactions, enabling verification of the year-end statement values. Company management should perform a periodic review to determine that these records are accurate, sufficiently detailed, and retained in orderly, safe storage with appropriate retention periods.

INDEX

The annual statement shall contain an alphabetized index on the last page of the hardcopy statement, which references the title and page number of all of the pages that are required to be included in that filing. The NAIC shall maintain, and place on its Website at *www.naic.org/cmte_e_app_blanks.htm*, the alphabetized index for all statement types that is required to be included in the hardcopy of the statement. The above is only required on the March 1 filing, and specifically excludes any supplements.

GENERAL

The annual statement is to be completed in accordance with the *Annual Statement Instructions* and *Accounting Practices and Procedures Manual* except to the extent that state law, rules or regulations are in conflict with these publications. In cases of conflict, the property and casualty annual statement will be filed pursuant to such state's filing requirements. The domiciliary state's insurance regulatory authority shall maintain full discretion in determining which NAIC annual statement blank must be filed. The annual statement blank filed with the domiciliary state shall be the blank submitted to, and maintained by, the NAIC, and barring conflict as described above, should be filed with all jurisdictions in which the reporting entity is licensed.

1. **Health Statement Test:**

   If a reporting entity is licensed as a property and casualty insurer and completes the property and casualty annual statement for the reporting year, the reporting entity must complete the Health Statement Test.

   The Health Statement Test 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.

   Passing the Test:

   A reporting entity is deemed to have passed the Health Statement Test if:

   The values for the premium and reserve ratios in the Health Statement Test equal or exceed 95% for both the reporting and prior year

   AND

   The entity passing Health Statement Test is licensed and actively issuing and/or renewing business in five states or less

   AND

   At least seventy-five percent (75%) of the entity's current year premiums are written in its domiciliary state

   OR

   The values for the premium and reserve ratios in the Health Statement Test equal 100% for both the reporting and prior year, regardless of the number of states in which the entity is licensed.

   If a reporting entity is a) licensed as a property and casualty insurer; b) completes the property and casualty annual statement for the reporting year; and c) passes the Health Statement Test (as described above), the reporting entity must complete the health statement beginning with the first quarter's statement for the second year following the reporting year in which the reporting entity passes the Health Statement Test and must also file the corresponding risk-based capital report and the property/casualty supplements for that year-end.

Variances from following these instructions:

If a reporting entity's domestic regulator requires the reporting entity to complete an annual statement form and risk-based capital report that differs from these instructions, the domestic regulator shall notify the reporting entity in writing by June 1 of the year following the reporting year in which a Health Statement Test is submitted.

2. **Date of filing:**

The statement is required to be filed on or before March 1, unless otherwise provided.

3. Companies are required to file the quarterly statement 45 days after the end of the quarter and the annual statement on or before March 1 for the preceding calendar year, unless otherwise required.

4. The reporting date and the legal name of the company must be plainly written or stamped at the top of all pages, exhibits and schedules (and duplicate schedules) and also upon all inserted schedules and loose sheets. Where permitted, the assumed name can accompany the legal name.

5. It is the responsibility of the company to prepare and utilize the barcodes correctly. See the Appendix within these instructions for use of specific barcodes.

6. Printed statements or copies produced by some duplicating process of the actual blanks required by this Department, will be accepted if:

   a. Bound in covers similar in color to the blanks required by this Department;

   b. Printed or duplicated by a process resulting in permanent black characters on a good grade of paper of light color; and

   c. Such statements and all supporting schedules contain all the information required, with the same headings and footnotes, and are of the same size and arrangement, page for page, column for column, and line for line, as in the blanks required by this Department, unless the company is otherwise instructed.

State insurance departments, other than the state of domicile, must choose to receive certain detailed investment schedules (as listed below) in hardcopy. The state filing instructions will serve as notice regarding the requirements. However, even if the detailed investment schedules are required by a state other than where the reporting entity is domiciled, those detailed pages may be included in a separate bound statement, provided some reference to the fact is included with the regular filing and in the location where those pages would be included.

The following schedules are to be filed in paper copy with the state of domicile only, unless specifically requested by other admitted states. The state filing checklist and instructions will serve as notice regarding the paper filing requirements.

Schedule A
Schedule B
Schedule BA
Schedule D, Parts 1 – 6 (excluding Part 1A)
Schedule DA, Part 1
Schedule DB, Parts A-D
Schedule DL, Parts 1 and 2
Schedule E, Parts 1, 2 and 3
Supplement A to Schedule T
Credit Insurance Expense Exhibit
Insurance Expense Exhibit
Long-Term Care Experience Reporting Forms
Medicare Supplement Insurance Experience Exhibit
Trusteed Surplus Statement

If the reporting entity is filing with the NAIC, that filing shall be via the Internet only.

Photocopied or faxed pages are not acceptable.

Printing Standards

a. Commercial printers must be furnished with original laser printer output generated at appropriate laser settings to give the highest print quality (no photocopied or faxed pages).

b. No font smaller than 8-point type for the annual statement or 6-point type for the Long-Term Care Experience Reporting Forms 1 through 5 and all investment schedules may be used. Ornate fonts may not be used.

c. Present numbers in non-bold, non-italic type.

d. Numbers must be non-proportionally spaced.

e. The annual and quarterly statements must be printed at 9 lines per inch.

f. Unobtrusive dotted leader lines shall be printed across the page to guide the eye to the reported figures. They should not touch the reported figures.

g. Slashed zeros (Ø) shall not be used.

h. The number of detail write-in lines printed in any detail write-in section shall be three (3). Remaining detail write-in lines, if any, shall be reported on the overflow page.

These rules do not apply to pre-printed line captions, column headings, or footnotes.

If a reporting entity utilizes a software package other than the annual statement vendors' package for producing variable line schedules, the reporting entity is responsible for ensuring that such package(s) meet all of the aforementioned printing standards.

All annual and quarterly statements and all filing forms associated with the annual and quarterly statement filings are to be 8 ½" x 14" unless otherwise specified by state(s).

7. Blank schedules will not be considered properly filed. If no entries are to be made, write "None" or "Nothing" across the schedule in question or complete the appropriate interrogatory of the Supplemental Exhibits and Schedules Interrogatories page of the annual statement blank. If a reporting entity chooses not to file allowable investment schedule detail, the schedule must be stamped, "Details filed with the state of domicile, state of commercial domicile and the NAIC." Companies should account for every page of the annual statement in consecutive page number order. If several consecutive pages are "None", (or in the case of some investment schedules that are not filed in hard copy in all states), the appropriate page numbers with exhibit or schedule headings may be listed on one page. Insert that page in the appropriate location in the annual statement.

8. If additional supporting statements or schedules are added in connection with answering interrogatories or providing information on the financial statement, the additions should be properly keyed to the item being answered.

9. Any items that cannot be readily classified under one of the printed items must be reported with an identifying title (for example, Deferred option income) in the appropriate write-in section for each applicable page, or section thereof. The statement provides a limited number of lines for write-ins, but companies may add as many lines as necessary.

10. The "include" and "exclude" are examples only and are not intended to be all-inclusive.

11. If this report does not contain the information asked for in the blanks or is not prepared in accordance with these instructions, it will not be considered filed.

12. Report all amounts in whole dollars only, except for designated schedules where 000's are omitted. Companies may elect to report the amounts to the nearest dollar or may truncate digits below a dollar. (Examples: $602,543.52 may be reported as $602,544 by rounding or as $602,543 by truncation.) It is expected that the failure of items to add to the summary totals will reflect this treatment.

13. Report all amounts in U.S. dollars only, except for nominal information included in description fields that may be expressed in a foreign currency. Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance.

14. Effective 01/01/2001, all dates must be reported in the format of MM/DD/YYYY. For investments purchased prior to 01/01/2001 (or where complete dates are not available for activities prior to 01/01/2001), and the company does not have sufficient information to report month or day, 01/01 should be used.

15. The company should not change the page numbers designated in the association blank. If extra pages are needed, for other than sections entitled "Details of Write-Ins" use decimals after the page number, like 37.1, 37.2, etc. For example, General Interrogatories, Part 1 – Common Interrogatories 15, 15.1, 15.2, etc., and Part 2 – Property Interrogatories 16, 16.1, 16.2, etc.

    If pages are doubled up, double up the page numbers also. For example, if Pages 37, 38 and 39 are shown on the same page, show all three page numbers at the bottom of the page like 37, 38 and 39 or 37-39.

16. Unless otherwise specified, report all alphabetic code and YES/NO responses to interrogatories, exhibits and schedules in solid capital letters.

17. While there are instances where the filing of an amended annual statement may be necessary (in which case all related filings including electronic filing are resubmitted), the restatement of prior years' results is generally prohibited. The reporting entity should submit such changes with a new Jurat Page, completed in all respects, along with an amended annual statement.

18. Assets and liabilities shall be offset and reported net only when a valid right of setoff exists and if it is not prohibited by specific statements of statutory accounting principles. Refer to *SSAP No. 64—Offsetting and Netting of Assets and Liabilities* for accounting guidance.

19. Except in situations where a merger has occurred, amounts reported for assets, liabilities, surplus, revenues, and expenses for prior years in the current year's annual statement must be identical to the amounts that were reported in the annual statement of the prior year. However, amounts reported in prior years may need to be adjusted in the current year as a result of the following:

    Changes in accounting principles or practices or changes in the methods of applying accounting principles or practices.

    Changes in accounting estimates as a result of new events or new information.

    Corrections of errors in previously filed information.

    A merger.

    If changes are required for amounts reported in prior years, such changes are included in the amounts reported for the current year. Report the effects of such changes as follows, unless these Instructions or the NAIC *Accounting Practices and Procedures Manual* specifically provide for a different treatment:

    A. The cumulative effect of a change in accounting principles or practices or a change in the method of applying accounting principles or practices should be reported on Page 4, Line 31 Cumulative Effect of Changes in Accounting Principles. The cumulative effect of changing to a new accounting principle is the difference between the amount of net worth at the beginning of the year and the amount of net worth that would have been reported at that date, if the new accounting principle had been applied retroactively for all prior periods. An example of a change in accounting principles would be a change in the method of accounting for pensions or other post-employment benefits.

B. The effects of changes in accounting estimates are included in income and expenses in the Statement of Income for the current year. For example, a change in the estimate of loss reserves for losses related to prior years are included in the Statement of Income in losses incurred for the current year.

C. The effects of changes resulting from corrections of errors in previously filed information (for example, mathematical mistakes, misapplication of accounting principles, or oversight or misuse of facts) should be reported as an adjustment to surplus in the current year. Report such adjustments to surplus with an appropriate identifying title as a write-in item for the Aggregate Write-ins for Gains or (Losses) in Surplus line.

D. In the case of a merger, prior year's amounts reported for assets, liabilities, surplus, revenues and expenses and those amounts reflected in supporting annual statement schedules, are reported on a merged basis consistent with the current year's post-merger reporting basis.

E. Changes that do not affect assets, liabilities, revenues, expenses, or surplus but that materially affect historical information in the financial statement supplemental schedules (e.g., Schedule P) shall be reflected in the current year's schedules with appropriate notations made in the Notes to Financial Statements.

20. Related parties are defined in *SSAP No. 25—Affiliates and Other Related Parties*, as entities that have common interests as a result of ownership, control, affiliation or by contract. Refer to *SSAP No. 25—Affiliates and Other Related Parties* for accounting guidance.

21. A "person" is an individual, corporation, partnership, joint venture or any other legal entity. A "parent" is any person that, directly or indirectly, owns or controls the reporting entity. A "subsidiary" is any person that is, directly or indirectly, owned or controlled by the reporting entity. An "affiliate" is any person that is, directly or indirectly, owned or controlled by the same person or by the same group of persons that, directly or indirectly, own or control the reporting entity. The term "affiliate" includes parent and subsidiaries. Control shall be presumed to exist if a person, directly or indirectly, owns, controls, holds with the power to vote or holds proxies, representing 10% or more of the voting securities of any other person.

22. All reported amounts less than zero shall be represented by the use of parentheses. Parentheses shall also be used to denote those instances in which the reported figure is contrary to what normally would be expected.

23. The Notes to Financial Statements are provided to disclose pertinent information, including comment on items or transactions that are unusual or not self-explanatory or that might otherwise be misunderstood.

24. Reporting of Anticipated Salvage and Subrogation

Companies that choose to report reserves net of anticipated salvage and subrogation for the <u>first time:</u>

A. Schedule P

Schedule P (all parts) must be reported net of anticipated salvage and subrogation. When Schedule P is restated, it will cross check to Underwriting and Investment Exhibit, Part 2A, Unpaid Losses and Loss Adjustment Expenses; Underwriting and Investment Exhibit, Part 2, Losses Paid and Incurred; and Page 3, Net Balance Sheet Reserves.

B. Net Losses Unpaid Prior Year

Underwriting and Investment Exhibit, Part 2, Column 6, Net Losses Unpaid Prior Year must be restated to reflect the cumulative effect on prior years. This cumulative effect will also be reported on the Statement of Income page, Aggregate Write-ins for Gains and Losses in Surplus line.

C. Income Statement Reporting

For companies that have not previously recognized the reduction of loss reserves related to anticipated salvage and subrogation, the cumulative effect on prior year reserves of the change in accounting principle related to such recognition must be reported on the Statement of Income page, Aggregate Write-ins for Gains and Losses in Surplus line. To the extent that current year incurred losses are affected by this change in accounting principle, the change in reserve is included in the calculation of losses incurred.

Therefore, the cumulative effect on prior years of this change should be reported on the Statement of Income page, Cumulative Effect of Changes in Accounting Principles, Line 31. The change in the reserve calculated using the net method should be included in net income for the year of the change.

D. Balance Sheet

Do not restate the prior year's Loss Reserves liability reported in the previously filed annual statement (Page 3, Lines 1 and 3, Column 2, of the current year's annual statement).

25. Risk Retention Groups Utilizing GAAP

Many captive risk retention groups (RRGs) utilize generally accepted accounting principles (GAAP) and complete their statutory financial reports using the NAIC's property/casualty financial annual statement blank (P/C Blank). The P/C Blank was designed specifically for insurance entities reporting their financial condition and results of operations utilizing statutory accounting principles (SAP). As a result, there are certain GAAP-related assets and liabilities that might be inconsistent with, or specifically not provided for, in the P/C Blank. As a result, the reporting practices of captive RRGs using GAAP might require modifications from the presentation otherwise required by GAAP. A specific section has been added to the instructions to assist captive RRGs in identifying some of modifications those using GAAP would need to make.

ACTUARIAL OPINION

1. There is to be included with or attached to Page 1 of the Annual Statement the statement of a Qualified Actuary, entitled "Statement of Actuarial Opinion" (Actuarial Opinion), setting forth his or her opinion relating to reserves specified in the SCOPE paragraph. The Actuarial Opinion, both the narrative and required Exhibits, shall be in the format of and contain the information required by this section of the *Annual Statement Instructions – Property and Casualty*.

   Upon initial engagement, the Qualified Actuary must be appointed by the Board of Directors by Dec. 31 of the calendar year for which the opinion is rendered. The Company shall notify the domiciliary commissioner within five business days of the initial appointment with the following information:

   a. Name and title (and, in the case of a consulting actuary, the name of the firm).

   b. Manner of appointment of the Appointed Actuary (e.g., who made the appointment and when).

   c. A statement that the person meets the requirements of a Qualified Actuary.

   Once this notification is furnished, no further notice is required with respect to this person unless the Board of Directors takes action to no longer appoint or retain the actuary or the actuary no longer meets the requirements of a Qualified Actuary.

   If an actuary who was the Appointed Actuary for the immediately preceding filed Actuarial Opinion is replaced by an action of the Board of Directors, the Insurer shall within five (5) business days notify the Insurance Department of the state of domicile of this event. The Insurer shall also furnish the domiciliary commissioner with a separate letter within ten (10) business days of the above notification stating whether in the twenty-four (24) months preceding such event there were any disagreements with the former Appointed Actuary regarding the content of the opinion on matters of the risk of material adverse deviation, required disclosures, scope, procedures, type of opinion issued, substantive wording of the opinion or data quality. The disagreements required to be reported in response to this paragraph include both those resolved to the former Appointed Actuary's satisfaction and those not resolved to the former Appointed Actuary's satisfaction. The letter should include a description of the disagreement and the nature of its resolution (or that it was not resolved). Within this same ten (10) business days, the Insurer shall in writing also request such former Appointed Actuary to furnish a letter addressed to the Insurer stating whether the Appointed Actuary agrees with the statements contained in the Insurer's letter and, if not, stating the reasons for which he or she does not agree. The former Appointed Actuary shall provide a written response to the insurer within ten (10) business days of such request, and the Insurer shall furnish such responsive letter from the former Appointed Actuary to the domiciliary commissioner together with its own responses.

   The Appointed Actuary must report to the Board of Directors each year on the items within the scope of the Actuarial Opinion. The Actuarial Opinion and the Actuarial Report must be made available to the Board of Directors. The minutes of the Board of Directors should indicate that the Appointed Actuary has presented such information to the Board of Directors and identify the manner of presentation (e.g., webinar, in-person presentation, written). A separate Actuarial Opinion is required for each company filing an Annual Statement. When there is an affiliated company pooling arrangement, one Actuarial Report for the aggregate pool is sufficient, but there must be addendums to the Actuarial Report to cover non-pooled reserves for individual companies.

   The Actuarial Opinion and the supporting Actuarial Report and workpapers should be consistent with the appropriate Actuarial Standards of Practice (ASOPs), including, but not limited to, ASOP No. 23, ASOP No. 36, ASOP No. 41 and ASOP No. 43, as promulgated by the Actuarial Standards Board, and Statements of Principles adopted by the Casualty Actuarial Society.

1A. Definitions

   "Appointed Actuary" for purposes of these instructions is a Qualified Actuary appointed by the Board of Directors in accordance with Section 1 of these instructions.

   "Board of Directors" for purposes of these instructions can include the designated Board of Directors, its equivalent or an appropriate committee directly reporting to the Board of Directors.

"Qualified Actuary" is a person who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, NAIC Property and Casualty Annual Statement, as set forth in the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States*, promulgated by the American Academy of Actuaries, and is either:

(i) A member in good standing of the Casualty Actuarial Society; or

(ii) A member in good standing of the American Academy of Actuaries who has been approved as qualified for signing casualty loss reserve opinions by the Casualty Practice Council of the American Academy of Actuaries.

"Insurer" or "Company" means an insurer or reinsurer authorized to write property and/or casualty insurance under the laws of any state and who files on the Property and Casualty Blank.

"Actuarial Report" means a document or other presentation prepared as a formal means of conveying to the state regulatory authority and the Board of Directors the Appointed Actuary's professional conclusions and recommendations of recording and communicating the methods and procedures, of assuring that the parties addressed are aware of the significance of the Appointed Actuary's opinion or findings, and of documenting the analysis underlying the opinion. The required content of the Actuarial Report is further described in paragraph 7. (Note that the inclusion of the Board of Directors as part of the intended audience for the Actuarial Report does not change the content of the Actuarial Report as described in paragraph 7. The Appointed Actuary should present findings to the Board of Directors in a manner deemed suitable for such audience.)

"Property and Casualty (P&C) Long Duration Contracts" refers to contracts (excluding financial guaranty contracts, mortgage guaranty contracts and surety contracts) that fulfill both of the following conditions: (1) the contract term is greater than or equal to 13 months; and (2) the insurer can neither cancel the contract nor increase the premium during the contract term. These contracts are subject to the three tests of *SSAP No. 65—Property and Casualty Contracts* of the NAIC *Accounting Practices and Procedures Manual*.

"Accident and Health (A&H) Long Duration Contracts" refers to A&H contracts in which the contract term is greater than or equal to 13 months and contract reserves are required. See Schedule H instructions for a description of categories of contract reserves, as well as policy features that give rise to contract reserves. Two specific examples of contracts that typically require contract reserves are long-term care and disability income insurance.

1B. Exemptions

An insurer who intends to file for one of the exemptions under this Section must submit a letter of intent to its domiciliary commissioner no later than December 1 of the calendar year for which the exemption is to be claimed. The commissioner may deny the exemption prior to December 31 of the same year if he or she deems the exemption inappropriate.

A copy of the approved exemption must be filed with the Annual Statement in all jurisdictions in which the company is authorized.

Exemption for Small Companies

An insurer that has less than $1,000,000 total direct plus assumed written premiums during a calendar year, and less than $1,000,000 total direct plus assumed loss and loss adjustment expense reserves at year-end, in lieu of the Actuarial Opinion required for the calendar year, may submit an affidavit under oath of an officer of the insurer that specifies the amounts of direct plus assumed written premiums and direct plus assumed loss and loss adjustment reserves.

Exemption for Insurers under Supervision or Conservatorship

Unless ordered by the domiciliary commissioner, an insurer that is under supervision or conservatorship pursuant to statutory provision is exempt from the filing requirements contained herein.

Exemption for Nature of Business

An insurer otherwise subject to the requirement and not eligible for an exemption as enumerated above may apply to its domiciliary commissioner for an exemption based on the nature of business written.

Financial Hardship Exemption

An insurer otherwise subject to this requirement and not eligible for an exemption as enumerated above may apply to the commissioner for a financial hardship exemption. Financial hardship is presumed to exist if the projected reasonable cost of the Actuarial Opinion would exceed the lesser of:

(i) One percent (1%) of the insurer's capital and surplus reflected in the insurer's latest quarterly statement for the calendar year for which the exemption is sought; or

(ii) Three percent (3%) of the insurer's direct plus assumed premiums written during the calendar year for which the exemption is sought as projected from the insurer's latest quarterly statements filed with its domiciliary commissioner.

1C. Reporting Requirements for Pooled Companies

For each company in the pool, the Appointed Actuary shall include a description of the pool, identification of the lead company and a listing of all companies in the pool, their state of domicile and their respective pooling percentages.

Exhibits A and B for each company in the pool should represent the company's share of the pool and should reconcile to the financial statement for that company.

The following paragraph applies to companies that have a 0% share of the pool (no reported Schedule P data). The company shall submit an Actuarial Opinion that reads similar to that provided for the lead company. For example, the IRIS ratio and risk of material adverse deviation discussions, and other relevant comments shall relate to the risks of the lead company in the pool. The Exhibit B responses to question 5 should be $0 and to question 6 should be "not applicable." Exhibits A and B of the lead company should be attached as an addendum to the PDF file and/or hard copy being filed (but would not be reported by the 0% companies in their data capture).

2. The Actuarial Opinion must consist of an IDENTIFICATION paragraph identifying the Appointed Actuary; a SCOPE paragraph identifying the subjects on which an opinion is to be expressed and describing the scope of the Appointed Actuary's work; an OPINION paragraph expressing his or her opinion with respect to such subjects; and one or more additional RELEVANT COMMENTS paragraphs. These four sections must be clearly designated.

3. The IDENTIFICATION paragraph should indicate the Appointed Actuary's relationship to the Company, qualifications for acting as Appointed Actuary and date of appointment, and specify that the appointment was made by the Board of Directors.

A member of the American Academy of Actuaries qualifying under paragraph 1A(ii) must attach, each year, a copy of the approval letter from the Academy.

These Instructions require that a Qualified Actuary prepare the Actuarial Opinion. Nevertheless, if a person who does not meet the definition of a Qualified Actuary has been approved by the insurance regulatory official of the domiciliary state, the Company must attach, each year, a letter from that official stating that the individual meets the state's requirements for rendering the Actuarial Opinion.

4. The SCOPE paragraph should contain a sentence such as the following:

"I have examined the actuarial assumptions and methods used in determining reserves listed in Exhibit A, as shown in the Annual Statement of the Company as prepared for filing with state regulatory officials, as of December 31, 20__, and reviewed information provided to me through XXX date."

Exhibit A should list those items and amounts with respect to which the Appointed Actuary is expressing an opinion.

The Appointed Actuary should state that the items in the SCOPE, on which he or she is expressing an opinion, reflect Disclosure items 8 through 13.2 in Exhibit B.

The SCOPE paragraph should include a paragraph such as the following regarding the data used by the Appointed Actuary in forming the opinion:

"In forming my opinion on the loss and loss adjustment expense reserves, I relied upon data prepared by ___________ (officer name and title at the Company). I evaluated that data for reasonableness and consistency. I also reconciled that data to Schedule P, Part 1 of the Company's current Annual Statement. In other respects, my examination included such review of the actuarial assumptions and methods used and such tests of the calculations as I considered necessary."

5. The OPINION paragraph should include a sentence that at least covers the points listed in the following illustration: "In my opinion, the amounts carried in Exhibit A on account of the items identified:

A. Meet the requirements of the insurance laws of (state of domicile).

B. Are computed in accordance with accepted actuarial standards and principles.

C. Make a reasonable provision for all unpaid loss and loss adjustment expense obligations of the Company under the terms of its contracts and agreements."

If the Scope includes material Unearned Premium Reserves for P&C Long Duration Contracts or Other Loss Reserve items on which the Appointed Actuary is expressing an opinion, the Actuarial Opinion should contain language such as the following:

D. Make a reasonable provision for the unearned premium reserves for P&C Long Duration Contracts and/or <insert Other Loss Reserve item on which the Appointed Actuary is expressing an Opinion> of the Company under the terms of its contracts and agreements.

If there is any aggregation or combination of items in Exhibit A, the opinion language should clearly identify the combined items.

Insurance laws and regulations shall at all times take precedence over the actuarial standards and principles.

If the Appointed Actuary has made use of the analysis of another actuary not within the Appointed Actuary's control (such as for pools and associations, for a subsidiary or for special lines of business) for a material portion of the reserves, the other actuary must be identified by name, credential and affiliation within the OPINION paragraph. If the Appointed Actuary has made use of the work of a non-actuary (such as for modeling) for a material portion of the reserves, that individual must be identified by name and affiliation and a description of the type of analysis performed must be provided.

A Statement of Actuarial Opinion should be made in accordance with one of the following sections (1 through 5). The Appointed Actuary must explicitly identify in Exhibit B which type applies.

1. Determination of Reasonable Provision. When the carried reserve amount is within the Appointed Actuary's range of reasonable reserve estimates, the Appointed Actuary should issue a Statement of Actuarial Opinion that the carried reserve amount makes a reasonable provision for the liabilities associated with the specified reserves.

2. Determination of Deficient or Inadequate Provision. When the carried reserve amount is less than the minimum amount that the Appointed Actuary believes is reasonable, the Appointed Actuary should issue a Statement of Actuarial Opinion that the carried reserve amount does not make a reasonable provision for the liabilities associated with the specified reserves. In addition, the Appointed Actuary should disclose the minimum amount that the Appointed Actuary believes is reasonable.

3. Determination of Redundant or Excessive Provision. When the carried reserve amount is greater than the maximum amount that the Appointed Actuary believes is reasonable, the Appointed Actuary should issue a Statement of Actuarial Opinion that the carried reserve amount does not make a reasonable provision for the liabilities associated with the specified reserves. In addition, the Appointed Actuary should disclose the maximum amount that the Appointed Actuary believes is reasonable.

4. Qualified Opinion. When, in the Appointed Actuary's opinion, the reserves for a certain item or items are in question because they cannot be reasonably estimated or the Appointed Actuary is unable to render an opinion on those items, the Appointed Actuary should issue a qualified Statement of Actuarial Opinion. The Appointed Actuary should disclose the item (or items) to which the qualification relates, the reason(s) for the qualification and the amounts for such item(s), if disclosed by the Company. Such a qualified opinion should state whether the carried reserve amount makes a reasonable provision for the liabilities associated with the specified reserves, *except for* the item (or items) to which the qualification relates. The Appointed Actuary is not required to issue a qualified opinion if the Appointed Actuary reasonably believes that the item (or items) in question are not likely to be material.

5. No Opinion. The Appointed Actuary's ability to give an opinion is dependent upon data, analyses, assumptions, and related information that are sufficient to support a conclusion. If the Appointed Actuary cannot reach a conclusion due to deficiencies or limitations in the data, analyses, assumptions, or related information, then the Appointed Actuary may issue a statement of no opinion. A statement of no opinion should include a description of the reasons why no opinion could be given.

6. The Appointed Actuary must provide RELEVANT COMMENT paragraphs to address the following topics of regulatory importance.

A. Company-Specific Risk Factors

The Appointed Actuary should include an explanatory paragraph to describe the major factors, combination of factors or particular conditions underlying the risks and uncertainties the Appointed Actuary considers relevant. The explanatory paragraph should not include general, broad statements about risks and uncertainties due to economic changes, judicial decisions, regulatory actions, political or social forces, etc., nor is the Appointed Actuary required to include an exhaustive list of all potential sources of risks and uncertainties.

B. Risk of Material Adverse Deviation

The Appointed Actuary must provide specific RELEVANT COMMENT paragraphs to address the risk of material adverse deviation. The Appointed Actuary must identify the materiality standard and the basis for establishing this standard. The materiality standard must also be disclosed in U.S. dollars in Exhibit B: Disclosures. The Appointed Actuary should explicitly state whether or not he or she reasonably believes that there are significant risks and uncertainties that could result in material adverse deviation. This determination is also to be disclosed in Exhibit B.

C. Other Disclosures in Exhibit B

RELEVANT COMMENT paragraphs should describe the significance of each of the remaining Disclosure items (8 through 14) in Exhibit B. The Appointed Actuary should address the items individually and in combination when commenting on a material impact.

D. Reinsurance

RELEVANT COMMENT paragraphs should address reinsurance collectability, retroactive reinsurance and financial reinsurance.

The Appointed Actuary's comments on reinsurance collectability should address any uncertainty associated with including potentially-uncollectable amounts in the estimate of ceded reserves. Before commenting on reinsurance collectability, the Appointed Actuary should solicit information from management on any actual collectability problems, review ratings given to reinsurers by a recognized rating service, and examine Schedule F for the current year for indications of regulatory action or reinsurance recoverable on paid losses over ninety (90) days past due. The comment should also reflect any other information the Appointed Actuary has received from management or that is publicly available about the capability or willingness of reinsurers to pay claims. The Appointed Actuary's comments do not imply an opinion on the financial condition of any reinsurer.

Retroactive reinsurance refers to agreements referenced in *SSAP No. 62R—Property and Casualty Reinsurance* of the NAIC *Accounting Practices and Procedures Manual*.

Financial reinsurance refers to contracts referenced in SSAP No. 62R in which credit is not allowed for the ceding insurer because the arrangements do not include a transfer of both timing and underwriting risk that the reinsurer undertakes in fact to indemnify the ceding insurer against loss or liability by reason of the original insurance.

E. IRIS Ratios

If the Company's reserves will create exceptional values under the NAIC IRIS Tests for One-Year Reserve Development to Policyholders' Surplus, Two-Year Reserve Development to Policyholders' Surplus or Estimated Current Reserve Deficiency to Policyholders' Surplus, the Appointed Actuary must include RELEVANT COMMENT on the factors that led to the unusual value(s).

F. Methods and Assumptions

If there has been any significant change in the actuarial assumptions and/or methods from those previously employed, that change should be described in a RELEVANT COMMENT paragraph. If the Appointed Actuary is newly-appointed and does not review the work of the prior Appointed Actuary, then the Appointed Actuary should disclose this.

7. The Actuarial Opinion must include assurance that an Actuarial Report and underlying actuarial workpapers supporting the Actuarial Opinion will be maintained at the Company and available for regulatory examination for seven (7) years. The Actuarial Report contains significant proprietary information. It is expected that the Actuarial Report be held confidential and not be intended for public inspection. The Actuarial Report must be available by May 1 of the year following the year-end for which the Actuarial Opinion was rendered or within two (2) weeks after a request from an individual state commissioner.

The Actuarial Report should be consistent with the documentation and disclosure requirements of ASOP No. 41, Actuarial Communications. The Actuarial Report must contain both narrative and technical components. The narrative component should provide sufficient detail to clearly explain to Company management, the Board of Directors, the regulator or other authority the findings, recommendations and conclusions, as well as their significance. The technical component should provide sufficient documentation and disclosure for another actuary practicing in the same field to evaluate the work. This technical component must show the analysis from the basic data (e.g., loss triangles) to the conclusions.

Actuarial Guideline LI—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves (AG 51) in the NAIC *Accounting Practices and Procedures Manual* requires a company to perform a stand-alone asset adequacy analysis for its in force long-term care (LTC) contracts with more than 10,000 in force lives as of the valuation date. The Actuarial Report and workpapers summarizing the results, assumptions and testing procedures for the asset adequacy testing of LTC business must be in compliance with AG 51 requirements. When referring to AG 51, the term "Actuarial Memorandum" is synonymous with Actuarial Report and workpapers.

The Actuarial Report should contain disclosure of all reserve amounts associated with A&H Long Duration Contracts reported by the Company; the reserve amounts in the Actuarial Report should tie to the Annual Statement.

The Actuarial Report must also include:

A. A description of the Appointed Actuary's relationship to the Company, with clear presentation of the Appointed Actuary's role in advising the Board of Directors and/or management regarding the carried reserves. The Actuarial Report should identify how and when the Appointed Actuary presents the analysis to the Board of Directors and, where applicable, to the officer(s) of the Company responsible for determining the carried reserves.

B. An exhibit that ties to the Annual Statement and compares the Appointed Actuary's conclusions to the carried amounts consistent with the segmentation of exposure or liability groupings used in the analysis. The Appointed Actuary's conclusions include the Appointed Actuary's point estimate(s), range(s) of reasonable estimates or both.

C. An exhibit that reconciles and maps the data used by the Appointed Actuary, consistent with the segmentation of exposure or liability groupings used in the Appointed Actuary's analysis, to the Annual Statement Schedule P line of business reporting. An explanation should be provided for any material differences.

D. An exhibit or appendix showing the change in the Appointed Actuary's estimates from the prior Actuarial Report, including extended discussion of factors underlying any material changes. The exhibit or appendix should illustrate the changes on a net basis, but should also include the changes on a gross basis, if relevant. If the Appointed Actuary is newly-appointed and does not review the work of the prior Appointed Actuary, then the Appointed Actuary should disclose this.

E. Extended comments on trends that indicate the presence or absence of risks and uncertainties that could result in material adverse deviation.

F. Extended comments on factors that led to unusual IRIS ratios for One-Year Reserve Development to Policyholders' Surplus, Two-Year Reserve Development to Policyholders' Surplus or Estimated Current Reserve Deficiency to Policyholders' Surplus, and how these factors were addressed in prior and current analyses.

8. Both the Actuarial Opinion and the Actuarial Report should conclude with the signature of the Appointed Actuary responsible for providing the Actuarial Opinion and the respective dates when the Actuarial Opinion was rendered and the Actuarial Report finalized. The signature and date should appear in the following format:

____

Signature of Appointed Actuary
Printed name of Appointed Actuary
Employer's name
Address of Appointed Actuary
Telephone number of Appointed Actuary
Email address of Appointed Actuary
Date opinion was rendered

9. The Insurer required to furnish an Actuarial Opinion shall require its Appointed Actuary to notify its Board of Directors or its audit committee in writing within five (5) business days after any determination by the Appointed Actuary that the Actuarial Opinion submitted to the domiciliary commissioner was in error as a result of reliance on data or other information (other than assumptions) that, as of the balance sheet date, was factually incorrect. The Actuarial Opinion shall be considered to be in error if the Actuarial Opinion would have not been issued or would have been materially altered had the correct data or other information been used. The Actuarial Opinion shall not be considered to be in error if it would have been materially altered or not issued solely because of data or information concerning events subsequent to the balance sheet date or because actual results differ from those projected. Notification is required when discovery is made between the issuance of the Actuarial Opinion and Dec. 31 of that year. Notification should include a summary of such findings.

   If the Appointed Actuary learns that the data or other information relied upon was factually incorrect, but cannot immediately determine what, if any, changes are needed in the Actuarial Opinion, the Appointed Actuary and the Company should quickly undertake procedures necessary for the Appointed Actuary to make such determination. If the Insurer does not provide the necessary data corrections and other support (including financial support) within ten (10) business days, the Appointed Actuary should proceed with the notification to the Board of Directors and the domiciliary commissioner.

   An Insurer who is notified pursuant to the preceding paragraphs shall forward a copy of the amended Actuarial Opinion to the domiciliary commissioner within five (5) business days of receipt of such and shall provide the Appointed Actuary making the notification with a copy of the letter and amended Actuarial Opinion submitted to the domiciliary commissioner. If the Appointed Actuary fails to receive such copy within the five (5) business day period referred to in the previous sentence, the Appointed Actuary shall notify the domiciliary commissioner within the next five (5) business days that an amended Actuarial Opinion has been finalized.

   No Appointed Actuary shall be liable in any manner to any person for any statement made in connection with the above paragraphs if such statement is made in a good faith effort to comply with the above paragraphs.

10. Data in Exhibits A and B are to be filed in both print and data capture format.

Exhibit A: SCOPE
DATA TO BE FILED IN BOTH PRINT AND DATA CAPTURE FORMATS

Loss and Loss Adjustment Expense Reserves:		Amount
1. Unpaid Losses (Liabilities, Surplus and Other Funds page, Col 1, Line 1)	$	__________
2. Unpaid Loss Adjustment Expenses (Liabilities, Surplus and Other Funds page, Col 1, Line 3)	$	__________
3. Unpaid Losses – Direct and Assumed (Should equal Schedule P, Part 1, Summary, Totals from Cols. 13 and 15, Line 12 * 1000)	$	__________
4. Unpaid Loss Adjustment Expenses – Direct and Assumed (Should equal Schedule P, Part 1, Summary, Totals from Cols. 17, 19 and 21, Line 12 * 1000)	$	__________
5. The Page 3 write-in item reserve, "Retroactive Reinsurance Reserve Assumed"	$	__________
6. Other Loss Reserve items on which the Appointed Actuary is expressing an Opinion (list separately, adding additional lines as needed)	$	__________
Premium Reserves:		
7. Reserve for Direct and Assumed Unearned Premiums for P&C Long Duration Contracts	$	__________
8. Reserve for Net Unearned Premiums for P&C Long Duration Contracts	$	__________
9. Other Premium Reserve items on which the Appointed Actuary is expressing an Opinion (list separately, adding additional lines as needed)	$	__________

Exhibit B: DISCLOSURES

DATA TO BE FILED IN BOTH PRINT AND DATA CAPTURE FORMATS

NOTE: Exhibit B should be completed for Net dollar amounts included in the SCOPE. If an answer would be different for Direct and Assumed amounts, identify and discuss the difference within RELEVANT COMMENTS.

1. Name of the Appointed Actuary — Last _______ First _____ Mid _____
2. The Appointed Actuary's relationship to the Company

   Enter E or C based upon the following:

   E if an Employee of the Company or Group

   C if a Consultant — __________
3. The Appointed Actuary has the following designation (indicated by the letter code):

   F if a Fellow of the Casualty Actuarial Society (FCAS)

   A if an Associate of the Casualty Actuarial Society (ACAS)

   M if not a member of the Casualty Actuarial Society, but a Member of the American Academy of Actuaries (MAAA) approved by the Casualty Practice Council, as documented with the attached approval letter.

   O for Other — __________
4. Type of Opinion, as identified in the OPINION paragraph. Enter R, I, E, Q, or N based upon the following:

   R if Reasonable

   I if Inadequate or Deficient Provision

   E if Excessive or Redundant Provision

   Q if Qualified. Use Q when part of the OPINION is Qualified.

   N if No Opinion — __________
5. Materiality Standard expressed in U.S. dollars (Used to Answer Question #6) — $ ________
6. Are there significant risks that could result in Material Adverse Deviation? — Yes [ ] No [ ] Not Applicable [ ]
7. Statutory Surplus (Liabilities, Surplus and Other Funds page, Col 1, Line 37) — $ ________
8. Anticipated net salvage and subrogation included as a reduction to loss reserves as reported in Schedule P (should equal Part 1 Summary, Col 23, Line 12 * 1000) — $ ________
9. Discount included as a reduction to loss reserves and loss adjustment expense reserves as reported in Schedule P

   9.1 Nontabular Discount [Notes, Line 32B23, (Amounts 1, 2, 3 & 4)], Electronic Filing Cols 1, 2, 3, & 4 — $ ________

   9.2 Tabular Discount [Notes, Line 32A23, (Amounts 1 & 2)], Electronic Filing Col 1 & 2 — $ ________
10. The net reserves for losses and loss adjustment expenses for the Company's share of voluntary and involuntary underwriting pools' and associations' unpaid losses and loss adjustment expenses that are included in reserves shown on the Liabilities, Surplus and Other Funds page, Losses and Loss Adjustment Expenses lines — $ ________

11. The net reserves for losses and loss adjustment expenses that the Company carries for the following liabilities included on the Liabilities, Surplus and Other Funds page, Losses and Loss Adjustment Expenses lines *

    11.1 Asbestos, as disclosed in the Notes to Financial Statements (Notes, Line 33A03D, ending net asbestos reserves for current year) Electronic Filing Col 5 — $ ________

    11.2 Environmental, as disclosed in the Notes to Financial Statements (Notes, Line 33D03D, ending net environmental reserves for current year), Electronic Filing Col 5 — $ ________

12. The total claims made extended loss and loss adjustment expense, and unearned premium reserves (Greater than or equal to Schedule P Interrogatories)

    12.1 Amount reported as loss and loss adjustment expense reserves — $ ________

    12.2 Amount reported as unearned premium reserves — $ ________

13. The net reserves for the A&H Long Duration Contracts that the Company carries on the following lines on the Liabilities, Surplus and Other Funds page:

    13.1 Losses — $ ________

    13.2 Loss Adjustment Expenses — $ ________

    13.3 Unearned Premium — $ ________

    13.4 Write-In (list separately, adding additional lines as needed, and identify (e.g., "Premium Deficiency Reserves", "Contract Reserves other than Premium Deficiency Reserves" or "AG 51 Reserves")) — $ ________

14. Other items on which the Appointed Actuary is providing relevant comment (list separately, adding additional lines as needed) — $ ________

* The reserves disclosed in item 11 above, should exclude amounts relating to contracts specifically written to cover asbestos and environmental exposures. Contracts specifically written to cover these exposures include Environmental Impairment Liability (post 1986), Asbestos Abatement, Pollution Legal Liability, Contractor's Pollution Liability, Consultant's Environmental Liability, and Pollution and Remediation Legal Liability.

ANNUAL AUDITED FINANCIAL REPORTS

All states have a statute or regulation that requires an annual audit of their insurance companies by an independent certified public accountant based on the NAIC *Annual Financial Reporting Model Regulation (#205)*. For guidance regarding this model, see Appendix G of the NAIC *Accounting Practices and Procedures Manual*.

The reporting entity shall require the independent certified public accountant to subject the current Schedule P – Part 1 (excluding those amounts related to bulk and IBNR reserves and claim counts) to the auditing procedures applied in the audit of the current statutory financial statements to determine whether Schedule P – Part 1 is fairly stated in all material respects in relation to the basic statutory financial statements taken as a whole. It is expected that the auditing procedures applied by the independent CPA to the claim loss and loss adjustment expense data from which Schedule P – Part 1 is prepared would be applied to activity that occurred in the current calendar year (e.g., tests of payments on claims for all accident years that were paid during the current calendar year). [Refer to American Institute of Certified Public Accountants Statement of Position 92-8.]

The reporting entity shall also require the independent certified public accountant to subject the data used by the appointed actuary to testing procedures. The auditor is required to determine what historical data and methods have been used by management in developing the loss reserve estimate and whether the auditor will rely on the same data or other statistical data in evaluating the reasonableness of the loss reserve estimate. After identifying the relevant data, the auditor should obtain an understanding of the controls related to the completeness, accuracy, and classification of loss data and perform testing as the auditor deems appropriate. Through inquiry of the Appointed Actuary, the auditor should obtain an understanding of the data identified by the Appointed Actuary as significant. It is recognized that there will be instances when data identified by the Appointed Actuary as significant to his or her reserve projections would not otherwise have been tested as part of the audit, and separate testing would be required. Unless otherwise agreed among the Appointed Actuary, management and the auditor, the scope of the work performed by the auditor in testing the claims data in the course of the audit would be sufficient to determine whether the data tested is fairly stated in all material respects in relation to the statutory financial statement taken as a whole. The auditing procedures should be applied to the claim loss and defense and cost containment expense data used by the Appointed Actuary and would be applied to activity that occurred in the current calendar year (e.g., tests of payments on claims paid during the current calendar year).

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MANAGEMENT'S DISCUSSION AND ANALYSIS[1]

Reporting entities are required to file a supplement to the annual statement titled "Management's Discussion and Analysis" (MD&A) by April 1 each year.

MD&A Requirements:

Discuss the reporting entity's financial condition, changes in financial condition and results of operations. The discussion shall provide information as specified in paragraphs that follow and also shall provide such other information that the reporting entity believes to be necessary for an understanding of its financial condition, changes in financial condition and results of operations. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

Introduction

1. The MD&A requirements are intended to provide, in one section, material historical and prospective textual disclosure enabling regulators to assess the financial condition and results of operations of the reporting entity. There is a need for a narrative explanation of the financial statements, because a numerical presentation and brief accompanying footnotes alone may be insufficient for regulators to judge the quality of earnings and the likelihood that past performance is indicative of future performance. The MD&A is intended to give the regulator an opportunity to look at the reporting entity through the eyes of management by providing both a short-term and long-term analysis of the business of the reporting entity.

2. The MD&A shall be of the financial statements and of other statistical data that the reporting entity believes will enhance a regulator's understanding of its financial condition, changes in financial condition and results of operations. Generally, the discussion shall cover the two year period covered by the financial statements and shall use year-to-year comparisons or any other formats that in the reporting entity's judgment enhance a regulator's understanding. However, where trend information is relevant, reference to the five year selected financial data schedule may be necessary.

3. The purpose of the MD&A shall be to provide regulators with information relevant to an assessment of the financial condition and results of operations of the reporting entity as determined by evaluating the amounts and certainty of cash flows from operations and from outside sources. The information provided pursuant to this MD&A need only include that which is available to the reporting entity without undue effort or expense and which does not clearly appear in the reporting entity's financial statements.

4. Management should ensure that disclosure in MD&A is balanced and fully responsive. To enhance regulator understanding of the financial statements, entities are encouraged to explain in the MD&A the effects of the critical accounting policies applied, the judgments made in their application, and any subsequent changes in assumptions or conditions which would have resulted in materially different reported results. Analytical discussion of significant accounting policies in the MD&A should not include information already reported in the significant accounting policies section of the notes to the financial statement.

5. The discussion and analysis shall focus specifically on material events and uncertainties known to management that would cause reported financial information not to be necessarily indicative of future operating results or of future financial condition. This would include descriptions and amounts of (a) matters that would have an impact on future operations and have not had an impact in the past, and (b) matters that have had an impact on reported operations and are not expected to have an impact upon future operations.

[1] These requirements have been developed, in part, based upon the requirements set forth in Title 17–Commodity and Securities Exchanges, Chapter II–Securities and Exchange Commission (SEC), Part 229--Standard Instructions for Filing Forms Under Securities Act of 1933, Securities Exchange Act of 1934 and Energy Policy and Conservation Act of 1975, Regulation S-K, Section 229.303 (Item 303) Management's Discussion and Analysis of Financial Condition and Results of Operations. These requirements have also incorporated certain interpretative guidance as set forth in Release No. 33-6835, *SEC Interpretation: Management's Discussion and Analysis of Financial Condition and Results of Operations; Certain Investment Company Disclosures* (issued May 18, 1989), Release No. 33-8040, *Cautionary Advice Regarding Disclosure About Critical Accounting Policies* (issued December 12, 2001) and Release No. 33-8056, *Commission Statement about Management's Discussion and Analysis of Financial Condition and Results of Operations* (issued January 22, 2002).

6. Reporting entities are required to prepare the MD&A on a non-consolidated basis, unless the following conditions are met:

   a. The entity is part of a consolidated group of insurers that utilizes a pooling arrangement or one hundred percent reinsurance agreement that affects the solvency and integrity of the entity's reserves and such entity ceded substantially all of its direct and assumed business to the pool. An entity is deemed to have ceded substantially all of its direct and assumed business to a pool if the entity has less than $1,000,000 total direct plus assumed written premiums during a calendar year that are not subject to a pooling arrangement and the net income of the business not subject to the pooling arrangement represents less than 5% of the company's capital and surplus.

   Or

   b. The entity's state of domicile permits audited consolidated financial statements.

   If a group of insurance companies prepares the MD&A on a consolidated basis, the discussion should identify and discuss significant differences between reporting entities (e.g., investment mix, leverage, liquidity, etc.).

Results of Operations

7. Reporting entities should describe any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported net income or other gains/losses in surplus and, in each case, indicate the extent to which net income or surplus was so affected. In addition, describe any other significant components of income that, in the reporting entity's judgment, should be described in order to understand the reporting entity's results of operations.

8. Reporting entities should describe any known trends or uncertainties that have had or are reasonably probable to have a material favorable or unfavorable impact on premium, net income or other gains/losses in surplus. If the reporting entity knows of events that will cause a material change in the relationship between expenses and premium, the change in the relationship shall be disclosed.

9. To the extent that the financial statements disclose material increases in premium, reporting entities should provide a narrative discussion of the extent to which such increases are attributable to increases in prices or to increases in the volume or amount of existing products being sold or to the introduction of new products.

Prospective Information

10. Reporting entities are encouraged to supply forward-looking information. The MD&A may include discussions of "known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the reporting entity's liquidity increasing or decreasing in any material way." Further, descriptions of known material trends in the reporting entity's capital resources and expected changes in the mix and cost of such resources should be included. Disclosure of known trends or uncertainties that the reporting entity reasonably expects will have a material impact on premium, net income or other gains/losses in surplus is also encouraged.

11. In the event that a reporting entity does supply forward-looking information, the reporting entity may disclaim any responsibility for the accuracy of such information and condition the delivery of such information upon a waiver of any claim under any theory of law based on the inaccuracy of such information; provided that the reporting entity supplied such information in good faith.

Material Changes

12. Reporting entities are required to provide adequate disclosure of the reasons for material year-to-year changes in line items, or discussion and quantification of the contribution of two or more factors to such material changes. An analysis of changes in line items is required where material and where the changes diverge from changes in related line items of the financial statements, where identification and quantification of the extent of contribution of each of two or more factors is necessary to an understanding of a material change, or where there are material increases or decreases in net premium.

13. Repetition and line-by-line analysis is not required or generally appropriate when the causes for a change in one line item also relate to other line items. The discussion need not recite amounts of changes readily computable from the financial statements and shall not merely repeat numerical data contained in such statements. However, quantification should otherwise be as precise, including use of dollar amounts or percentages, as reasonably practicable.

<u>Liquidity, Asset/Liability Matching and Capital Resources</u>

14. The term "liquidity" as used in this MD&A refers to the ability of the reporting entity to generate adequate amounts of cash to meet the reporting entity's needs for cash. Except where it is otherwise clear from the discussion, the reporting entity shall indicate those balance sheet conditions or income or cash flow items, which the reporting entity believes, may be indicators of its liquidity condition. Liquidity generally shall be discussed on both a long-term and short-term basis. The issue of liquidity shall be discussed in the context of the reporting entity's own business or businesses.

15. The discussion of liquidity shall include a discussion of the nature and extent of restrictions on the ability of subsidiaries to transfer funds to the reporting entity in the form of cash dividends, loans or advances and the impact such restrictions may, if any, have on the ability of the reporting entity to meet its cash obligations.

16. Generally, short-term liquidity and short-term capital resources cover cash needs up to 12 months into the future. These cash needs and the sources of funds to meet such needs relate to the day-to-day operating expenses of the reporting entity and material commitments coming due during that 12-month period.

17. The discussion of long-term liquidity and long-term capital resources must address material expenditures, significant balloon payments or other payments due on long-term obligations, and other demands or commitments, including any off-balance sheet items, to be incurred beyond the next 12 months, as well as the proposed sources of funding required to satisfy such obligations.

18. Reporting entities should identify any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the reporting entity's liquidity increasing or decreasing in any material way. If a material decline in liquidity is identified, indicate the course of action that the reporting entity has taken or proposes to take to remedy the decline. Also identify and separately describe internal and external sources of liquidity, and briefly discuss any material unused sources of liquid assets.

19. Reporting entities should describe any known material trends, favorable or unfavorable, in the reporting entity's capital resources. Indicate any expected material changes in the mix and relative cost of such resources. The discussion shall consider changes between equity, debt and any off-balance sheet financing arrangements.

20. Reporting entities are expected to use the statement of cash flows, and other appropriate indicators, in analyzing their liquidity, and to present a balanced discussion dealing with cash flows from investing and financing activities as well as from operations. This discussion should address those matters that have materially affected the most recent period presented but are not expected to have short-term or long-term implications, and those matters that have not materially affected the most recent period presented but are expected materially to affect future periods. Examples of such matters include:

    a. Discretionary operating expenses such as expenses relating to advertising;

    b. Debt refinancings or redemptions;

    c. Dividend requirements to the reporting entity's parent to fund the parent's operations or debt service; or

    d. Future potential sources of capital, such as a parent entity's planned investment in the reporting entity, and the form of that investment.

21. MD&A disclosures should not be overly general. For example, disclosure that the reporting entity has sufficient short-term funding to meet its liquidity needs for the next year provides little useful information. Instead, reporting entities should consider describing the sources of short-term funding and the circumstances that are reasonably likely to affect those sources of liquidity. The discussion should be limited to material risks, and, as with the MD&A generally, should be sufficiently detailed and tailored to the entity's individual circumstances, rather than "boilerplate."

22. If the reporting entity's liquidity is dependent on the use of off-balance sheet financing arrangements, such as securitization of receivables or obtaining access to assets through special purpose entities, the reporting entity should consider disclosure of the factors that are reasonably likely to affect its ability to continue using those off-balance sheet financing arrangements. Reporting entities also should make informative disclosures about matters that could affect the extent of funds required within management's short- and long-term planning horizon.

23. Reporting entities are reminded that identification of circumstances that could materially affect liquidity is necessary if they are "reasonably likely" to occur. This disclosure threshold is lower than "more likely than not." (See guidance provided in *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*.) Market price changes, economic downturns, defaults on guarantees, or contractions of operations that have material consequences for the reporting entity's financial position or operating results can be reasonably likely to occur under some conditions. Material effects on liquidity as a result of any reasonably likely changes should be disclosed.

24. To identify trends, demands, commitments, events and uncertainties that require disclosure, management should consider the following:

a. Provisions in financial guarantees or commitments, debt agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation, such as adverse changes in the reporting entity's credit rating, financial ratios, earnings, cash flows, stock price or changes in the value of underlying, linked or indexed assets;

b. Circumstances that could impair the reporting entity's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential, or that could render that activity commercially impracticable, such as the inability to maintain a specified claims paying ability or investment grade credit rating, level of earnings, earnings per share, financial ratios, or collateral; and

c. Factors specific to the reporting entity and its markets that the reporting entity expects to be given significant weight in the determination of the reporting entity's credit rating or will otherwise affect the reporting entity's ability to raise short-term and long-term financing.

Loss Reserves (Property & Casualty Companies only)

25. The MD&A should include a discussion of those items that affect the reporting entity's volatility of loss reserves, including a description of those risks that contribute to the volatility.

Off-Balance Sheet Arrangements

26. Reporting entities should consider the need to provide disclosures concerning transactions, arrangements and other relationships with entities or other persons that are reasonably likely to affect materially liquidity or the availability of or requirements for capital resources. Specific disclosure may be necessary regarding relationships with entities that are contractually limited to narrow activities that facilitate the reporting entity's transfer of or access to assets. These entities are often referred to as structured finance or special purpose entities. These entities may be in the form of corporations, partnerships or limited liability companies, or trusts.

27. Material sources of liquidity and financing, including off-balance sheet arrangements and transactions with limited purpose entities should be discussed. The extent of the reporting entity's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, or market or credit risk support for the reporting entity; engage in leasing or hedging services with the reporting entity; or expose the reporting entity to liability that is not reflected on the face of the financial statements. Where contingencies inherent in the arrangements are reasonably likely to affect the continued availability of a material historical source of liquidity and finance, reporting entities must disclose those uncertainties and their effects.

28. Reporting entities should consider the need to include information about the off-balance sheet arrangements such as: their business purposes and activities; their economic substance; the key terms and conditions of any commitments; the initial and ongoing relationships with the reporting entity and its affiliates; and the reporting entity's potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.

29. For example, a reporting entity may be economically or legally required or reasonably likely to fund losses of a limited purpose entity, provide it with additional funding, issue securities pursuant to a call option held by that entity, purchase the entity's capital stock or assets, or the reporting entity otherwise may be financially affected by the performance or non-performance of an entity or counterparty to a transaction or arrangement. In those circumstances, the reporting entity may need to include information about the arrangements and exposures resulting from contractual or other commitments to provide investors with a clear understanding of the reporting entity's business activities, financial arrangements, and financial statements. Other disclosures that reporting entities should consider to explain the effects and risks of off-balance sheet arrangements include:

a. Total amount of assets and obligations of the off-balance sheet entity, with a description of the nature of its assets and obligations, and identification of the class and amount of any debt or equity securities issued by the reporting entity;

b. The effects of the entity's termination if it has a finite life or it is reasonably likely that the reporting entity's arrangements with the entity may be discontinued in the foreseeable future;

c. Amounts receivable or payable, and revenues, expenses and cash flows resulting from the arrangements;

d. Extended payment terms of receivables, loans and debt securities resulting from the arrangements, and any uncertainties as to realization, including repayment that is contingent upon the future operations or performance of any party;

e. The amounts and key terms and conditions of purchase and sale agreements between the reporting entity and the counterparties in any such arrangements; and

f. The amounts of any guarantees, lines of credit, standby letters of credit or commitments or take or pay contracts or other similar types of arrangements, including tolling, capacity, or leasing arrangements, that could require the reporting entity to provide funding of any obligations under the arrangements, including guarantees of repayment of obligors of parties to the arrangements, make whole agreements, or value guarantees.

30. Although disclosure regarding similar arrangements can be aggregated, important distinctions in terms and effects should not be lost in that process. The relative significance to the reporting entity's financial position and results of the arrangements with unconsolidated, non-independent, limited purpose entities should be clear from the disclosures to the extent material. While legal opinions regarding "true sale" issues or other issues relating to whether a reporting entity has contingent, residual or other liability can play an important role in transactions involving such entities, they do not obviate the need for the reporting entity to consider whether disclosure is required. In addition, disclosure of these matters should be clear and individually tailored to describe the risks to the reporting entity, and should not consist merely of recitation of the transactions' legal terms or the relationships between the parties or similar boilerplate.

Participation in High Yield Financings, Highly Leveraged Transactions or Non-Investment Grade Loans and Investments

31. A reporting entity, consistent with its domiciliary state's law, may participate in several ways, directly or indirectly, in high yield financings, or highly leveraged transactions or make non-investment grade loans or investments relating to corporate restructurings such as leveraged buyouts, recapitalizations including significant stock buybacks and cash dividends, and acquisitions or mergers. A reporting entity may participate in the financing of such a transaction either as originator, syndicator, lender, purchaser of secured senior debt, or as an investor in other debt instruments (often unsecured or subordinated), redeemable preferred stock or other equity securities. Participation in high yield or highly leveraged transactions, as well as investment in non-investment grade securities, generally involves greater returns, in the form of higher fees and higher average yields or potential market gains. Participation in such transactions may involve greater risks, often related to credit worthiness, solvency, relative liquidity of the secondary trading market, potential market losses, and vulnerability to rising interest rates and economic downturns.

32. In view of these potentially greater returns and potentially greater risks, disclosure of the nature and extent of a reporting entity's involvement with high yield or highly leveraged transactions and non-investment grade loans and investments may be required, if such participation or involvement has had or is reasonably likely to have a material effect on financial condition or results of operations. For each such participation or involvement or grouping thereof, there shall be identification, consistent with the Annual Statement schedules or detail, description of the risks added to the reporting entity; associated fees recognized or deferred; amount, if any, of loss recognized; the reporting entity's judgment whether there has been material negative effect on the entity's financial condition; and the reporting entity's judgment whether there will be material negative effect on the entity's financial condition in subsequent reporting periods.

Preliminary Merger/Acquisition Negotiations

33. While the MD&A requirements could be read to impose a duty to disclose otherwise nondisclosed preliminary merger or acquisition negotiations, as known events or uncertainties reasonably likely to have material effects on future financial condition or results of operations, the NAIC does not intend to apply the MD&A in this manner. Where disclosure is not otherwise required, and has not otherwise been made, the MD&A need not contain a discussion of the impact of preliminary merger negotiations where, in the reporting entity's view, inclusion of such information would jeopardize completion of the transaction. Where disclosure is otherwise required or has otherwise been made by or on behalf of the reporting entity, the interests in avoiding premature disclosure no longer exist. In such case, the negotiations would be subject to the same disclosure standards under the MD&A as any other known trend, demand, commitment, event or uncertainty. These policy determinations also would extend to preliminary negotiations for the acquisition or disposition of assets not in the ordinary course of business.

Conclusion

34. In preparing the MD&A disclosure, reporting entities should be guided by the general purpose of the MD&A requirements: to give regulators an opportunity to look at the reporting entity through the eyes of management by providing a historical and prospective analysis of the reporting entity's financial condition and results of operations, with particular emphasis on the reporting entity's prospects for the future. The MD&A requirements are intentionally flexible and general. Because no two reporting entities are identical, good MD&A disclosure for one reporting entity is not necessarily good MD&A disclosure for another. The same is true for MD&A disclosure of the same reporting entity in different years. The flexibility of MD&A creates a framework for providing regulators with appropriate information concerning the reporting entity's financial condition, changes in financial condition and results of operations.

JURAT PAGE

Enter all information completely as indicated by the format of the page.

NAIC Group Code

Current Period

Enter the NAIC Group Code for the current filing.

Prior Period

Enter the NAIC Group Code for the prior quarter.

State of Domicile or Port of Entry

Alien companies doing business in the United States through a port of entry should complete this line with the appropriate state. U.S. insurance entities should enter the state of domicile.

Country of Domicile

U.S. branches of alien insurers should enter the three-character identifier for the reporting entity's country of domicile from the Appendix of Abbreviations. Domestic insurers should enter "US" in this field.

Commenced Business

Enter the date when the reporting entity first became obligated for any insurance risk via the issuance of policies and/or entering into a reinsurance agreement.

Statutory Home Office

As identified with the Certificate of Authority in domiciled state.

Main Administrative Office

Location of the reporting entity's main administrative office.

Mail Address

Reporting entity's mailing address, if other than the main administrative office address. May be a P.O. Box and the associated ZIP code.

Primary Location of Books and Records

Location where examiners may review records during an examination.

Internet Website Address

Include the Internet Website address of the reporting entity. If none, and information relating to the reporting entity is contained in a related entity's Website, include that Website.

Statutory Statement Contact

Name & Email

Name and email address of the person responsible for preparing and filing all statutory filings with the reporting entity's regulators and the NAIC. The person should be able to respond to questions and concerns for annual and quarterly statements.

Telephone Number & Fax Number

Telephone and fax number should include area code and extension.

Officers, Directors, Trustees

The state of domicile regulatory authority may dictate the required officers, directors, trustees and any other positions to be listed on the Jurat Page. Show full name (initials not acceptable) and title (indicate by number sign (#) those officers and directors who did not occupy the indicated position in the prior annual statement). Additional lines may be required to identify officers, directors, trustees and any other positions in primary policy-making or managerial roles. Examples of titles are 1) President, Chief Executive Officer or Chief Operating Officer; 2) Secretary, or Corporate Secretary; 3) Treasurer or Chief Financial Officer; and, 4) Actuary. When identifying officers, if the Treasurer does not have charge of the accounts of the reporting entity, enter the name of the individual who does and indicate the appropriate title.

Statement of Deposition

Those states that have adopted the NAIC blank require that the blank be completed in accordance with the *Annual Statement Instructions* and *Accounting Practices and Procedures Manual* except to the extent that state law may differ. If the reporting entity deviates from any of these rules, disclose deviations in Note 1 of the Notes to Financial Statements, to the extent that there is an impact to the financial information contained in the annual statement.

Signatures

Complete the Jurat signature requirements in accordance with the requirements of the domiciliary state. Direct any questions concerning signature requirements to that state. At least one statement filed with the domiciliary state must have original signatures and must be manually signed by the appropriate corporate officers, have the corporate seal affixed thereon where appropriate, and be properly notarized. For statements filed in non-domestic states, facsimile signatures or reproductions of original signatures may be used except where otherwise mandated. If the appropriate corporate officers are incapacitated or otherwise not available due to a personal emergency, the reporting entity should contact the domiciliary state for direction as to who may sign the statement.

NOTE: If the United States Manager of a U.S. Branch or the Attorney-in-Fact of a Reciprocal Exchange or Lloyds Underwriters is a corporation, the affidavit should be signed by two (or three) principal officers of the corporation or, if a partnership, by two (or three) of the principal members of the partnership.

For domiciliary jurisdictions that require the reporting entity to submit signatures on the Jurat page as part of the PDF filed with the NAIC see the instructions for submitting a signed Jurat in the General Electronic Filing Directive. The link to that directive can be found at the following Web address:

www.naic.org/cmte_e_app_blanks.htm

If this is an amendment, change or modification of previously filed information, state the amendment number (each amendment made by a reporting entity should be sequentially numbered), the date this amendment is being filed, and the number of annual statement pages being changed by this amendment.

To be filed in electronic format only:

Policyowner Relations Contact

Name

List person able to respond to calls regarding policies, premium payments, etc. on individual policies.

Address

May be a P.O. Box and the associated ZIP code.

Telephone Number

Telephone number should include area code and extension.

Email Address

Email address of the policyowner relations contact person as described above.

Government Relations Contact

Name

The government relations contact represents the person the reporting entity designates to receive information from state insurance departments regarding new bulletins, company and producer licensing information, changes in departmental procedures and other general communication regarding non-financial information.

Address

May be a P.O. Box and the associated ZIP code.

Telephone Number

Telephone number should include area code and extension.

Email Address

Email address of the government relations contact person as described above.

Market Conduct Contact

Name

The market conduct contact represents the person the reporting entity designates to receive information from state insurance departments regarding market conduct activities. Such information would include (but not be limited to) data call letters, filing instructions, report cards and inquiries/questions about the reporting entity's market conduct.

Address

May be a P.O. Box and the associated ZIP code.

Telephone Number

Telephone number should include area code and extension.

Email Address

Email address of the market conduct contact person as described above.

Cybersecurity Contact

Name

The cybersecurity contact represents the person the reporting entity designates to receive information from regulatory agencies on active, developing and potential cybersecurity threats.

Address

May be a P.O. Box and the associated ZIP code.

Telephone Number

Telephone number should include area code and extension.

Email Address

Email address of the cybersecurity contact person as described above.

Life Insurance Policy Locator Contact (Not applicable to Property and Title companies)

Name

List person able to respond to calls regarding locating policies on lost or forgotten life insurance policies.

Address

May be a P.O. Box and the associated ZIP code.

Telephone Number

Telephone number should include area code and extension.

Email Address

Email address of the policy locator contact person as described above.

ASSETS

The value for real estate, bonds, stocks, and the amount loaned on mortgages must, in all cases, prove with corresponding values and admitted assets supported by the corresponding schedules.

Refer to the *Accounting Practices and Procedures Manual* for accounting guidance on these topics.

Companies should refer to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* to determine the filing requirements and the procedures for valuation of bonds and stocks owned or held as collateral for loans.

The Notes to Financial Statements are an integral part of this statement. Certain Notes are required regarding the valuation of invested assets. See instructions herein for Notes to Financial Statements.

Assets owned at the end of the current period that were not under the exclusive control of the reporting entity, including assets loaned to others as shown in the General Interrogatories, are to be individually identified in the investment schedules by placing the codes found in the Investment Schedules General Instructions in the Code Column of the appropriate investment schedule.

For statements with Separate Accounts, Segregated Accounts or Protected Cell Accounts: Exclude receivables from the Separate Accounts Statement, Segregated Accounts or Protected Cell Accounts from the assets of the General Account Statement. This eliminates the need for consolidating adjustments. Report such receivables as a negative liability and net the receivables against payables to the appropriate account as required elsewhere in these instructions.

The development of admitted assets is illustrated in two columns.

Column 1 – Assets

Record the amount by category, from the reporting entity's financial records, less any valuation allowance.

Column 2 – Nonadmitted Assets

Include: Amounts for which the state does not allow the reporting entity to take credit.

Refer to the Annual Statement Instructions, Exhibit of Nonadmitted Assets.

Column 3 – Net Admitted Assets

The amount in Column 3 equals Column 1 minus Column 2. The amounts reported in Column 3 should agree to the appropriate schedules.

Column 4 – Prior Year Net Admitted Assets

Amounts contained in Column 3 of the prior year Annual Statement.

Inside amount – Report net admitted assets amounts.

Line 1 – Bonds

Report all bonds with maturity dates greater than one year from the acquisition date. Bonds are valued and reported in accordance with guidance set forth in *SSAP No. 26R—Bonds* and *SSAP No. 43R—Loan-Backed and Structured Securities*.

Record bond acquisitions or disposals on the trade date, not the settlement date. Record private placements on the funding date.

Exclude: Interest due and accrued.

Line 2 – Stocks

The amount reported in Column 3 for common stocks and preferred stocks is the value in accordance with guidance set forth in *SSAP No. 30—Unaffiliated Common Stock*; *SSAP No. 32—Preferred Stock*; and *SSAP No. 97—Investments in Subsidiary, Controlled, and Affiliated Entities*.

Line 3 – Mortgage Loans on Real Estate

Include: Foreclosed liens subject to redemption.

Exclude: Interest due and accrued.

The amount reported in Column 3 is the Book Value/Recorded Investment reduced by any valuation allowance and nonadmitted amounts. Mortgage loans are valued and reported in accordance with the guidance set forth in *SSAP No. 37—Mortgage Loans*.

Line 4 – Real Estate

Refer to *SSAP No. 40R—Real Estate Investments*, *SSAP No. 44—Capitalization of Interest* and *SSAP No. 90—Impairment or Disposal of Real Estate Investments*, for accounting guidance.

The amount reported in Column 3 for properties occupied by the reporting entity (home office real estate), properties held for production of income and properties held for sale must not exceed actual cost, plus capitalized improvements, less normal depreciation. This formula shall apply whether the reporting entity holds the property directly or indirectly.

Report amounts net of encumbrances. The sum of all encumbrances reported in the inset lines should agree with the total of Schedule A, Part 1, Column 8.

Exclude: Income due and accrued.

Line 5 – Cash, Cash Equivalents and Short-Term Investments

Include: All cash, including petty cash, other undeposited funds, certificates of deposit in banks or other similar financial institutions with maturity dates of one year or less from the acquisition date and other instruments defined as cash and cash equivalents in accordance with *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments*.

Include in Column 2, the excess of deposits in suspended depositories over the estimated amount recoverable.

The amount in Column 1 should agree with the sum of Schedule E, Part 1, Column 6, Schedule E, Part 2, Column 7 and Schedule DA, Part 1, Column 7. The amount in Column 1 should agree with Cash Flow, line 19.2. The prior year's Column 1 amount should agree with Cash Flow, line 19.1.

Line 6 – Contract Loans

Report loans at their unpaid balance in accordance with *SSAP No. 49—Policy Loans* (applicable to Life and Accident and Health), and reduced by the proportionate share of loans under any coinsurance arrangements.

Include: In Column 1, contract loans assumed under coinsurance arrangements.

In Column 2, premium notes, contract loans, and other policy assets in excess of net value and of other policy liabilities on individual policies.

Exclude: Interest due and accrued, less than 90 days past due. Refer to *SSAP No. 49—Policy Loans*, for accounting guidance.

Premium extension agreements.

Line 7 – Derivatives

Derivative asset amounts shown as debit balances. Should equal Schedule DB, Part D, Section 1, Column 5, Footnote Question 2. The gross amounts from Schedule DB shall be adjusted to reflect netting from the valid right to offset in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*.

Line 8 – Other Invested Assets (Schedule BA Assets)

Report admitted investments reported on Schedule BA and not included under another classification.

Include: Loans.

Certain affiliated securities, such as joint ventures, partnerships and limited liability companies (*SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies*).

Low Income Housing Tax Credit Property Investments (*SSAP No. 93—Low Income Housing Tax Credit Property Investments*).

Line 9 – Receivables for Securities

Refer to *SSAP No. 21—Other Admitted Assets*, for accounting guidance.

Include: Amounts received within 15 days of the settlement date that are due from brokers when a security has been sold but the proceeds have not yet been received.

Exclude: Receivables for securities not received within 15 days of the settlement date. These receivables are classified as other-than-invested-assets and nonadmitted per *SSAP No. 21—Other Admitted Assets*.

Line 10 – Securities Lending Reinvested Collateral Assets

Include reinvested collateral assets from securities lending programs where the program is administered by the reporting entity's unaffiliated agent or the reporting entity's affiliated agent if the reporting entity chooses not to report in the investment schedules.

Line 11 – Aggregate Write-ins for Invested Assets

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 11 for Invested Assets.

Line 13 – Title Plants (Applies to Title Insurers Only)

Refer to *SSAP No. 57—Title Insurance*, for accounting guidance.

Column 1 should equal Schedule H – Verification Between Years, Line 8.

Line 14 – Investment Income Due and Accrued

Refer to *SSAP No 34—Investment Income Due and Accrued*, for accounting guidance.

Include: Income earned on investments but not yet received.

Line 15 – Premiums and Considerations

Include: Amounts for premium transactions conducted directly with the insured.

Amounts due from agents resulting from various insurance transactions.

Premiums receivable for government insured plans, including fixed one-time premium payments (such as for Medicaid low birth weight neonates and Medicaid maternity delivery).

Refer to *SSAP No. 6—Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers*, *SSAP No. 57—Title Insurance*, and *SSAP No. 53—Property Casualty Contracts – Premiums*. Refer to *SSAP No. 62R—Property and Casualty Reinsurance*, and *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance*, for accounting guidance pertaining to reinsurance transactions.

Line 15.1 – Uncollected Premiums and Agents' Balances in Course of Collection

Include: Direct and group billed uncollected premiums.

Amounts collected but not yet remitted to home office.

Accident and health premiums due and unpaid.

Life insurance premiums and annuity considerations uncollected on in force business (less premiums on reinsurance ceded and less loading).

Title insurance premiums and fees receivable.

Do not deduct: **For Property/Casualty and Title companies:**

Ceded reinsurance balances payable.

Exclude: Receivables relating to uninsured accident and health plans and the uninsured portion of partially insured accident and health plans.

Line 15.2 – Deferred Premiums, Agents' Balances and Installments Booked but Deferred and Not Yet Due

Include: Receivable amounts not yet due.

Life insurance premiums and annuity considerations deferred on in force business (less premiums on reinsurance ceded and less loading).

For Property/Casualty companies:

Earned but unbilled premiums.

Deduct: **For Property/Casualty companies:**

Reinsurance assumed premiums received after the effective date of the contract but prior to the contractual due date. Refer to *SSAP No. 62R—Property and Casualty Reinsurance*, for accounting guidance.

Exclude: Ceded reinsurance balances payable.

Line 15.3 – Accrued Retrospective Premiums ($_____) and contracts subject to redetermination ($______)

Include: Accrued retrospective premiums on insurance contracts.

Receivables for all contracts subject to redetermination, including risk adjustment for Medicare Advantage and Medicare Part D and Affordable Care Act risk adjustment. See *SSAP No. 54R—Individual and Group Accident and Health Contracts*.

Refer to *SSAP No. 66—Retrospectively Rated Contracts*, for accounting guidance and nonadmission criteria.

<u>Direct Accrued Retrospective Premiums:</u>

For Property/Casualty companies:

If retrospective premiums are estimated by reviewing each retrospectively rated risk, report on Line 15.3 the gross additional retrospective premiums included in the total reserve for unearned premiums.

If retrospective premiums are estimated through the use of actuarially accepted methods applied to aggregations of multiple retrospectively rated risks in accordance with filed and approved retrospective rating plans and the result of such estimation is net additional retrospective premiums, report on Line 15.3 the net additional retrospective premiums included in the total reserve for unearned premiums.

Line 16.1 – Amounts Recoverable from Reinsurers

Property/Casualty and Title companies should refer to *SSAP No. 62R—Property and Casualty Reinsurance*, for accounting guidance.

Include: Amounts recoverable on paid losses/claims and loss/claim adjustment expenses.

Reinsurance recoverables on unpaid losses are treated as a deduction from the reserve liability.

Line 16.2 – Funds Held by or Deposited with Reinsured Companies

Property/Casualty and Title companies should refer to *SSAP No. 62R—Property and Casualty Reinsurance*, for accounting guidance.

Include: Reinsurance premiums withheld by the ceding entity as specified in the reinsurance contract (for example, funds withheld equal to the unearned premiums and loss reserves), or advances from the reinsurer to the ceding entity for the payment of losses before an accounting is made by the ceding entity.

Line 16.3 – Other Amounts Receivable Under Reinsurance Contracts

For **Life companies**, include commissions and expense allowances due and experience rating and other refunds due. Include the amounts for FEGLI/SEGLI pools and any other amounts not reported in Lines 16.1 or 16.2.

Property/Casualty companies should refer to *SSAP No. 62R—Property and Casualty Reinsurance*, for accounting guidance.

Line 17 – Amounts Receivable Relating to Uninsured Plans

The term "uninsured plans" includes the uninsured portion of partially insured plans.

Include: Amounts receivable from uninsured plans for (a) claims and other costs paid by the administrator on behalf of the third party at risk and (b) fees related to services provided by the administrator to the plan.

Pharmaceutical rebates relating to uninsured plans that represent an administrative fee and that are retained by the reporting entity and are earned in excess of the amounts to be remitted to the uninsured plan.

Refer to *SSAP No. 84—Health Care and Government Insured Plan Receivables*, for accounting guidance.

Exclude: Pharmaceutical rebates of insured plans. These amounts should be reported on Line 24.

Refer to *SSAP No. 47—Uninsured Plans*, for accounting guidance.

Line 18.1 – Current Federal and Foreign Income Tax Recoverable and Interest Thereon

This line is not applicable to Fraternal Societies.

Exclude: Deferred tax assets.

Refer to *SSAP No. 101—Income Taxes*, for accounting guidance.

Reporting entities may recognize intercompany transactions arising from income tax allocations among companies participating in a consolidated tax return, provided the following conditions are met:

1. There is a written agreement describing the method of allocation and the manner in which intercompany balances will be settled; and
2. Such an agreement requires that any intercompany balance will be settled within a reasonable time following the filing of the consolidated tax return; and
3. Such agreement complies with regulations promulgated by the Internal Revenue Service; and
4. Any receivables arising out of such allocation meet the criteria for admitted assets as prescribed by the domiciliary state of the reporting entity; and
5. Other companies participating in the consolidated return have established liabilities that offset the related intercompany receivables.

Line 18.2 – Net Deferred Tax Asset

Refer to *SSAP No. 101—Income Taxes*, for accounting guidance.

Line 19 – Guaranty Funds Receivable or on Deposit

This line is not applicable to Fraternal Societies.

Include: Any amount paid in advance or amounts receivable from state guaranty funds to offset against premium taxes in future periods.

Line 20 – Electronic Data Processing Equipment and Software

Include: Electronic data processing equipment, operating and non-operating systems software (net of accumulated depreciation).

Refer to *SSAP No. 16R—Electronic Data Processing Equipment and Software*, for accounting guidance. Non-operating systems software must be nonadmitted. Admitted asset is limited to three percent of capital and surplus for the most recently filed statement adjusted to exclude any EDP equipment and operating system software, net deferred tax assets and net positive goodwill.

Line 21 – Furniture and Equipment, Including Health Care Delivery Assets

Include: Health care delivery assets reported in the Furniture and Equipment Exhibit.

All leasehold improvements.

Refer to *SSAP No. 19—Furniture, Fixtures, Equipment and Leasehold Improvements*, *SSAP No. 44—Capitalization of Interest* and *SSAP No. 73—Health Care Delivery Assets and Leasehold Improvements in Health Care Facilities*, for accounting guidance.

Line 22 – Net Adjustment in Assets and Liabilities Due to Foreign Exchange Rates

Include: The appropriate exchange differential applied to the excess, if any, of foreign currency Canadian Insurance Operations assets over foreign currency Canadian Insurance Operations liabilities. This method can be used if the Canadian Insurance Operations result in less than 10% of the reporting entity's assets, liabilities and premium. The difference, if an asset, is recorded on Page 2, Line 22, Net Adjustment in Assets and Liabilities Due To Foreign Exchange Rates; or, if a liability, on Page 3, Net Adjustment in Assets and Liabilities Due To Foreign Exchange Rates. Refer to *SSAP No. 23—Foreign Currency Transactions and Translations*, for accounting guidance.

Line 23 – Receivables from Parent, Subsidiaries and Affiliates

Include: Unsecured current accounts receivable from parent, subsidiaries and affiliates.

Exclude: Amounts owed due to intercompany tax sharing agreements.

Amounts related to intercompany reinsurance transactions. Report reinsurance between affiliated companies through the appropriate reinsurance accounts.

Loans to affiliates and other related parties that are reported in the appropriate category of Schedule BA.

Affiliated securities which are reported in the appropriate investment schedules (Schedule D or DA).

Refer to *SSAP No. 25—Affiliates and Other Related Parties*, for accounting guidance.

Line 24 – Health Care and Other Amounts Receivable

Include: Bills Receivable – Report any unsecured amounts due from outside sources or receivables secured by assets that do not qualify as investments.

Amounts due resulting from advances to agents or brokers – Refer to *SSAP No. 6—Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers*, for accounting guidance.

Health Care Receivables – Include pharmaceutical rebate receivables, claim overpayment receivables, loans and advances to providers, capitation arrangement receivables and risk sharing receivables from affiliated and non-affiliated entities. Refer to *SSAP No. 84—Health Care and Government Insured Plan Receivables* for accounting guidance.

Other amounts receivable that originate from the government under government insured plans, including **undisputed** amounts over 90 days due that qualify as accident and health contracts are admitted assets. Refer to *SSAP No. 84—Health Care and Government Insured Plans Receivables* and *SSAP No. 50—Classifications of Insurance or Managed Care Contracts* for accounting guidance.

Exclude: Pharmaceutical rebates relating to uninsured plans that represent an administrative fee and that are retained by the reporting entity and earned in excess of the amounts to be remitted to the uninsured plan. These amounts should be reported on Line 17.

Premiums receivable for government insured plans reported on Lines 15.1, 15.2 or 15.3.

Line 25 – Aggregate Write-ins for Other-Than-Invested-Assets

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 25 for Other-Than-Invested-Assets.

Details of Write-ins Aggregated at Line 11 for Invested Assets

List separately each category of invested assets for which there is no pre-printed line on Page 2 (and that are not on Schedule BA).

Include: Receivables resulting from the sale of invested assets other than securities.

Exclude: Collateral held on securities lending. In accordance with *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishment of Liabilities*, this collateral should be reported on the appropriate invested asset line or the securities lending line depending on the guidance in SSAP No. 103R.

Details of Write-ins Aggregated at Line 25 for Other-Than-Invested-Assets

List separately each category of assets (other-than-invested-assets) for which there is no pre-printed line on Page 2.

Include: Equities and deposits in pools and associations.

COLI – Report the cash value of corporate owned life insurance including amounts under split dollar plans.

Consideration paid for retroactive reinsurance contract(s). Refer to *SSAP No. 62R—Property and Casualty Reinsurance*.

Other Receivables – Report any other reimbursement due the reporting entity.

Prepaid pension cost and the intangible asset resulting from recording an additional liability, with a description of "prepaid pension cost" and "intangible pension asset" respectively. See *SSAP No. 102—Pensions*, for guidance.

Receivables for securities not received within 15 days of the settlement date are classified as other-than-invested-assets and nonadmitted per *SSAP No. 21—Other Admitted Assets*.

For Property/Casualty Companies:

Amounts accrued for reimbursement of high deductible claims paid by the reporting entity. Refer to *SSAP No. 65—Property and Casualty Contracts*, for accounting guidance.

Annuities at their present value purchased to fund future fixed loss payments. Refer to *SSAP No. 65—Property and Casualty Contracts*.

Reinsurance premiums paid by a ceding entity prior to the effective date of the contract. Refer to *SSAP No. 62R—Property and Casualty Reinsurance*, for accounting guidance.

For Life and Health Companies:

Reinsurance premiums paid by a ceding entity prior to the due date. Refer to *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance*.

For Life, Accident & Health and Fraternal Companies:

Any negative IMR that is nonadmitted.

LIABILITIES, SURPLUS AND OTHER FUNDS

Line 1 – Losses

Include: Gross reserves including IBNR, for retrospectively rated policies.

Exclude: Reserves relating to uninsured accident and health plans and the uninsured portions of partially insured accident and health plans.

Refer to *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses* for accounting guidance.

Line 2 – Reinsurance Payable on Paid Losses and Loss Adjustment Expenses

Should agree with the total amount of reinsurance payable on paid losses shown on Schedule F, Part 1, Column 6 multiplied by 1000.

Line 3 – Loss Adjustment Expenses

The unfunded postretirement obligation shall be included on the Liabilities, Surplus and Other Funds page in the Loss Adjustment Expense line and on the Liabilities, Surplus and Other Funds page in the Other Expenses line, in accordance with the reporting entity's allocation of such expense.

Refer to *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses* for accounting guidance.

Line 4 – Commissions Payable, Contingent Commissions and Other Similar Charges

Include: Contingent commissions based upon profitability of the business produced, its persistency, loss ratio development, or other criteria.

Line 5 – Other Expenses

Include: Incurred but unpaid other underwriting and investment expenses, excluding taxes, licenses and fees.

The unfunded postretirement obligation shall be included on the Liabilities, Surplus and Other Funds page, in the Loss Adjustment Expense line and on the Liabilities, Surplus and Other Funds page in the Other Expenses line, in accordance with the reporting entity's allocation of such expense.

Line 6 – Taxes, Licenses and Fees

Include: Incurred but unpaid investment and underwriting taxes, licenses and fees.

Guaranty fund assessments that are accrued in accordance with *SSAP No. 35R—Guaranty Fund and Other Assessments*.

Exclude: Federal and foreign income taxes and any amounts withheld or retained by the company acting as agent for others.

Line 7.1 – Current Federal and Foreign Income Taxes (including $____ on realized capital gains (losses))

Include: Federal and foreign income taxes due or accrued.

Exclude: Income taxes recoverable.

Deferred tax liabilities.

Refer to *SSAP No. 101—Income Taxes* for accounting guidance.

Line 7.2 – Net Deferred Tax Liability

Refer to *SSAP No. 101—Income Taxes* for accounting guidance.

Line 8 – Borrowed Money

Report the unpaid balance outstanding at the year-end on any borrowed money plus accrued interest and any unamortized premium or discount (commercial paper, bank loans, notes, etc.).

Include: Interest payable on all debt reported as a liability, approved interest on surplus notes and interest payable on debt reported as a reduction in the carrying value of real estate. Refer to *SSAP No. 15—Debt and Holding Company Obligations* for accounting guidance.

Debt obligations of an employee stock ownership plan by the reporting entity and dividends on unallocated employee stock ownership plan shares. Refer to *SSAP No. 12—Employee Stock Ownership Plans* for accounting guidance.

Exclude: Debt on real estate in accordance with *SSAP No. 40R—Real Estate Investments* (i.e., reported as a reduction in the carrying value of real estate).

Debt offset against another asset in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*.

Debt for which treatment is specified elsewhere. Instruments that meet the requirements to be recorded as surplus as specified in *SSAP No. 72—Surplus and Quasi-Reorganizations* are not considered debt.

Debt issuance costs (e.g., loan fees and legal fees).

The value attributable to detachable stock purchase warrants. Report this value as paid-in capital.

Line 9 – Unearned Premiums

Parenthetical amount should agree with Schedule F, Part 3, Column 13, Total multiplied by 1000. Parenthetical amount for warranty reserves should include the result of calculation tests for contracts with coverage periods equal to or in excess of thirteen months in accordance with *SSAP No. 65—Property and Casualty Contracts*. Parenthetical amount for accrued accident and health experience rating refunds is liability for medical loss ratio rebates as provided for in Section 2718(b)(1)(A) of the Public Health Service Act on a net of reinsurance basis.

Include: Accrued return retrospective premiums net of reinsurance.

Refer to *SSAP No. 66—Retrospectively Rated Contracts* for accounting guidance. Per SSAP No. 66, retrospective premium adjustments shall be estimated based on the experience to date.

Inset amount #3 should equal Note 24—Retrospectively Rated Contracts & Contracts Subject to Redetermination, Line 24D(12), Column 5.

Line 10 – Advance Premiums

Include: Premiums received prior to the effective date of the contract.

Line 11.1 – Stockholders' Dividends Declared and Unpaid

Include: The amount of dividends on outstanding shares of capital stock.

Exclude: Stock dividends of the company's own shares that are declared by the Board of Directors but are unpaid at the balance sheet date.

Line 11.2 – Policyholders' Dividends Declared and Unpaid

Most state insurance statutes establish the conditions under which reporting entities may declare and pay dividends to policyholders. In general, they provide that dividends to policyholders become liabilities of the company immediately when they are so declared by the Board of Directors.

Exclude: Dividends on uncollected premiums.

Line 12 – Ceded Reinsurance Premiums Payable (net of ceding commissions)

Include: Reinsurance premiums associated with those in course of payment, premium installments booked but deferred and not yet due, and accrued retrospective ceded premiums.

Deduct: Commissions receivable on reinsurance ceded business.

Reinsurance premiums paid by the ceding entity after the effective date of the contract but prior to the contractual due date. Refer to *SSAP No. 62R—Property and Casualty Reinsurance* for accounting guidance.

Line 13 – Funds Held by Company Under Reinsurance Treaties

Include: Reinsurance premiums withheld by the company as specified in the reinsurance contract (for example, funds withheld equal to the unearned premiums and loss reserves) or advances to the company by the payment of losses before the company makes an accounting.

Should agree with Schedule F, Part 3, Column 20, Grand Total.

Line 14 – Amounts Withheld or Retained by Company for Account of Others

Include: Employees' FICA and unemployment contributions, withholdings for purchase of savings bonds, taxes withheld at source and other withholdings, as well as amounts held in escrow for payment of taxes, insurance, etc., under F.H.A. or other mortgage loan investments, or held for guarantee of contract performance and any other funds that the reporting entity holds in a fiduciary capacity for the account of others (excluding reinsurance funds held).

If, however, a reporting entity has separate bank accounts for exclusive use in connection with employee bond purchases or escrow F.H.A. payments or other amounts withheld or retained in a similar manner, or other assets deposited to guarantee performance, the related assets should be shown separately on the asset page, and extended at zero value, unless such assets are income-producing for the reporting entity, in which case they should be shown both as assets and liabilities in the statement.

Exclude: Liabilities relating to uninsured accident and health plans and the uninsured portions of partially insured accident and health plans.

Refer to *SSAP No. 67—Other Liabilities* for accounting guidance.

Line 15 – Remittances and Items Not Allocated

Report a liability for cash receipts that the reporting entity cannot identify for a specific purpose or, for other reasons, the reporting entity cannot apply to a specific account when received. Refer to *SSAP No. 67—Other Liabilities* for accounting guidance.

Include: Items in suspense.

Line 16 – Provision for Reinsurance

Should equal Schedule F, Part 3, Column 78.

Line 17 – Net Adjustments in Assets and Liabilities Due To Foreign Exchange Rates

Include: The appropriate exchange differential applied to the excess, if any, of foreign currency Canadian Insurance Operations assets over foreign currency Canadian Insurance Operations liabilities. This method can be used if the Canadian Insurance Operations result in less than 10% of the reporting entity's assets, liabilities and premium. The difference, if an asset, is recorded, on Page 2, Line 22, in Net Adjustment in Assets and Liabilities Due to Foreign Exchange Rates; or, if a liability, on Page 3, Line 17, in the Net Adjustments in Assets and Liabilities Due to Foreign Exchange Rates. Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance.

Line 19 – Payable to Parent, Subsidiaries and Affiliates

A liability is recognized and identified as due to affiliates for expenditures incurred on behalf of the reporting entity by a parent, affiliates or subsidiaries, or for amounts owed through other intercompany transactions. Refer to *SSAP No. 67—Other Liabilities* for accounting guidance.

Include: Unreimbursed expenditures on behalf of the reporting entity by a parent, affiliates or subsidiaries; or amounts owing through other intercompany transactions.

Exclude: Amounts owed due to intercompany tax-sharing agreements.

Amounts related to intercompany reinsurance transactions. Report reinsurance between affiliated companies through the appropriate reinsurance accounts.

Loans from affiliates that are reported as borrowed money. See *SSAP No. 15—Debt and Holding Company Obligations* for accounting guidance.

Refer to *SSAP No. 25—Affiliates and Other Related Parties* for accounting guidance.

Line 20 – Derivatives

Derivative liability amounts shown as credit balances. Should equal Schedule DB, Part D, Section 1, Column 6, Footnote Question 2 times -1. The gross amounts from Schedule DB shall be adjusted to reflect netting from the valid right to offset in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities.*

Line 21 – Payable for Securities

Include: Amounts that are due to brokers when a security has been purchased but has not yet been paid.

Line 22 – Payable for Securities Lending

Include: Liability for securities lending collateral received by the reporting entity that can be reinvested or repledged.

Line 23 – Liability for Amounts Held Under Uninsured Plans

The term "uninsured accident and health plans" includes the uninsured portion of partially insured plans.

Include: The liability for funds held by an administrator in its general assets for the benefit of an uninsured plan or for funds that may be owed by the administrator in connection with the administration of an uninsured plan.

Refer to *SSAP No. 47—Uninsured Plans* for accounting guidance.

Line 24 – Capital Notes

Report the unpaid balance outstanding at year-end on any capital notes plus accrued interest and any unamortized premium or discount. Furnish pertinent information concerning conditions of repayment, redemption price, interest features, etc., in the Notes to Financial Statements.

Line 25 – Aggregate Write-ins for Liabilities

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 25 for Liabilities.

Line 27 – Protected Cell Liabilities

Include the total liabilities reported in all the reporting entity's Protected Cell statements.

Refer to *SSAP No. 74—Insurance-Linked Securities Issued Through a Protected Cell* for accounting guidance.

Line 29 – Aggregate Write-ins for Special Surplus Funds

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 29 for Special Surplus Funds.

Line 30 – Common Capital Stock

Should equal the par value per share multiplied by the number of issued shares or in the case of no-par shares, the total stated value.

Authorized capital stock is the number of shares that the state has authorized a corporation to issue.

Outstanding capital stock is the number of authorized shares that have been issued and are presently held by stockholders; excludes treasury stock, as defined in the instructions for Line 36.

Issued capital stock is the cumulative total number of authorized shares that have been issued to date. The number of issued shares includes treasury stock.

Line 31 – Preferred Capital Stock

Should equal the par value per share multiplied by the number of issued shares, or in the case of no-par shares, the total stated or liquidation value.

Authorized, outstanding and issued shares have the same meaning as in Line 30.

Line 32 – Aggregate Write-ins for Other-Than-Special Surplus Funds

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 32 for Other-Than-Special Surplus Funds.

Line 33 – Surplus Notes

Include: That portion of any subordinated indebtedness, surplus debenture, contribution certificate, surplus note, debenture note, premium income note, bond or other contingent evidence of indebtedness, not included in Line 26 that is a financing vehicle for increasing surplus. Furnish pertinent information concerning conditions of repayment, redemption price, interest features, etc., in the Notes to Financial Statements. Report discount or premium, if any, in the balance sheet as a direct deduction from or addition to the face amount of the note.

Exclude: Cost of issuing surplus notes, (e.g., loan fees and legal fees). Charge these amounts to operations when incurred.

Refer to *SSAP No. 41R—Surplus Notes* for accounting guidance.

Line 34 – Gross Paid in and Contributed Surplus

Include: Amounts for quasi-reorganizations. Refer to *SSAP No. 72—Surplus and Quasi-Reorganizations* for accounting guidance.

Line 35 – Unassigned Funds (Surplus)

Unassigned funds (surplus) are the undistributed and unappropriated amounts of surplus.

Include: Reductions for unearned employee stock option plan shares.

Amounts for quasi-reorganizations. Refer to *SSAP No. 72—Surplus and Quasi-Reorganizations* for accounting guidance.

Changes in the additional minimum pension liability. Refer to *SSAP No. 102—Pensions* for accounting guidance.

Line 36 – Treasury Stock, at Cost

Treasury stock is the corporation's own shares that have been issued, fully paid, and reacquired by the issuing corporation but not canceled. Treasury stock is included in issued capital stock but is not part of the outstanding capital stock.

Include: The number of shares and the value in the appropriate space provided in the Common Capital Stock and the Preferred Capital Stock lines for the current year. Cost method of accounting should determine the cost basis of treasury stock acquired.

Cost of reacquired suspense shares of an employee stock option plan.

Details of Write-ins Aggregated at Line 25 for Liabilities

List separately each category of liabilities for which there is no pre-printed line on Page 3.

This schedule is for other liability items not specifically provided for.

Include: Uncashed drafts and checks that are pending escheatment to a state.

Interest paid in advance on mortgage loans, rents paid in advance and retroactive reinsurance, if any.

Premium deficiency reserves, if applicable, in accordance with *SSAP No. 53—Property Casualty Contracts – Premiums.*

Servicing liabilities as described in *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities.*

Unearned compensation for employee stock option plan, stock options issued and stock purchase and award plans. Refer to *SSAP No. 12—Employee Stock Ownership Plans*, and *SSAP No. 104R—Share-based Payments* for accounting guidance.

Amount recorded as required by the additional minimum liability calculation with a description of "additional pension liability." See *SSAP No. 102—Pensions* for guidance.

Accrued return premium adjustments for contracts subject to redetermination.

Exclude: All voluntary and general contingency reserves and other special surplus funds not in the nature of liabilities.

Details of Write-ins Aggregated at Line 29 for Special Surplus Funds

Enter only voluntary and general contingency reserves and other special surplus funds not in the nature of liabilities.

Include: Surplus resulting from retroactive reinsurance.

Estimated subsequent year assessment for the federal Affordable Care Act (ACA) Section 9010 fee for the data year reclassified from unassigned surplus. See *SSAP No. 106—Affordable Care Act Section 9010 Assessment* for accounting guidance.

Details of Write-ins Aggregated at Line 32 for Other-Than-Special Surplus Funds

Enter separately by category the amount of guaranty fund notes, contribution certificates, statutory deposits of alien insurers, or similar funds other than capital stock, with appropriate description. The aggregate amount of all surplus notes required or those that are a prerequisite for purchasing an insurance contract and are held by the policyholder should be listed as a separate item.

STATEMENT OF INCOME

AND CAPITAL AND SURPLUS ACCOUNT

This statement and the Capital and Surplus Account should be completed on the accrual, (i.e., earned and incurred) basis. Certain items may be either positive or negative, and should be entered accordingly. The various investment items of interest, rent, profit and loss, depreciation, appreciation, etc., appearing in the Parts supporting this Statement of Income must check with the data relating to the same transactions as set forth in the appropriate schedules. Profit and loss items must be itemized. The lists of items to be included in the various lines and supporting Parts are not intended to exclude analogous items that are omitted from the lists.

The results of the reporting entity's discontinued operations and extraordinary items shall be reported consistently with the company's reporting of continuing operations (i.e., no separate line item presentation in the balance sheet or statement of operations aggregating current and future losses from the measurement date).

STATEMENT OF INCOME

Line 1 – Premiums Earned

Exclude: Amounts attributable to uninsured accident and health plans and the uninsured portions of partially insured accident and health plans.

Line 2 – Losses Incurred

Exclude: Amounts attributable to uninsured accident and health plans and the uninsured portions of partially insured accident and health plans.

Line 3 – Loss Adjustment Expenses Incurred

Include: Expenses incurred related to uninsured accident and health plans and partially insured accident and health plans net of amounts reimbursed and administrative fees relating to uninsured accident and health plans and partially insured accident and health plans reported on Line 23 of the Underwriting and Investment Exhibit, Part 3.

Line 4 – Other Underwriting Expenses Incurred

Include: Expenses incurred related to uninsured accident and health plans and partially insured accident and health plans net of amounts reimbursed and administrative fees relating to uninsured accident and health plans and partially insured accident and health plans reported on Line 23 of the Underwriting and Investment Exhibit, Part 3.

Line 5 – Aggregate Write-ins for Underwriting Deductions

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 5 for Underwriting Deductions.

Line 7 – Net Income of Protected Cells

Report the net income reported in all Protected Cell statements of the reporting entity.

Line 9 – Net Investment Income Earned

Include: Investment income earned from all forms of investment, including investment fees earned relating to uninsured accident and health plans.

Dividends from SCA entities, joint ventures, partnerships, and limited liability companies: minus investment expenses, taxes (excluding federal income taxes), licenses, fees, depreciation on real estate and other invested assets.

Investment income credited to uninsured accident and health plans.

Interest on borrowed money.

Exclude: Capital gains and losses on investments.

Equity in undistributed income or loss of SCA entities, joint ventures, partnerships, and limited liability companies as defined in *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* and *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies*.

Line 10 – Net Realized Capital Gains (Losses) Less Capital Gains Tax of $ ____

Include: Realized investment related foreign exchange.

Exclude: Unrealized capital gains/(losses).

Line 12 – Net Gain (Loss) From Agents' or Premium Balances Charged Off

Include: Agents' or premium balances determined to be uncollectible and written off as losses. Also include recoveries during the current year on balances previously written off.

Line 13 – Finance and Service Charges Not Included in Premiums

Report finances and service charges pursuant to the recognition guidance in *SSAP No. 53—Property Casualty Contracts–Premiums*. If a company cedes 100% of its business to an affiliate or utilizes an intercompany pooling arrangement and pools finance and service charges, include intercompany assumed and ceded amounts (i.e., report such income net of intercompany pooling). Charges should also be reported in Schedule T by jurisdiction.

Line 14 – Aggregate Write-ins for Miscellaneous Income

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 14 for Miscellaneous Income.

Line 19 – Federal and Foreign Income Taxes Incurred

Include: Current year provisions for federal and foreign income taxes, and federal and foreign income taxes incurred or refunded during the year relating to prior periods.

CAPITAL AND SURPLUS ACCOUNT

Line 24 – Change in Net Unrealized Capital Gains (Losses) less Capital Gains Tax of $_____

Include: Equity in undistributed income or loss of SCA Entities, Joint Ventures, Partnerships, and Limited Liability Companies as defined in *SSAP No. 97—Investments in Subsidiary, Controlled, and Affiliated Entities* and *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies*.

Exclude: Realized capital gains (losses).

Line 25 – Change in Net Unrealized Foreign Exchange Capital Gain (Losses)

Include: Unrealized investment related foreign exchange gains (losses).

Exclude: Realized investment foreign exchange gains/losses.

Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance.

Line 26 – Change in Net Deferred Income Tax

Record the change in net deferred income tax. Refer to *SSAP No. 101—Income Taxes* for accounting guidance. The amount shown on this line should represent the gross change in net deferred tax, with any change in the nonadmitted deferred tax asset reported on Line 27.

Line 30 – Surplus (Contributed to) Withdrawn from Protected Cells

Include: Surplus returned or withdrawn from protected cells less seed monies contributed to protected cells.

Exclude: Premiums or payments to protected cells to cover the cost of insurance securitization programs.

Line 31 – Cumulative Effect of Changes in Accounting Principles

Include: The cumulative effect of changes in accounting principles.

Companies that have previously reported reserves, gross of salvage and subrogation should report the change to the net method as a change in accounting principle. The cumulative effect on prior years of this change should be reported as a write-in item on this line of the annual statement. The change in the reserve calculated using the net method should be included in net income for the year of the change and all future years.

Companies that elect to immediately recognize the initial transition obligation for its unfunded postretirement benefit obligation, should report such obligation as a write-in item on this line.

Companies that have previously reported as tabular discounts amounts that are not included in the current definition of tabular and are required or choose to correct tabular reserves, should include the cumulative effect of such change as a reduction of surplus on this line. The change in the reserve calculated using the net method should be included in net income for the year of the change.

Exclude: Corrections of errors in previously issued financial statements. Corrections of errors should be reported on the Aggregate Write-ins for Gains and Losses in Surplus line.

Changes in accounting estimates. A change in an accounting estimate should be included in the Statement of Income.

Line 32.1 – Capital Changes Paid In

Include: Par or stated value of shares issued or retired by company during the period.

Only when issued stock increases (decreases) should this line increase (decrease). The amount included in this line will be the par value.

Refer to *SSAP No. 15—Debt and Holding Company Obligations* and *SSAP No. 72—Surplus and Quasi-Reorganizations* for accounting guidance.

Line 32.2 – Capital Changes Transferred from Surplus (Stock Dividend)

Include: The increase in capital resulting from a stock dividend (corresponding to the decrease in surplus shown on Line 33.2.)

NOTE: The sum of lines 32.1 through 32.3 should equal the change between years from Liabilities page, lines 30 and 31, current year minus prior year.

Line 33.1 – Surplus Adjustments Paid In

Include: Amounts paid over par for capital stock upon issuance.

Any other infusion of capital/surplus.

This should equal the change between years from Liabilities page, Line 34, column 1 minus column 2. Refer to *SSAP No. 72—Surplus and Quasi-Reorganizations* for accounting guidance.

Line 33.2 – Surplus Adjustments Transferred to Capital (Stock Dividend)

Include: The decrease in surplus resulting from a stock dividend (corresponding to increase in capital shown on Line 32.2).

Line 34 – Net Remittances From or (To) Home Office

Include: Net transfers of cash between a U.S. branch of a foreign company and the foreign company home office.

Line 35 – Dividends to Stockholders

Include: Dividends paid in cash and dividends on allocated employee stock option shares.

Exclude: Dividends on unallocated employee stock option plan shares. Losses in surplus on account of stock dividends (show as a transfer to capital, Lines 32.2 and 33.2).

Line 36 – Change in Treasury Stock

Include: Change between years in ownership of treasury stock at cost.

Lines 37 – Aggregate Write-ins for Gains and Losses in Surplus

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 37 for Gains and Losses in Surplus.

Details of Write-ins Aggregated at Line 5 for Underwriting Deductions

Include: Any underwriting deductions not included in Lines 2 through 4.

Amounts attributable to premium deficiency reserves, if applicable, in accordance with *SSAP No. 53—Property Casualty Contracts – Premiums*.

Details of Write-ins Aggregated at Line 14 for Miscellaneous Income

Include: Miscellaneous items, such as:

Income on annuities purchased to fund future payments. The income from annuities is the amount received on annuities purchased to fund future payments less the change in the value (i.e., present value) of these annuities.

Premiums for life insurance on employees (less $________ increase in cash values). NOTE: Use this item only where the company is beneficiary.

Receipts from Schedule BA assets, other than interest, dividends and real estate income, and other than capital gains on investments.

Other sundry receipts and adjustments not reported elsewhere.

Fines and penalties of regulatory authorities should be shown as a separate item.

Gain or loss from initial retroactive reinsurance and any subsequent change in the initial incurred loss and loss adjustment expense reserves transferred.

As an expense, interest due or payable to assuming reinsurers on funds held by the reporting entity.

As an offset to expense, interest due from ceding reinsurers on funds held by the ceding company on behalf of the reporting entity.

Net realized foreign exchange capital gains and losses not related to investments. Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance.

Gains/losses on fixed assets.

Exclude: Investment foreign exchange gains/ (losses).

Details of Write-ins Aggregated at Line 37 for Gains and Losses in Surplus

Include: Other gains and losses in surplus not included in Lines 24 through 36. Include items such as net proceeds from life insurance on employees.

Corrections of errors in previously issued financial statements.

Changes in the additional minimum pension liability. Refer to *SSAP No. 102—Pensions* for accounting guidance.

Exclude: Cumulative effect of changes in accounting principles. The effect of changes in accounting principles should be reported on the Cumulative Effect of Changes in Accounting Principles line.

Changes in accounting estimates. A change in accounting estimate should be included in the Statement of Income.

CASH FLOW

The Statement of Cash Flow is prepared using the direct method consistent with the Statement of Income, excluding the effect of current and prior year accruals. All revenue, expenditures, purchases and sale transactions involving cash should be entered gross. Pursuant to *SSAP No. 69—Statement of Cash Flow*, for purposes of the Cash Flow Statement, cash is defined to include cash, cash equivalents and short-term investments. Refer to *SSAP No. 69, Statement of Cash Flow* for accounting guidance regarding the disclosure of non-cash operating, investing and financing transactions.

The following worksheets are provided to facilitate completion of the Cash Flow Statement. The format reflects common reporting practices. Reporting entities may need to make adjustments to various lines consistent with their operations. For example, changes in the asset for foreign exchange rates is typically associated with the investment portfolio and shown as an adjustment to investment income. Alternatively, the adjustment could be made to insurance operations if appropriate. The Worksheets exclude certain non-cash activities; (e.g., change in nonadmitted assets and change in Asset Valuation Reserve for life and fraternal companies), since the offset is to surplus and has no effect on cash, but adjustments are needed to remove other non-cash transactions. While the worksheets do not take into account the cumulative effect of changes in accounting principles, the appropriate lines of the Cash Flow Statement need to be adjusted for the change. Note that the Worksheets are designed to take into account all lines of the Assets and Liabilities, Surplus and Other Funds pages, as well as the Statement of Income.

Cash from Operations Worksheet

Ref. #	Premiums Collected Net of Reinsurance		
1.1	Statement of Income (Page 4) Line 1, current year		________
1.2	Assets (Page 2) Line 15 + 16.2 (In part for amounts related to earned premiums) + 16.3 (In part for experience rating and other amounts related to earned premiums), Column 1, current year less previous year		________
1.3	Liabilities (Page 3) Line 9 + 10 + 12, current year less previous year		________
1.4	________		________
1.5	Total of 1.1 – 1.2 + 1.3 + 1.4	(Report on Line 1 of the Cash Flow)	________
	Net Investment Income		
2.1	Statement of Income (Page 4) Line 9, current year		________
2.2	Assets (Page 2) Line 14 + 22, Column 1, current year less previous year		________
2.3	Liabilities (Page 3) Line 5 (In part for investment related expenses) + 6 (In part for investment related expenses) + 17, current year less previous year		________
2.4	Amortization of Premium from Investment Worksheet	B8 + S8 + M9 + O9	________
2.5	Accrual of Discount from Investment Worksheet	B9 + S9 + M5 + O5	________
2.6	Depreciation Expense (Included In 2.1)		________
2.7	________		________
2.8	Total of 2.1 – 2.2 + 2.3 + 2.4 – 2.5 + 2.6 + 2.7	(Report on Line 2 of the Cash Flow)	________

Miscellaneous Income

3.1 Statement of Income (Page 4)

Line 7 + 15, current year ____________

3.2 Assets (Page 2)

Line 16.2 (<u>In part</u> for amounts not included in Line 1.2 above) + 16.3 (<u>In part</u> for all amounts not reported in Line 1.2 above or 7.2 below), Column 1, current year less previous year ____________

3.3 ____ ____________

3.4 Total of 3.1 – 3.2 + 3.3 (Report on Line 3 of the Cash Flow) ____________

Benefit and Loss Related Payments

5.1 Statement of Income (Page 4)

Line 2, current year ____________

5.2 Assets (Page 2)

Line 16.1 + 25 (<u>In part</u> for high deductible policies), Column 1, current year less Column 1, previous year ____________

5.3 Liabilities (Page 3)

Line 1 + 2 (<u>In part</u>), current year less previous year ____________

5.4 ____ ____________

5.5 Total of 5.1 + 5.2 – 5.3 + 5.4 (Report on Line 5 of the Cash Flow) ____________

Net Transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts

6.1 Statement of Income (Page 4)

Line 2[illegible], current year ____________

6.2 Liabilities (Page 3)

Line 27, current year less previous year ____________

6.3 ____ ____________

6.4 Total of 6.1 – 6.2 + 6.3 (Report on Line 6 of the Cash Flow) ____________

Commissions, Expenses Paid and Aggregate Write-ins for Deductions

7.1 Statement of Income (Page 4)

Line 3 + 4 + 5, current year ____________

7.2 Assets (Page 2)

Line 16.3 (In part for commissions and expense allowance due) + 17 + 19, Column 1, current year less previous year ____________

7.3 Liabilities (Page 3)

Line 2 (In part) + 3 + 4 + 5 (In part for amount not included in line 2.3 above, i.e., non-investment income) + 6 (In part for amount not included in Line 2.3 above; i.e., non-investment income) + 23, current year less previous year ____________

7.4 Depreciation Expense (included in 7.1) ____________

7.5 ____ ____________

7.6 Total of 7.1 + 7.2 – 7.3 – 7.4 + 7.5 (Report on Line 7 of the Cash Flow) ____________

Dividends Paid to Policyholders

8.1 Statement of Income (Page 4)

Line 17, current year ____________

8.2 Liabilities (Page 3)

Line 11.2, current year less previous year ____________

8.3 ____ ____________

8.4 Total of 8.1 – 8.2 + 8.3 (Report on Line 8 of the Cash Flow) ____________

Federal and Foreign Income Taxes Paid (Recovered)

9.1 Statement of Income and Capital and Surplus Accounts (Page 4)

Line 10 + 26 + tax amount included in Lines 10, 24 and 25, current year ____________

9.2 Assets (Page 2)

Line 18.1 + 18.2, Column 1, current year less previous year ____________

9.3 Liabilities (Page 3)

Line 7.1 + 7.2, current year less previous year ____________

9.4 Total of 9.1 + 9.2 – 9.3 (Report on Line 9 of the Cash Flow) ____________

Cash from Investments Worksheet

The following section provides a reconciliation of investment activity. Although non-cash items are included for reconciliation purposes, the Statement of Cash Flow shall only include transactions involving cash. In addition to excluding the lines that are explicitly non-cash items (e.g., change in admitted assets) from what is reported in the Statement of Cash Flow, adjustments are necessary to remove non-cash acquisitions or disposals. Cash proceeds from investments sold, matured or repaid shall be included in Line 12. Cash remitted for acquired long-term investments is included in Line 13.

Bonds

B1 Change in net admitted asset value for Bonds (Page 2)

Column 3 current less previous year ____________

B2 Change in assets nonadmitted for Bonds (Page 2)

Column 2 current less previous year ____________

B3 Sum of B1 + B2 ____________

B4 Cost of Acquired

Line 2 Schedule D-Verification Between Years, In part for cash acquisition of bonds (Report on Line 13.1 of the Cash Flow) ____________

B5 Calculate from Schedule D-Verification Between Years

Line 4 Unrealized Valuation Increase (Decrease), In part
Plus Line 8 Total Foreign Exchange Change in Book/Adjusted Carrying Value, In part
Minus Line 9 Current Year's Other-Than-Temporary Impairment, In part ____________

B6 Total Gain (Loss) on Disposals

Line 5 Schedule D-Verification Between Years, In part ____________

B7 Consideration on Disposals

Line 6 Schedule D-Verification Between Years, In part for cash disposal of bonds (Report B7 minus B10 on Line 12.1 of the Cash Flow) ____________

B8 Amortization of Premium

Line 7 Schedule D-Verification Between Years, In part ____________

B9 Accrual of Discount

Line 3 Schedule D-Verification Between Years, In part ____________

B10 Total Investment Income Recognized as a Result of Prepayment Penalties and/or Acceleration Fees

Line 10 Schedule D-Verification Between Years, In part for cash received for investment income recognized ____________

B11 Other amount increases/(decreases)

Include non-cash items not already included in B4 through B10 ____________

B12 Total of B4 + B5 + B6 – B7 – B8 + B9 + B10 + B11 ____________

B3 – B12 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in B11) ____________0

Stocks

S1 Change in net admitted asset value for Stocks (Page 2)

Column 3 current less previous year ____________

S2 Change in assets nonadmitted for Stocks (Page 2)

Column 2 current less previous year ____________

S3 Sum of S1 + S2 ____________

S4 Cost of Acquired

Line 2 Schedule D-Verification Between Years, In part for cash acquisition of stocks (Report on Line 13.2 of the Cash Flow) ____________

S5 Calculate from Schedule D-Verification Between Years

Line 4 Unrealized Valuation Increase (Decrease), In part
Plus Line 8 Total Foreign Exchange Change in Book/Adjusted Carrying Value, In part
Minus Line 9 Current Year's Other-Than-Temporary Impairment, In part ____________

S6 Total Gain (Loss) on Disposals

Line 5 Schedule D-Verification Between Years, In part ____________

S7 Consideration on Disposals

Line 6 Schedule D-Verification Between Years, In part for cash disposal of stocks (Report on Line 12.2 of the Cash Flow) ____________

S8 Amortization of Premium

Line 7 Schedule D-Verification Between Years, In part ____________

S9 Accrual of Discount

Line 3 Schedule D-Verification Between Years, In part ____________

S10 Other amount increases/(decreases)

Include non-cash items not already included in S4 through S9 ____________

S11 Total of S4 + S5 + S6 – S7 – S8 + S9 + S10 ____________

S3 – S11 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in S10) ____________0

Reconciliation of Bonds and Stocks to Schedule D – Verification Between Years

	B4 + S4 = Line 2, Cost of Bonds and Stocks acquired	
	B5 + S5 = Line 4, Unrealized Valuation Increase (Decrease) + Line 8, Total Foreign Exchange Change in Book/Adjusted Carrying Value – Line 9, Current Year's Other-Than-Temporary Impairment	
	B6 + S6 = Line 5, Total Gains (Losses)	
	B7 + S7 = Line 6, Consideration for Bonds and Stocks Disposed of	

Mortgage Loans

M1	Change in net admitted asset value for Mortgages	
	Page 2, Column 3, current year less previous year	
M2	Change in assets nonadmitted for Mortgages	
	Page 2, Column 2, current year less previous year)	
M3	Total of M1 + M2	

Schedule B – Verification Between Years

M4	Line 2	Cost of Acquired, In part for cash acquisitions (Report on Line 13.3 of the Cash Flow)	
M5	Line 4	Accrual of Discount	
M6	Line 5 Plus Line 9 Minus Line 10	Unrealized Valuation Increase (Decrease) Total Foreign Exchange Change in Book/Adjusted Carrying Value Current Year's Other-Than-Temporary Impairment	
M7	Line 6	Total Gain (Loss) on Disposals	
M8	Line 7	Amount Received on Disposals, In part for cash disposals (Report on Line 12.3 of the Cash Flow)	
M9	Line 8	Amortization of Premium and Mortgage Interest Points and Commitment Fees	
M10	Other amounts increases (decreases)	Include non-cash items not already included in M4 through M9	
M11	Total of M4 + M5 + M6 + M7 – M8 – M9 + M10		
	M3 – M11	(If difference is not = 0, identify difference and add to amount(s) in the appropriate line(s) or in M10)	0

Real Estate

R1	Change in net admitted asset value for Real Estate	
	Page 2, Column 3, current year less previous year	
R2	Change in assets nonadmitted for Real Estate	
	Page 2, Column 2, current year less previous year	
R3	Total of R1 + R2	

Schedule A – Verification Between Years

R4 Line 6 Total Foreign Exchange Change in Book/Adjusted Carrying Value
Minus Line 7 Current Year's Other-Than-Temporary Impairment
Minus Line 8 Current Year's Depreciation ____________

R5 Line 2.1 Cost of Acquired, In part for cash acquisitions
Plus Line 2.2 Cost of Additional Investments Made, In part for cash investments
Plus Line 3 Current Year Change in Encumbrances, In part for cash changes ____________

(Report the sum of Lines 2.1, 2.2 and 3 on Line 13.4 of the Cash Flow)

R6 Line 4 Total Gain (Loss) on Disposals ____________

R7 Line 5 Amounts Received on Disposals, In part for cash disposals
(Report on Line 12.4 of the Cash Flow) ____________

R8 Other amounts increases (decreases)

Include non-cash items not already included in R4 through R7 ____________

R9 Total of R4 + R5 + R6 – R7 + R8 ____________

R3 – R9 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in R8) ____________0

Other Invested Assets

O1 Change in net admitted asset value for Other Invested Assets (Page 2)

Column 3 current less previous year ____________

O2 Change in assets nonadmitted for Other Invested Assets (Page 2)

Column 2 current less previous year ____________

O3 Total of O1 + O2 ____________

Schedule BA – Verification Between Years

O4 Line 2 Cost of Acquisition, In part for cash acquisitions
(Report on Line 13.5 of the Cash Flow) ____________

O5 Line 4 Accrual of Discount ____________

O6 Line 5 Unrealized Valuation Increase (Decrease)
Plus Line 9 Total Foreign Exchange Change in Book/Adjusted Carrying Value
Minus Line 10 Current Year's Other-Than-Temporary Impairment ____________

O7 Line 6 Total Gain (Loss) on Disposals ____________

O8 Line 7 Amounts Received on Disposals, In part for cash disposals
(Report on Line 12.5 of the Cash Flow) ____________

O9 Line 8 Amortization of Premium and Depreciation ____________

O10 Other amounts increases (decreases)

Include non-cash items not already included in O4 through O9 ____________

O11 Total of O4 + O5 + O6 + O7 – O8 – O9 + O10 ____________

O3 – O11 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in O10) ____________0

Contract Loans and Premium Notes

P1 Change in net admitted asset value for Contract Loans and Premium Notes (Page 2)

Column 3 current less previous year ______

P2 Change in assets nonadmitted for Contract Loans and Premium Notes (Page 2)

Column 2 current less previous year ______

P3 Total of P1 + P2 ______

P4 Increase (Decrease) by Adjustment ______

P5 Net Increase (Decrease) in Amount Paid and Received

(Report on Line 14 of the Cash Flow) ______

P6 Realized Gain (Loss) ______

P7 Other amount increases (decreases)

Include non-cash items not already included in P4 through P6 ______

P8 Total of P4 + P5 + P6 + P7 ______

P3 – P8 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in P7) ______ 0

Derivatives, Securities Lending Reinvested Collateral and Aggregate Write-ins for Invested Assets

W1 Change in net admitted asset value for Derivatives, Securities Lending Reinvested Collateral and Aggregate Write-ins for Invested Assets (Page 2)

	Column 3	Line 7	current year less previous year
Plus	Column 3	Line 10	current year less previous year
Plus	Column 3	Line 11	current year less previous year

______

W2 Change in assets nonadmitted for Derivatives, Securities Lending Reinvested Collateral and Aggregate Write-ins for Invested Assets (Page 2)

	Column 2	Line 7	current year less previous year
Plus	Column 2	Line 10	current year less previous year
Plus	Column 2	Line 11	current year less previous year

______

W3 Total of W1 + W2 ______

W4 Increase (Decrease) by Adjustment ______

W5 Net Increase (Decrease) in Amounts Paid and Received (Report as cash from investments misc. on Line 12.7 if amount is a decrease and Line 13.6 if amount is an increase ______

W6 Realized Gain (Loss) ______

W7 Other amounts increases (decreases)

Include non-cash items not already included in W4 through W6 ______

W8 Total of W4 + W5 + W6 + W7 ______

W3 – W8 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in W7) ______ 0

Receivable (Payable) for Securities

X1 Change in net admitted asset value for Receivable for Securities

Page 2, Column 3, current year less previous yea) ______________

X2 Change in assets nonadmitted for Receivable for Securities

Page 2, Column 2, current year less previous year ______________

X3 Net change in Payable for Securities

Page 3, Column 1 less Column 2 ______________

X4 Total of X1 + X2 – X3 (Report absolute value as cash from investments misc. on Line 12.7 if amount is a decrease and Line 13.6 if amount is an increase.) ______________

Reconcile Change in IMR Liability (Life and Fraternal Companies Only)

1 Change in IMR liability

Page 3, current year less previous year (N/A for P&C)

2 Current period amounts transferred to IMR

Primarily from the Form for Calculating IMR, Line 2 (N/A for P&C)

3 Current period amounts recognized in income

Statement of Income, Page 4 (N/A for P&C)

4 Other amounts increases (decreases) (N/A for P&C)

5 Total of 2 – 3 + 4 (N/A for P&C)

6 1 – 5 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s)) (N/A for P&C)

Reconcile Change in AVR Liability (Life and Fraternal companies only)

1 Change in AVR liability

Page 3, current year less previous year (N/A for P&C)

2 Current period amounts transferred to AVR (Page 4) (N/A for P&C)

3 Other amounts increases (decreases) (N/A for P&C)

4 Total of 2 + 3 (N/A for P&C)

5 1 – 4 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s)) (N/A for P&C)

Reconcile Unrealized Capital Gains (Losses)

1 Capital and Surplus Account (Page 4)

Line 24 (In part excluding taxes) + 25 (In part excluding taxes), current year __________

2 Increase (Decrease) by Adjustment from Investment Worksheet

(Ref. # B5 + S5 + M6 + R4 + O6 + P4 + W4) __________

3 Increase (Decrease) on Cash, Cash Equivalents and Short-term Investments

(Report on Line 12.6 of the Cash Flow) __________

4 Depreciation (included in Line 2 and reported on Line 2.6 of Cash from Operations Worksheet) __________

5 Total of 1 – 2 – 3 –4

(Amount should = 0, if not = 0 balance should be reported as cash from investments misc. on Line 12.7 if amount is an increase and Line 13.6 if amount is a decrease) 0

Reconcile Realized Capital Gains (Losses)

1 Statement of Income (Page 4)

Line 10, current year before taxes __________

2 Realized Gain (Loss) from Investment Worksheet

(Ref. # B6 + S6 + M7 + R6 + O7 + P[illegible] + W[illegible]) __________

3 Gain (Loss) on Cash, Cash Equivalents and Short-term Investments

(Report on Line 12.6 of the Cash Flow) __________

4 Total of 1 – 2 – 3

(Amount should = 0, if not = 0 balance should be reported as cash from investments misc. on Line 12.7 if amount is an increase and Line 13.6 if amount is a decrease) 0

Cash from Financing Worksheet

Cash Provided (Applied)

Surplus Notes and Capital Notes

1.1 Change in Surplus Notes

Liabilities, Surplus (Page 3) Line 33, current year less previous year __________

1.2 Change in Capital Notes

Liabilities (Page 3) Line 24, current year less previous year __________

1.3 ____ __________

1.4 Total of 1.1 + 1.2 + 1.3 (Report on Line 16.1 of the Cash Flow) __________

Capital and Paid in Surplus, Less Treasury Stock

2.1	Change in Capital	
	Liabilities, Surplus (Page 3) Line 30 + 31, current year less previous year	______________
2.2	Change in Paid in Surplus	
	Liabilities (Page 3) Line 34, current year less previous year	______________
2.3	Change in Treasury Stock	
	Liabilities, Surplus (Page 3) Line 36, current year less previous year	______________
2.4	Transfer from Unassigned Surplus to lines included in 2.1 or 2.2	______________
2.5	____	______________
2.6	Total of 2.1 + 2.2 – 2.3 – 2.4 + 2.5 (Report on Line 16.2 of the Cash Flow)	______________

Borrowed Money

3.1	Change in Borrowed Money	
	Liabilities, Surplus (Page 3) Line 8, current year less previous year	______________
3.2	____	______________
3.3	Total of 3.1 + 3.2 (Report on Line 16.3 of the Cash Flow)	______________

Net Deposits on Deposit-type Contracts and Other Liabilities (N/A for P/C)

4.1	Change in Deposit-type Contracts	
	Liabilities, Surplus (Page 3), current year less previous year	(N/A for P&C)
4.2	____	(N/A for P&C)
4.3	Total of 4.1 + 4.2 (Report on Line 16.4 of the Cash Flow)	(N/A for P&C)

Dividends to Stockholders

5.1	Dividends to Stockholders	
	Capital and Surplus Account (Page 4) Line 35	______________
5.2	Change in Dividends to Stockholders	
	Liabilities, Surplus (Page 3) Line 11.1, current year less previous year	______________
5.3	Total of 5.1 – 5.2 (Report on Line 16.5 of the Cash Flow)	______________

Other Cash Provided (Applied)

6.1 Aggregate Write-ins for Gains (Losses) to Surplus

Capital and Surplus Account (Page 4) Line 37, current year ____________

6.2 Change in Misc. Liabilities

Liabilities, Surplus (Page 3) Line 13 + 14 + 15 +18 + 19 + 20 + 22 + 25 + 29 + 32 (for amounts not more appropriately included in other lines of the Cash Flow), current year less previous year ____________

6.3 Change in Misc. Assets

Assets (Page 2) Line 20 + 21 + 23 + 24 (In part for amounts not included elsewhere) + 25 (In part for amounts not elsewhere), Column 1, current year less previous year ____________

6.4 Transfer from Unassigned Surplus to lines included in 6.2 ____________

6.5 Depreciation (included on Line 7.4 from Operations Worksheet) ____________

6.6 ____ ____________

6.7 Total of 6.1 + 6.2 – 6.3 – 6.4 + 6.5 + 6.6 (Report on Line 16.6 of the Cash Flow) ____________

Reconcile Change in Liability for Reinsurance in Unauthorized and Certified Companies

1 Change in Liability for Reinsurance in Unauthorized and Certified Companies

Capital and Surplus Account (Page 4) Line 28, current year ____________

2 Change in Liability for Reinsurance in Unauthorized and Certified Companies

Liabilities, Surplus (Page 3) Line 16, current year less previous year ____________

3 Total of 1 + 2

(Amount should = 0, if not = 0, balance should be reported as an adjustment to the appropriate line on the Cash Flow Statement) 0

Reconcile Nonadmitted Assets

1 Capital and Surplus Account

Page 4, Line 27 of current year ____________

2 Change in nonadmitted

Page 2, Column 2 total current year less Column 2 total previous year ____________

3 Other adjustments ____________

4 Total of 1+2+3

(Amount should = 0, if not = 0 balance should be reported as cash from financing on Line 16.6) 0

Reconcile change in accounting

Capital and Surplus Account (Page 4) Line 31 of current year ____________0

Allocate all amounts due to change in accounting to the appropriate section of the worksheet

Supplemental Disclosure of Non-cash Transactions

Report the amount of non-cash operating, investing and financing transactions consistent with the classifications contained on the Assets and Liabilities, Surplus and Other Funds (all except Health) Liabilities, Capital and Surplus (Health) page of the financial statement, excluding amounts associated with policy or contract loans. Refer to *SSAP No. 69, Statement of Cash Flow* for accounting guidance.

Examples of non-cash investing and financing transactions include:

- Receiving non-cash financial assets from parent as a capital contribution.
- Settling reinsurance transactions with exchange of non-cash financial assets.
- Converting debt to equity.
- Acquiring assets by assuming directly related liabilities, such as purchasing a building by incurring a mortgage to the seller.
- Exchanging non-cash assets or liabilities for other non-cash assets or liabilities.

Illustration:

The Company reported the following non-cash operating, investing and financing activities in 20___:

		Current Year	Prior Year
20.0001.	Real estate acquired in satisfaction of debt	XXX	XXX
20.0002.	Bonds & stocks acquired in a business acquisition	XXX	XXX
20.0003.	Policy reserves acquired in a business acquisition	XXX	XXX
20.0004.	Bonds acquired from parent as a capital contribution	XXX	XXX
20.0005.	Remitted bonds to settle assumed reinsurance obligations	XXX	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PARTS 1, 1A, 1B, 2, 2A

Appropriate statutory practice should be followed in developing line of business breakdowns. A complete listing for the definitions of lines of business to be reported can be found in the Appendix of these instructions.

Participation in underwriting pools and associations including intercompany pools are to be reported on a gross basis. Refer to *SSAP No. 63—Underwriting Pools* for further accounting guidance.

Data for Annual Statement Line 30 – Warranty should be reported prospectively (i.e., prior-year amounts need not be restated) starting with the 2008 reporting year.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS EARNED

Column 1 – Net Premiums Written

The amounts reported for the lines in this column should agree with the amounts reported for the identical line in Column 6 of the Underwriting and Investment Exhibit, Part 1B.

Column 2 – Unearned Premiums December 31 Prior Year

The amounts reported for the lines in this column should agree with the amounts reported for the identical line in Column 3 of the prior year Underwriting and Investment Exhibit, Part 1.

Column 3 – Unearned Premiums December 31 Current Year

The amounts reported for the lines in this column should agree with the amounts reported for the identical line in Column 5 of the Underwriting and Investment Exhibit, Part 1A.

Refer to *SSAP No. 53—Property-Casualty Contracts – Premiums* for accounting guidance.

Column 4 – Premiums Earned During Year

Line 13 – Should agree with Schedule H, Part 1, Line 2 – Line 6, Column 3.

Line 14 – Should agree with Schedule H, Part 1, Line 2 – Line 6, Column 5.

Line 15 – Should agree with Schedule H, Part 1, Line 2 – Line 6, Columns 7 through 17.

Line 35 – Should agree with Page 4, Line 1, Column 1.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A – RECAPITULATION OF ALL PREMIUMS

Retrospective Premium Adjustments

> The reserve for retrospective premium adjustments based upon experience, Column 4, may be computed by reviewing each individual retrospectively rated risk and comparing known loss development (including IBNR) with those anticipated in the policy contract to arrive at the best estimate of return or additional premium at that point in time. Alternatively, additional retrospective premiums and return retrospective premiums may be estimated through the use of actuarially accepted methods applied to aggregations of multiple retrospectively rated risks in accordance with filed and approved retrospective rating plans. Include, as a negative amount in Column 4, the amount of net accrued retrospective debit adjustments only to the extent they are for incurred (paid and/or unpaid) losses, loss adjustment expenses and, if any, other underwriting expenses also included in the financial statement of the company. Refer to *SSAP No. 66—Retrospectively Rated Contracts* for accounting guidance.

The underwriting and investment exhibit of the annual statement shows the development of the unearned premium reserve, by line of business, net of reinsurance premiums assumed and ceded. The exhibit displays separately premiums in force and unearned premiums for policies running one year or less and for policies running more than one year. In addition, the exhibit shows the unearned premium reserves associated with earned but unbilled premiums (for reporting entities which report EBUB as an adjustment to earned premium rather than written premium) and with rate credits associated with accident and health business and retrospective premium adjustments.

Line 15 should include additional reserves on noncancelable accident and health policies.

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

Attach to the annual statement a description of the methods used in computing this reserve for each type of coverage for which a reserve is held.

Line 13 – Group Accident and Health

Column 1 plus Column 2 should agree with Schedule H, Part 2, Line A1, Column 2.

Line 14 – Credit Accident and Health

Column 1 plus Column 2 should agree with Schedule H, Part 2, Line A1, Column 3.

Column 4 should agree with Schedule H, Part 2, Line A3, Column 3.

Include: Business not exceeding 120 months duration.

Line 15 – Other Accident and Health

Column 1 plus Column 2 should agree with Schedule H, Part 2, Line A1, Columns 4 through 9.

Line 34 – Aggregate Write-ins for Other Lines of Business

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 34 for Other Lines of Business.

Line 36 – Accrued Retrospective Premiums Based on Experience

Include: Accrued return retrospective premiums required by policy terms or law.

Accrued MLR Rebates per the Public Health Service Act.

Retrospective Premium Adjustment Made Through Earned Premium:

Enter the total gross accrued retrospective debit adjustment based on experience, included as a negative amount in Column 4 if the company accrues for additional retrospective premiums by adjusting earned premiums.

Retrospective Premium Adjustment Made Through Written Premium:

Enter the total gross accrued retrospective credit adjustments based on experience if the company accrues for additional retrospective premiums by adjusting written premiums.

Refer to *SSAP No. 66—Retrospectively Rated Contracts*. Per SSAP No. 66, retrospective premium adjustments shall be estimated based on the experience to date.

Details of Write-ins Aggregated at Line 34 for Other Lines of Business

List separately each line of business for which there is no pre-printed line on Underwriting and Investment Exhibit, Part 1A.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Column 1 – Direct Business

Line 35 should agree with Schedule T, Line 59, Column 2.

Column 6 – Net Premiums Written

Should agree with Underwriting and Investment Exhibit, Part 1, Column 1, for all lines.

Line 13 – Group Accident and Health

Column 2 plus Column 3 should agree with Schedule H, Part 4, Line A1, Column 2.

Column 4 plus Column 5 should agree with Schedule H, Part 4, Line B1, Column 2.

Column 6 should agree with Schedule H, Part 1, Line 1, Column 3.

Line 14 – Credit Accident and Health

Column 2 plus Column 3 should agree with Schedule H, Part 4, Line A1, Column 3.

Column 4 plus Column 5 should agree with Schedule H, Part 4, Line B1, Column 3.

Column 6 should agree with Schedule H, Part 1, Line 1, Column 5.

Include: Business not exceeding 120 months duration.

Line 15 – Other Accident and Health

Column 2 plus Column 3 should agree with Schedule H, Part 4, Line A1, Columns 4 through 9.

Column 4 plus Column 5 should agree with Schedule H, Part 4, Line B1, Columns 4 through 9.

Column 6 should agree with Schedule H, Part 1, Line 1, Columns 7 through 17.

Line 35 – Totals

Column 4 plus Column 5 should agree with Schedule F, Part 3, Column 6, Total multiplied by 1000.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – LOSSES PAID AND INCURRED

Refer to *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses* for accounting guidance.

Column 1 – Losses Paid Less Salvage – Direct Business

Line 35 should agree with Schedule T, Line 59, Column 5.

Column 2 – Reinsurance Assumed

Include: Unpaid balances due on paid losses reported by ceding entities during the current calendar year.

Column 3 – Reinsurance Recovered

Include: Amounts receivable from reinsurers on losses paid during the current calendar year.

Column 5 – Net Losses Unpaid Current Year

The amounts reported for the lines in this column should agree with the amounts reported for the identical line in Column 8 of the Underwriting and Investment Exhibit, Part 2A.

Line 35 should agree with Page 3, Line 1, Column 1 and with Underwriting and Investment Exhibit, Part 2A, Line 35, Column 8.

Column 6 – Net Losses Unpaid Prior Year

Line 35 should agree with Page 3, Line 1, Column 2.

Companies that are correcting tabular reserves to exclude medical losses must restate net losses unpaid prior year to reflect the cumulative effect of this change.

Column 7 – Losses Incurred Current Year

Line 35 should agree with Page 4, Line 2, Column 1.

Column 8 – Percentage of Losses Incurred

Percentages by line of business are calculated by dividing Column 7 of Underwriting and Investment Exhibit, Part 2, by Column 4 of Underwriting and Investment Exhibit, Part 1, and then multiplying by 100.

Line 13 – Group Accident and Health

Column 4 should agree with Schedule H, Part 3, Line 1.1 plus Line 1.2, Column 2.

Column 5 should agree with Schedule H, Part 3, Line 2.1 plus Line 2.2, Column 2.

Column 6 should agree with Schedule H, Part 2, Line C2, Column 2.

Column 7 should agree with Schedule H, Part 1, Line 3, Column 3.

Line 14 – Credit Accident and Health

Column 4 should agree with Schedule H, Part 3, Line 1.1 plus Line 1.2, Column 3.

Column 5 should agree with Schedule H, Part 3, Line 2.1 plus Line 2.2, Column 3.

Column 6 should agree with Schedule H, Part 2, Line C2, Column 3.

Column 7 should agree with Schedule H, Part 1, Line 3, Column 5.

Include: Business not exceeding 120 months duration.

Line 15 – Other Accident and Health

Column 4 should agree with Schedule H, Part 3, Line 1.1 plus Line 1.2, Columns 4 through 9.

Column 5 should agree with Schedule H, Part 3, Line 2.1 plus Line 2.2, Columns 4 through 9.

Column 6 should agree with Schedule H, Part 2, Line C2, Columns 4 through 9.

Column 7 should agree with Schedule H, Part 1, Line 3, Columns 7 through 17.

Line 34 – Aggregate Write-ins for Other Lines of Business

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 34 for Other Lines of Business.

Details of Write-ins Aggregated at Line 34 for Other Lines of Business

List separately each line of business for which there is no pre-printed line on Underwriting and Investment Exhibit, Part 2.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Refer to *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses* for accounting guidance.

Salvage

Any amount for salvage and subrogation (including amounts recoverable from second-injury funds, other governmental agencies, or quasi-governmental agencies, where applicable) must be disclosed in Schedule P, Part 1. Refer to *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses* and *SSAP No. 59—Credit Life and Accident and Health Insurance Contracts* for accounting guidance.

Column 1 – Reported Losses – Direct and
Column 2 – Reported Losses – Reinsurance Assumed

Include: All losses that have been reported in any way to the home office of the company on or before December 31 of the current year. Provision for losses of the current year or prior years, if any, reported after that date would be made in Columns 5 and 6 as Incurred But Not Reported.

Column 3 – Reinsurance Recoverable

Total on Line 35 should agree with Schedule F, Part 3, Column 9, Total multiplied by 1000.

Column 5 – Incurred But Not Reported – Direct
Column 6 – Incurred But Not Reported – Reinsurance Assumed and
Column 7 – Incurred But Not Reported – Reinsurance Ceded

IBNR on direct, assumed and ceded business is to be reported separately in these columns.

Column 7 – Incurred But Not Reported – Reinsurance Ceded

Line 35 (total) should agree with Schedule F, Part 3, Column 11, Total multiplied by 1000.

Column 8 – Net Losses Unpaid

Line 13 should agree with Schedule H, Part 2, Line C1, Column 2.

Line 14 should agree with Schedule H, Part 2, Line C1, Column 3.

Line 15 should agree with Schedule H, Part 2, Line C1, Columns 4 through 9.

Line 35 (total) should agree with Page 3, Line 1, Column 1.

Total on Line 35 to agree with Schedule P, Part 1, Summary, Column 35, Total multiplied by 1000.

Column 9 – Net Unpaid Loss Adjustment Expenses

Report loss adjustment expenses incurred by the reinsurer.

Line 35 (total) should agree with Page 3, Line 3, Column 1.

Total on Line 35 to agree with Schedule P, Part 1, Summary, Column 36, Total multiplied by 1000.

Line 14 – Credit Accident and Health (Group and Individual)

Include: Business not exceeding 120 months duration.

Line 34 – Aggregate Write-ins for Other Lines of Business

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 34 for Other Lines of Business.

Line 35 – Totals

Columns 1 plus Column 5 should agree with Schedule T, Line 59, Column 7.

Details of Write-ins Aggregated at Line 34 for Other Lines of Business

List separately each line of business for which there is no pre-printed line on Underwriting and Investment Exhibit, Part 2A.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 – EXPENSES

A company that pays any affiliated entity (including a managing general agent) for the management, administration, or service of all or part of its business or operations shall allocate these costs to the appropriate expense classification items (salaries, rent, postage, etc.) as if these costs had been borne directly by the company. Management, administration, or similar fees should not be reported as a one-line expense. The company may estimate these expense allocations based on a formula or other reasonable basis.

A company that pays any non-affiliated entity (including a managing general agent) for the management, administration, or service of all or part of its business or operations shall allocate these costs to the appropriate expense classification item as follows:

a. Payments for claims handling or adjustment services are allocated to Loss Adjustment Expenses (Column 1) in the Underwriting and Investment Exhibit, Part 3. If the total of such expenses incurred equals or exceeds 10% of the total incurred Loss Adjustment Expenses (Line 25, Column 1), the company shall allocate these costs to the appropriate expense classification items as if these costs had been borne directly by the company. If such expenses are less than 10% of the total, they may be reported on Line 1 of Column 1.

b. Payments for services other than claims handling or adjustment services are allocated to the appropriate expense classification items as if these costs had been borne directly by the company, if the total of such fees paid equals or exceeds 10% of the total incurred Other Underwriting Expenses (Line 25, Column 2). If the total is less then 10%, the payments may be reported on Line 2 if the fees are calculated as a percentage of premiums, or on Line 3 if the fees are not calculated as a percentage of premiums.

The total management and service fees incurred attributable to affiliates and non-affiliates is reported in the footnote to the Underwriting and Investment Exhibit, Part 3 of the annual statement, and the method(s) used for allocation shall be disclosed in the Notes to the Financial Statements. The company shall use the same allocation method(s) on a consistent basis. Refer to *SSAP No. 70—Allocation of Expenses* for accounting guidance.

Exclude from investment expenses brokerage and other related fees, to the extent they are included in the actual cost of a bond upon acquisition. Refer to *SSAP No. 26R—Bonds* for accounting guidance.

Include all other internal costs or costs paid to an affiliated company related to origination, purchase or commitment to purchase bonds.

For the purpose of establishing uniformity in classifications of expenses in reporting entities' statements and reports filed with the Insurance Departments, the company shall observe the instructions contained in the Appendix of these instructions for the Uniform Classification of Expenses.

Line 9 – Employee Relations and Welfare

Include: The net periodic postretirement benefit cost.

Earned amounts related to employee stock option plans.

Payments by company under a program for stock options, purchase and award plans (including change in quoted market value).

Refer to *SSAP No. 12—Employee Stock Ownership Plans* and *SSAP No. 104R—Share-Based Payments* for accounting guidance.

Line 13 – Rent and Rent Items

Include: Amortization expense for leasehold improvements as lessee.

Line 15 – Cost or Depreciation of EDP Equipment and Software

Include: Depreciation and amortization expense for electronic data processing equipment, operating and non-operating systems software.

Refer to *SSAP No. 16R—Electronic Data Processing Equipment and Software* for accounting guidance.

Line 23 – Reimbursements by Uninsured Plans

Report as a negative amount: administrative fees, direct reimbursement of expenses, or other similar receipts or credits attributable to uninsured accident and health plans and the uninsured portion of partially insured accident and health plans.

Line 24 – Aggregate Write-ins for Miscellaneous Expenses

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 24 for Miscellaneous Expenses.

Line 25 – Total Expenses Incurred

Column 1 should agree with Page 4, Line 3, Column 1.

Column 2 should agree with Page 4, Line 4, Column 1.

Details of Write-ins Aggregated at Line 24 for Miscellaneous Expenses

List separately each category of miscellaneous expenses for which there is no pre-printed line on Underwriting and Investment Exhibit, Part 3.

Exhibit Investment Income - Capital Gains - Nonadmitted Assets

EXHIBIT OF NET INVESTMENT INCOME

Include the amount of investment income collected and earned by each type of invested asset. Interest on encumbrances should be deducted by type of invested asset that is encumbered. Investment income should be assessed for collectibility. If uncollectible, the amount should be written off and charged against investment income. Refer to *SSAP No. 34—Investment Income Due and Accrued* for accounting guidance.

Include the income from securities that the company no longer owns in the appropriate line of the Exhibit of Net Investment Income.

Report in Column 2 amounts needed to adjust income from a spot rate to a periodic rate. Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance.

Column 1 – Collected During Year

Subtract amounts paid for accrued interest on purchases from this amount.

Column 2 – Earned During Year

Earned investment income reported here should be on an accrual basis.

Lines 1, 1.1, 1.2 and 1.3 – Bonds

Report interest earned on bonds.

Include:

Accrual of discount.

Amortization of origination fees intended to compensate the reporting entity for interest rate risk (e.g., points).

Amortization of commitment fees (if such qualify for amortization).

Prepayment penalty or acceleration fees where the investment is liquidated prior to the scheduled termination date on mortgage-backed/loan-backed and structured securities.

Commitment fees, if the loan or bond is not granted or if the commitment is not exercised.

Nonrefundable fees other than points.

Exclude: Interest due and accrued on bonds in default as to principal or interest. The market value of such bonds includes such interest.

Deduct: Amortization of premium during the year.

Line 1.1 – Bonds Exempt from U.S. Tax

This line is applicable to Property/Casualty entities only.

Lines 2.1, 2.11,
2.2 and 2.21 – Stocks

Include: Accrual of discount for redeemable preferred stocks.

Dividends on stocks declared to be ex-dividend on or prior to December 31.

Deduct: Amortization of premium for redeemable preferred stocks.

Line 3 – Mortgage Loans

Refer to *SSAP No. 34—Investment Income Due and Accrued* for accounting guidance.

Include: Income from property for which the transfer of legal title is awaiting expiration of redemption or moratorium period.

Accrual of discount.

Amortization of mortgage interest points.

Amortization of commitment fees (if such qualify for amortization under *SSAP No. 37—Mortgage Loans*).

Prepayment penalty or acceleration fees.

Commitment fees, if the loan or bond is not granted or if the commitment is not exercised.

Nonrefundable fees other than points.

Deduct: Outgo on such property, unless capitalized or shown in:

Exhibits 2 or 3 for life **and fraternal companies**

Underwriting and Investment Exhibit, Part 3 for **property and health companies**

Operations and Investment Exhibit, Part 3 for **title companies**

Servicing fees paid to correspondents and others unless included in:

Exhibit 2 for **life and fraternal companies**

Underwriting and Investment Exhibit, Part 3 for **property and health companies**

Operations and Investment Exhibit, Part 3 for **title companies**

Amortization of premium.

Line 4 – Real Estate

Include: Income from ownership of Schedule A properties.

Adequate rent for the reporting entity's occupancy, in whole or in part, of its own buildings, and for space therein occupied by agencies.

Exclude: Reimbursements of amounts previously capitalized; such amounts should normally be credited to the item to which the expenditure was charged originally.

Deduct: Interest on encumbrances.

Line 6 – Cash, Cash Equivalents and Short-term Investments

Include: Earned investment income on investments for which maturities (or repurchase dates) at the time of acquisition were one year or less.

Line 7 – Derivative Instruments

Include: Amount of investment income from Schedule DB.

Line 8 – Other Invested Assets

Include: Earned investment income, for any class of investments includable in Schedule BA.

Line 9 – Aggregate Write-ins for Investment Income

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 9 for Investment Income.

Line 13 – Interest Expense

Include: All interest on debt, surplus notes and other related items.

Debt issuance costs that must be charged in the period incurred.

Subsequent to the issuance of convertible debt securities, consideration issued to induce conversion of convertible debt.

Exclude: Interest on encumbrances on real estate.

Interest on debt that is offset against another asset.

Capitalized interest on debt.

Line 14 – Depreciation on Real Estate and Other Invested Assets

Include: Depreciation reported in Schedule A, Part 1, Column 11 and Schedule A, Part 3, Column 9.

Line 15 – Aggregate Write-ins for Deductions from Investment Income

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 15 for Deductions from Investment Income.

Details of Write-ins Aggregated at Line 9 for Investment Income

List separately each category of investment income for which there is no pre-printed line in the Exhibit of Net Investment Income.

Include: Amortization for the period of the difference between original proceeds received and the strike price obligation for asset transfers with put options accounted for as financing. Also include an amount equal to the hypothecated income for these transactions reported in Column 1. Any paid interest items included in this line should be enclosed in parentheses.

Investment fees relating to uninsured accident and health plans and the uninsured portion of partially insured accident and health plans.

Fees received by the transferor for the loaning of securities, net of direct expenses. (NOTE: Interest income on loaned securities that is unrelated to securities lending is reported in the annual statement categories and exhibits that are consistent with the income earned on similar investment categories, e.g., bonds.)

Amortization of servicing assets or liabilities as described in *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*.

Details of Write-ins Aggregated at Line 15 for Deductions from Investment Income

List separately each category of deductions from investment income for which there is no pre-printed line in the Exhibit of Net Investment Income.

Include: Accrued interest on borrowed money, with appropriate designation. Report investment income credited to uninsured accident and health plans and the uninsured portion of partially insured accident and health plans.

EXHIBIT OF CAPITAL GAINS (LOSSES)

Gains and losses may be offset against each other only where they apply to the same bond issue, property, etc. Only gains/losses pertaining to invested assets are to be included in this exhibit. Amounts in this exhibit shall be presented before federal and foreign income taxes.

Column 1 – Realized Gain (Loss) on Sales or Maturity

Exclude: Realized foreign exchange gain or loss.

Column 2 – Other Realized Adjustments

Include: Other-than-temporary impairment write-downs as negative amounts.

Realized foreign exchange gain or loss.

Column 4 – Change in Unrealized Capital Gain (Loss)

Include: Any unrealized valuation changes reported in the investment schedules.

The change in any valuation allowance between the current period and previous year-end amount.

Exclude: Other-than-temporary impairment write-downs.

Amounts reported in the Unrealized Foreign Exchange Change in Book/Adjusted Carrying Value column in the detailed investment schedules.

Column 5 – Change in Unrealized Foreign Exchange Capital Gain (Loss)

Include: Amounts reported in the foreign exchange change in book/adjusted carrying value column in the detailed investment schedules.

Lines 1, 1.1, 1.2 and 1.3 – Bonds

Include: Amounts from Schedule D, Part 1 and Part 4 that represent either realized or unrealized adjustments on bonds.

In Column 2, the decline in the fair value of a bond that is other-than-temporary.

Line 1.1 – Bonds Exempt from U.S. Tax

Applicable to Property/Casualty entities only.

Lines 2.1, 2.11, 2.2, and 2.21 – Stocks

Include: Amounts from Schedule D, Part 2 and Part 4 that represent either realized or unrealized adjustments on stocks.

Exclude: Proceeds from sale of rights, etc. (Reduce the stock asset accordingly.)

Line 3 – Mortgage Loans

Include: Amounts from Schedule B that represent either realized or unrealized adjustments.

Amounts from Schedule B that represent adjustments to statement value for recognizing an impairment of a mortgage loan by creating a valuation allowance or by adjusting an existing valuation allowance for an impaired loan.

Line 4 – Real Estate

Include: Amounts from Schedule A that represent either realized or unrealized adjustments.

Line 5 – Contract Loans

Include: Any realized or unrealized adjustments on contract loans.

Line 6 – Cash, Cash Equivalents and Short-term Investments

Include: Gains or (losses) arising from the transfer of funds to or from other countries. Also include in Column 4, the net change in deduction for deposits in suspended depositories.

Line 7 – Derivative Instruments

Include: Amounts from Schedule DB that represent either realized or unrealized adjustments.

Line 8 – Other Invested Assets

Include: Amounts from Schedule BA that represent either realized or unrealized adjustments.

Line 9 – Aggregate Write-ins for Capital Gains (Losses)

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 9 for Capital Gains and (Losses).

Line 10 – Total Capital Gains (Losses)

Column 3 total should agree with reported net realized capital gains (losses) before the tax effects.

Column 3, Line 10 should equal:

[Page 4, Line 10, Col 1 + Page 4, Line 10 inset amount for the PC statement]

[Page 4, Line 34, Col 1 + Page 4, Line 34, inset amount #1 + Page 28 IMR, Line 2, Col 1 + Page 28 IMR, Line 2, inset amount #2 for the LAH statement]

[Page 4, Line 26, Col 2 + Page 4, Line 26 inset amount for the Health statement]

[Page 4, Line 30, Col 1 + Page 4, Line 30, inset amount #1 + Page 25 IMR, Line 2, Col 1 + Page 25 IMR, Line 2, inset amount #2 for the Fraternal statement]

[Page 4, Line 10, Col 1 + Page 4, Line 10 inset amount for the Title statement]

Column 4 total should agree with the change in unrealized capital gains or (losses) before taxes.

Column 4, Line 10 should equal:

[Page 4, Line 24, Col 1 + Page 4, Line 24, inset amount for the PC statement]

[Page 4, Line 38, Col 1 + Page 4, Line 38, inset amount for the Life statement]

[Page 5, Line 36, Col 1, + Page 5, Line 36, inset amount for the Health statement]

[Page 4, Line 34, Col 1 + Page 4, Line 34, inset amount for the Fraternal statement]

[Page 4, Line 18, Col 1 + Page 4, Line 18, inset amount for the Title statement]

Details of Write-ins Aggregated at Line 9 for Capital Gains (Losses)

List separately each category of capital gains (losses) for which there is no pre-printed line in the Exhibit of Capital Gains (Losses).

Include: Capital gains from investments previously charged off.

Exclude: Capital gains and losses on extinguishment of debt related to employee stock option plans.

EXHIBIT OF NONADMITTED ASSETS

This schedule should include the nonadmitted (both group and individual) amounts for both invested assets and other-than-invested assets.

The lines in this schedule are identical to those included in the Assets Page. The Column 1 amount should equal the amount reported in the same specific line in the Nonadmitted Assets column of the Assets Page (Page 2, Column 2, Line 28).

Column 1 – Current Year Total Nonadmitted Assets

Include:

Nonadmitted goodwill as prescribed in *SSAP No. 68—Business Combinations and Goodwill.*

Nonadmitted invested assets due to state aggregate investment limitations.

Nonadmitted amounts due to specific surplus notes.

Nonadmitted invested asset amounts due to designation restrictions by the state (e.g., designation 6 securities must be partially or wholly nonadmitted).

Non-operating systems software.

Electronic data processing (EDP) equipment and operating software in excess of 3% of capital and surplus for the most recently filed statement adjusted to exclude any EDP equipment and operating system software, net deferred tax assets and net positive goodwill.

Prepaid expense (*SSAP No. 29—Prepaid Expenses*).

Column 2 – Prior Year Total Nonadmitted Assets

This column should contain the total (sum of group and individual) nonadmitted amounts from the prior year annual statement.

Column 3 – Change in Total Nonadmitted Assets

This column should equal Column 2 minus Column 1. The amount reported in the total line of this column should equal the amount reported in the "Change in Nonadmitted Assets" line of the Capital and Surplus Account calculation.

PROPERTY

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NOTES TO FINANCIAL STATEMENTS

Notes to the Annual Statement are to be filed on March 1.

These instructions include guidance for the annual statement blank. These instructions provide specific examples that illustrate the disclosures required by the *Accounting Practices and Procedures Manual* and depict the application of certain Statements of Statutory Accounting Principles (SSAP). UNLESS OTHERWISE INDICATED, the format and level of detail in the illustrations are not requirements. The NAIC encourages a format that provides the information in the most understandable manner in the specific circumstances. Entities are not required to display the disclosure information contained herein in the specific manner illustrated, except where indicated in the illustrations provided for specific notes.

To facilitate comparison to the electronic notes database, the following data-captured disclosures should be presented in whole dollars in the same format and level of detail in the specific manner shown in the illustration. When the disclosure for a particular illustration is not applicable or the reporting entity has nothing to report, the reporting entity is not required to present the disclosure in the illustrated format with zero amounts except for the reconciliation table illustrated in Note 1A, which must be provided regardless of whether the reporting entity has any state prescribed or permitted practices. It will still be acceptable to indicate "none" or "not applicable" for the whole disclosure or specific parts of the disclosure, as appropriate, as long as the numbering format of the disclosure is preserved. Following the presentation of the illustration is not meant to preclude reporting entities from providing additional clarification before or after the illustration to enable users to better understand the disclosure.

Note #	Parts to be presented in whole dollars in the same format and level of detail in the specific manner shown in the illustration.
1	1A(1) through 1A(8)
3	3A
4	4A(1), 4A(3) and 4A(4)
5	5A(3) through 5A(8), 5B(1) through 5B(3), 5D(2) through 5D(4), 5E(3)a, 5E(3)b, 5E(5)a, 5E(7), 5F, 5G, 5H, 5I, 5L(1) through 5L(4), 5M(1), 5M(2), 5N, 5O, 5P, 5Q and 5R
8	8H
9	9A1, 9A2, 9A3, 9A4 and 9C
10	10M, 10N(2) and 10O
11	11B(2) through 11B(4)
12	12A(1) through 12A(8), 12A(11), 12A(12) and 12C(1)
13	13(11) and 13(12) NOTE: Applies to the table only and does not apply to narratives of these disclosures.
14	14A(2), 14A(3), 14B(2), 14B(3), [illegible] and 14E
15	15A(2)a, 15B(1)c, 15B(1)b and 15B(2)
16	16(1)
17	17C(2)
18	18A and 18B
19	All
20	20A(1), 20A(2), 20[illegible] and 20D
21	21E(1), 21E(2), 21F(1) through 21F(4) and 21G
22	22A through 22H
23	[illegible] through [illegible], 23I(1), a 23I(2)a and 23J(2)
24	24D, 24E and 24F
27	All
28	All
30	All
31	All
32	32A(1) through 32A(23) and 32B(1) through 32B(23)
33	33A(1) through 33A(3) and 33B through 33F
36	36A(1)b, 36A(1)c, 36A(2)b, 36A(3)b and 36B

The following disclosures are applicable to the annual statement filed March 1. In the annual statement filed on March 1, a) a disclosure or response must be provided for every item (indicate "none" or "not applicable" if appropriate), and b) the reporting entity must not alter the number scheme of the notes. Notes are to be presented in numerical order including those notes that will be noted as "none." Users should note the NAIC would utilize Note 21, Other Items, to include information required by recently adopted SSAPs.

1. Summary of Significant Accounting Policies and Going Concern

Instruction:

Refer to *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* for accounting guidance regarding disclosure requirements. The major disclosure requirements are as follows:

A. This note **(including a table reconciling income and surplus between the state basis and SAP basis)** is required to be completed, even if there are no prescribed practices or permitted practices to report.

Indicate that the statement has been completed in accordance with the *Accounting Practices and Procedures Manual*. If a reporting entity employs accounting practices that depart from the *Accounting Practices and Procedures Manual*, including different practices required by state law, disclose the following information about those accounting practices.

Include:

- A description of the accounting practice;
- A statement that the accounting practice differs from NAIC statutory accounting practices and procedures (NAIC SAP) identifying whether the practice is a departure from NAIC SAP or from a state prescribed practice and include the financial statement reporting lines predominantly impacted by the permitted or prescribed practice. (Although most practices impact net income or surplus, direct reference to those lines should be avoided. The intent is to capture the financial statement lines reflecting the practice which ultimately impacts net income or statutory surplus.)
- The monetary effect on net income and statutory surplus of using an accounting practice that differs from NAIC statutory accounting practices and procedures; and
- If an insurance enterprise's risk-based capital would have triggered a regulatory event had it not used a prescribed or permitted practice, that fact should be disclosed in the financial statements.

In addition, disclose the following information about accounting practices when NAIC statutory accounting practices and procedures do not address the accounting for the transaction:

- A description of the transaction and of the accounting practice used; and
- A statement that the NAIC statutory accounting practices and procedures do not address the accounting for the transaction.

A table reconciling income and surplus between the state basis and NAIC SAP basis for the current reporting period and the prior year-end shall be provided. The reconciliation table is required even if the reporting entity does not have any permitted or prescribed practices to report.

The reconciliation shall include:

Brief description of the prescribed or permitted practice;

SSAP # Enter the SSAP numbers to which the permitted or prescribed practice primarily pertains.

For example use "43R" for SSAP No. 43R or "19" for SSAP No. 19. If multiple SSAPs are needed for the prescribed or permitted practice, separate with a comma (19,43R).

For permitted practices from state regulations, use "00".

If multiple SSAPs are needed for the prescribed or permitted practice separate with a comma (19,43R,00).

Financial statement pages (F/S pages) primarily impacted by the permitted or prescribed practice.

Only the following pages should be referenced.

2 – Assets

3 – Liabilities, Surplus and Other Funds

4 – Statement of Income

5 – Cash Flow

Use "N/A" for permitted or prescribed practices that do not impact the financial statements pages above.

If multiple pages are needed for the prescribed or permitted practice, separate with a comma (3,4).

Financial statement reporting lines (F/S lines) of the key financial statement page primarily impacted by the permitted or prescribed practice.

(References to the financial statement reporting line for net income or statutory surplus should be avoided. The intent is to capture the financial statement line reflecting the practice which ultimately impacts net income or statutory surplus.)

If "N/A" was used for the F/S page, use "N/A" for the F/S line.

If multiple lines are needed for the prescribed or permitted practice, separate with a comma ([illegible]1,8).

Below are examples of permitted and prescribed practices the reporting entity may or may not be using which could be disclosed. The reporting entity may have others not shown below.

Differences in the accounting and reporting of:

- Goodwill
- Admission of Fixed Assets
- Value of Home Office Property

NOTE: Amounts reported in other notes to the financial statements shall reference Note 1 if impacted by prescribed or permitted practices. The following is an example of inserting a statement within applicable notes:

Example Illustration: Note 3. Business Combinations and Goodwill

Illustration:

A. Statutory Purchase Method

(1) The Company purchased 100% interest of XYZ Insurance Company on 6/30/_____. XYZ Insurance Company is licensed in 49 states and sells individual term life products exclusively.

(2) The transaction was accounted for as a statutory purchase.

(3) The cost was $_________, resulting in goodwill in the amount of $_________.*

(4) Goodwill amortization relating to the purchase of XYZ Insurance Company was $_________ for the year ended 12/31/_____.*

* These amounts reflect prescribed or permitted practices that depart from the *NAIC Accounting Practices and Procedures Manual*, See Note 1, Summary of Significant Accounting Policies for additional information.

B. Include an explanation that the preparation of financial statements is in conformity with the *Annual Statement Instructions* and *Accounting Practices and Procedures Manual* requires the use of management's estimates.

C. Disclose all accounting policies that materially affect the assets, liabilities, capital and surplus or results of operations.

Include:

(1) Basis at which the short-term investments are stated.

(2) Basis at which the bonds, mandatory convertible securities and SVO-Identified investments identified in SSAP No. 26R are stated, and the amortization method.

Amortization method for bonds and mandatory convertible securities, and if elected by the reporting entity, the approach for determining the systematic value for SVO-Identified securities per SSAP No. 26R. If utilizing the systematic value measurement method approach for SVO-Identified investments, the reporting entity must include the following information:

- Whether the reporting entity consistently utilizes the same measurement method for all SVO-Identified investments (e.g., fair value or systematic value). If different measurement methods are used, information on why the reporting entity has elected to use fair value for some SVO-Identified investments and systematic value for others.

- Whether SVO-Identified investments are being reported at a different measurement method from what was used in an earlier current-year interim and/or in a prior annual statement. (For example, if reported at systematic value prior to the sale, and then reacquired and reported at fair value.) This disclosure is required in all interim reporting periods and in the year-end financial statements for the year in which an SVO-Identified investment has been reacquired and reported using a different measurement method from what was previously used for the investment. (This disclosure is required regardless of the length of time between the sale/reacquisition of the investments, but is only required in the year in which the investment is reacquired.)

- Identification of securities still held that no longer qualify for the systematic value method. This should separately identify those securities that are still within scope of SSAP No. 26R and those that are being reported under a different SSAP.

(3) Basis at which the common stocks are stated.

(4) Basis at which the preferred stocks are stated.

(5) Description of the valuation basis of the mortgage loans.

(6) Basis at which the loan-backed securities are stated and the adjustment methodology used for each type of security (prospective or retrospective).

(7) The accounting policies of the reporting entity with respect to investments in subsidiaries, controlled and affiliated entities.

(8) The accounting policies of the reporting entity with respect to investments in joint ventures, partnerships and limited liability companies.

(9) A description of the accounting policy for derivatives.

(10) Whether or not the reporting entity utilizes anticipated investment income as a factor in the premium deficiency calculation.

(11) A summary of management's policies and methodologies for estimating the liabilities for losses and loss/claim adjustment expenses, including discussion of claims for toxic waste cleanup, asbestos-related illnesses or other environmental remediation exposures.

(12) If the capitalization policy and the resultant predefined thresholds changed from the prior period, the reason for the change.

(13) The method used to estimate pharmaceutical rebate receivables.

D. Going Concern

The reporting entity shall provide the following going concern disclosures after management's evaluation of the reporting entity's ability to continue as a going concern and consideration of management's plans to alleviate any substantial doubt about the entity's ability to continue as a going concern.

(1) If after considering management's plans, substantial doubt about an entity's ability to continue as a going concern is alleviated, the reporting entity shall disclose in the notes to the financial statements the following information:

a. Principal conditions and events that raised substantial doubt about the entity's ability to continue as a going concern (before consideration of management's plans).

b. Management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations.

c. Management's plans that alleviated substantial doubt about the entity's ability to continue as a going concern.

(2) If after considering management's plans, substantial doubt about an entity's ability to continue as a going concern is not alleviated, the entity shall include a statement in the notes to the financial statements indicating that there is substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. Additionally, the reporting entity shall disclose the information in paragraphs 1D(1)a and 1D(1)b, as well as the management plans that are intended to mitigate the conditions or events that raise substantial doubt about the entity's ability to continue as a going concern.

(3) The going concern evaluation and going concern disclosures discussed in *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* are required for both interim and annual financial statements. If substantial doubt was determined, and the conditions or events continue to raise substantial doubt about an entity's ability to continue as a going concern in subsequent annual or interim reporting periods, the entity shall continue to provide the disclosures in each subsequent reporting period. In these subsequent periods, the disclosures should become more extensive as additional information becomes available about the relevant conditions or events and about management's plans. The entity shall provide appropriate context and continuity in explaining how conditions or events have changed between reporting periods.

(4) For the period in which substantial doubt no longer exists (before or after consideration of management plans), an entity shall disclose how the relevant conditions or events that raised substantial doubt were resolved.

<u>Illustration:</u>

A. Accounting Practices

The financial statements of XYZ Company are presented on the basis of accounting practices prescribed or permitted by the ABC Insurance Department.

The ABC Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of ABC for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the ABC Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of ABC. The state has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. Specifically, 1) goodwill arising from the purchase of a subsidiary, controlled or affiliated entity is written off directly to surplus in the year it originates by ABC domiciled companies. In NAIC SAP, goodwill in amounts not to exceed 10% of an reporting entity's capital and surplus may be capitalized and all amounts of goodwill are amortized to unrealized gains and losses on investments over periods not to exceed 10 years, and, 2) 100% of all fixed assets are admitted by ABC domiciled companies. In NAIC SAP, fixed assets are not admitted. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices.

The Company, with the explicit permission of the Commissioner of Insurance of the State of ABC, records the value of its home office building at fair value instead of at depreciated cost required by the NAIC SAP. If the home office building were carried at depreciated cost, home office property and statutory surplus would be decreased by $__________ and $__________ as of December 31, 20__ and 20__, respectively. Additionally, net income would be increased by $__________ and $__________ respectively, for the years then ended. Finally, if the Company had not been permitted to record the value of its home office building at fair value, the Company's risk-based capital would have triggered a regulatory event.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of ABC is shown below:

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.

<u>THE RECONCILIATION TABLE BELOW IS REQUIRED REGARDLESS OF WHETHER THE REPORTING ENTITY HAS ANY STATE PRESCRIBED OR PERMITTED PRACTICES.</u>

		SSAP #	F/S Page	F/S Line #	20___	20___
NET INCOME						
(1)	ABC Company state basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	$	$ ....
(2)	State Prescribed Practices that are an increase/(decrease) from NAIC SAP:					
	....	....	....	....	$	$ ....
	....	....	....	....	$	$ ....
	....	....	....	....	$	$ ....
(3)	State Permitted Practices that are an increase/(decrease) from NAIC SAP:					
	....	....	....	....	$	$ ....
	....	....	....	....	$	$ ....
	....	....	....	....	$	$
(4)	NAIC SAP (1-2-3=4)	XXX	XXX	XXX	$	$
SURPLUS						
(5)	ABC Company state basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX		
(6)	State Prescribed Practices that are an increase/(decrease) from NAIC SAP:					
	....	....	....	....	$	$ ....
	....	....	....	....	$	$ ....
	....	....	....	....	$	$ ....
(7)	State Permitted Practices that are an increase/(decrease) from NAIC SAP:					
	....	....	....	....	$	$ ....
	....	....	....	....	$	$ ....
	....	....	....	....	$	$
(8)	NAIC SAP (5-6-7=8)	XXX	XXX	XXX	$	$

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the company uses the following accounting policies:

(1) Short-term investments are stated at amortized cost.

(2) Bonds not backed by other loans are stated at amortized cost using the interest method.

The company holds three (3) SVO-Identified bond ETFs reported on Schedule D-1. Two of these ETFs are reported at fair value, and the company has made an irrevocable decision to hold one of the ETFs at systematic value. The company has elected to utilize different measurement methods for the SVO-Identified bond ETFs for the following reasons:

> The company previously utilized systematic value for the reporting of an SVO-Identified bond ETF reported on Schedule D-1. On June 1, XX, the company sold all interests in the SVO-Identified bond ETF (entire CUSIP). On October 30, XX, the reporting entity reacquired the SVO-Identified bond ETF (same CUSIP) and did not elect to utilize the systematic value for this SVO-Identified bond ETF. Pursuant to the guidance in SSAP No. 26R, a different measurement method is permitted as the reacquisition occurred 90 days after the sale of the SVO-Identified investment.
>
> The Company previously utilized systematic value for the reporting of an SVO-Identified bond ETF reported on Schedule D-1. As of Dec. 31, XX, the SVO-Identified bond ETF was no longer included on the SVO listing an SVO-Identified bond ETF Therefore, this ETF was no longer captured within the scope of SSAP No. 26R and permitted to be reported on Schedule D-1. Pursuant to the statutory accounting guidance, this ETF is now captured within the scope of SSAP No. 30 and is reported at fair value on Schedule D-2-2.
>
> The company previously utilized systematic value for the reporting of an SVO-Identified bond ETF reported on Schedule D-1. As of Dec. 31, XX, the SVO-Identified bond ETF had an NAIC designation of 3. Pursuant to the guidance in SSAP No. 26R, a non-AVR reporting entity is only permitted to utilize systematic value for SVO-Identified bond ETFs with an NAIC designation of 1 or 2. As this ETF no longer qualifies for systematic value, but is still on the SVO-Identified list, it is captured within scope of SSAP No. 26R, reported on Schedule D-1, but is now reported at fair value.

(3) Common Stocks are stated at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.

(4) Preferred stocks are stated in accordance with the guidance provided in SSAP No. 32.

(5) Mortgage loans on real estate are stated at the aggregate carrying value less accrued interest.

(6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair value. The retrospective adjustment method is used to value all securities except for interest only securities or securities where the yield had become negative, that are valued using the prospective method.

(7) The Company carries ABC Non-insurance company at GAAP equity plus the remaining Goodwill balance of $ __________.

(8) The company has minor ownership interests in joint ventures. The company carries these interests based on the underlying audited GAAP equity of the investee.

(9) All derivatives are stated at fair value.

(10) The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with *SSAP No. 53—Property-Casualty Contracts – Premiums*.

(11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

(12) The Company has not modified its capitalization policy from the prior period.

2. Accounting Changes and Corrections of Errors

Instruction:

Describe material changes in accounting principles and/or correction of errors. Include:

- A brief description of the change, encompassing a general disclosure of the reason and justification for the change or correction.

- The impact of the change or correction on net income, surplus, total assets and total liabilities for the two years presented in the financial statements (i.e., the balance sheet and statement of income).

- The effect on net income of the current period for a change in estimate that affects several future periods, such as a change in the service lives of depreciable assets or actuarial assumptions affecting pension costs. Disclosure of the effect on those income statement amounts is not necessary for estimates made each period in the ordinary course of accounts for items such as uncollectible accounts. However, disclosure is recommended if the effect of a change in the estimate is material.

- When subsequent financial statements are issued containing comparative restated results as a result of the filing of an amended financial statement, the reporting entity shall disclose that the prior period has been restated and the nature and amount of such restatement.

Illustration:

During the current year's financial statement preparation, the Company discovered an error in the compiling and reporting of investment income from an affiliate for the prior year. In the prior year, common stocks (Assets Page, Line ____) and investment income earned from affiliates (included in Statement of Income, Line ____) were understated by $__________. Line ____ on the Assets Page and Line ____ on the Gains and Losses section of the Statement of Income have been adjusted in the current year to correct for this error.

3. Business Combinations and Goodwill

Instruction:

A. Statutory Purchase Method

For business combinations accounted for under the statutory purchase method, disclose the following for as long as unamortized goodwill is reported as a component of the investment:

- The name and brief description of the acquired enity.

- That the method of accounting is the statutory purchase method.

- Acquisition date, cost of the acquired entity and the original amount of admitted goodwill.

- The amount of amortization of goodwill recorded for the period, the admitted goodwill as of the reporting date and admitted goodwill as a percentage of the SCA's book adjusted carrying value (gross of admitted goodwill).

B. Statutory Merger

For business combinations taking the form of a statutory merger, disclose:

(1) The names and brief description of the combined entities;

(2) Method of accounting, that is, the statutory merger method;

(3) Description of the shares of stock issued in the transaction;

(4) Details of the results of operations of the previously separate entities for the period before the combination is consummated that are included in the current combined net income, including revenue, net income, and other changes in surplus; and

(5) A description of any adjustments recorded directly to surplus for any entity that previously did not prepare statutory statements.

C. Impairment Loss

If an impairment loss was recognized, disclose the following in the period of the impairment write-down:

(1) A description of the impaired assets and the facts and circumstances leading to the impairment, and

(2) The amount of the impairment charged to realized capital gains and losses and how fair value was determined.

<u>Illustration:</u>

A. Statutory Purchase Method

The Company purchased 100% interest of XYZ Insurance Company on 6/30/_____. XYZ Insurance Company is licensed in 49 states and sells workers' compensation products exclusively.

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 THESE ILLUSTRATIONS.

The transaction was accounted for as a statutory purchase and reflects the following:

1 Purchased entity	2 Acquisition date	3 Cost of acquired entity	4 Original amount of admitted goodwill	5 Admitted goodwill as of the reporting date	6 Amount of goodwill amortized during the reporting period	7 Admitted goodwill as a % of SCA BACV, gross of admitted goodwill
....	....	$	$	$	$	........%
....	....	$	$	$	$	........%
....	....	$	$	$	$	........%
....	....	$	$	$	$	........%
....	....	$	$	$	$	........%

B. Statutory Merger

(1) The Company merged with ABC Service Company on June 30, ____.

(2) The transaction was accounted for as a statutory merger.

(3) The Company issued _____ voting shares of common stock in exchange for all common stock of ABC Service Company.

(4) Pre merger separate company revenue, net income, and other surplus adjustments for the six months ended 6/30/____ were $_________, $_________, $_________, respectively for the Company and $_________, $_________, $_________, respectively for ABC Service Company.

(5) No adjustments were made directly to the surplus of ABC Service Company as a result of the merger.

C. Impairment Loss

The Company did not recognize an impairment loss on the transactions described above.

4. Discontinued Operations

Instruction:

A. Discontinued Operation Disposed of or Classified as Held for Sale

The following shall be disclosed in the period in which a discontinued operation either has been disposed of or is classified as held for sale under *SSAP No. 24—Discontinued Operations and Unusual or Infrequent Items*:

(1) The reporting entity shall assign a unique number for each discontinued operation and provide in a table the unique number assigned with a brief description of the discontinued operation.

NOTE: The unique number assigned for each discontinued operation will be used to identify the discontinued operation when referencing the discontinued operation in other parts of the disclosure.

(2) Description of the facts and circumstances leading to the disposal or expected disposal and a description of the expected manner and timing of that disposal.

(3) The loss recognized on the discontinued operation. The recognized loss shall be reported for the reporting period, and as a cumulative total since classified as held for sale.

(4) The carrying amount immediately prior to the classification as held for sale, and the current fair value less costs to sell, including the balance sheet lines where the item is reported. Also report income received from the discontinued operation prior to the disposal transaction.

B. Change in Plan of Sale of Discontinued Operation

If the entity decides to change its plan of sale for the discontinued operation, disclose a description of the facts and circumstances leading to the decision to change the plan and the effect on the assets reported in the financial statements.

Adjustments to amounts reported related to discontinued operations as a result of:

- The resolution of contingencies that arise pursuant to the terms of the disposal transaction, such as the resolution of purchase price contingencies and indemnification issues with the purchaser.

- The resolution of contingencies that arise from and are directly related to the disposal of a discontinued operation of the component in a period prior to its disposal, such as environmental and product warranty obligations retained by the seller.

- The settlement of employee benefit plan obligations (pension, postemployment benefits other than pensions, and other postemployment benefits), provided the settlement is directly related to the disposal transaction. (A settlement is directly related to the disposal transaction if there is a demonstrated direct cause-and-effect relationship and the settlement occurs no later than one year following the disposal transaction, unless it is delayed by events or circumstances beyond an entity's control.)

C. Nature of Any Significant Continuing Involvement with Discontinued Operations After Disposal

If the entity will retain significant continuing involvement with a discontinued operation after the disposal transaction, the entity shall complete the disclosures for the bullet items shown below. Examples of significant continuing involvement include a supply and distribution arrangement, a financial guarantee, an option to repurchase and an equity method investment in the discontinued operation.

- Description of the activities that give rise to the continuing involvement.
- The period of time the involvement is expected to continue.
- The expected cash inflows/outflows as a result of continuing involvement.

D. Equity Interest Retained in the Discontinued Operation After Disposal

If the entity will retain an equity interest in the discontinued operation after the disposal date, disclose the ownership interest before and after the disposal transaction and the entity's share of the income or loss of the investee as of the year-end reporting date after the disposal transaction.

Illustration:

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES BELOW EXCLUDING THE NARRATIVE FOR LINE 2. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THESE ILLUSTRATIONS.

A. Discontinued Operation Disposed of or Classified as Held for Sale

(1) List of Discontinued Operations Disposed of or Classified as Held for Sale

Discontinued Operation Identifier	Description of Discontinued Operation
....	....
....	....
....	....
....	....

(2) The Company entered into a definitive agreement dated ____ ____, 20__to sell its Group Health Operations (Identifier XXX) to ABC Company for $______ in cash, subject to various closing adjustments. The net loss from disposal is expected to be $_______. The sale is expected to be completed no later than midyear 20__. The sale is subject to state regulatory approval and other customary conditions. Results of the Discontinued Operations will be included in the Company's Statement of Revenue and Expenses until the closing and be consistently with the company's reporting of continuing operations.

(3) Loss Recognized on Discontinued Operations

Discontinued Operation Identifier	Amount for Reporting Period	Cumulative Amount Since Classified as Held for Sale
....	$	$ ....
....	$	$ ....
....	$	$ ....
....	$	$ ....

(4) Carrying Amount and Fair Value of Discontinued Operations and the Effect on Assets, Liabilities, Surplus and Income

a. Carrying Amount of Discontinued Operations

Discontinued Operation Identifier	Carrying Amount Immediately Prior to Classification as Held for Sale	Current Fair Value Less Costs to Sell
....	$	$ ....
....	$	$ ....
....	$	$ ....
....	$	$ ....

b. Effect of Discontinued Operations on Assets, Liabilities, Surplus and Income

	Discontinued Operation Identifier	Line Number	Line Description	Amount Attributable to Discontinued Operations
1. Assets				
	....	....	....	$ ....
	....	....	....	$ ....
	....	....	....	$ ....
2. Liabilities				
	....	....	....	$ ....
	....	....	....	$ ....
	....	....	....	$ ....
3. Surplus				
	....	....	....	$ ....
	....	....	....	$ ....
	....	....	....	$ ....
4. Income				
	....	....	....	$ ....
	....	....	....	$ ....
	....	....	....	$ ....

5. **Investments**

<u>Instruction:</u>

A. Mortgage Loans, including Mezzanine Real Estate Loans

For mortgage loans, disclose the following information:

(1) The minimum and maximum rates of interest received for new loans made by category.

(2) The maximum percentage of any one loan to the value of security at the time of the loan.

(3) Taxes, assessments and any amounts advanced and not included in mortgage loan total.

(4) Age analysis of mortgage loans and identification of mortgage loans in which the insurer is a participant or co-lender in a mortgage loan agreement.

An age analysis of mortgage loans, aggregated by type (Farm, Residential Insured, Residential All Other, Commercial Insured, Commercial All Other, Mezzanine), capturing:

- Recorded investment of current mortgage loans
- Recorded investment of mortgage loans past due classified as:
  - ❖ 30-59 days past due
  - ❖ 60-89 days past due
  - ❖ 90-179 days past due
  - ❖ 180+ days past due
- Recorded investment of mortgage loans past due still accruing interest:
  - ❖ 90-179 days past due
  - ❖ 180+ past due days
- Interest accrued for mortgage loans past due:
  - ❖ 90-179 days past due
  - ❖ 180+ past due days
- Interest Reduced:
  - ❖ Recorded investment
  - ❖ Number of loans
  - ❖ Percent Reduced (weighted-average % of the aggregated reduced recorded investments).
- Identification of mortgage loans in which the insurer is a participant or co-lender in a mortgage loan agreement.

(5) Disclose for investment in impaired loans aggregated by type (Farm, Residential Insured, Residential All Other, Commercial Insured, Commercial All Other, Mezzanine) the following:

- The amount for which there is a related allowance for credit losses determined in accordance with this *SSAP No. 37—Mortgage Loans*
- The amount for which there is no related allowance for credit losses determined in accordance with this *SSAP No. 37—Mortgage Loans*
- The total recorded investment in impaired loans subject to a participant or co-lender mortgage loan agreement for which the reporting entity is restricted from unilaterally foreclosing on the mortgage loan.

(6) For impaired loans disclose the amounts, aggregated by type (Farm, Residential Insured, Residential All Other, Commercial Insured, Commercial All Other, Mezzanine), related to the following:

- Average recorded investment
- Interest income recognized
- Recorded investments on nonaccrual status pursuant to *SSAP No. 34—Investment Income Due and Accrued*
- Unless not practicable, the amount of interest income recognized using a cash-basis method of accounting during the time within that period that the loans were impaired.

(7) For each period for which results of operations are presented, the activity in the allowance for credit losses account, including:

a. The balance in the allowance for credit losses account at the beginning of each period.

b. Additions charged to operations.

c. Direct write-downs charged against the allowance.

d. Recoveries of amounts previously charged off.

e. The balance in the allowance for credit losses account at the end of each period.

(8) For mortgage loans derecognized as a result of foreclosure, provide the following:

a. Aggregate amount of mortgage loans derecognized as a result of foreclosure.

b. Real estate collateral recognized.

c. Other collateral recognized.

d. Receivables recognized from a government guarantee of the foreclosed mortgage loan.

(9) The policy for recognizing interest income on impaired loans, including the method for recording cash receipts.

B. Debt Restructuring

For restructured debt in which the reporting entity is a creditor, disclose the following:

(1) The recorded investment in the loans for which impairment has been recognized in accordance with *SSAP No. 36—Troubled Debt Restructuring*.

(2) The related realized capital loss.

(3) The amount of commitments, if any, to lend additional funds to debtors owing receivables whose terms have been modified in troubled debt restructuring.

(4) The creditor's income recognition policy for interest income on an impaired loan.

C. Reverse Mortgages

For reverse mortgages, disclose the following:

(1) A description of the reporting entity's accounting policies and methods, including the statistical methods and assumptions used in calculating the reserve.

(2) General information regarding the reporting entity's commitment under the agreement.

(3) The reserve amount that is netted against the asset.

(4) Investment income or loss recognized in the period as a result of the re-estimated cash flows.

D. Loan-Backed Securities

For loan-backed securities, disclose the following:

(1) Descriptions of sources used to determine prepayment assumptions.

(2) All securities within the scope of *SSAP No. 43R—Loan-backed and Structured Securities*, with a recognized other-than-temporary impairment, disclosed in the aggregate, classified on the basis for the other-than-temporary impairment:

- Intent to sell.

- Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis.

(3) For each security, by CUSIP, with an other-than-temporary impairment, recognized in the current reporting period by the reporting entity, as the present value of cash flows expected to be collected is less than the amortized cost basis of the securities:

- The amortized cost basis, prior to any current-period other-than-temporary impairment.

- The other-than-temporary impairment recognized in earnings as a realized loss.

- The fair value of the security.

- The amortized cost basis after the current-period other-than-temporary impairment.

(4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses (that is, the amount by which cost or amortized cost exceeds fair value) and

b. The aggregate related fair value of securities with unrealized losses.

The disclosures in (a) and (b) above should be segregated by those securities that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or longer using fair values determined in accordance with *SSAP No. 27—Off-Balance-Sheet and Credit Risk Disclosures*.

(5) Additional information should be included describing the general categories of information that the investor considered in reaching the conclusion that the impairments are not other-than-temporary.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

(1) For securities lending transactions, disclose the policy for requiring collateral or other security as required in *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. This would also apply to separate accounts.

(2) If the entity has pledged any of its assets as collateral that are not reclassified and separately reported in the statement of financial position pursuant to *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, disclose the carrying amount and classification of both those assets and associated liabilities as of the date of the latest statement of financial position 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, shall be disclosed.

(3) If the entity or its agent has accepted collateral that it is permitted by contract or custom to sell or repledge, disclose the following information by type of program (securities lending or dollar repurchase agreement) as of the date of each statement of financial position:

a. The aggregate amount of contractually obligated open collateral positions (aggregate amount of securities at current fair value or cash received for which the borrower may request the return of on demand) and the aggregate amount of contractually obligated collateral positions under 30-day, 60-day, 90-day, and greater than 90-day terms;

b. The fair value as of the date of each statement of financial position presented of that collateral and of the portion of that collateral that it has sold or repledged; and

c. Information about the sources and uses of that collateral.

(4) For securities lending transactions administered by an affiliated agent in which "one-line" reporting of the reinvested collateral is optional, at the discretion of the reporting entity, disclose the aggregate value of the reinvested collateral which is "one-line" reported and the aggregate reinvested collateral which is reported in the investment schedules. Identify the rationale between the items which are one-line reported and those that are investment schedule reported and if the treatment has changed from the prior period.

(5) The reporting entity shall provide the following information by type of program (securities lending or dollar repurchase agreement) with respect to the reinvestment of the cash collateral and any securities which it or its agent receives as collateral that can be sold or repledged.

a. The aggregate amount of the reinvested cash collateral (amortized cost and fair value). Reinvested cash collateral should be broken down by the maturity date of the invested asset – under 30-day, 60-day, 90-day, 120-day, 180-day, less than 1 year, 1-2 years, 2-3 years and greater than 3 years.

b. To the extent that the maturity dates of the liability (collateral to be returned) does not match the invested assets, the reporting entity should explain the additional sources of liquidity to manage those mismatches.

(6) If the entity has accepted collateral that it is not permitted by contract or custom to sell or repledge, provide detail on these transactions, including the terms of the contract, and the current fair value of the collateral.

(7) For all securities lending transactions, disclose collateral for transactions that extend beyond one year from the reporting date.

NOTE: **The paragraph below pertains to completion of the disclosures for repurchase/reverse repurchase accounted for as a sale or secured borrowing in Notes 5F through 5I.**

Reporting entities should complete the disclosures that are relevant to the repurchase/reverse repurchase activity they engaged within the annual and interim reporting periods. For example, if the reporting entity only participated in repurchase transactions accounted for as secured borrowings, only those disclosures shall be included in the financial statement. Those disclosures that are not applicable shall just be noted as "none." (The use of the "sale" accounting method to account for repurchase/reverse repurchase agreements is anticipated to be very limited. Therefore, those disclosures are not anticipated to be applicable to most reporting entities.)

For initial application (year-end 2017), information about the fourth-quarter (year-end) balances should be included, without retrospective application of the quarterly detail. In 2018, the disclosure shall build each quarterly reporting period. This disclosure is required in all reporting periods (interim and annual) for all reporting entities that participate in repurchase or reverse repurchase transactions. A reporting entity that discontinues repurchase/reverse repurchase transactions during the year shall continue the disclosure (showing zero balances) in the reporting periods after discontinuing activity (retaining the quarterly detail that occurred prior to discontinuing the activity) through the annual reporting period. A reporting entity that begins participating in repurchase/reverse repurchase activity shall include the full disclosure in the quarterly reporting period for which activities began (noting zero activity in the quarters prior to engaging in the activity).

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

If the entity has entered into repurchase agreements accounted for as secured borrowings transactions, disclose the following:

(1) Information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral.

Also include a discussion of the potential risks associated with the agreements and related collateral received, including the impact of arising changes in the fair value of the collateral received and/or the provided security and how those risks are managed.

To the extent that the maturity dates of the liability (collateral to be returned) do not match the invested assets, the reporting entity shall explain the additional sources of liquidity to manage those mismatches.

The average daily balance (along with minimum and maximum amounts) and the end balance as of each reporting period (quarterly and annual) should be provided for 3 through 5, 7 and 11 below.

(2) Whether repo agreements are bilateral and/or tri-party trades.

(3) Maturity time frame divided by the following categories: open or continuous term contracts for which no maturity date is specified, overnight, 2 days to 1 week, from 1 week to 1 month, greater than 1 month to 3 months, greater than 3 months to 1 year, and greater than 1 year.

(4) Aggregate fair value of securities sold and/or acquired that resulted in default. (This disclosure is not intended to capture "failed trades," which are defined as instances in which the trade did not occur as a result of an error and was timely corrected. Rather, this shall capture situations in which the non-defaulting party exercised their right to terminate after the defaulting party failed to execute.)

Allocation of the fair value of securities sold and/or acquired by counterparty and identification of the counterparty jurisdiction.

(5) Fair value of securities sold in the aggregate, with identification of nonadmitted assets. (Book adjusted carrying value shall be provided as an end balance only.)

(6) Fair value of securities sold by type of security and categorized by NAIC designation, with identification of nonadmitted assets. (Book adjusted carrying value shall be provided as an end balance only.) Although legally sold as a secured borrowing, these assets are still reported by the insurer and shall be coded as restricted pursuant to the annual statement instructions, disclosed in accordance with *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* (SSAP No. 1), reported in the general interrogatories, and included in any other statutory schedules or disclosure requirements requesting information for restricted assets.

(7) Cash collateral and the fair value of security collateral (if any) received in the aggregate.

(8) Cash collateral and the fair value of security collateral received by type of security and categorized by NAIC designation with identification of collateral securities received that do not qualify as admitted assets.

(9) For collateral received, aggregate allocation of the collateral by the remaining contractual maturity of the repurchase agreements (gross): overnight and continuous, up to 30 days, 30-90 days and greater than 90 days.

(10) For cash collateral received that has been reinvested, the total reinvested cash and the aggregate amortized cost and fair value of the invested asset acquired with the cash collateral. This disclosure shall be reported by the maturity date of the invested asset: under 30 days, 60 days, 90 days, 120 days, 180 days, less than 1 year, 1-2 years, 2-3 years and greater than 3 years.

(11) Liability recognized to return cash collateral and the liability recognized to return securities received as collateral as required pursuant to the terms of the secured borrowing transaction.

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

If the entity has entered into repurchase agreements, accounted for as secured borrowings transactions, disclose the following:

(1) Information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral.

Include the terms of reverse repurchase agreements whose amounts are included in borrowing money.

Also include a discussion of the potential risks associated with the agreements and related collateral received, including the impact of arising changes in the fair value of the collateral received and/or the provided security and how those risks are managed.

The average daily balance (along with minimum and maximum amounts) and the end balance as of each reporting period (quarterly and annual) should be provided for 3 through 5, 7, 9 and 10 below.

(2) Whether repo agreements are bilateral and/or tri-party trades.

(3) Maturity time frame divided by the following categories: open or continuous term contracts for which no maturity date is specified, overnight, 2 days to 1 week, from 1 week to 1 month, greater than 1 month to 3 months, greater than 3 months to 1 year, and greater than 1 year.

(4) Aggregate fair value of securities sold and/or acquired that resulted in default. (This disclosure is not intended to capture "failed trades," which are defined as instances in which the trade did not occur as a result of an error and was timely corrected. Rather, this shall capture situations in which the non-defaulting party exercised their right to terminate after the defaulting party failed to execute.)

Allocation of the fair value of securities sold and/or acquired by counterparty and identification of the counterparty jurisdiction.

(5) Fair value of securities acquired in the aggregate.

(6) Fair value of securities acquired by type of security and categorized by NAIC designation, with identification of whether acquired assets would not qualify as admitted assets.

(7) Cash collateral and the fair value of security collateral (if any) provided. (If security collateral was provided, book adjusted carrying value shall be provided as an end balance only.) Disclosure shall identify the book adjusted carrying value of any nonadmitted securities provided as collateral.

(8) For collateral pledged, the aggregate allocation of the collateral by the remaining contractual maturity of the repurchase agreements (gross): overnight and continuous, up to 30 days, 30-90 days and greater than 90 days.

(9) Recognized receivable for the return of collateral. (Generally cash collateral, but including securities provided as collateral as applicable under the terms of the secured borrowing transaction. Receivables are not recognized for securities provided as collateral if those securities are still reported as assets of the reporting entity.)

(10) Liability recognized to return cash collateral and the liability recognized to return securities received as collateral as required pursuant to the terms of the secured borrowing transaction.

H. Repurchase Agreements Transactions Accounted for as a Sale

If the entity has entered into repurchase agreements accounted for as sale transactions, disclose the following:

(1) Disclose information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral.

The average daily balance (along with minimum and maximum amounts) and the end balance as of each reporting period (quarterly and annual) should be provided for 3 through 5, 7 and 9 below.

(2) Whether repo agreements are bilateral and/or tri-party trades.

(3) Maturity time frame divided by the following categories: open or continuous term contracts for which no maturity date is specified, overnight, 2 days to 1 week, from 1 week to 1 month, greater than 1 month to 3 months, greater than 3 months to 1 year, and greater than 1 year.

(4) Aggregate fair value of securities sold and/or acquired that resulted in default. (This disclosure is not intended to capture "failed trades," which are defined as instances in which the trade did not occur as a result of an error and was timely corrected. Rather, this shall capture situations in which the non-defaulting party exercised their right to terminate after the defaulting party failed to execute.)

Allocation of the fair value of securities sold and/or acquired by counterparty and identification of the counterparty jurisdiction

(5) Fair value of securities sold (derecognized from the financial statements) in the aggregate, with information on the book adjusted carrying value of nonadmitted assets sold. (Book adjusted carrying value shall be provided as an end balance only reflecting the amount derecognized from the sale transaction.)

(6) Fair value and book adjusted carrying value of securities sold (derecognized from the financial statements) by type of security and categorized by NAIC designation, with identification of nonadmitted assets, with information on the book adjusted carrying value of nonadmitted assets sold.

(7) Cash collateral and the fair value of security collateral (if any) received as proceeds and recognized in the financial statements in the aggregate with identification of received assets nonadmitted.

(8) Cash collateral and the fair value of security collateral (if any) received as proceeds and recognized in the financial statements by type of security and categorized by NAIC designation with identification of received assets nonadmitted. All securities received shall be coded as restricted pursuant to the annual statement instructions, disclosed in accordance with SSAP No. 1, reported in the general interrogatories, and included in any other statutory schedules or disclosure requirements requesting information for restricted assets.

(9) The forward repurchase commitment recognized to return the cash or securities received. Amount reported shall reflect the stated repurchase price under the repurchase transaction.

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

If the entity has entered into repurchase agreements, accounted for as sale transactions, disclose the following:

(1) Disclose information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral.

The average daily balance (along with minimum and maximum amounts) and the end balance as of each reporting period (quarterly and annual) should be provided for 3 through 5, 7 and 8 below.

(2) Whether repo agreements are bilateral and/or tri-party trades.

(3) Maturity time frame divided by the following categories: open or continuous term contracts for which no maturity date is specified, overnight, 2 days to 1 week, from 1 week to 1 month, greater than 1 month to 3 months, greater than 3 months to 1 year, and greater than 1 year.

(4) Aggregate fair value of securities sold and/or acquired that resulted in default. (This disclosure is not intended to capture "failed trades," which are defined as instances in which the trade did not occur as a result of an error and was timely corrected. Rather, this shall capture situations in which the non-defaulting party exercised their right to terminate after the defaulting party failed to execute.)

Allocation of the fair value of securities sold and/or acquired by counterparty and identification of the counterparty jurisdiction, and

(5) Fair value of securities acquired and recognized on the financial statements in the aggregate. (Book adjusted carrying value shall be provided as an end balance only.) The disclosure also requires the book adjusted carrying value of nonadmitted assets acquired.

(6) Fair value of securities acquired and recognized on the financial statements by type of security and categorized by NAIC designation. (Book adjusted carrying value shall be provided.) The disclosure also requires the book adjusted carrying value of nonadmitted assets acquired.

(7) Cash collateral and the fair value of security collateral (if any) provided. (If security collateral was provided, book adjusted carrying value shall be provided as an end balance only.) Disclosure shall also identify whether any nonadmitted assets were provided as collateral (derecognized from the financial statements).

(8) The forward repurchase commitment recognized to return the cash or securities received. Amount reported shall reflect the stated repurchase price under the repurchase transaction.

J. Real Estate

For investments in real estate, disclose the following information:

(1) If an entity recognizes an impairment loss, the entity shall disclose all of the following in financial statements that include the period of the impairment write-down:

a. A description of the impaired assets and the facts and circumstances leading to the impairment;

b. The amount of the impairment loss and how fair value was determined; and

c. The caption in the statement of operations in which the impairment loss is aggregated.

(2) If an entity has sold or classified real estate investments as held for sale, the entity shall disclose the following in the notes to the financial statements covering the period in which the sale was completed or the assets were classified as held for sale:

a. A description of the facts and circumstances leading to the expected disposal, the expected manner and timing of that disposal; and

b. If applicable, the gain or loss recognized and if not separately presented on the face of the summary of operations, the caption in the summary of operations that includes that gain or loss.

(3) If an entity has experienced changes to a plan of sale for an investment in real estate, the entity shall disclose a description of the facts and circumstances leading to the decision to change the plan to sell the asset including the period the decision was made; and its effect on the results of operations for the period and any prior periods presented.

(4) If an entity engages in retail land sales operations, the entity shall disclose the following:

a. Maturities of accounts receivables for each of the five years following the date of the financial statements.

b. Delinquent accounts receivable and the method(s) for determining delinquency.

c. The weighted average and range of stated interest rate of receivables.

d. Estimated total costs and estimated dates of expenditures for improvement for major areas from which sales are being made over each year of the five years following the date of the financial statements.

e. Recorded obligations for improvements.

(5) If an entity holds real estate investments with participating mortgage loan features, the entity should disclose the following:

a. Aggregate amount of participating mortgage obligations at the balance-sheet date, with separate disclosure of the aggregate participation liabilities and related debt discounts; and

b. Terms of participations by the lender in either the appreciation in the fair value of the mortgaged real estate project or the results of operations of the mortgaged real estate project, or both.

K. Low-Income Housing Tax Credits (LIHTC)

For investments in low-income housing tax credits (LIHTC), disclose the following:

(1) The number of remaining years of unexpired tax credits and the required holding period for the LIHTC investments.

(2) The amount of LIHTC and other tax benefits recognized during the years presented.

(3) The balance of the investment recognized in the statement of financial position for the reporting period(s) presented.

(4) If the LIHTC property is currently subject to any regulatory reviews and the status of such review (e.g., investigations by the housing authority).

(5) The significance of an investment to the reporting entity's financial position and results of operations shall be considered in evaluating the extent of disclosures of the financial position and results of operations of an investment in an LIHTC. If in the aggregate the LIHTC investments exceed 10% of the total admitted assets of the reporting entity, the following disclosures shall be made:

a. (1) The name of each partnership or limited liability entity and percentage of ownership; (2) the accounting policies of the reporting entity with respect to investments in partnerships and limited liability entities; (3) the difference, if any, between the amount at which the investment is carried and the amount of underlying equity in net assets (i.e., nonadmitted goodwill or other nonadmitted assets); and (4) the accounting treatment of the difference.

b. For partnerships and limited liability entities for which a quoted fair value is available, the aggregate value of each partnership or limited liability entity investment based on the quoted fair value.

c. Summarized information as to assets, liabilities, and results of operations for partnerships, and limited liability entities either individually or in groups.

(6) A reporting entity that recognizes an impairment loss shall disclose the following in the financial statements that include the period of the impairment write-down:

a. A description of the impaired assets and the facts and circumstances leading to the impairment.

b. The amount of the impairment and how fair value was determined.

(7) The amount and nature of the write-downs or reclassifications made during the year resulting from the forfeiture or ineligibility of tax credits, etc. These write-downs may be based on actual property-level foreclosure, loss of qualification due to occupancy levels, compliance issues with tax code provisions within an LIHTC investment or other issues.

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Disclose the total gross (admitted and nonadmitted) amount of restricted assets by category, with separate identification of the admitted and nonadmitted restricted assets by category and nature of any assets pledged to others as collateral or otherwise restricted (e.g., not under the exclusive control, assets subject to a put option contract, etc.) by the reporting entity. Provide the gross amount of restricted assets (total general account, general account assets supporting protected cell account activity, total protected cell account, protected cell account assets supporting general account activity and sum of the general account and the protected cell account for current year, prior year and the change between years), the total admitted of restricted assets and the percentage the restricted asset amount (gross and admitted) is of the reporting entity's total assets amount reported on Line 28 of the asset page (gross and admitted respectively) by the following categories:

a. Subject to contractual obligation for which liability is not shown

b. Collateral held under security lending agreements

c. Subject to repurchase agreements

d. Subject to reverse repurchase agreements

e. Subject to dollar repurchase agreements

f. Subject to dollar reverse repurchase agreements

g. Placed under option contracts

h. Letter stock or securities restricted as to sale – excluding FHLB capital stock

i FHLB capital stock

j. On deposit with states

k. On deposit with other regulatory bodies

l. Pledged collateral to FHLB (including assets backing funding agreements)

m. Pledged as collateral not captured in other categories

n. Other restricted assets

o. Total restricted assets

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories

For assets pledged as collateral not captured in other categories reported in aggregate in Note 5L(1) above, provide the gross (admitted and nonadmitted) amount of restricted assets (total general account, general account assets supporting protected cell account activity, total protected cell account, protected cell account assets supporting general account activity and sum of the general account and the protected cell account for current year, prior year and the change between years), the total admitted of restricted assets and the percentage the restricted asset amount (gross and admitted) is of the reporting entity's total assets amount reported on Line 28 of the asset page (gross and admitted respectively) with a narrative summary of each collateral agreement included in the aggregate number in Note 5L(1) above. Contracts that share similar characteristics, such as reinsurance and derivatives, are to be reported in the aggregate. (Note: This would be the detail for what was reported as "Pledged as Collateral Not Captured in Other Categories" for 5L(1) above.)

(3) Detail of Other Restricted Assets

For other restricted assets reported in aggregate in Note 5L(1) above, provide the gross (admitted and nonadmitted) amount of restricted assets (total general account, general account assets supporting protected cell account activity, total protected cell account, protected cell account assets supporting general account activity and sum of the general account and the protected cell account for current year, prior year and the change between years), the total admitted of restricted assets and the percentage the restricted asset amount (gross and admitted) is of the reporting entity's total assets amount reported on Line 28 of the asset page (gross and admitted respectively) with a description of each of the other restricted assets included in the aggregate number in Note 5L(1) above. Contracts that share similar characteristics, such as reinsurance and derivatives, are to be reported in the aggregate. (Note: This would be the detail for what was reported as "Other Restricted Assets" for 5L(1) above.)

(4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

Disclose the following for the general account:

- Nature of any assets received as collateral reflected as assets within the reporting entity's financial statements
- Book/adjusted carrying value (BACV) of the collateral
- Fair value of the collateral
- The recognized liability to return these collateral assets
- The percentage the collateral asset BACV amount (gross and admitted) is of the reporting entity's total assets amount reported on Line 26 of the asset page (gross and admitted, respectively).

NOTE: The information captured within this disclosure is intended to aggregate the information reported in the Annual Statement Investment Schedules in accordance with the coding of investments that are not under the exclusive control of the reporting entity, including assets loaned to others, and the information reported in the General Interrogatories.

Restricted assets in the separate account are not intended to capture amounts "restricted" only because they are insulated from the general account or because they are attributed to specific policyholders. Separate account assets shall be captured in this disclosure only if they are restricted outside of these characteristics.

M. Working Capital Finance Investments

(1) Disclose the following in aggregate regarding the book/adjusted carrying value of working capital finance investments (WCFI) by NAIC designation:

- Gross assets amounts
- Nonadmitted assets amounts
- Net admitted assets amounts

NOTE: Programs designated 3 through 6 are nonadmitted.

(2) Disclose the aggregate book/adjusted carrying value maturity distribution on the underlying Working Capital Finance Programs by the following categories: maturities up to 180 days and 181 days to 365 days.

(3) Disclose any events of default of working capital finance investments during the reporting period.

N. Offsetting and Netting of Assets and Liabilities

The following quantitative information shall be disclosed (separately for assets and liabilities) when derivative, repurchase and reverse repurchase, and securities borrowing and securities lending assets and liabilities are offset and reported net in accordance with a valid right to offset per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*:

- The gross amounts of recognized assets and recognized liabilities;
- The amounts offset in accordance with a valid right to offset per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*; and
- The net amounts presented in the statement of financial positions.

Assets and liabilities that have a valid right to offset, but are not netted as they are prohibited under *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*, are not required to be captured in the disclosures.

O. Structured Notes

Disclose the following for Structured Notes as defined in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*:

- CUSIP Identification Number
- Actual Cost
- Fair Value
- Book/Adjusted Carrying Value

Also disclose if the Structured Note is a Mortgage–Referenced Security, also as defined in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office.*

P. 5* Securities

For each annual reporting period, a comparable disclosure to the prior annual reporting period of the number of 5* securities, by investment type, and the book adjusted carrying value and fair value for those securities.

Q. Short Sales

For reporting entities that have sold securities short within the reporting period, provide the following disclosures:

(1) Unsettled Short Sale Transactions (Outstanding as of Reporting Date)

For Unsettled Short Sale Transactions (outstanding at reporting date) – The amount of proceeds received and the fair value of the securities to deliver, with current unrealized gains and/or losses, and the expected settlement timeframe (# of days). This disclosure shall include the fair value of current transactions that were not settled within three days and the fair value of the short sales expected to be satisfied by a securities borrowing transaction. This disclosure shall be aggregated by security type. (For example, short sales of common stock shall be aggregated and reported together.)

(2) Settled Short Sale Transactions

For Settled Short Sale Transactions (settled during the reporting period) – The aggregate amount of proceeds received and the fair value of the security as of the settlement date with recognized gains and/or losses. This disclosure shall identify the aggregated fair value of settled transactions that were not settled within three days and the fair value of transactions that were settled through a securities borrowing transaction.

R. Prepayment Penalty and Acceleration Fees

For securities sold, redeemed or otherwise disposed as a result of a callable feature (including make whole call provisions), disclose the number of CUSIPs sold, disposed or otherwise redeemed and the aggregate amount of investment income generated as a result of a prepayment penalty and/or acceleration fee for the General Account and Protected Cell.

Illustration:

A. Mortgage Loans including Mezzanine Real Estate Loans

(1) The maximum and minimum lending rates for mortgage loans during 20__ were:

Farm loans 10.5% and 9%, City loans 11.5% and 9.5%, Purchase money mortgages 10.5% and 9.5%

(2) The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was: ____%

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES (LINES 3 THROUGH 8) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THESE ILLUSTRATIONS.

	Current Year	Prior Year
(3) Taxes, assessments and any amounts advanced and not included in the mortgage loan total:	$ ___________	$ ___________

(4) Age Analysis of Mortgage Loans and Identification of Mortgage Loans in Which the Insurer is a Participant or Co-lender in a Mortgage Loan Agreement:

		Residential		Commercial			
	Farm	Insured	All Other	Insured	All Other	Mezzanine	Total
a. Current Year							
1. Recorded Investment (All)							
(a) Current	$	$	$	$	$	$	$ ....
(b) 30-59 Days Past Due	....	....	....	....	....	....	....
(c) 60-89 Days Past Due	....	....	....	....	....	....	....
(d) 90-179 Days Past Due	....	....	....	....	....	....	....
(e) 180+ Days Past Due	....	....	....	....	....	....	....
2. Accruing Interest 90-179 Days Past Due							
(a) Recorded Investment	$	$	$	$	$	$	$ ....
(b) Interest Accrued	....	....	....	....	....	....	....
3. Accruing Interest 180+ Days Past Due							
(a) Recorded Investment	$	$	$	$	$	$	$ ....
(b) Interest Accrued	....	....	....	....	....	....	....
4. Interest Reduced							
(a) Recorded Investment	$	$	$	$	$	$	$ ....
(b) Number of Loans	....	....	....	....	....	....	....
(c) Percent Reduced	........%	........%	........%	........%	........%	........%	........%
5. Participant or Co-lender in a Mortgage Loan Agreement							
(a) Recorded Investment	$	$	$	$	$	$	$ ....
b. Prior Year							
1. Recorded Investment							
(a) Current	$	$	$	$	$	$	$ ....
(b) 30-59 Days Past Due	....	....	....	....	....	....	....
(c) 60-89 Days Past Due	....	....	....	....	....	....	....
(d) 90-179 Days Past Due	....	....	....	....	....	....	....
(e) 180+ Days Past Due	....	....	....	....	....	....	....
2. Accruing Interest 90-179 Days Past Due							
(a) Recorded Investment	$	$	$	$	$	$	$ ....
(b) Interest Accrued	....	....	....	....	....	....	....
3. Accruing Interest 180+ Days Past Due							
(a) Recorded Investment	$	$	$	$	$	$	$ ....
(b) Interest Accrued	....	....	....	....	....	....	....
4. Interest Reduced							
(a) Recorded Investment	$	$	$	$	$	$	$ ....
(b) Number of Loans	....	....	....	....	....	....	....
(c) Percent Reduced	........%	........%	........%	........%	........%	........%	........%
5. Participant or Co-lender in a Mortgage Loan Agreement							
(a) Recorded Investment	$	$	$	$	$	$	$ ....

(5) Investment in Impaired Loans With or Without Allowance for Credit Losses and Impaired Loans Subject to a Participant or Co-lender Mortgage Loan Agreement for Which the Reporting Entity is Restricted from Unilaterally Foreclosing on the Mortgage Loan:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. With Allowance for Credit Losses	$	$	$	$	$	$	$ ....
2. No Allowance for Credit Losses	....	....	....	....	....	....	....
3. Total (1+2)	....	....	....	....	....	....	....
4. Subject to a participant or co-lender mortgage loan agreement for which the reporting entity is restricted from unilaterally foreclosing on the mortgage loan	....	....	....	....	....	....	....
b. Prior Year							
1. With Allowance for Credit Losses	$	$	$	$	$	$	$ ....
2. No Allowance for Credit Losses	....	....	....	....	....	....	....
3. Total (1+2)	....	....	....	....	....	....	....
4. Subject to a participant or co-lender mortgage loan agreement for which the reporting entity is restricted from unilaterally foreclosing on the mortgage loan	....	....	....	....	....	....	....

(6) Investment in Impaired Loans – Average Recorded Investment, Interest Income Recognized, Recorded Investment on Nonaccrual Status and Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. Average Recorded Investment	$	$	$	$	$	$	$ ....
2. Interest Income Recognized	....	....	....	....	....	....	....
3. Recorded Investments on Nonaccrual Status	....	....	....	....	....	....	....
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	....	....	....	....	....	....	....
b. Prior Year							
1. Average Recorded Investment	$	$	$	$	$	$	$ ....
2. Interest Income Recognized	....	....	....	....	....	....	....
3. Recorded Investments on Nonaccrual Status	....	....	....	....	....	....	....
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	....	....	....	....	....	....	....

(7) Allowance for Credit Losses:

		Current Year	Prior Year
a.	Balance at beginning of period	$ ______	$ ______
b.	Additions charged to operations	$ ______	$ ______
c.	Direct write-downs charged against the allowances	$ ______	$ ______
d.	Recoveries of amounts previously charged off	$ ______	$ ______
e.	Balance at end of period	$ ______	$ ______

(8) Mortgage Loans Derecognized as a Result of Foreclosure:

		Current Year
a.	Aggregate amount of mortgage loans derecognized	$ ______
b.	Real estate collateral recognized	$ ______
c.	Other collateral recognized	$ ______
d.	Receivables recognized from a government guarantee of the foreclosed mortgage loan	$ ______

(9) The company recognizes interest income on its impaired loans upon receipt.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE (LINES 1 THROUGH 3) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

B. Debt Restructuring

		Current Year	Prior Year
(1)	The total recorded investment in restructured loans, as of year-end	$ ______	______
(2)	The realized capital losses related to these loans	$ ______	______
(3)	Total contractual commitments to extend credit to debtors owing receivables whose terms have been modified in troubled debt restructurings	$ ______	______

(4) The Company accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 90 days) and the loan continues to perform under its original or restructured contractual terms. Interest income on non-performing loans is generally recognized on a cash basis.

C. Reverse Mortgages

(1) The company accounts for its investment in reverse mortgages in accordance with *SSAP No. 39—Reverse Mortgages* that requires the individual reverse mortgages to be combined into groups for purposes of providing an actuarially and statistically credible basis for estimating life expectancy to project future cash flows. The Company included actuarial estimates of contract terminations using mortality tables published by the Office of the Actuary of the United States Bureau of Census adjusted for expected prepayments and relocations and changes in the collateral value of the residence.

(2) Reverse mortgage loans are contracts that require the lender to make monthly advances throughout the borrower's life or until the borrower relocates, prepays or sells the home, at which time the loan becomes due and payable. Since the reverse mortgages are non-recourse obligations, the loan repayments are generally limited to the sale proceeds of the borrower's residence, and the mortgage balance consists of cash advanced and interest compounded over the life of the loan and a premium that represents a portion of the shared appreciation in the home's value, if any.

(3) At December 31, 20__, the actuarial reserve of $__________ reduced the asset value of the group of reverse mortgages.

(4) The Company recorded an unrealized loss of $__________ as a result of the re-estimate of the cash flows.

D. Loan-Backed Securities

(1) Prepayment assumptions for mortgage-backed/loan-backed and structured securities were obtained from broker-dealer survey values or internal estimates.

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(2)

	(1) Amortized Cost Basis Before Other-than-Temporary Impairment	(2) Other-than-Temporary Impairment Recognized in Loss	(3) Fair Value 1 – 2
OTTI recognized 1st Quarter			
a. Intent to sell	$ ________	$ ________	$ ________
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	$ ________	$ ________	$ ________
c. Total 1st Quarter	$ ________	$ ________	$ ________
OTTI recognized 2nd Quarter			
d. Intent to sell	$ ________	$ ________	$ ________
e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	$ ________	$ ________	$ ________
f. Total 2nd Quarter	$ ________	$ ________	$ ________
OTTI recognized 3rd Quarter			
g. Intent to sell	$ ________	$ ________	$ ________
h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	$ ________	$ ________	$ ________
i. Total 3rd Quarter	$ ________	$ ________	$ ________
OTTI recognized 4th Quarter			
j. Intent to sell	$ ________	$ ________	$ ________
k. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	$ ________	$ ________	$ ________
l. Total 4th Quarter	$ ________	$ ________	$ ________
m. Annual Aggregate Total		$ ________	

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(3)

1 CUSIP	2 Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	3 Present Value of Projected Cash Flows	4 Recognized Other-Than-Temporary Impairment	5 Amortized Cost After Other-Than-Temporary Impairment	6 Fair Value at time of OTTI	7 Date of Financial Statement Where Reported
Total	XXX	XXX	$	XXX	XXX	XXX

NOTE: Each CUSIP should be listed separately each time an OTTI is recognized.

For Securities with amortized cost or adjusted amortized cost:

Column 2 minus Column 3 should equal Column 4

Column 2 minus Column 4 should equal Column 5

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

(4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses:

1. Less than 12 Months $_________
2. 12 Months or Longer $_________

b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months $_________
2. 12 Months or Longer $_________

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

(1) From Lending Activities. For securities lending agreements, the Company requires a minimum of 102% and 105% of the fair value of the domestic and foreign securities loaned at the outset of the contract as collateral. Cash collateral received is invested in short-term investments and the offsetting collateral liability is included in Collateral From Lending Activities. The fair value of the collateral is $XXX.

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

(3) Collateral Received

a. Aggregate Amount Collateral Received

			Fair Value
1. Securities Lending			
(a)	Open	$	
(b)	30 Days or Less		
(c)	31 to 60 Days		
(d)	61 to 90 Days		
(e)	Greater Than 90 Days		
(f)	Sub-Total	$	
(g)	Securities Received		
(h)	Total Collateral Received	$	
2. Dollar Repurchase Agreement			
(a)	Open	$	
(b)	30 Days or Less		
(c)	31 to 60 Days		
(d)	61 to 90 Days		
(e)	Greater Than 90 Days		
(f)	Sub-Total	$	
(g)	Securities Received		
(h)	Total Collateral Received	$	

b. The fair value of that collateral and of the portion of that collateral that it has sold or repledged $ ________

c. The reporting entity receives primarily cash collateral in an amount in excess of the fair value of the securities lent. The reporting entity reinvests the cash collateral into higher-yielding securities than the securities which the reporting entity has lent to other entities under the arrangement.

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

(5) Collateral Reinvestment

a. Aggregate Amount Collateral Reinvested

			Amortized Cost		Fair Value
1. Securities Lending					
(a)	Open	$		$	
(b)	30 Days or Less				
(c)	31 to 60 Days				
(d)	61 to 90 Days				
(e)	91 to 120 Days				
(f)	121 to 180 Days				
(g)	181 to 365 Days				
(h)	1 to 2 Years				
(i)	2 to 3 Years				
(j)	Greater Than 3 Years				
(k)	Sub-Total	$		$	
(l)	Securities Received				
(m)	Total Collateral Reinvested	$		$	
2. Dollar Repurchase Agreement					
(a)	Open	$		$	
(b)	30 Days or Less				
(c)	31 to 60 Days				
(d)	61 to 90 Days				
(e)	91 to 120 Days				
(f)	121 to 180 Days				
(g)	181 to 365 Days				
(h)	1 to 2 Years				
(i)	2 to 3 Years				
(j)	Greater Than 3 Years				
(k)	Sub-Total	$		$	
(l)	Securities Received				
(m)	Total Collateral Reinvested	$		$	

b. The reporting entity's sources of cash that it uses to return the cash collateral is dependent upon the liquidity of the current market conditions. Under current conditions, the reporting entity has $1 billion of par value bonds (fair value of $920 million) that are currently tradable securities that could be sold and used to pay for the $850 million in collateral calls that could come due under a worst-case scenario.

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(7) Collateral for securities lending transactions that extend beyond one year from the reporting date

Description of Collateral	Amount
....	$ ....
....	....
....	....
....	....
....	....
Total Collateral Extending beyond one year of the reporting date	$ ....

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

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.

REPURCHASE TRANSACTION – CASH TAKER – OVERVIEW OF SECURED BORROWING TRANSACTIONS

(2) Type of Repo Trades Used

	1 FIRST QUARTER	2 SECOND QUARTER	3 THIRD QUARTER	4 FOURTH QUARTER
a. Bilateral (YES/NO)	....	....	....	....
b. Tri-Party (YES/NO)	....	....	....	....

(3) Original (Flow) & Residual Maturity

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. Open – No Maturity	....	....	....	....	....	....	....	....
b. Overnight	....	....	....	....	....	....	....	....
c. 2 Days to 1 Week	....	....	....	....	....	....	....	....
d. > 1 Week to 1 Month	....	....	....	....	....	....	....	....
e. > 1 Month to 3 Months	....	....	....	....	....	....	....	....
f. > 3 Months to 1 Year	....	....	....	....	....	....	....	....
g. > 1 Year	....	....	....	....	....	....	....	....

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. Open – No Maturity	....	....	....	....	....	....	....	....
b. Overnight	....	....	....	....	....	....	....	....
c. 2 Days to 1 Week	....	....	....	....	....	....	....	....
d. > 1 Week to 1 Month	....	....	....	....	....	....	....	....
e. > 1 Month to 3 Months	....	....	....	....	....	....	....	....
f. > 3 Months to 1 Year	....	....	....	....	....	....	....	....
g. > 1 Year	....	....	....	....	....	....	....	....

(4) Counterparty, Jurisdiction and Fair Value (FV)

1	2	FIRST QUARTER				SECOND QUARTER			
		3	4	5	6	7	8	9	10
	Jurisdiction	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a. Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX	....	....	....	....	....	....	....	....
b. Counterparty									
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....

1	2	THIRD QUARTER				FOURTH QUARTER			
		11	12	13	14	15	16	17	18
	Jurisdiction	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a. Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX	....	....	....	....	....	....	....	....
b. Counterparty*									
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....

* Counterparty and Jurisdiction Column entries used for the amounts for Columns 11 through 18 are the same as used above for Columns 3 through 10.

(5) Securities "Sold" Under Repo – Secured Borrowing

	FIRST QUARTER				SECOND QUARTER			
	1	2	3	4	5	6	7	8
	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a. BACV	XXX	XXX	XXX	....	XXX	XXX	XXX	....
b. Nonadmitted – Subset of BACV	XXX	XXX	XXX	....	XXX	XXX	XXX	....
c. Fair Value	....	....	....	....	....	....	....	....

	THIRD QUARTER				FOURTH QUARTER			
	9	10	11	12	13	14	15	16
	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a. BACV	XXX	XXX	XXX	....	XXX	XXX	XXX	....
b. Nonadmitted – Subset of BACV	XXX	XXX	XXX	....	XXX	XXX	XXX	....
c. Fair Value	....	....	....	....	....	....	....	....

(6) Securities Sold Under Repo – Secured Borrowing by NAIC Designation

ENDING BALANCE

	1 NONE	2 NAIC 1	3 NAIC 2	4 NAIC 3	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 NONADMITTED
a. Bonds – BACV	....	....	....	....	....	....	....	....
b. Bonds – FV	....	....	....	....	....	....	....	....
c. LB & SS – BACV	....	....	....	....	....	....	....	....
d. LB & SS – FV	....	....	....	....	....	....	....	....
e. Preferred Stock – BACV	....	....	....	....	....	....	....	....
f. Preferred Stock – FV	....	....	....	....	....	....	....	....
g. Common Stock	....	....	....	....	....	....	....	....
h. Mortgage Loans – BACV	....	....	....	....	....	....	....	....
i. Mortgage Loans – FV	....	....	....	....	....	....	....	....
j. Real Estate – BACV	....	....	....	....	....	....	....	....
k. Real Estate – FV	....	....	....	....	....	....	....	....
l. Derivatives – BACV	....	....	....	....	....	....	....	....
m. Derivatives – FV	....	....	....	....	....	....	....	....
n. Other Invested Assets – BACV	....	....	....	....	....	....	....	....
o. Other Invested Assets – FV	....	....	....	....	....	....	....	....
p. Total Assets – BACV	....	....	....	....	....	....	....	....
q. Total Assets – FV	....	....	....	....	....	....	....	....

p=a+c+e+g+h+j+l+n q=b+d+f+g+i+k+m+o

(7) Collateral Received – Secured Borrowing

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. Cash	....	....	....	....	....	....	....	....
b. Securities (FV)	....	....	....	....	....	....	....	....

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. Cash	....	....	....	....	....	....	....	....
b. Securities (FV)	....	....	....	....	....	....	....	....

(8) Cash & Non-Cash Collateral Received – Secured Borrowing by NAIC Designation

ENDING BALANCE

	1 NONE	2 NAIC 1	3 NAIC 2	4 NAIC 3	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 DOES NOT QUALIFY AS ADMITTED
a. Cash	....	....	....	....	....	....	....	....
b. Bonds – FV	....	....	....	....	....	....	....	....
c. LB & SS – FV	....	....	....	....	....	....	....	....
d. Preferred Stock – FV	....	....	....	....	....	....	....	....
e. Common Stock	....	....	....	....	....	....	....	....
f. Mortgage Loans – FV	....	....	....	....	....	....	....	....
g. Real Estate – FV	....	....	....	....	....	....	....	....
h. Derivatives – FV	....	....	....	....	....	....	....	....
i. Other Invested Assets – FV	....	....	....	....	....	....	....	....
j. Total Collateral Assets – FV (Sum of a through i)	....	....	....	....	....	....	....	....

(9) Allocation of Aggregate Collateral by Remaining Contractual Maturity

	FAIR VALUE
a. Overnight and Continuous	....
b. 30 Days or Less	....
c. 31 to 90 Days	....
d. > 90 Days	....

(10) Allocation of Aggregate Collateral Reinvested by Remaining Contractual Maturity

	AMORTIZED COST	FAIR VALUE
a. 30 Days or Less	....	....
b. 31 to 60 Days	....	....
c. 61 to 90 Days	....	....
d. 91 to 120 Days	....	....
e. 121 to 180 Days	....	....
f. 181 to 365 Days	....	....
g. 1 to 2 Years	....	....
h. 2 to 3 Years	....	....
i. > 3 Years	....	....

(11) Liability to Return Collateral – Secured Borrowing (Total)

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. Cash (Collateral – All)								
b. Securities Collateral (FV)								

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. Cash (Collateral – All)								
b. Securities Collateral (FV)								

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

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REPURCHASE TRANSACTION – CASH PROVIDER – OVERVIEW OF SECURED BORROWING TRANSACTIONS

(2) Type of Repo Trades Used

	1 FIRST QUARTER	2 SECOND QUARTER	3 THIRD QUARTER	4 FOURTH QUARTER
a. Bilateral (YES/NO)				
b. Tri-Party (YES/NO)				

(3) Original (Flow) & Residual Maturity

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. Open – No Maturity								
b. Overnight								
c. 2 Days to 1 Week								
d. > 1 Week to 1 Month								
e. > 1 Month to 3 Months								
f. > 3 Months to 1 Year								
g. > 1 Year								

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. Open – No Maturity								
b. Overnight								
c. 2 Days to 1 Week								
d. > 1 Week to 1 Month								
e. > 1 Month to 3 Months								
f. > 3 Months to 1 Year								
g. > 1 Year								

(4) Counterparty, Jurisdiction and Fair Value (FV)

1	2	FIRST QUARTER				SECOND QUARTER			
		3	4	5	6	7	8	9	10
	Jurisdiction	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a. Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX								
b. Counterparty									

1	2	THIRD QUARTER				FOURTH QUARTER			
		11	12	13	14	15	16	17	18
	Jurisdiction	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a. Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX								
b. Counterparty*									

* Counterparty and Jurisdiction Column entries used for the amounts for Columns 11 through 18 are the same as used above for Columns 3 through 10.

	FIRST QUARTER				SECOND QUARTER			
	1	2	3	4	5	6	7	8
	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
(5) Fair Value of Securities Acquired Under Repo – Secured Borrowing								

	THIRD QUARTER				FOURTH QUARTER			
	9	10	11	12	13	14	15	16
	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
(5) Fair Value of Securities Acquired Under Repo – Secured Borrowing								

(6) Securities Acquired Under Repo – Secured Borrowing by NAIC Designation

ENDING BALANCE

	1	2	3	4	5	6	7	8
	NONE	NAIC 1	NAIC 2	NAIC 3	NAIC 4	NAIC 5	NAIC 6	DOES NOT QUALIFY AS ADMITTED
a. Bonds – FV								
b. LB & SS – FV								
c. Preferred Stock – FV								
d. Common Stock								
e. Mortgage Loans – FV								
f. Real Estate – FV								
g. Derivatives – FV								
h. Other Invested Assets – FV								
i. Total Assets – FV (Sum of a through h)								

(7) Collateral Pledged – Secured Borrowing

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. Cash								
b. Securities (FV)								
c. Securities (BACV)	XXX	XXX	XXX		XXX	XXX	XXX	
d. Nonadmitted Subset (BACV)	XXX	XXX	XXX		XXX	XXX	XXX	

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. Cash								
b. Securities (FV)								
c. Securities (BACV)	XXX	XXX	XXX		XXX	XXX	XXX	
d. Nonadmitted Subset (BACV)	XXX	XXX	XXX		XXX	XXX	XXX	

(8) Allocation of Aggregate Collateral Pledged by Remaining Contractual Maturity

	AMORTIZED COST	FAIR VALUE
a. Overnight and Continuous		
b. 30 Days or Less		
c. 31 to 90 Days		
d. > 90 Days		

(9) Recognized Receivable for Return of Collateral – Secured Borrowing

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. Cash								
b. Securities (FV)								

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. Cash								
b. Securities (FV)								

(10) Recognized Liability to Return Collateral – Secured Borrowing (Total)

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. Repo Securities Sold/Acquired with Cash Collateral								
b. Repo Securities Sold/Acquired with Securities Collateral (FV)								

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. Repo Securities Sold/Acquired with Cash Collateral								
b. Repo Securities Sold/Acquired with Securities Collateral (FV)								

II. Repurchase Agreements Transactions Accounted for as a Sale

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REPURCHASE TRANSACTION – CASH TAKER – OVERVIEW OF SALE TRANSACTIONS

(2) Type of Repo Trades Used

	1 FIRST QUARTER	2 SECOND QUARTER	3 THIRD QUARTER	4 FOURTH QUARTER
a. Bilateral (YES/NO)				
b. Tri-Party (YES/NO)				

(3) Original (Flow) & Residual Maturity

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. Open – No Maturity								
b. Overnight								
c. 2 Days to 1 Week								
d. > 1 Week to 1 Month								
e. > 1 Month to 3 Months								
f. > 3 Months to 1 Year								
g. > 1 Year								

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. Open – No Maturity								
b. Overnight								
c. 2 Days to 1 Week								
d. > 1 Week to 1 Month								
e. > 1 Month to 3 Months								
f. > 3 Months to 1 Year								
g. > 1 Year								

(4) Counterparty, Jurisdiction and Fair Value (FV)

1	2	FIRST QUARTER				SECOND QUARTER			
	Jurisdiction	3 MINIMUM	4 MAXIMUM	5 AVERAGE DAILY BALANCE	6 ENDING BALANCE	7 MINIMUM	8 MAXIMUM	9 AVERAGE DAILY BALANCE	10 ENDING BALANCE
a. Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX								
b. Counterparty									

1	2	THIRD QUARTER				FOURTH QUARTER			
	Jurisdiction	11 MINIMUM	12 MAXIMUM	13 AVERAGE DAILY BALANCE	14 ENDING BALANCE	15 MINIMUM	16 MAXIMUM	17 AVERAGE DAILY BALANCE	18 ENDING BALANCE
a. Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX								
b. Counterparty*									

* Counterparty and Jurisdiction Column entries used for the amounts for Columns 11 through 18 are the same as used above in Columns 3 through 10.

(5) Securities "Sold" Under Repo – Sale

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. BACV	XXX	XXX	XXX		XXX	XXX	XXX	
b. Nonadmitted – Subset of BACV	XXX	XXX	XXX		XXX	XXX	XXX	
c. Fair Value								

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. BACV	XXX	XXX	XXX		XXX	XXX	XXX	
b. Nonadmitted – Subset of BACV	XXX	XXX	XXX		XXX	XXX	XXX	
c. Fair Value								

(6) Securities Sold Under Repo – Sale by NAIC Designation

ENDING BALANCE

	1 NONE	2 NAIC 1	3 NAIC 2	4 NAIC 3	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 NONADMITTED
a. Bonds – BACV								
b. Bonds – FV								
c. LB & SS – BACV								
d. LB & SS – FV								
e. Preferred Stock – BACV								
f. Preferred Stock – FV								
g. Common Stock								
h. Mortgage Loans – BACV								
i. Mortgage Loans – FV								
j. Real Estate – BACV								
k. Real Estate – FV								
l. Derivatives – BACV								
m. Derivatives – FV								
n. Other Invested Assets – BACV								
o. Other Invested Assets – FV								
p. Total Assets – BACV								
q. Total Assets – FV								

p=a+c+e+g+h+j+l+n   q=b+d+f+g+i+k+m+o

(7) Proceeds Received – Sale

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. Cash								
b. Securities (FV)								
c. Nonadmitted								

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. Cash								
b. Securities (FV)								
c. Nonadmitted								

(8) Cash & Non-Cash Collateral Received – Sale by NAIC Designation

ENDING BALANCE

	1 NONE	2 NAIC 1	3 NAIC 2	4 NAIC 3	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 NONADMITTED
a. Bonds – FV								
b. LB & SS – FV								
c. Preferred Stock – FV								
d. Common Stock								
e. Mortgage Loans – FV								
f. Real Estate – FV								
g. Derivatives – FV								
h. Other Invested Assets – FV								
i. Total Assets – FV (Sum of a through h)								

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
(9) Recognized Forward Resale Commitment								

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
(9) Recognized Forward Resale Commitment								

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

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.

REPURCHASE TRANSACTION – CASH PROVIDER – OVERVIEW OF SALE TRANSACTIONS

(2) Type of Repo Trades Used

	1 FIRST QUARTER	2 SECOND QUARTER	3 THIRD QUARTER	4 FOURTH QUARTER
a. Bilateral (YES/NO)				
b. Tri-Party (YES/NO)				

(3) Original (Flow) & Residual Maturity

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. Open – No Maturity								
b. Overnight								
c. 2 Days to 1 Week								
d. > 1 Week to 1 Month								
e. > 1 Month to 3 Months								
f. > 3 Months to 1 Year								
g. > 1 Year								

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. Open – No Maturity								
b. Overnight								
c. 2 Days to 1 Week								
d. > 1 Week to 1 Month								
e. > 1 Month to 3 Months								
f. > 3 Months to 1 Year								
g. > 1 Year								

(4) Counterparty, Jurisdiction and Fair Value (FV)

1	2	FIRST QUARTER				SECOND QUARTER			
		3	4	5	6	7	8	9	10
	Jurisdiction	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a. Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX								
b. Counterparty									

1	2	THIRD QUARTER				FOURTH QUARTER			
		11	12	13	14	15	16	17	18
	Jurisdiction	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a. Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX								
b. Counterparty*									

* Counterparty and Jurisdiction Column entries used for the amounts for Columns 11 through 18 are the same as used above for Columns 3 through 10.

(5) Securities Acquired Under Repo – Sale

	FIRST QUARTER				SECOND QUARTER			
	1	2	3	4	5	6	7	8
	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a. BACV	XXX	XXX	XXX		XXX	XXX	XXX	
b. Nonadmitted – Subset of BACV	XXX	XXX	XXX		XXX	XXX	XXX	
c. Fair Value								

	THIRD QUARTER				FOURTH QUARTER			
	9	10	11	12	13	14	15	16
	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a. BACV	XXX	XXX	XXX		XXX	XXX	XXX	
b. Nonadmitted – Subset of BACV	XXX	XXX	XXX		XXX	XXX	XXX	
c. Fair Value								

(6) Securities Acquired Under Repo – Sale by NAIC Designation

ENDING BALANCE

	1 NONE	2 NAIC 1	3 NAIC 2	4 NAIC 3	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 NONADMITTED
a. Bonds – BACV								
b. Bonds – FV								
c. LB & SS – BACV								
d. LB & SS – FV								
e. Preferred Stock – BACV								
f. Preferred Stock – FV								
g. Common Stock								
h. Mortgage Loans – BACV								
i. Mortgage Loans – FV								
j. Real Estate – BACV								
k. Real Estate – FV								
l. Derivatives – BACV								
m. Derivatives – FV								
n. Other Invested Assets – BACV								
o. Other Invested Assets – FV								
p. Total Assets – BACV								
q. Total Assets – FV								

p=a+c+e+g+h+j+l+n q=b+d+f+g+i+k+m+o

(7) Proceeds Provided – Sale

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. Cash								
b. Securities (FV)								
c. Securities (BACV)	XXX	XXX	XXX		XXX	XXX	XXX	
d. Nonadmitted Subset	XXX	XXX	XXX		XXX	XXX	XXX	

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. Cash								
b. Securities (FV)								
c. Securities (BACV)	XXX	XXX	XXX		XXX	XXX	XXX	
d. Nonadmitted Subset	XXX	XXX	XXX		XXX	XXX	XXX	

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
(8) Recognized Forward Resale Commitment								

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
(8) Recognized Forward Resale Commitment								

L. Restricted 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.

(1) Restricted Assets (Including Pledged)

	Gross (Admitted & Nonadmitted) Restricted						
	Current Year					6	7
Restricted Asset Category	1 Total General Account (G/A)	2 G/A Supporting Protected Cell Account Activity (a)	3 Total Protected Cell Account Restricted Assets	4 Protected Cell Account Assets Supporting G/A Activity (b)	5 Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)
a. Subject to contractual obligation for which liability is not shown	$	$	$	$	$	$	$ ....
b. Collateral held under security lending agreements	....	....	....	....	....	....	....
c. Subject to repurchase agreements	....	....	....	....	....	....	....
d. Subject to reverse repurchase agreements	....	....	....	....	....	....	....
e. Subject to dollar repurchase agreements	....	....	....	....	....	....	....
f. Subject to dollar reverse repurchase agreements	....	....	....	....	....	....	....
g. Placed under option contracts	....	....	....	....	....	....	....
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock	....	....	....	....	....	....	....
i. FHLB capital stock	....	....	....	....	....	....	....
j. On deposit with states	....	....	....	....	....	....	....
k. On deposit with other regulatory bodies	....	....	....	....	....	....	....
l. Pledged as collateral to FHLB (including assets backing funding agreements)	....	....	....	....	....	....	....
m. Pledged as collateral not captured in other categories	....	....	....	....	....	....	....
n. Other restricted assets	....	....	....	....	....	....	....
o. Total Restricted Assets	$	$	$	$	$	$	$ ....

(a) Subset of Column 1
(b) Subset of Column 3

<table>
<tr><th rowspan="3">Restricted Asset Category</th><th colspan="4">Current Year</th></tr>
<tr><th>8</th><th>9</th><th colspan="2">Percentage</th></tr>
<tr><th>Total Nonadmitted Restricted</th><th>Total Admitted Restricted (5 minus 8)</th><th>10
Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)</th><th>11
Admitted Restricted to Total Admitted Assets (d)</th></tr>
<tr><td>a. Subject to contractual obligation for which liability is not shown</td><td>$ ....</td><td>$ ....</td><td>...............%</td><td>...............%</td></tr>
<tr><td>b. Collateral held under security lending agreements</td><td>...............</td><td>...............</td><td>...............</td><td>...............</td></tr>
<tr><td>c. Subject to repurchase agreements</td><td>...............</td><td>...............</td><td>...............</td><td>...............</td></tr>
<tr><td>d. Subject to reverse repurchase agreements</td><td>...............</td><td>...............</td><td>...............</td><td>...............</td></tr>
<tr><td>e. Subject to dollar repurchase agreements</td><td>...............</td><td>...............</td><td>...............</td><td>...............</td></tr>
<tr><td>f. Subject to dollar reverse repurchase agreements</td><td>...............</td><td>...............</td><td>...............</td><td>...............</td></tr>
<tr><td>g. Placed under option contracts</td><td>...............</td><td>...............</td><td>...............</td><td>...............</td></tr>
<tr><td>h. Letter stock or securities restricted as to sale – excluding FHLB capital stock</td><td>...............</td><td>...............</td><td>...............</td><td>...............</td></tr>
<tr><td>i. FHLB capital stock</td><td>...............</td><td>...............</td><td>...............</td><td>...............</td></tr>
<tr><td>j. On deposit with states</td><td>...............</td><td>...............</td><td>...............</td><td>...............</td></tr>
<tr><td>k. On deposit with other regulatory bodies</td><td>...............</td><td>...............</td><td>...............</td><td>...............</td></tr>
<tr><td>l. Pledged as collateral to FHLB (including assets backing funding agreements)</td><td>...............</td><td>...............</td><td>...............</td><td>...............</td></tr>
<tr><td>m. Pledged as collateral not captured in other categories</td><td>...............</td><td>...............</td><td>...............</td><td>...............</td></tr>
<tr><td>n. Other restricted assets</td><td>...............</td><td>...............</td><td>...............</td><td>...............</td></tr>
<tr><td>o. Total Restricted Assets</td><td>$ ....</td><td>$ ....</td><td>...............%</td><td>...............%</td></tr>
</table>

(c) Column 5 divided by Asset Page, Column 1, Line 28
(d) Column 9 divided by Asset Page, Column 3, Line 28

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) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

<table>
<tr><th rowspan="4">Description of Assets</th><th colspan="7">Gross (Admitted & Nonadmitted) Restricted</th><th rowspan="2">8</th><th colspan="2">Percentage</th></tr>
<tr><th colspan="5">Current Year</th><th>6</th><th>7</th><th>9</th><th>10</th></tr>
<tr><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th><th rowspan="2">Total From Prior Year</th><th rowspan="2">Increase/ (Decrease) (5 minus 6)</th><th rowspan="2">Total Current Year Admitted Restricted</th><th rowspan="2">Gross (Admitted & Nonadmitted) Restricted to Total Assets</th><th rowspan="2">Admitted Restricted to Total Admitted Assets</th></tr>
<tr><th>Total General Account (G/A)</th><th>G/A Supporting Protected Cell Account Activity (a)</th><th>Total Protected Cell Account Restricted Assets</th><th>Protected Cell Account Assets Supporting G/A Activity (b)</th><th>Total (1 plus 3)</th></tr>
<tr><td>...............................</td><td>$ ....</td><td>$ ....</td><td>$ ....</td><td>$ ....</td><td>$ ....</td><td>$ ....</td><td>$ ....</td><td>$ ....</td><td>......%</td><td>......%</td></tr>
<tr><td>...............................</td><td>..........</td><td>..........</td><td>..........</td><td>..........</td><td>..........</td><td>..........</td><td>..........</td><td>..........</td><td>......</td><td>......</td></tr>
<tr><td>...............................</td><td>..........</td><td>..........</td><td>..........</td><td>..........</td><td>..........</td><td>..........</td><td>..........</td><td>..........</td><td>......</td><td>......</td></tr>
<tr><td>Total (c)</td><td>$ ....</td><td>$ ....</td><td>$ ....</td><td>$ ....</td><td>$ ....</td><td>$ ....</td><td>$ ....</td><td>$ ....</td><td>......%</td><td>......%</td></tr>
</table>

(a) Subset of column 1
(b) Subset of column 3
(c) Total Line for Columns 1 through 7 should equal 5L(1)m Columns 1 through 7 respectively and Total Line for Columns 8 through 10 should equal 5L(1)m Columns 9 through 11 respectively

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) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

	Gross (Admitted & Nonadmitted) Restricted							8	Percentage	
	Current Year					6	7		9	10
	1	2	3	4	5					
Description of Assets	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
....	$	$	$	$	$	$	$	$	........%	........%
....	....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....	....
Total (c)	$	$	$	$	$	$	$	$	........%	........%

(a) Subset of column 1
(b) Subset of column 3
(c) Total Line for Columns 1 through 7 should equal 5L(1)in Columns 1 through 7 respectively and Total Line for Columns 8 through 10 should equal 5L(1)in Columns 9 through 11 respectively

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) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

	1	2	3	4
Collateral Assets	Book/Adjusted Carrying Value (BACV)	Fair Value	% of BACV to Total Assets (Admitted and Nonadmitted) *	% of BACV to Total Admitted Assets **
a. Cash, Cash Equivalents and Short-Term Investments	$	$	.... %	.... %
b. Schedule D, Part 1	....	....	.... %	.... %
c. Schedule D, Part 2, Section 1	....	....	.... %	.... %
d. Schedule D, Part 2, Section 2	....	....	.... %	.... %
e. Schedule B	....	....	.... %	.... %
f. Schedule A	....	....	.... %	.... %
g. Schedule BA, Part 1	....	....	.... %	.... %
h. Schedule DL, Part 1	....	....	.... %	.... %
i. Other			%	%
j. Total Collateral Assets (a+b+c+d+e+f+g+h+i)	$	$	%	%

* Column 1 divided by Asset Page, Line 26 (Column 1)
** Column 1 divided by Asset Page, Line 26 (Column 3)

	1	2
	Amount	% of Liability to Total Liabilities *
k. Recognized Obligation to Return Collateral Asset	$	......................%

* Column 1 divided by Liability Page, Line 26 (Column 1)

M. Working Capital Finance Investments

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) Aggregate Working Capital Finance Investments (WCFI) Book/Adjusted Carrying Value by NAIC Designation:

	Gross Asset CY	Non-admitted Asset CY	Net Admitted Asset CY
a. WCFI Designation 1	$	$	$ ....
b. WCFI Designation 2	....	....	....
c. WCFI Designation 3	....	....	....
d. WCFI Designation 4	....	....	....
e. WCFI Designation 5	....	....	....
f. WCFI Designation 6	....	....	....
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.

(2) Aggregate Maturity Distribution on the Underlying Working Capital Finance Programs:

	Book/Adjusted Carrying Value
a. Up to 180 Days	____________
b. 181 Days to 365 Days	____________
c. Total	$ ____________

N. Offsetting and Netting of Assets and 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.

	Gross Amount Recognized	Amount Offset*	Net Amount Presented on Financial Statements
(1) Assets			
....	$	$	$ ....
....	....	....	....
....	....	....	....
....	....	....	....
....	....	....	....
(2) Liabilities			
....	$	$	$ ....
....	....	....	....
....	....	....	....
....	....	....	....
....	....	....	....

* For derivative assets and derivative liabilities, the amount offset shall agree to Schedule DB, Part D, Section 1.

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.

O. Structured Notes

CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage-Referenced Security (YES/NO)
....	$	$	$	....
....	....	....	....	....
....	....	....	....	....
....	....	....	....	....
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.

P. 5* Securities

Investment	Number of 5* Securities		Aggregate BACV		Aggregate Fair Value	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
(1) Bonds – AC	....	....	$	....	$	$ ....
(2) Bonds – FV	....	....	....	....	....	....
(3) LB&SS – AC	....	....	....	....	....	....
(4) LB&SS – FV	....	....	....	....	....	....
(5) Preferred Stock – AC	....	....	....	....	....	....
(6) Preferred Stock – FV						
(7) Total (1+2+3+4+5+6)				$	$	$

AC – Amortized Cost FV – Fair Value

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

Q. Short Sales

(1) Unsettled Short Sale Transactions (Outstanding as of Reporting Date)

	Proceeds Received	Current Fair Value of Securities Sold Short	Unrealized Gain or Loss	Expected Settlement (# of Days)	Fair Value of Short Sales Exceeding (or expected to exceed) 3 Settlement Days	Fair Value of Short Sales Expected to be Settled by Secured Borrowing
a. Bonds	$	....	....	....	....	....
b. Preferred Stock	....	....	....	....	....	....
c. Common Stock						
d. Totals (a+b+c)	$	$	$	XXX	$	$

(2) Settled Short Sale Transactions

	Proceeds Received	Current Fair Value of Securities Sold Short	Realized Gain or Loss on Transaction	Fair Value of Short Sales that Exceeded 3 Settlement Days	Fair Value of Short Sales Settled by Secured Borrowing
a. Bonds	$	$	$	$	$ ....
b. Preferred Stock	....	....	....	....	....
c. Common Stock					
d. Totals (a+b+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.

R. Prepayment Penalty and Acceleration Fees

		General Account	Protected Cell
(1)	Number of CUSIPs		
(2)	Aggregate Amount of Investment Income		

6. Joint Ventures, Partnerships and Limited Liability Companies

Instruction:

A. For Investments in Joint Ventures, Partnerships and Limited Liability Companies that exceed 10% of the admitted assets of the reporting entity, disclose the following information:

- The name of each Joint Venture, Partnership and Limited Liability Company and percentage of ownership;
- The accounting policies of the reporting entity with respect to investments in these entities; and
- The difference, if any, between the amount at which the investment is carried and the amount of underlying equity in net assets, (i.e., nonadmitted goodwill, other nonadmitted assets) and the accounting treatment of the difference.
- For each Joint Venture, Partnership and Limited Liability Company for which a quoted market price is available, the aggregate value of each investment based on the quoted market price; and
- Summarized information as to assets, liabilities, and results of operations for Joint Ventures, Partnerships and Limited Liability Companies, either individually or in groups.

B. For investments in impaired Joint Ventures, Partnerships and Limited Liability Companies disclose in the year of an impairment write-down the following:

- A description of the impaired assets and the facts and circumstances leading to the impairment, and
- The amount of the impairment and how fair value was determined.

Illustration:

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7. Investment Income

Instruction:

Disclose the following for investment income due and accrued in the financial statements:

A. The bases, by category of investment income, for excluding (nonadmitting) any investment income due and accrued.

B. The total amount excluded.

Illustration:

A. Due and accrued income was excluded from surplus on the following bases:

All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default.

B. The total amount excluded was $__________.

8. Derivative Instruments

Instruction:

Disclose the following information by category of derivative financial instrument:

A. A discussion of the market risk, credit risk and cash requirements of the derivative.

B. A description of the reporting entity's objectives for using derivatives, i.e., hedging, income generation or replication; as well as a description of the context needed to understand those objectives and its strategies for achieving those objectives, including the identification of the category, e.g. fair value hedges, cash flow hedges, or foreign currency hedges, and for all objectives, the type of instrument(s) used.

C. A description of the accounting policies for recognizing (or reasons for not recognizing) and measuring the derivatives used, and when recognized and where those instruments and related gains and losses are reported.

D. Identification of whether the reporting entity has derivative contracts with financing premiums. (For purposes of this term, this includes scenarios in which the premium cost is paid at the end of the derivative contract or throughout the derivative contract.)

E. The net gain or loss recognized in unrealized gains or losses during the reporting period representing the component of the derivative instruments' gain or loss, if any, excluded from the assessment of hedge effectiveness.

F. The net gain or loss recognized in unrealized gains or losses during the reporting period resulting from derivatives that no longer qualify for hedge accounting.

G. For derivatives accounted for as cash flow hedges of a forecasted transaction, disclose:

(1) The maximum length of time over which the entity is hedging its exposure to the variability in future cash flows for forecasted transactions excluding those forecasted transactions related to the payment of variable interest on existing financial instruments; and

(2) The amount of gains and losses classified in unrealized gains/losses related to cash flow hedges that have been discontinued because it was no longer probable that the original forecasted transactions would occur by the end of the originally specified time period or within 2 months of that date.

II. Disclose the aggregate, non-discounted total premium cost for these contracts and the premium cost due in each of the following four years, and thereafter. Include the aggregate fair value of derivative instruments with financing premiums excluding the impact of the deferred or financing premiums.

Illustration:

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

II.

(1)

	Fiscal Year	Derivative Premium Payments Due
a.	2018	$ ....
b.	2019	....
c.	2020	....
d.	2021	....
e.	Thereafter	....
f.	Total Future Settled Premiums	$ ....

(2)

		Undiscounted Future Premium Commitments	Derivative Fair Value With Premium Commitments (Reported on DB)	Derivative Fair Value Excluding Impact of Future Settled Premiums
a.	Prior Year	$	$	$ ....
b.	Current Year	$	$	$ ....

9. Income Taxes

Instruction:

A. Disclose the components of the net deferred income tax asset (DTA) or deferred tax liability (DTL) recognized in the reporting entity's financial statements as follows:

(1) Disclose for the current year, the prior year and the change between years by tax character (ordinary and capital) the following:

a. The total of all gross deferred tax assets.

b. The total of all statutory valuation allowance adjustments.

c. The total of all adjusted gross deferred tax assets.

d. The total of all deferred tax assets nonadmitted as the result of the application of *SSAP No. 101—Income Taxes*.

e. The total of all net adjusted gross admitted deferred tax assets.

f. The total of all deferred tax liabilities.

g. The total of all net adjusted gross deferred tax assets (net deferred tax liabilities).

(2) Admission Calculation Components per *SSAP No. 101—Income Taxes*

For the current year, prior year and the change between years, disclose the amount of each result or component of the deferred tax asset admission calculation as provided in *SSAP No. 101—Income Taxes*.

a. The amount of federal income taxes paid in prior years that can be recovered through loss carrybacks, by tax character (ordinary and capital).

b. The amount of adjusted gross DTAs expected to be realized (excluding the amount of DTAs reported in 9A(2)a) after application of the threshold limitations, by tax character (ordinary and capital). (The amount determined in 9A(2)b1 limited by the amount determined in 9A(2)b2.)

1. The amount of adjusted gross DTAs, expected to be realized within the applicable period following the balance sheet date, by tax character (ordinary and capital). Refer to the applicable Realization Threshold Limitation Table in *SSAP No. 101—Income Taxes* to determine the applicable period.

2. The amount of the applicable percentage of statutory capital and surplus as required to be shown on the statutory balance sheet of the reporting entity for the current reporting period's statement filed with the domiciliary state commissioner adjusted to exclude any net DTAs, EDP equipment and operating system software and any net positive goodwill. Refer to *SSAP No. 101—Income Taxes* to determine the applicable percentage to be applied.

c. The amount of adjusted gross DTAs (excluding the amount of DTAs reported in 9A(2)a and 9A(2)b) that can be offset against existing gross DTLs, by tax character (ordinary and capital).

d. The amount of DTAs admitted as the result of the application of *SSAP No. 101—Income Taxes* by tax character (ordinary and capital). (The sum of 9A(2)a, 9A(2)b and 9A(2)c.)

(3) Disclose the ratio used to determine applicable period used in 9A(2)b1 for determining the amount of adjusted gross DTAs, expected to be realized and the amount of adjusted capital and surplus used to determine the percentage threshold limitation in 9A(2)b2.

(4) Disclose the impact of tax-planning strategies:

a. On the determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage of total. The disclosure should provide the following information for current year, prior year and change between years:

1. Adjusted gross DTAs by tax character Note 9A(1)c.

2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies.

3. Net admitted adjusted gross DTAs by tax character Note 9A(1)e.

4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies.

b. State whether the tax-planning strategies include the use of reinsurance-related tax-planning strategies.

Refer to *SSAP No. 101—Income Taxes*, Exhibit A – Implementation Questions and Answers, Question No. 13, for guidance on tax-planning strategies.

B. To the extent that DTLs are not recognized for amounts described in paragraph 31 of FAS 109, disclose the following:

(1) A description of the types of temporary differences for which a DTL has not been recognized and the types of events that would cause those temporary differences to become taxable;

(2) The cumulative amount of each type of temporary difference;

(3) The amount of the unrecognized DTL for temporary differences related to investments in foreign subsidiaries and foreign corporate joint ventures that are essentially permanent in duration, if determination of that liability is practicable, or a statement that determination is not practicable; and

(4) The amount of the DTL for temporary differences other than those in item (3) above that is not recognized.

C. Disclose the significant components of income taxes incurred (i.e., current income tax expenses) and the changes in DTAs and DTLs. These components would include, for example:

- Current tax expense or benefit;
- The change in DTAs and DTLs (exclusive of the effects of other components listed below);
- Investment tax credits;
- The benefits of operating loss carry forwards;
- Adjustments of a DTA or DTL for enacted changes in tax laws or rates or a change in the tax status of the reporting entity; and
- Adjustments to gross deferred tax assets because of a change in circumstances that causes a change in judgment about the realizability of the related deferred tax asset, and the reason for the adjustment and change in judgment.

NOTE: The illustration below for this disclosure reflects the setup for the data capture of the electronic notes. Reporting entities should disclose those items included as "Other" (Lines 2a13, 2e4, 3a5 and 3b3) as additional lines for those items greater than 5% in the printed/PDF filing document.

D. To the extent that the sum of a reporting entity's income tax incurred and the change in its DTAs and DTLs is different from the result obtained by applying the federal statutory rate to its pretax net income, a reporting entity should disclose the nature of the significant reconciling items.

E. A reporting entity should also disclose the following:

(1) The amounts, origination dates and expiration dates of operating loss and tax credit carry forwards available for tax purposes;

(2) The amount of federal income taxes incurred in the current year and each preceding year that are available for recoupment in the event of future net losses; and

(3) The aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Service Code.

F. If the reporting entity's federal income tax return is consolidated with those of any other entity or entities, provide the following:

(1) A list of names of the entities with which the reporting entity's federal income tax return is consolidated for the current year, and

(2) The substance of the written agreement approved by the reporting entity's Board of Directors that sets forth the manner in which the total consolidated federal income tax for all entities is allocated to each entity that is a party to the consolidation. (If no written agreement has been executed, explain why such an agreement has not been executed.) Describe the method of allocation, setting forth the manner in which the entity has an enforceable right to recoup federal income taxes in the event of future net losses that it may incur or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

G. For any federal or foreign income tax loss contingencies as determined in accordance with *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*, with the modifications provided in *SSAP No. 101—Income Taxes*, for which it is reasonably possible that the total liability will significantly increase within 12 months of the reporting date, the reporting entity shall disclose an estimate of the range of the reasonably possible increase or a statement that an estimate of the range cannot be made.

Refer to *SSAP No. 101—Income Taxes* for accounting guidance on disclosure requirements, and INT 06-12 for more detail on protective tax deposits.

Illustration:

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES (9A1, 9A2, 9A3 AND 9A4) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

NOTE: DUE TO THE SIZE OF THIS TABLE, REPORTING ENTITIES MAY BE LIMITED IN THEIR ABILITY TO PRESENT THIS DISCLOSURE IN THE EXACT FORMAT SHOWN DUE TO FONT LIMITATIONS AND THE SIZE OF THE AMOUNTS BEING DISCLOSED. IT WILL BE CONSIDERED ACCEPTABLE AND IN COMPLIANCE WITH THE INSTRUCTIONS IF THIS TABLE IS SPLIT INTO THREE SEPARATE TABLES (CURRENT YEAR COLUMNS, PRIOR YEAR COLUMNS AND CHANGE COLUMNS).

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

1.

	12/31/2018			12/31/2017			Change		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total	(7) (Col 1–4) Ordinary	(8) (Col 2–5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	$	$	$	$	$	$	$	$	$
(b) Statutory Valuation Allowance Adjustments	$	$	$	$	$	$	$	$	$
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	$	$	$	$	$	$	$	$	$
(d) Deferred Tax Assets Nonadmitted									
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	$	$	$	$	$	$	$	$	$
(f) Deferred Tax Liabilities	$	$	$	$	$	$	$	$	$
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	$	$	$	$	$	$	$	$	$

2.

Admission Calculation Components SSAP No. 101	12/31/2018			12/31/2017			Change		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total	(7) (Col 1–4) Ordinary	(8) (Col 2–5) Capital	(9) (Col 7+8) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	$	$	$	$	$	$	$	$	$
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	$	$	$	$	$	$	$	$	$
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	$	$	$	$	$	$	$	$	$
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	$	XXX	XXX	$	XXX	XXX	$
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	$	$	$	$	$	$	$	$	$
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	$	$	$	$	$	$	$	$	$

3.

	2018	2017
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	____	____
(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	$ ____	$ ____

4.

	12/31/2018		12/31/2017		Change	
	(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) (Col 1-3) Ordinary	(6) (Col 2-4) Capital
Impact of Tax-Planning Strategies						
(a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.						
1. Adjusted Gross DTAs Amount From Note 9A1(c)	____	____	____	____	____	____
2. Percentage Of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	____	____	____	____	____	____
3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)	____	____	____	____	____	____
4. Percentage Of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	____	____	____	____	____	____

(b) Does the Company's tax-planning strategies include the use of reinsurance? Yes ____ No ____

Line 9A1g, Column 3

If greater than zero, it should equal the Asset Page, Line 18.2, Column 3 and the Liability Page, Line 7.2, Column 1 should equal zero.

If not greater than zero, it should equal the Liability Page, Line 7.2, Column 1 and the Asset Page, Line 18.2, Column 3 should equal zero.

If equal to zero, the Liability Page, Line 7.2, Column 1 should equal zero and the Asset Page, Line 18.2, Column 3 should equal zero.

B. Regarding deferred tax liabilities that are not recognized:

See example in paragraph 1[illegible]27 of the *SSAP No. 101—Income Taxes* Q&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.

C. Current income taxes incurred consist of the following major components:

	(1) 12/31/2018	(2) 12/31/2017	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	$	$	$
(b) Foreign	$	$	$
(c) Subtotal	$	$	$
(d) Federal income tax on net capital gains	$	$	$
(e) Utilization of capital loss carry-forwards	$	$	$
(f) Other	$	$	$
(g) Federal and foreign income taxes incurred	$	$	$
	$	$	$
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	$	$	$
(2) Unearned premium reserve	$	$	$
(3) Policyholder reserves	$	$	$
(4) Investments	$	$	$
(5) Deferred acquisition costs	$	$	$
(6) Policyholder dividends accrual	$	$	$
(7) Fixed assets	$	$	$
(8) Compensation and benefits accrual	$	$	$
(9) Pension accrual	$	$	$
(10) Receivables – nonadmitted	$	$	$
(11) Net operating loss carry-forward	$	$	$
(12) Tax credit carry-forward	$	$	$
(13) Other (including items <5% of total ordinary tax assets)	$	$	$
(99) Subtotal	$	$	$
(b) Statutory valuation allowance adjustment	$	$	$
(c) Nonadmitted	$	$	$
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	$	$	$
(e) Capital:			
(1) Investments	$	$	$
(2) Net capital loss carry-forward	$	$	$
(3) Real estate	$	$	$
(4) Other (including items <5% of total capital tax assets)	$	$	$
(99) Subtotal	$	$	$
(f) Statutory valuation allowance adjustment	$	$	$
(g) Nonadmitted	$	$	$
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	$	$	$
(i) Admitted deferred tax assets (2d + 2h)	$	$	$
3. Deferred Tax Liabilities:	$	$	$
(a) Ordinary			
(1) Investments	$	$	$
(2) Fixed assets	$	$	$
(3) Deferred and uncollected premium	$	$	$
(4) Policyholder reserves	$	$	$
(5) Other (including items <5% of total ordinary tax liabilities)	$	$	$
(99) Subtotal	$	$	$
(b) Capital:			
(1) Investments	$	$	$
(2) Real estate	$	$	$
(3) Other (including items <5% of total capital tax liabilities)	$	$	$
(99) Subtotal	$	$	$
(c) Deferred tax liabilities (3a99 + 3b99)			
4. Net deferred tax assets/liabilities (2i – 3c)	$	$	$

D. Among the more significant book to tax adjustments were the following:

See illustration in paragraph 12.31 of the *SSAP No. 101—Income Taxes* Q&A.

E. See example in paragraph 12.32 of the *SSAP No. 101—Income Taxes* Q&A.

(3) The aggregate amount of deposits reported as admitted assets under Section 6603 of the Internal Revenue Service (IRS) Code was $XX million as of December 31, 20XX.

F. See example in paragraph 12.34 of the *SSAP No. 101—Income Taxes* Q&A.

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

Instruction:

The financial statements shall include disclosures of all material related party transactions. In some cases, aggregation of similar transactions may be appropriate. Sometimes, the effect of the relationship between the parties may be so pervasive that disclosure of the relationship alone will be sufficient. If necessary to the understanding of the relationship, disclose the name of the related party. Transactions shall not be purported to be arm's-length transactions unless there is demonstrable evidence to support such statement. The disclosures shall include:

A. The nature of the relationship involved.

B. A description of the transactions for each of the periods for which financial statements are presented, and such other information considered necessary to obtain an understanding of the effects of the transactions on the financial statements. Exclude reinsurance transactions, any non-insurance transactions that are less than ½ of 1% of the total admitted assets of the reporting entity, and cost allocation transactions. The following information shall be provided if applicable:

(1) Date of transaction;

(2) Explanation of transaction;

(3) Name of reporting entity;

(4) Name of affiliate;

(5) Description of assets received by reporting entity;

(6) Statement value of assets received by reporting entity;

(7) Description of assets transferred by reporting entity; and

(8) Statement value of assets transferred by reporting entity.

C. The dollar amounts of transactions for each of the periods for which financial statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period.

D. Amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

E. Any guarantees or undertakings, written or otherwise, shall be disclosed in Note 14, Liabilities, Contingencies and Assessments, in accordance with the requirements of *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*. In addition, the nature of the relationship to the beneficiary of the guarantee or undertaking (affiliated or unaffiliated) shall also be disclosed.

F. A description of material management or service contracts and cost-sharing arrangements involving the reporting entity and any related party. This shall include, but is not limited to, sale lease-back arrangements, computer or fixed asset leasing arrangements, and agency contracts that remove assets that may otherwise be recorded (and potentially nonadmitted) on the reporting entity's financial statements.

G. The nature of the control relationship whereby the reporting entity and one or more other enterprises are under common ownership or control and the existence of that control could result in operating results or financial position of the reporting entity being significantly different from those that would have been obtained if the enterprises were autonomous. Disclose the relationship even though there are no transactions between the enterprises.

H. The amount deducted from the value of an upstream intermediate entity or ultimate parent owned, either directly or indirectly, via a downstream subsidiary, controlled, or affiliated entity, in accordance with the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, "Procedures for Valuing Common Stocks and Stock Warrants."

Refer to *SSAP No. 25—Affiliates and Other Related Parties* for accounting guidance.

I. For investment in an SCA entity that exceeds 10% of admitted assets of the reporting entity, disclose the following information:

(1) Disclose (i) the name of each SCA entity and percentage of ownership, (ii) the accounting policies of the reporting entity with respect to investments in these entities and (iii) the difference, if any, between the amount at which the investment is carried and the amount of underlying equity in net assets, (i.e., goodwill, other nonadmitted assets, fair value or discounted fair value adjustments, adjustments pursuant to SSAP No. 25 and the accounting treatment of the difference).

(2) Disclose for each SCA entity for which a quoted market price is available, the aggregate value of each investment based on the quoted market price and the difference, if any, between the amount at which the investment is carried and the quoted market price.

(3) Present summarized information as to assets, liabilities, and results of operations for SCA entities either individually or in groups.

(4) The material effects of possible conversions, exercises or contingent issuances.

(5) If elected, or required to change the valuation method as described in *SSAP No. 97—Investments in Subsidiary, Controlled, and Affiliated Entities*, a description of the reason for the change and the amount of adjustment recorded as unrealized gains or losses shall be disclosed. Also, disclose whether or not commissioner approval was obtained.

J. For investments in impaired SCA entities, disclose in the year of an impairment write-down the following:

(1) A description of the impaired assets and the facts and circumstances leading to the impairment.

(2) The amount of the impairment and how fair value was determined.

K. If the investment in a foreign insurance subsidiary is calculated by adjusting annuity GAAP account value reserves using CARVM and the related Actuarial Guidelines, the interest rates and mortality assumptions used in the calculation as prescribed by the insurance department of the foreign country shall be disclosed.

L. If a reporting entity holds an investment in a downstream noninsurance holding company, the reporting entity may look-through the downstream noninsurance holding company to the value of (i) SCA entities having audited financial statements and/or (ii) joint ventures, partnerships, and/or limited liability companies having audited financial statements in which the downstream noninsurance holding company has a minor ownership interest or otherwise lacks control, i.e., ownership interest is less than 10% in lieu of obtaining an audit of the financial statements of the downstream noninsurance holding company (provided the limited exception to the audited financial statements requirement contained in *SSAP No. 97—Investments in Subsidiary, Controlled, and Affiliated Entities*).

If a reporting entity utilizes the look-through approach for the valuation of the downstream noninsurance holding company instead of obtaining audited financial statements of the downstream noninsurance holding company, the financial statements of the reporting entity shall include the following disclosures:

(1) The name of the downstream noninsurance holding company.

(2) The carrying value of the investment in the downstream noninsurance holding company.

(3) The fact that the financial statements of the downstream noninsurance company are not audited.

(4) The fact that the reporting entity has limited the value of its investment in the downstream noninsurance holding company to the value contained in the audited financial statements, including adjustments required by this statement, of SCA entities and/or non-SCA SSAP No. 48 entities owned by the downstream noninsurance holding company and valued in accordance with *SSAP No. 97—Investments in Subsidiary, Controlled, and Affiliated Entities*.

(5) The fact that all liabilities, commitments, contingencies, guarantees or obligations of the downstream noninsurance holding company, which are required to be recorded as liabilities, commitments, contingencies, guarantees or obligations under applicable accounting guidance, are reflected in the reporting entity's determination of the carrying value of the investment in the downstream noninsurance holding company, if not already recorded in the financial statements of the downstream noninsurance holding company.

M. All SCA investments

Reporting Enities shall disclose for all SCA investments (except 8bi entities):

(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (except 8bi entities)

Disclose the percentage of ownership and aggregate total of all SCA entities (except 8bi entities) with detail of the aggregate gross value under SSAP No. 97, with the admitted and nonadmitted amounts reflected on the balance sheet. See SSAP No. 97 for additional guidance.

(2) NAIC Filing Response Information

Provide the following information regarding the NAIC response to the SCA filing (except 8bi entities):

- The type of NAIC filing
- The date of the NAIC filing
- The NAIC valuation for the SCA entity
- If a response was received from the NAIC
- If the NAIC disallowed the reporting entities valuation method
- If changes in the reported SCA amount were immaterial (I) or material (M)

N. Investment in Insurance SCAs

A reporting entity that reports an investment in an insurance SCA (per SSAP No. 97) for which the audited statutory equity reflects a departure from the NAIC statutory accounting practices and procedures (e.g., permitted or prescribed practices) shall disclose the following:

(1) A description of the accounting practice, with a statement that the practice differs from the NAIC statutory accounting practices and procedures.

(2) The monetary effect on net income and surplus reflected by the insurance SCA as a result of using an accounting practice that differed from NAIC statutory accounting practices and procedures.

The reported entity's investment in the insurance SCA per the audited statutory equity and the investment in the insurance SCA the reporting entity would have reported if the insurance SCA had completed statutory financial statements in accordance with the NAIC statutory accounting practices and procedures.

(3) Whether the RBC of the insurance SCA would have triggered a regulatory event had it not used a prescribed or permitted practice.

O. SCA Loss Tracking

A reporting entity whose share of losses in an SCA exceeds its investment in the SCA shall disclose its share of losses. (This is required regardless of a guarantee or commitment of future financial support to the SCA.) The disclosure shall apply beginning in the period the SCA investment initially falls below zero and shall continue to be disclosed as long as the SCA investment is in a deficit position. Tracking shall cease once the investment in an SCA has been in a surplus position for one annual reporting period.

This disclosure shall include:

- The name of the SCA entity
- The reporting entity's current period share of SCA net income (loss)
- The reporting entity's accumulated share of SCA losses not recognized during the period that the equity method was suspended
- The reporting entity's share of the SCA equity, including negative equity
- Whether a guaranteed obligation or commitment for financial support exists
- The SCA's reported value

Additionally, the reporting entity shall detail in a narrative disclosure whether losses in the SCA have impacted other investments as required by INT 00-24: *EITF 98-13: Accounting by an Equity Method Investor for Investee Losses When the Investor Has Loans to and Investments in Other Securities of the Investee* and *EITF 99-10: Percentage Used to Determine the Amount of Equity Method Losses.*

Illustration:

A., B.
& C. The Company paid common stock dividends to the Parent Company, The ABC Insurance Company, on July 15, 20__, totaling $__________.

D. At December 31, 20__, the Company reported $__________ as amounts due to the Parent Company, The ABC Insurance Company. The terms of the settlement require that these amounts be settled within 30 days.

E. The Company has given XYZ Inc., an affiliated company, a standing commitment until January 1, 20__, in the form of guarantees in the event of a default of XYZ on various of its debt issues as disclosed in Note 14.

F. The Company has agreed to provide the Parent Company, The ABC Insurance Company, certain actuarial investment services with respect to the administration of certain large group insurance contracts that are subject to group experience rating procedures.

The Parent Company has agreed to provide collection services for certain contracts for the Company.

G. All outstanding shares of The Company are owned by the Parent Company, The ABC Insurance Company, an insurance holding company domiciled in the State of__________.

H. The Company owns shares of the stock of its ultimate parent, The ABC Insurance Company. A wholly owned subsidiary of the Company, The XYZ Insurance Company, owns shares of The ABC Insurance Company. In accordance with NAIC Securities Valuation Office guidelines, the asset value of The ABC Insurance Company has been reduced by $__________, and the asset value of the XYZ Insurance Company has been reduced by $__________.

I. The Company owns a_______ % interest in ABC Non-Insurance Company, whose carrying value is equal to or exceeds 10% of the admitted assets of The Company. The Company carries ABC Non-Insurance Company at GAAP equity plus the remaining goodwill balance of $ __________. Goodwill is amortized on a straight-line basis over a ten-year period.

At 12/31/20__, The Company's interest in ABC Non-Insurance Company per the New York Stock Exchange quoted price was valued at $ __________, that was $ __________ in excess of the carrying value.

Based on The Company's ownership percentage of ABC Non-Insurance Company, the statement value of ABC Non-Insurance Company assets and liabilities as of 12/31/20__ were $ __________ and $__________, respectively.

The Company's share of net income of ABC Non-Insurance Company was $ __________ for the year ended 12/31/20__.

The Company has a 25% limited partnership interest in YXC Real Estate Partners. The partnership investment in office properties in the NE United States has been adversely affected by corporate restructuring. This has affected the value of the properties that resulted in the write-down of the Company's investment in XYC Real Estate Partners of $ __________ for the year ended 12/31/20__. The amount of the impairment was determined using appraisals from third parties.

J. The Company did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated Companies during the statement period.

L. XYZ Company utilizes the look-through approach in valuing its investment in ABC Company at $______. ABC Company's financial statements are not audited and XYZ Company has limited the value of its investment in ABC Company to the value contained in the audited financial statements, including adjustments required by SSAP No. 97, of SCA entities and/or non-SCA SSAP No. 48 entities owned by the ABC Company and valued in accordance with SSAP No. 97. All liabilities, commitments, contingencies, guarantees or obligations of the ABC Company, which are required to be recorded as liabilities, commitments, contingencies, guarantees or obligations under applicable accounting guidance, are reflected in XYZ Company's determination of the carrying value of the investment in ABC Company, if not already recorded in the financial statements of ABC Company.

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M. All SCA Investments

(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities)

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities				
....	....	$	$	$ ....
....	....	....	....	....
....	....	....	....	....
Total SSAP No. 97 8a Entities	XXX	$	$	$ ....
b. SSAP No. 97 8b(ii) Entities				
....	....	$	$	$ ....
....	....	....	....	....
....	....	....	....	....
Total SSAP No. 97 8b(ii) Entities	XXX	$	$	$
c. SSAP No. 97 8b(iii) Entities				
....	....	$	$	$ ....
....	....	....	....	....
....	....	....	....	....
Total SSAP No. 97 8b(iii) Entities	XXX	$	$	$
d. SSAP No. 97 8b(iv) Entities				
....	....	$	$	$ ....
....	....	....	....	....
....	....	....	....	....
Total SSAP No. 97 8b(iv) Entities	XXX	$	$	$
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)	XXX	$	$	$
f. Aggregate Total (a+e)	XXX	$	$	$

(2) NAIC Filing Response Information

SCA Entity (Should be same entities as shown in M(1) above.)	Type of NAIC Filing*	Date of Filing to the NAIC	NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N	Code**
a. SSAP No. 97 8a Entities						
....	......	....	$..........	....	....	......
....	......	....	....	....	....	......
....	......	....	....	....	....	......
Total SSAP No. 97 8a Entities	XXX	XXX	$	XXX	XXX	XXX
b. SSAP No. 97 8b(ii) Entities						
....	......	....	$..........	....	....	......
....	......	....	....	....	....	......
....	......	....	....	....	....	......
Total SSAP No. 97 8b(ii) Entities	XXX	XXX	$	XXX	XXX	XXX
c. SSAP No. 97 8b(iii) Entities						
....	......	....	$..........	....	....	......
....	......	....	....	....	....	......
....	......	....	....	....	....	......
Total SSAP No. 97 8b(iii) Entities	XXX	XXX	$	XXX	XXX	XXX
d. SSAP No. 97 8b(iv) Entities						
....	......	....	$..........	....	....	......
....	......	....	....	....	....	......
....	......	....	....	....	....	......
Total SSAP No. 97 8b(iv) Entities	XXX	XXX	$	XXX	XXX	XXX
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)	XXX	XXX	$	XXX	XXX	XXX
f. Aggregate Total (a+e)	XXX	XXX	$	XXX	XXX	XXX

* S1 – Sub-1, S2 – Sub-2 or RDF – Resubmission of Disallowed Filing

** I – Immaterial or M – Material

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N. Investment in Insurance SCAs

(2) The monetary effect on net income and surplus as a result of using an accounting practice that differed from NAIC Statutory Accounting Practices and Procedures (NAIC SAP), the amount of the investment in the insurance SCA per audited statutory equity and amount of the investment if the insurance SCA had completed statutory financial statements in accordance with the AP&P Manual.

SCA Entity (Investments in Insurance SCA Entities)	Monetary Effect on NAIC SAP		Amount of Investment	
	Net Income Increase (Decrease)	Surplus Increase (Decrease)	Per Audited Statutory Equity	If the Insurance SCA Had Completed Statutory Financial Statements *
....	$	$	$	$ ....
....	$	$	$	$ ....
....	$	$	$	$ ....
....	$	$	$	$ ....
....	$	$	$	$ ....

* Per AP&P Manual (without permitted or prescribed practices)

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O. SCA Loss Tracking

1 SCA Entity	2 Reporting Entity's Share of SCA Net Income (Loss)	3 Accumulated Share of SCA Net Income (Losses)	4 Reporting Entity's Share of SCA's Equity, Including Negative Equity	5 Guaranteed Obligation / Commitment for Financial Support (Yes / No)	6 SCA Reported Value
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....

NOTE: This disclosure is only required for SCAs in which the reporting entity's share of losses exceeds the investment in an SCA. (The SCA investment is in a negative equity position). This disclosure shall apply beginning in the period the investment in the SCA equity initially falls below zero and shall continue to be disclosed as long as the SCA investment is in a negative equity position. The disclosure is required whenever an investment in an SCA entity is in a negative equity position and in the first year subsequent to the negative equity position in which a positive equity position has been attained.

For Column 6, as detailed in SSAP No. 97, once the reporting entity's share of losses equals or exceeds the investment in the SCA, the SCA shall be reported at zero, with discontinuation of the equity method, unless there is a guaranteed obligation or a commitment for future financial support. If there is a guaranteed obligation or a commitment for future financial support, the guarantee requirement shall be recognized pursuant to SSAP No. 5R, and the reporting entity shall report the investment in the SCA reflecting its share of losses as a contra-asset. ***(Disclosure of the guarantee or commitment would be captured in Note 14 and is not duplicated in this disclosure.)***

11. Debt

Instruction:

A. Disclose the following items related to debt, including capital notes. Refer to *SSAP No. 15—Debt and Holding Company Obligations* for accounting guidance:

(1) Date issued.

(2) Pertinent information concerning the kind of borrowing (e.g., debentures, commercial paper outstanding, bank loans, capital notes and lines of credit).

(3) Face amount of the debt.

(4) Carrying value of debt.

(5) The rate at which interest accrues.

(6) The effective interest rate.

(7) Collateral requirements.

(8) Interest paid in the current year.

(9) A summary of significant debt terms and covenants and any violations.

(10) The combined aggregate amount of maturities and sinking fund requirements for each of the five years following the latest balance sheet presented.

(11) If debt was considered to be extinguished by in-substance defeasance prior to the effective date of this statement and any of the debt remains outstanding, a general description of the transaction and the amount of debt that is considered extinguished at the end of the period.

(12) A description of the terms of reverse repurchase agreements whose amounts are included as part of debt.

B. For FHLB (Federal Home Loan Bank) agreements, the following information shall be disclosed for the general account, protected cell account and the total of the general and protected cell accounts for the current year and prior year-end. (The information in the disclosures shall be presented gross even if a right to offset per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities* exists.)

(1) General description with information on the nature of the agreement, type of borrowing (advances, lines of credit, borrowed money, etc.) and use of the funding.

(2) FHLB Capital Stock

a. Amount of FHLB capital stock held, in aggregate, and classified as follows:

- Membership stock (separated by Class A and Class B)
- Activity Stock
- Excess Stock
- The actual or estimated maximum borrowing capacity as determined by the insurer

Also provide a description of how the borrowing capacity was determined.

b. For membership stock (Class A and Class B), report the amount of FHLB capital stock eligible and not eligible for redemption (for FHLB membership stock to be eligible for redemption, written notification must have been provided to the FHLB prior to the reporting date) and the anticipated time frame for redemption showing:

- Total Current Year
- Not Eligible for Redemption
- Less than 6 months
- 6 months to 1 year
- 1 year to 3 years
- 3 years to 5 years

(3) Collateral Pledged to FHLB

a. Amount (fair value and carrying value) of collateral pledged to the FHLB as of the reporting date and total aggregate borrowing.

b. Maximum amount of collateral (fair value and carrying amount) pledged to the FHLB at any time during the current reporting period and amount borrowed at time of maximum collateral. (Maximum shall be determined on the basis of carrying value, but with fair amount also reported.)

(4) Borrowing from FHLB

a. Aggregate amount of borrowings from the FHLB, reflecting compilation of all advances, loans, funding agreements, repurchase agreements, securities lending, etc., outstanding with the FHLB, and classify whether the borrowing is in substance:

- Debt (*SSAP No. 15—Debt and Holding Company Obligations*)
- A funding agreement (*SSAP No. 52—Deposit-Type Contracts*)
- Other
- Aggregate Total

For funding agreements, report the total reserves established.

b. Report the maximum amount of aggregate borrowings from an FHLB at any time during the current reporting period for:

- Debt (*SSAP No. 15—Debt and Holding Company Obligations*)
- A funding agreement (*SSAP No. 52—Deposit-Type Contracts*),
- Other
- Aggregate Total

c. Disclose whether current borrowings are subject to prepayment penalties for:

- Debt (*SSAP No. 15—Debt and Holding Company Obligations*)
- A funding agreement (*SSAP No. 52—Deposit-Type Contracts*)
- Other

<u>Illustration:</u>

A. 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 __________. 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. 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.

The company does not have any reverse repurchase agreements.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE (LINES 2 THROUGH 4) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THE ILLUSTRATION.

B. FHLB (Federal Home Loan Bank) Agreements

(1) The Company is a member of the Federal Home Loan Bank (FHLB) of _________. Through its membership, the Company has conducted business activity (borrowings) with the FHLB. It is part of the Company's strategy to utilize these funds as_______. (For example backup liquidity, to increase profitability, as tactical funding and/or to improve spread lending liquidity.) The Company has determined the actual/estimated maximum borrowing capacity as $____. The Company calculated this amount in accordance with _______ (e.g., current FHLB capital stock, limitations in the FHLB capital plan, current and potential acquisitions of FHLB capital stock, etc.).

(2) FHLB Capital Stock

a. Aggregate Totals

	1 Total 2+3	2 General Account	3 Protected Cell Accounts
1. Current Year			
(a) Membership Stock – Class A			
(b) Membership Stock – Class B			
(c) Activity Stock			
(d) Excess Stock			
(e) Aggregate Total (a+b+c+d)			
(f) Actual or Estimated Borrowing Capacity as Determined by the Insurer		XXX	XXX
2. Prior Year-end			
(a) Membership Stock – Class A			
(b) Membership Stock – Class B			
(c) Activity Stock			
(d) Excess Stock			
(e) Aggregate Total (a+b+c+d)			
(f) Actual or Estimated Borrowing Capacity as Determined by the Insurer		XXX	XXX

11B(2)a1(f) should be equal to or greater than 11B(4)a1(d)

11B(2)a2(f) should be equal to or greater than 11B(4)a2(d)

b. Membership Stock (Class A and B) Eligible and Not Eligible for Redemption

	1	2	Eligible for Redemption			
			3	4	5	6
Membership Stock	Current Year Total (2+3+4+5+6)	Not Eligible for Redemption	Less Than 6 Months	6 Months to Less Than 1 Year	1 to Less Than 3 Years	3 to 5 Years
1. Class A						
2. Class B						

11B(2)b1 Current Year Total (Column 1) should equal 11B(2)a1(a) Total (Column 1)

11B(2)b2 Current Year Total (Column 1) should equal 11B(2)a1(b) Total (Column 1)

(3) Collateral Pledged to FHLB

a. Amount Pledged as of Reporting Date

	1 Fair Value	2 Carrying Value	3 Aggregate Total Borrowing
1. Current Year Total General and Protected Cell Accounts Total Collateral Pledged (Lines 2+3)			
2. Current Year General Account Total Collateral Pledged			
3. Current Year Protected Cell Accounts Total Collateral Pledged			
4. Prior Year-end Total General and Protected Cell Accounts Total Collateral Pledged			

11B(3)a1 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b1 (Columns 1, 2 and 3, respectively)

11B(3)a2 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b2 (Columns 1, 2 and 3, respectively)

11B(3)a3 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b3 (Columns 1, 2 and 3, respectively)

11B(3)a4 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b4 (Columns 1, 2 and 3, respectively)

b. Maximum Amount Pledged During Reporting Period

	1 Fair Value	2 Carrying Value	3 Amount Borrowed at Time of Maximum Collateral
1. Current Year Total General and Protected Cell Accounts Maximum Collateral Pledged (Lines 2+3)			
2. Current Year General Account Maximum Collateral Pledged			
3. Current Year Protected Cell Accounts Maximum Collateral Pledged			
4. Prior Year-end Total General and Protected Cell Accounts Maximum Collateral Pledged			

(4) Borrowing from FHLB

a. Amount as of the Reporting Date

	1 Total 2+3	2 General Account	3 Protected Cell Account	4 Funding Agreements Reserves Established
1. Current Year				
(a) Debt				XXX
(b) Funding Agreements				
(c) Other				XXX
(d) Aggregate Total (a+b+c)				
2. Prior Year-end				
(a) Debt				XXX
(b) Funding Agreements				
(c) Other				XXX
(d) Aggregate Total (a+b+c)				