L. Restricted Assets

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR TABLES 5L(1) THROUGH 5L(4) 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
	1	2	3	4	5		
Restricted Asset Category	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)
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

Restricted Asset Category		Current Year			
		8	9	Percentage	
		Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	10 Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	11 Admitted Restricted to Total Admitted Assets (d)
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	$	$	..............%	..............%

(c) Column 5 divided by Asset Page, Column 1, Line 28
(d) Column 9 divided by Asset Page, Column 3, Line 28

(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)

Description of Assets	Gross (Admitted & Nonadmitted) Restricted							8	Percentage	
	Current Year					6	7		9	10
	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)	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)m Columns 1 through 7 respectively and Total Line for Columns 8 through 10 should equal 5L(1)m Columns 9 through 11 respectively

(3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

Description of Assets	Gross (Admitted & Nonadmitted) Restricted							8	Percentage	
	Current Year					6	7		9	10
	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)	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)m Columns 1 through 7 respectively and Total Line for Columns 8 through 10 should equal 5L(1)m Columns 9 through 11 respectively

(4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

Collateral Assets	1 Book/Adjusted Carrying Value (BACV)	2 Fair Value	3 % of BACV to Total Assets (Admitted and Nonadmitted *	4 % of BACV to Total Admitted Assets **
General Account:				
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)	$	$	%	%
Protected Cell:				
k. Cash, Cash Equivalents and Short-Term Investments	$	$	.... %	.... %
l. Schedule D, Part 1	....	....	.... %	.... %
m. Schedule D, Part 2, Section 1	....	....	.... %	.... %
n. Schedule D, Part 2, Section 2	....	....	.... %	.... %
o. Schedule B	....	....	.... %	.... %
p. Schedule A	....	....	.... %	.... %
q. Schedule BA, Part 1	....	....	.... %	.... %
r. Schedule DL, Part 1	....	....	.... %	.... %
s. Other			%	%
t. Total Collateral Assets (k+l+m+n+o+p+q+r+s)	$	$	%	%

* j = Column 1 divided by Asset Page, Line 26 (Column 1)
t = Column 1 divided by Asset Page, Line 27 (Column 1)

** j = Column 1 divided by Asset Page, Line 26 (Column 3)
t = Column 1 divided by Asset Page, Line 27 (Column 3)

	1 Amount	2 % of Liability to Total Liabilities *
u. Recognized Obligation to Return Collateral Asset (General Account)	$	%
v. Recognized Obligation to Return Collateral Asset (Protected Cell)	$	%

* u = Column 1 divided by Liability Page, Line 26 (Column 1)
v = Column 1 divided by Liability Page, Line 27 (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. 5GI Securities

Investment	Number of 5GI 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.

P. 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.

Q. 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. Derivatives under *SSAP No. 86—Derivatives*

Disclose the following information by category of derivative financial instrument:

(1) A discussion of the market risk, credit risk and cash requirements of the derivatives.

(2) 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.

(3) 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.

(4) 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.)

(5) 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.

(6) 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.

(7) For derivatives accounted for as cash flow hedges of a forecasted transaction, disclose:

a. 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

b. 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.

(8) 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.

B. Derivatives under *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees* (Life/Fraternal Only)

(1) Discussion of hedged item / hedging instruments and hedging strategy:

- Discussion of hedged item, including information on the guarantees sensitive to interest rate risk, along with information on the designated hedging instruments being used to hedge the risk.

- Discussion of the hedging instruments shall identify whether a hedging instrument is a single instrument or portfolio, as well as information on the hedging strategy (including whether there have been changes in strategy from the prior reporting period, along with detailed information on the changes), and assessment of hedging effectiveness and compliance with the "Clearly Defined Hedging Strategy" of VM-21.

- Identification shall occur on whether the hedged item is intended to be fully hedged under the hedging strategy, or if the strategy is only focused on a portion of the liability characteristics or a portion of the interest rate sensitivity.

- Hedging strategies shall be identified as highly effective or not highly effective.

- If the strategy for a particular hedging relationship excludes a specific component of the gain or loss, or related cash flows, from the assessment of hedge effectiveness, details on the excluded components shall be disclosed.

Note: The narrative discussion for this disclosure shall incorporate a unique identifier for each hedging strategy referenced. Use the same identifier as used for Schedule DB, Part E.

(2) Recognition of gains/losses and deferred assets and liabilities

Provide the following:

Schedule showing the current period amortization, including any accelerated amortization elected by the reporting entity, and the future scheduled amortization of the deferred assets and deferred liabilities.

Information on derivative instruments that were originally captured in SSAP No. 108 and repurposed to be within scope of SSAP No. 86 (or vice versa). If the reporting entity has repurposed derivatives, information on the derivative to reconcile the fair value (realized/unrealized gains or losses) is required. (These disclosures should only be included if open derivatives were reclassified between SSAP No. 86 and SSAP No. 108 – it is expected to be uncommon.)

The amortization of deferred assets and liabilities shall be completed on an annual basis only. Quarterly changes (resulting in new amortization projections) from the recognition of new deferred assets/liabilities shall be shown in the quarterly completion of Schedule DB, Part E.

(3) Hedging Strategies Identified as No Longer Highly Effective

Disclose for hedging strategies no longer identified as highly effective previously captured within scope of SSAP No. 108:

a. Information on the determination of ineffectiveness, including variations from prior assessments resulting in the change from classification as a highly effective hedge.

b. Identification of outstanding hedging instruments previously captured within scope of this standard and subsequently identified as no longer part of a highly effective hedging strategy. (Open derivative transactions no longer captured within the special accounting provision would be subject to the accounting and reporting guidance within SSAP No. 86.) This disclosure shall identify the date in which the domiciliary state was notified that the hedging strategy had been identified by the reporting entity as no longer highly effective.

c. Deferred assets and deferred liabilities previously recognized when the program was highly effective, with a schedule that shows the amortization that would have occurred if the program had remained highly effective, as well as a schedule that details the amortization that will occur as the program is no longer highly effective (maximum five-year timeframe).

d. Disclosure on whether the reporting entity is electing to accelerate amortization (in advance of the remaining scheduled amortization or the maximum five-year timeframe), along with amounts immediately recognized to unrealized gains/losses, and how the election impacts the scheduled amortization.

(4) Hedging Strategies Terminated

Disclose for situations in which the reporting entity has elected to terminate the hedging strategy and/or discontinue the special accounting provisions permitted within SSAP No. 108:

a. The key elements in the reporting entity's decision to terminate, identifying changes in the reporting entity's objectives or perspectives from initial application.

b. Identification of outstanding hedging instruments previously captured within scope of this standard and the accounting impact as a result of the termination/discontinuation. (Open derivative transactions no longer captured within the special accounting provision would be subject to the accounting and reporting guidance within SSAP No. 86.) This disclosure shall identify the date in which the domiciliary state was notified that the hedging strategy or the election to use the special accounting provision in this SSAP had been terminated.

c. Deferred assets and deferred liabilities previously recognized under the hedging strategy and/or program, with a schedule that shows the amortization that would have occurred if the strategy and/or program had remained highly effective, as well as a schedule that details the amortization that will occur with the termination of the strategy and/or program (maximum five-year timeframe).

d. Disclosure on whether the reporting entity is electing to accelerate amortization (in advance of the remaining scheduled amortization or the maximum five-year timeframe), along with amounts immediately recognized to unrealized gains/losses, and the resulting impact to the scheduled amortization.

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.

A. Derivatives under *SSAP No. 86—Derivatives*

(8)

a.

	Fiscal Year		Derivative Premium Payments Due
1.	2020	$	....
2.	2021		....
3.	2022		....
4.	2023		....
5.	Thereafter		....
6.	Total Future Settled Premiums	$	....

b.

		Undiscounted Future Premium Commitments	Derivative Fair Value with Premium Commitments (Reported on DB)	Derivative Fair Value Excluding Impact of Future Settled Premiums
1.	Prior Year	$	$	$ ....
2.	Current Year	$	$	$ ....

B. Derivatives under *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees*

(1) Discussion of hedged item / hedging instruments and hedging strategy:

CDHS #1 – Rider Claims Less Rider Fees in VA Contracts - 50% Rho - 10 Year SL Amortization:

The hedged obligation consists of guaranteed benefits on variable annuity contracts and resembles a long dated put option where claim payment is made whenever account value is less than a guaranteed amount, adjusted for applicable fees. Changes in interest rates impact the present value of future product cash flows (discount rate) as well as the value of investments comprising the account value to be assessed against the guarantee. Under this VM-21 compliant clearly defined hedging strategy (CDHS), interest rate risk may be hedged by a duration matched portfolio of interest sensitive derivatives such as treasury bond forwards, treasury futures, interest rate swaps, interest rate swaptions or treasury future options. The hedging strategy is unchanged from the prior reporting period, and the total return on the designated portfolio of derivatives has been highly effective in covering the established target of 50% of the interest rate risk (rho) of the hedged obligation. Hedge effectiveness is measured in accordance with the requirements outlined under SSAP No. 108 and entails assessment of the total return on the designated portfolio of derivatives against changes in the fair value of the hedged obligation due to interest rate movements on a cumulative basis.

(2) Recognition of gains/losses and deferred assets and liabilities

a. Scheduled Amortization

Amortization Year	Deferred Assets	Deferred Liabilities
1. 2020	....	....
2. 2021	....	....
3. 2022	....	....
4. 2023	....	....
5. 2024	....	....
6. 2025	....	....
7. 2026	....	....
8. 2027	....	....
9. 2028	....	....
10. 2029		
11. Total		

b. Total Deferred Balance * ....

* Should agree to Column 18 of Schedule DB, Part E.

c. Reconciliation of Amortization:

1. Prior Year Total Deferred Balance $ ....
2. Current Year Amortization $ ....
3. Current Year Deferred Recognition $ ....
4. Ending Deferred Balance [1-(2+3)] $ ....

d. Open Derivative Removed from SSAP No. 108 and Captured in Scope of SSAP No. 86

1. Total Derivative Fair Value Change $ ....
2. Change in Fair Value Reflected as a Natural Offset to VM21 Liability under SSAP No. 108 $ ....
3. Change in Fair Value Reflected as a Deferred Asset / Liability Under SSAP No. 108 $ ....
4. Other Changes $ ....
5. Unrealized Gain / Loss Recognized for Derivative Under SSAP No. 86 [1-(sum of 2 through 4)] $ ....

e. Open Derivative Removed from SSAP No. 86 and Captured in Scope of SSAP No. 108

1. Total Derivative Fair Value Change $ ....
2. Unrealized Gain / Loss Recognized Prior to the Reclassification to SSAP No. 108 $ ....
3. Other Changes $ ....
4. Fair Value Change Available for Application under SSAP No. 108 [1-(2+3)] $ ....

(3) Hedging Strategies Identified as No Longer Highly Effective

b. Details of Hedging Strategies Identified as No Longer Highly Effective

Unique Identifier	Date Domiciliary State Notified	Amortization (# of years) 5 or Less	Recognized Deferred Assets	Recognized Deferred Liabilities

c. Amortization

Amortization Year	Recognized Deferred Assets	Recognized Deferred Liabilities	Accelerated Amortization	Original Amortization
1. 2020				
2. 2021				
3. 2022				
4. 2023				
5. 2024				

6. Total Adjusted Amortization ....

(4) Hedging Strategies Terminated

b. Details of Hedging Strategies Terminated

Unique Identifier	Date Domiciliary State Notified	Amortization (# of years) 5 or Less	Recognized Deferred Assets	Recognized Deferred Liabilities

Amortization

Amortization Year	Recognized Deferred Assets	Recognized Deferred Liabilities	Accelerated Amortization	Original Amortization
1. 2020				
2. 2021				
3. 2022				
4. 2023				
5. 2024				

6.Total Adjusted Amortization ....

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, 2c4, 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.

H. Repatriation Transition Tax (RTT)

Reporting entities that are subject to the RTT shall include the following disclosure:

- RTT owed under the Tax Cuts and Jobs Act (TCJA)

- Schedule of payments made and expected future payments to satisfy the RTT liability. This disclosure shall explicitly identify whether the insurance entity has remitted full payment of the RTT, or whether the reporting entity is electing to pay the liability under the permitted installments. If the reporting entity fully remitted the RTT, disclosure of the RTT and the remitted payment is only required in the year-end 2018 financial statements. Reporting entities electing to make installment payments shall include the disclosure beginning in the year-end 2018 financial statements and continuing through the year-end statutory financial statements for the year in which the last installment payment was remitted.

I. Alternative Minimum Tax (AMT) Credit

Reporting entities with an AMT credit shall include the following disclosure:

Identification of whether the AMT credit was recognized as a current year recoverable or Deferred Tax Asset (DTA).

The balance of the AMT credit carryforward as of the beginning of the year; the amount of the AMT credit recovered during the year; other current year adjustments to the AMT credit carryforward; the balance of the AMT credit carryforward at the end of the year; the amount, if any, by which the ending balance has been reduced for sequestration; and the amount, if any, by which the reporting entity has elected to nonadmit. (This disclosure intends to capture any nonadmittance of the AMT Tax Credit by the reporting entity prior to application of the DTA admittance limitations reflected in SSAP No. 101.)

(These disclosures shall be made on an accrual basis beginning in the 2018 year-end statutory financial statements and continuing through the year-end statutory reporting period in which the AMT credit is fully utilized/received.)

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.

	12/31/2019			12/31/2018			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Ordinary	Capital	(Col 1+2) Total	Ordinary	Capital	(Col 4+5) Total	(Col 1-4) Ordinary	(Col 2-5) Capital	(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.

	12/31/2019			12/31/2018			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Ordinary	Capital	(Col 1+2) Total	Ordinary	Capital	(Col 4+5) Total	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
Admission Calculation Components SSAP No. 101									
(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.

	2019	2018
(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.

	12/31/2019		12/31/2018		Change	
	(1)	(2)	(3)	(4)	(5)	(6)
	Ordinary	Capital	Ordinary	Capital	(Col 1-3) Ordinary	(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) 12/31/2019	(2) 12/31/2018	(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.

I. Alternative Minimum Tax Credit

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.

		Amount
(1)	Gross AMT Credit Recognized as:	
	a. Current year recoverable	$ ....
	b. Deferred tax asset (DTA)	$ ....
(2)	Beginning Balance of AMT Credit Carryforward	$ ....
(3)	Amounts Recovered	$ ....
(4)	Adjustments	$ ....
(5)	Ending Balance of AMT Credit Carryforward (5=2-3-4)	$ ....
(6)	Reduction for Sequestration	$ ....
(7)	Nonadmitted by Reporting Entity	$ ....
(8)	Reporting Entity Ending Balance (8=5-6-7)	$ ....

Note: **The disclosure for Nonadmitted by Reporting Entity (Line 7) intends to capture any nonadmittance of the AMT Tax Credit by the reporting entity prior to application of the DTA admittance limitations reflected in SSAP No. 101.**

Reporting Entity Ending Balance (Line 8) reflects the amount of AMT Credit recognized by the reporting entity. This amount may be further reduced by DTA admittance limitations required in SSAP No. 101.

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. Note 10 is primarily for SCA's under SSAP No. 97 but the disclosure for 10O should also be completed of SSAP No. 48 entities. 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 Entities 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 and SSAP No. 48 Entity Loss Tracking

A reporting entity whose share of losses in an SCA or SSAP No. 48 entity exceeds its investment in the SCA or SSAP No. 48 entity shall disclose its share of losses. (This is required regardless of a guarantee or commitment of future financial support to the SCA or SSAP No. 48 entity.) The disclosure shall apply beginning in the period the SCA or SSAP No. 48 entity investment initially falls below zero and shall continue to be disclosed as long as the SCA or SSAP No. 48 entity investment is in a deficit position. Tracking shall cease once the investment in an SCA or SSAP 48 No. entity has been in a surplus position for one annual reporting period.

This disclosure shall include:

- The name of the SCA or SSAP No. 48 entity
- The reporting entity's current period share of SCA or SSAP No. 48 entity net income (loss)
- The reporting entity's accumulated share of SCA or SSAP No. 48 entity losses not recognized during the period that the equity method was suspended
- The reporting entity's share of the SCA or SSAP No. 48 entity equity, including negative equity
- Whether a guaranteed obligation or commitment for financial support exists
- The SCA or SSAP No. 48 entity's reported value

Additionally, the reporting entity shall detail in a narrative disclosure whether losses in the SCA or SSAP No. 48 entity 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.

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 THESE ILLUSTRATIONS.

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

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES (LINES 2) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THESE ILLUSTRATIONS.

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)

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 THESE ILLUSTRATIONS.

O. SCA or SSAP No. 48 Entity Loss Tracking

1 Entity	2 Reporting Entity's Share of Net Income (Loss)	3 Accumulated Share of Net Income (Losses)	4 Reporting Entity's Share of Equity, Including Negative Equity	5 Guaranteed Obligation / Commitment for Financial Support (Yes / No)	6 Reported Value
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....

NOTE: This disclosure is only required for SCA or SSAP No. 48 entities in which the reporting entity's share of losses exceeds the investment in an SCA or SSAP No. 48 entity. (The SCA or SSAP No. 48 entity investment is in a negative equity position). This disclosure shall apply beginning in the period the investment in the SCA or SSAP No. 48 entity equity initially falls below zero and shall continue to be disclosed as long as the SCA or SSAP No. 48 entity investment is in a negative equity position. The disclosure is required whenever an investment in an SCA or SSAP No. 48 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 and SSAP No. 48, once the reporting entity's share of losses equals or exceeds the investment in the SCA or SSAP 48 No. entity, the SCA or SSAP No. 48 entity 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 or SSAP No. 48 entity 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

Illustration:

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 THIS 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			
Membership Stock	Current Year Total (2+3+4+5+6)	Not Eligible for Redemption	3 Less Than 6 Months	4 6 Months to Less Than 1 Year	5 1 to Less Than 3 Years	6 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)				

b. Maximum Amount during Reporting Period (Current Year)

	1 Total 2+3	2 General Account	3 Protected Cell Accounts
1. Debt	....	....	....
2. Funding Agreements	....	....	....
3. Other	....	....	....
4. Aggregate Total (Lines 1+2+3)	....	....	....

11B(4)b4 (Columns 1, 2 and 3) should be equal to or greater than 11B(4)a1(d) (Columns 1, 2 and 3, respectively)

c. FHLB – Prepayment Obligations

	Does the company have prepayment obligations under the following arrangements (YES/NO)?
1. Debt	....
2. Funding Agreements	....
3. Other	....

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans.

The disclosures required for this Note shall be aggregated for all of a reporting entity's defined benefit pension plans and for all of a reporting entity's other defined benefit postretirement plans unless disaggregating in groups is considered to provide useful information or is otherwise required by *SSAP No. 92—Postretirement Benefits Other Than Pensions* or *SSAP No. 102—Pensions*. Disclosures shall be as of the date of each statement of financial position presented. Disclosures about pension plans with assets in excess of the accumulated benefit obligation generally may be aggregated with disclosures about pension plans with accumulated benefit obligations in excess of assets. The same aggregation is permitted for other postretirement benefit plans. If aggregate disclosures are presented, a reporting entity shall disclose:

- The aggregate benefit obligation and aggregate fair value of plan assets for plans with benefit obligations in excess of plan assets as of the measurement date of each statement of financial position presented.
- The aggregate pension accumulated benefit obligation and aggregate fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets.

Refer to *SSAP No. 11—Postemployment Benefits and Compensated Absences*; *SSAP No. 92—Postretirement Benefits Other Than Pensions*; and *SSAP No. 102—Pensions*.

Instruction:

A. Defined Benefit Plan

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

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

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

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

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

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

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

a. Service cost

b. Interest cost

c. Expected return on plan assets for the period

d. Transition asset or obligation

e. Gains and losses

f. Prior service cost or credit

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

h. Total net periodic benefit cost

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

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

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

- Discount rate
- Rate of compensation increase (for pay-related plans)
- Expected long-term rate of return on plan assets
- Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates)

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

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

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

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

(12) If applicable, the amounts and types of securities of the reporting entity and related parties included in plan assets.

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

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

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

(16) An explanation of the following information:

- The reasons for significant gains and losses related to changes in the defined benefit obligation for the period.
- Any other significant change in the benefit obligation or plan assets not otherwise apparent in the other required disclosures in this statement.

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

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

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

Information about plan assets:

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

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

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

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

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

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

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

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

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

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

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

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

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

E. Defined Contribution Plans

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

F. Multiemployer Plans

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

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

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

G. Consolidated/Holding Company Plans

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

H. Postemployment Benefits and Compensated Absences

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

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

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

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

a. The existence of the Act.

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

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

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

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

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

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

<u>Illustration:</u>

A. Defined Benefit Plan

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

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

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

(1) Change in benefit obligation

a. Pension Benefits

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

b. Postretirement Benefits

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

c. Special or Contractual Benefits Per SSAP No. 11

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

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(2) Change in plan assets

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

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(3) Funded status

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

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(4) Components of net periodic benefit cost

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

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

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

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

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

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

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

	20__	20__
a. Weighted-average discount rate		
b. Expected long-term rate of return on plan assets		
c. Rate of compensation increase		
d. Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates)		

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

	20__	20__
e. Weighted-average discount rate		
f. Rate of compensation increase		
g. Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates)		

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

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

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

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

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

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

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

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

C.

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

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

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

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

E. Defined Contribution Plan

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

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

F. Multiemployer Plans

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

G. Consolidated/Holding Company Plans

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

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

(1) Recognition of the existence of the Act

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

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

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

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

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

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

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

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

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

(3) Disclosure of Gross Benefit Payments

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

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

Instruction:

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

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

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

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

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

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

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

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

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

a. Conversion of preferred stock.

b. Employee stock options.

c. Stock purchase warrants

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

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

(11) Surplus Notes

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

a. Date issued

b. Description of the assets received

c. Holder of the note or, if public, the names of the underwriter and trustee

d. Par Value (Face Amount of Note)

e. Carrying value of note

f. The rate at which interest accrues

g. Maturity dates or repayment schedules, if stated

h. Unapproved interest and/or principal

i. Interest and/or principal paid in the current year

j. Total interest and/or principal paid on surplus notes

k. Subordination terms

l. Liquidation preference to the reporting entity's common and preferred shareholders

m. The repayment conditions and restrictions

n. In addition to the above, a reporting entity shall identify all affiliates that hold any portion of a surplus debenture or similar obligation (including an offering registered under the Securities Act of 1933 or distributed pursuant to Rule 144A under the Securities Act of 1933), and any holder of 10% or more of the outstanding amount of any surplus note registered under the Securities Act of 1933 or distributed pursuant to Rule 144A under the Securities Act of 1933.

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

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

Illustration:

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

(2) The Company has no preferred stock outstanding.

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

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

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

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

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

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

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

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

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

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

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

Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note	Interest And/Or Principal Paid Current Year	Total Interest And/Or Principal Paid	Unapproved Interest And/Or Principal	Date of Maturity
1311999	Total		*				XXX

* Total should agree with Page 3, Line 33.

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

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

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

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

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

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

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

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

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

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

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

	Change in Year Surplus	Change in Gross Paid-in and Contributed Surplus
2008	$ ____________	$ ____________
2007	$ ____________	$ ____________
2006	$ ____________	$ ____________
etc.		

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

14. Liabilities, Contingencies and Assessments

Instruction:

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

A. Contingent Commitments

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

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

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

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

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

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

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

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

B. Assessments

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

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

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

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

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

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

C. Gain Contingencies

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

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

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

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

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

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

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

E. As product warranties are excluded from the initial recognition and initial measurement requirements for guarantees under *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*, a guarantor is not required to disclose the maximum potential amount of future payments. Instead the guarantor is required to disclose for product warranties the following information:

(1) The guarantor's accounting policy and methodology used in determining its liability for product warranties (Including any liability associated with extended warranties).

(2) A tabular reconciliation of the changes in the guarantor's aggregate product warranty liability for the reporting period. That reconciliation should present the beginning balance of the aggregate product warranty liability, the aggregate reductions in that liability for payments made (in cash or in kind) under the warranty, the aggregate changes in the liability for accruals related to product warranties issued during the reporting period, the aggregate changes in the liability for accruals related to preexisting warranties (including adjustments related to changes in estimates), and the ending balance of the aggregate product warranty liability.

F. Joint and Several Liabilities

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

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

G. All Other Contingencies

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

<u>Illustration:</u>

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

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

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(2)

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

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

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

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(3)

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

B. Assessments

(1)

Where Amount is Unknown

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

Where Amount is Known (Retrospective Example)

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

Where Amount is Known (Prospective Example)

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

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(2)

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

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

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(3)

a. Discount Rate Applied .... %

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

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

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

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

C. Gain Contingencies

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

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

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

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

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

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

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

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

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E. Product Warranties

(2) Reconciliation of aggregate product warranty liability

a. Product warranty liability beginning balance	$
b. Reductions for payments made under the warranty	
c. Liability accrual for product warranties issued during the current period	
d. Change in liability accrual for product warranties issued in previous periods	
e. Product warranty liability ending balance	$

G. All Other Contingencies

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

15. Leases

Instruction:

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

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

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

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

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

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

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

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

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

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

(3) For sale-leaseback transactions:

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

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

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

(1) For operating leases:

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

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

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

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

(2) For leveraged leases:

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

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

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

Illustration:

A. Lessee Operating Lease

(1)

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

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

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(2)

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

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

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

B. Lessor Leases

(1) Operating Leases

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

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

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

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

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

(2) Leveraged Leases

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

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

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

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

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

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

Instruction:

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

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

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

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

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

Illustration:

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

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

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

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

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

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

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

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

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

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

<u>Instruction:</u>

A. Transfers of Receivables Reported as Sales

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

(1) The proceeds to the transferor.

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

B. Transfer and Servicing of Financial Assets

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

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

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

(2) For all servicing assets and servicing liabilities:

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

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

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

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

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

a. The beginning and ending balances.

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

c. Disposals.

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

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

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

a. For each income statement presented:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) Disclose any transfers of receivables with recourse.

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

a. Securities subject to dollar repurchase agreements.

b. Securities subject to dollar reverse repurchase agreements.

C. Wash Sales

A reporting entity shall disclose the following information for wash sales, as defined in *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, involving transactions for securities with an NAIC designation of 3 or below, or that do not have an NAIC designation, excluding all cash equivalents, derivative instruments and short-term investments with credit assessments equivalent to an NAIC 1 or 2 designation. This disclosure shall be included in the financial statements for when the investment was initially sold. For example, if the investment was sold on Dec. 20, 2018, and reacquired on Jan. 10, 2019, the transaction shall be captured in the wash sale disclosure included in the year-end 2018 financial statements. (The disclosures shall be made for the current quarter in the quarterly statement, and for the year in the annual statement.)

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

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

Include

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

Illustration:

A. Transfers of Receivables Reported as Sales

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

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

C. Wash Sales

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

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

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

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

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

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

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

Instruction:

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

A. ASO Plans

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

For the total and each category separately provide:

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

B. ASC Plans

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

For the total and each category separately provide:

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

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

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

(1) Major components of revenue by payor.

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

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

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

Illustration:

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

A. ASO Plans

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

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

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

B. ASC Plans

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

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

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

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

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

ABC Company	$ ______________
XYZ Company	$ ______________

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

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

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

Instruction:

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

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

Illustration:

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

* Authority Codes Sample Listing:

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

20. Fair Value Measurements

Instruction:

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

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

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

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

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

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

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

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

c. The amounts of any transfers into or out of Level 3 and the reasons for those transfers. Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.

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

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

b. The beginning of the reporting period.

The end of the reporting period.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- If the investment that can never be redeemed with the investees, but the reporting entity receives distributions through the liquidation of the underlying assets of the investees, the period of time over which the underlying assets are expected to be liquidated by the investees if the investee has communicated the timing to the reporting entity or announced the timing publicly. If the timing is unknown, the reporting entity shall disclose that fact.

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

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

- The circumstances in which an otherwise redeemable investment in the class (or a portion thereof) might not be redeemable (e.g., investments subject to a lock up or gate). Also, for those otherwise redeemable investments that are restricted from redemption as of the reporting entity's measurement date, the reporting entity shall disclose when the restriction from redemption might lapse if the investee has communicated that timing to the reporting entity or announced the timing publicly. If the timing is unknown, the reporting entity shall disclose that fact and how long the restriction has been in effect.

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

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

Illustration:

A.

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(1) Fair Value Measurements at Reporting Date

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

Separate account assets	$	$	$	$	$
Total assets at fair value/NAV	$	$	$	$	$
b. Liabilities at fair value					
Derivative liabilities	$	$	$	$	$

Total liabilities at fair value	$	$	$	$	$

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

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

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

Example Footnotes:

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

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

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

(4)

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

Yield: XX percent.

Probability of default: XX percent constant default rate.

Loss severity: XX percent.

Prepayment: XX percent constant prepayment rate.

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C.

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

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

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

D. Not Practicable to Estimate Fair Value

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

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

21. Other Items

Instruction:

A. Unusual or Infrequent Items

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

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

B. Troubled Debt Restructuring: Debtors

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

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

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

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

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

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

C. Other Disclosures

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

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

D. Business Interruption Insurance Recoveries

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

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

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

E. State Transferable and Non-transferable Tax Credits

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

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

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

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

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

F. Subprime-Mortgage-Related Risk Exposure

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

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

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

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

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

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

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

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

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

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

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

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

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

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

G. Insurance-Linked Securities (ILS) Contracts

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

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

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

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

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

II. The Amount That Could Be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or Has Otherwise Obtained Rights to Control the Policy

Disclose the amount of the aggregate cash surrender value that is within investment vehicles and percentage by the following investment category:

- Bonds
- Stocks
- Mortgage Loans
- Real Estate
- Cash and Short-Term Investments
- Derivatives
- Other Invested Assets *

* Investments in private funds/hedge funds shall be reported as other invested assets

Illustration:

A. Unusual or Infrequent Items

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

B. Troubled Debt Restructuring

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

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

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

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

C. Other Disclosures

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

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

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

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

E. State Transferable and Non-transferable Tax Credits

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

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

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

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

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

(3) Impairment Loss

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

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(4) State Tax Credits Admitted and Nonadmitted

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

F. Subprime-Mortgage-Related Risk Exposure

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

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

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

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

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

(3) Direct exposure through other investments.

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

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

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

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

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

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.

G. Insurance-Linked Securities (ILS) Contracts

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

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

H. The Amount That Could Be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or Has Otherwise Obtained Rights to Control the Policy

(1) Amount of admitted balance that could be realized that could be realized from an investment vehicle $ __________
(2) Percentage Bonds __________%
(3) Percentage Stocks __________%
(4) Percentage Mortgage Loans __________%
(5) Percentage Real Estate __________%
(6) Percentage Cash and Short-Term Investments __________%
(7) Percentage Derivatives __________%
(8) Percentage Other Invested Assets __________%

22. Events Subsequent

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

Instruction:

Subsequent events shall be considered either:

Type I – Recognized Subsequent Events:

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

Type II – Nonrecognized Subsequent Events:

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

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

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

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

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

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

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

Illustration:

Type I – Recognized Subsequent Events:

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

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

Type II – Nonrecognized Subsequent Events:

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

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

On January, 1, 2020, the Company will be subject to an annual fee under Section 9010 of the federal Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2019, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2020, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2020 to be $_____. This amount is reflected in special surplus. This assessment is expected to impact risk-based capital (RBC) by ____. Reporting the ACA assessment as of December 31, 2019, would not have triggered an RBC action level.

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

		Current Year	Prior Year
A.	Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the federal Affordable Care Act (YES/NO)?	____________	
B.	ACA fee assessment payable for the upcoming year	$ ____________	$ ____________
C.	ACA fee assessment paid	$ ____________	$ ____________
D.	Premium written subject to ACA 9010 assessment	$ ____________	$ ____________
E.	Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 28)	$ ____________	
F.	Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 28 minus 22B above)	$ ____________	
G.	Authorized Control Level (Five-Year Historical Line 29)	$ ____________	
H.	Would reporting the ACA assessment as of December 31, 2019, have triggered an RBC action level (YES/NO)?	____________	

23. Reinsurance

Instruction:

A. Unsecured Reinsurance Recoverables

If the company has with any individual reinsurers (authorized, unauthorized or certified), an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses, and unearned premium that exceeds 3% of the company's policyholder surplus, list each individual reinsurer and the unsecured aggregate recoverable pertaining to that reinsurer. If the individual reinsurer is part of a group, list the individual reinsurers, each of its related group members having reinsurance with the reporting company, and the total unsecured aggregate recoverables for the entire group.

Include: The NAIC group code number, where appropriate, and the Federal Employer Identification Number for each individual company.

B. Reinsurance Recoverable in Dispute

Reinsurance recoverable on paid and unpaid (including IBNR) losses in dispute by reason of notification, arbitration or litigation shall be identified in the schedule if the amounts in dispute from any company (and/or affiliate) exceeds 5% of the ceding company's policyholder's surplus or if the aggregate of all disputed items exceeds 10% of the ceding company's policyholders surplus. "Notification" means a formal written communication from a reinsurer denying the validity of coverage. Funds held under reinsurance arrangements should not be used to reduce reinsurance recoverables in dispute.

C. Reinsurance Assumed and Ceded

(1) Report the maximum amount of return commission that would have been due reinsurers if they or you had canceled all of your company's reinsurance or if you or a receiver had canceled all of your company's insurance assumed as of the end of the period covered by this annual statement with the return of the unearned premium reserve. Equity amounts should be computed by applying the fixed or provisional commission rate for each contract to the unearned premium reserve.

(2) Report the additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements.

(3) Disclose the types of risks attributed to each of the company's protected cells, the ultimate amount of exposures covered, and the fair value of the underlying assets as of the annual statement date for each of the company's protected cells.

D. Uncollectible Reinsurance

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

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

E. Commutation of Ceded Reinsurance

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

(1) Losses incurred
(2) Loss adjustment expenses incurred
(3) Premiums earned
(4) Other

F. Retroactive Reinsurance

(1) Provide the following information for all retroactive reinsurance agreements that transfer liabilities for losses that have already occurred and that will generate special surplus transactions:

a. Reserves transferred.
   1. Initial Reserves
   2. Adjustments – Prior Year(s)
   3. Adjustments – Current Year
   4. Current Total

b. Consideration paid or received.
   1. Initial Consideration
   2. Adjustments – Prior Year(s)
   3. Adjustments – Current Year
   4. Current Total

c. Paid losses reimbursed or recovered.
   1. Prior Year(s)
   2. Current Year
   3. Current Total

d. Special surplus from retroactive reinsurance.
   1. Initial Surplus Gain or Loss
   2. Adjustments – Prior Year(s)
   3. Adjustments – Current Year
   4. Current Year Restricted Surplus
   5. Cumulative Total Transferred to Unassigned Funds

e. A list of all cedents and reinsurers included in items a through d showing the assumed and ceded amounts.

f. List the total Paid Loss/LAE amounts recoverable (for authorized, unauthorized and certified reinsurers), any amounts more than 90 days overdue (for authorized, unauthorized and certified reinsurers) and for amounts recoverable the collateral held (for unauthorized and certified reinsurers).

The insurer (assuming or ceding) shall assign a unique number to each retroactive reinsurance agreement and shall utilize this number for as long as the agreement exists. Do not report transactions utilizing deposit accounting in this note.

G. Reinsurance Accounted for as a Deposit

Describe all reinsurance agreements that have been accounted for as deposits, including the disclosure of any adjustment of the amounts initially recognized for expected recoveries. The individual components of the adjustment (e.g., interest accrual, change due to a change in estimated or actual cash flow) shall be disclosed separately.

H. Disclosures for the Transfer of Property and Casualty Run-off Agreements

(1) Disclose if the reporting entity has entered into any agreements which have been approved by their domiciliary regulator and have qualified pursuant to *SSAP No. 62R—Property and Casualty Reinsurance* to receive P&C Run-off Accounting Treatment.

(2) If affirmative, provide a description of the agreement and the amount of consideration paid and liabilities transferred.

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

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

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

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

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

b. Disclose impact to the reporting entity as a result of the assuming entity's downgrade or revocation of certified reinsurer status. This amount can be estimated if applicable for quarterly reporting but should be an actual amount for annual reporting. See *SSAP No. 62R—Property and Casualty Reinsurance* for additional guidance.

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

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

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

- Date of downgrade or revocation and jurisdiction of action;
- Collateral percentage requirements pre and post downgrade or revocation;
- Net ceded recoverable subject to collateral;
- Additional collateral required but not yet funded by the reporting entity as of the filing date.

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

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

The financial statements shall disclose the following with respect to retroactive reinsurance agreements covering asbestos and pollution liabilities which qualify for reinsurer aggregation in accordance with *SSAP No. 62R—Property and Casualty Reinsurance*:

(1) A description of the significant terms of the retroactive reinsurance agreement, including established limits and collateral, and

(2) The amount of unexhausted limit as of the reporting date.

To the extent that the domestic state insurance department approves the use of the retroactive contract covering asbestos and pollution liabilities as an acceptable form of security related to the original reinsurers under the applicable provisions of the state's credit for reinsurance law, the use of such discretion shall be disclosed in the annual statement Note 1 (see example below) as a prescribed or permitted practice. In addition, Note 1 shall disclose as part of the total impact on the provision for reinsurance the impact on the overdue aspects of the calculation if the reporting entity also receives commissioner approval pursuant to *SSAP No. 62R—Property and Casualty Reinsurance* related to overdue paid amounts (both authorized and unauthorized).

Example Disclosure for Note 1:

The (state of domicile) department of insurance has approved the use of a retroactive reinsurance contract with ABC Reinsurance Company covering asbestos and pollution liabilities in accordance with the provisions *SSAP No. 62R—Property and Casualty Reinsurance* and the commissioners discretion under the credit for reinsurance model law to approve the use of other collateral acceptable to the commissioner regarding the original unauthorized reinsurers. The use of these two permissions allows the reporting entity to substitute original reinsurer balances on Schedule F based on the timeliness of the pay status of the retroactive counterparty. The use of other acceptable collateral and the use of the pay status of the retroactive counterparty have reduced the provision for reinsurance. The total reduction of the provision for reinsurance is $________. Accordingly, the Supplemental Schedule for Reinsurance Counterparty Reporting Exception – Asbestos and Pollution Contracts detailing the balances of the original reinsures has been completed.

<u>Illustration</u>:

A. Unsecured Reinsurance Recoverables

The Company does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with any individual reinsurers, authorized or unauthorized, that exceeds 3% of the Company's policyholder surplus.

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B. Reinsurance Recoverable in Dispute

Name of Reinsurer	Total Amount in Dispute (Including IBNR)	Notification	Arbitration	Litigation
A–Reinsurer	$ ______	$ ______	$ ______	$ ______
B–Reinsurer	$ ______	$ ______	$ ______	$ ______
C–Reinsurer	$ ______	$ ______	$ ______	$ ______

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C. Reinsurance Assumed and Ceded

(1)

		Assumed Reinsurance		Ceded Reinsurance		Net	
		Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a.	Affiliates	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______
b.	All Other	______	______	______	______	______	______
c.	TOTAL	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______
d.	Direct Unearned Premium Reserve			$ ______			

Line (c) of Ceded Reinsurance Premium Reserve Column must equal Page 3, Line 9, first inside amount.

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

(2) Certain additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements is accrued as follows:

REINSURANCE

		Direct	Assumed	Ceded	Net
a.	Contingent Commission	$ ______	$ ______	$ ______	$ ______
b.	Sliding Scale Adjustments	$ ______	$ ______	$ ______	$ ______
c.	Other Profit Commission Arrangements	$ ______	$ ______	$ ______	$ ______
d.	TOTAL	$ ______	$ ______	$ ______	$ ______

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(3)

Protected Cell Name	Covered Exposure	Ultimate Exposure Amount	Fair Value of Assets as of December 31	Initial Contact Date of Securitization Instrument	Maturity Date of Securitized Instrument
Alpha Protected Cell	Southeast Wind	$500,000,000	$504,638,850	June 1, 20[illegible]	February 1, 2000
Total	XXX	$500,000,000	$504,638,850	XXX	XXX

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D. Uncollectible Reinsurance

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

a. Losses incurred $ ____________

b. Loss adjustment expenses incurred $ ____________

c. Premiums earned $ ____________

d. Other $ ____________

e. Company	Amount
XYZ	$ ____________
ZYX	$ ____________

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E. Commutation of Ceded Reinsurance

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

(1) Losses incurred $ ____________

(2) Loss adjustment expenses incurred $ ____________

(3) Premiums earned $ ____________

(4) Other $ ____________

(5) Company	Amount
XYZ	$ ____________
ZYX	$ ____________

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F. Retroactive Reinsurance

(1)

	Reported Company	
As:	Assumed	Ceded
a. Reserves Transferred:		
1. Initial Reserves	$ ________	________
2. Adjustments – Prior Year(s)	________	________
3. Adjustments – Current Year	________	________
4. Current Total	$ ________	$ ________
b. Consideration Paid or Received:		
1. Initial Consideration	$ ________	$ ________
2. Adjustments – Prior Year(s)	________	________
3. Adjustments – Current Year	________	________
4. Current Total	$ ________	$ ________
c. Paid Losses Reimbursed or Recovered:		
1. Prior Year(s)	$ ________	$ ________
2. Current Year	________	________
3. Current Total	$ ________	$ ________
d. Special Surplus from Retroactive Reinsurance:		
1. Initial Surplus Gain or Loss	$ ________	$ ________
2. Adjustments – Prior Year(s)	________	________
3. Adjustments – Current Year	________	________
4. Current Year Restricted Surplus	________	________
5. Cumulative Total Transferred to Unassigned Funds	$ ________	$ ________

e. All cedents and reinsurers involved in all transactions included in summary totals above:

Company	Assumed Amount	Ceded Amount
________	$ ________	$ ________
________	________	________
________	________	________
________	________	________
Total	$ ________ *	$ ________ *

* Total amounts must agree with totals in a.4 above. Include the NAIC Company Code or Alien Insurer Identification Number for each insurer listed.

f. Total Paid Loss/LAE amounts recoverable (for authorized, unauthorized and certified reinsurers), any amounts more than 90 days overdue (for authorized, unauthorized and certified reinsurers), and for amounts recoverable the collateral held (for authorized, unauthorized and certified reinsurers) as respects amounts recoverable from unauthorized reinsurers:

1. Authorized Reinsurers

Company	Total Paid/Loss/LAE Recoverable	Amounts Over 90 Days Overdue
	$	$
Total	$	$

2. Unauthorized Reinsurers

Company	Total Paid/Loss/LAE Recoverable	Amounts Over 90 Days Overdue	Collateral Held
		$	$
Total	$	$	$

3. Certified Reinsurers

Company	Total Paid/Loss/LAE Recoverable	Amounts Over 90 Days Overdue	Collateral Held
		$	$
Total	$	$	$

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

G. Reinsurance Accounted for as a Deposit

The company entered into a reinsurance agreement determined to be of a deposit-type nature on November 1, 20__. Upon inception of the contract, the company recorded a deposit asset of $1,000 and the assuming company, a $1,000 deposit liability. At the reporting date, the company had a remaining deposit balance of $331, after taking into account interest income of $18 and cash recoveries of $175 realized in the year reported. The company reevaluated the effective yield of the deposit asset in 20__ and determined that effective yield was more appropriately stated at 3.63%.

Description	Interest Income	Cash Recoveries	Deposit Balance
Initial Payment			$ 1,000
Year 1 (4%)	$ 40		$ 1,040
End of Year 20___		$ (225)	$ 815
Year 2 (4%)	$ 33		$ 848
End of Year 20___		$ (200)	$ 648
Yield Adjustment	$ (8)		$ 640
Year 3 (3.63%)	$ 23		$ 663
End of Year 20___		$ (175)	$ 488
Year 4 (3.63%)	$ 18		$ 506
End of Year 20___		$ (175)	$ 331

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

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

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

a.

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

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

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

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

a.

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

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

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

(1) In 2012, the Company entered into a retroactive loss portfolio transfer reinsurance agreement with ABC Reinsurance Company, which provides coverage up to a limit of $100 million for asbestos and pollution exposures. ABC Reinsurance Company also administers claims and pursues amounts recoverable from prior reinsurers with respect to paid losses and loss adjustment expenses. To the extent that the prior reinsurers pay, the amounts are collected and retained by ABC Reinsurance Company. Schedule F reflects counterparty substitution of ABC Reinsurer in place of original reinsurance counterparties. The Schedule F Supplemental Schedule for Counterparty Reporting Exception – Asbestos and Pollution Exposures details all substituted amounts including amounts that have been paid by ABC Reinsurance Company and are recoverable from prior reinsurers. ABC Reinsurance Company maintains funds in trust for the remaining limits on the contract.

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

(2) The amount of unexhausted limit as of the reporting date.

Name of Reinsurer	Amount of Unexhausted Limit
....	$ ....
....	$ ....
....	$ ....
....	$ ....

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Instruction:

A. Disclose the method used by the reporting entity to estimate accrued retrospective premium adjustments. (See Illustrations 1 and 2.)

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

C. Disclose the amount of net premiums written that are subject to retrospective rating features, as well as the corresponding percentage to total net premiums written. (See Illustrations 1 and 2.)

This disclosure should include all business that is subject to the accounting guidance provided in SSAP No. 66 (including business that is subject to medical loss ratio rebate requirements pursuant to the Public Health Service Act). (See Illustration 3)

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

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

E. Disclose the calculation of nonadmitted retrospective premium. Include an appropriate exhibit. (See Illustration 4.)

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

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

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

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

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

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

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

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

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

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

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

(5) ACA Risk Corridors Receivable as of Reporting Date

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

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

Illustration 1:

A. The Company estimates accrued retrospective premium adjustments through the review of each individual retrospectively rated risk, comparing case basis loss development with that anticipated in the policy contract to arrive at the best estimate of return or additional retrospective premium.

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

C. See Schedule P, Part 7A.

Illustration 2:

A. The Company estimates accrued retrospective premium adjustments by using the application of historical ratios of retrospective rated premium development to standard earned premium to develop a ratio. This ratio is then applied to those policies for which no retrospective calculation has been recorded or for which future retrospective premium adjustments are expected.

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

C. See Schedule P, Part 7A.

Illustration 3:

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

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

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

Illustration 4:

E.

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) For Ten Percent (10%) Method of Determining Nonadmitted Retrospective Premium

Ten percent of the amount of accrued retrospective premiums not offset by retrospective return premiums, other liabilities to the same party (other than loss and loss adjustment expense reserves), or collateral as permitted by *SSAP No. 66—Retrospectively Rated Contracts* has been nonadmitted.

a.	Total accrued retro premium	$ ____________
b.	Unsecured amount	____________
c.	Less: Nonadmitted amount (10%)	____________
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	____________
e.	Admitted amount (a) – (c) – (d)	$ ____________

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

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

(2) For Quality Rating Method of Determining Nonadmitted Retrospective Premium

During 20__, The Company received permission from its domiciliary insurance commissioner to change its method of determining nonadmitted retrospective premium. For the year ended December 31, 20__, the amount of accrued retrospective premiums not offset by retrospective return premiums, other liabilities to the same party (other than loss and loss expense reserves) or collateral as permitted by the *SSAP No. 66—Retrospectively Rated Contracts* has been nonadmitted based on quality rating of the insured. A summary by quality rating is as follows:

	Insured's Current Quality Rating	(1) Total Amount	(2) Unsecured Balances	%	(3) Nonadmitted Amount (2) x %	(4) Admitted Amount (1) – (3)
a.	1	$ ________	$ ________	1%	$ ________	$ ________
b.	2	________	________	2%	________	________
c.	3	________	________	5%	________	________
d.	4	________	________	10%	________	________
e.	5	________	________	20%	________	________
f.	6	________	________	100%	________	________
g.	Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted				________	________
h.	Total (a) through (f) – (g)	$ ________	$ ________		$ ________	$ ________

(to page 2)

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

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

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

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

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

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

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

c. Temporary ACA Risk Corridors Program

Assets

1. Accrued retrospective premium due to ACA Risk Corridors Liabilities $ __________
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors $ __________

Operations (Revenue & Expense)

3. Effect of ACA Risk Corridors on net premium income (paid/received) $ __________
4. Effect of ACA Risk Corridors on change in reserves for rate credits $ __________

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

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

Explanations of Adjustments

A ....

B ....

C ....

D ....

E ....

F ....

G ....

H ....

I ....

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

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

Explanations of Adjustments

A ....

B ....

C ....

D ....

E ....

F ....

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

(5) ACA Risk Corridors Receivable as of Reporting Date

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

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

25. Changes in Incurred Losses and Loss Adjustment Expenses

Instruction:

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

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

Illustration:

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

26. Intercompany Pooling Arrangements

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

Instruction:

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

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

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

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

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

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

F. Description of intercompany sharing, if other than in accordance with the pool participation percentage, of the Provision for Reinsurance (Schedule F, Part 3) and the write-off of uncollectible reinsurance.

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

27. Structured Settlements

Instruction:

A. Disclose the amount of reserves no longer carried by the reporting entity because it has purchased annuities with the claimant as payee and to the extent to which the reporting entity is contingently liable for such amounts should the issuers of the annuities fail to perform under the terms of the annuities.

B. Disclose the name and location of the insurance company and the aggregate statement value of annuities due from any life insurer to the extent that the aggregate value of those annuities equals or exceeds 1% of policyholders' surplus. Include only annuities for which the company has not obtained a release of liability from the claimant as a result of the purchase of an annuity. Also, disclose whether the life insurers are licensed in the company's state of domicile.

Illustration:

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES (A & B) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

A.

Loss Reserves Eliminated by Annuities	Unrecorded Loss Contingencies
$	$

B.

Life Insurance Company and Location	Licensed in Company's State of Domicile Yes/No	Statement Value (i.e., Present Value) of Annuities
		$
		$
		$

28. Health Care Receivables

Instruction:

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

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

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

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

Illustration:

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

A. Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2019	$ 150	$ 147			
9/30/2019	130	133	$ 62		
6/30/2019	142	143	70	$ 55	
3/31/2019	157	152	65	42	$ 20
12/31/2018	125	132	[illegible]	27	20
9/30/2018	123	129	62	31	14
6/30/2018	112	120	54	20	16
3/31/2018	110	118	57	39	20
12/31/2017	68	75	34	20	10
9/30/2017	60	[illegible]	27	17	10
6/30/2017	57	60	31	15	10
3/31/2017	45	50	25	18	7

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

B. Risk-Sharing Receivables

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable Not Yet Billed	Actual Risk Sharing Amounts Received in Year Billed	Actual Risk Sharing Amounts Received First Year Subsequent	Actual Risk Sharing Amounts Received Second Year Subsequent	Actual Risk Sharing Amounts Received All Other
2019	2019	$ 245	$ 237	$ 155	$ 77	$ 0			
	2020	XXX	$ 189	XXX	XXX	XXX	XXX		
2018	2018	$ 223	$ 225	$ 232	$ 0	$ 0	$ 140		
	2019	XXX	$ 245	XXX	XXX	XXX	XXX	XXX	XXX
2017	2017	$ 190	$ 178	$ 174	$ 0	$ 0	$ 125	$ 50	
	2018	XXX	$ 223	XXX	XXX	XXX	XXX	XXX	XXX

29. Participating Policies

Instruction:

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

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

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

Illustration:

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

30. Premium Deficiency Reserves

Instruction:

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

Illustration:

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

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

31. High Deductibles

Instruction

SSAP No. 65—Property and Casualty Contracts does not define what a high deductible policy is. The definition of what is a high deductible policy should be that used by state.

A. The financial statements shall disclose the following related to high deductible policies:

- Gross (of high deductible) amount of loss reserves, unpaid by line of business.

  NOTE: The reference to the "gross loss reserves" normally only includes direct business (excluding reinsurance) because amounts below the deductible are rarely ceded to external reinsurers. However, if amounts under the high deductible layer are not retained by the ceding insurer under either external or internal reinsurance arrangements such as intercompany pools, the "gross (of high deductible) amount of loss reserves" should reflect amounts net of such reinsurance.

- The amount of reserve credit that has been recorded for high deductible on unpaid claims and the amounts that have been billed and are recoverable on paid claims, by line of business and the total of these two numbers.

- Related to amounts that have been billed and are recoverable on paid claims.

  - ❖ Paid recoverable amounts that are over 90 days overdue and

  - ❖ The amounts nonadmitted (per paragraph 3[illegible]

- Total collateral pledged to the reporting entity related to deductible and paid recoverables.

  - ❖ The amount of collateral on balance sheet and

  - ❖ The amount of collateral off balance sheet.

- The total amount of unsecured high deductible amounts related to unpaid claims and for paid recoverables and the total percentage that is unsecured.

- Highest ten unsecured high deductible amounts by counterparty ranking. Note that the counterparty does not have to be named, just amount by counterparty 1, counterparty 2, etc. For this purpose, a group of entities under common control shall be regarded as a single customer.

  NOTE: The disclosure is trying to capture total counterparty risk to the policyholder. Therefore, the total amount of deductible that is netted from the reserve and the billed recoverable from the policyholder should be the reported.

B. Unsecured High Deductible Recoverables: If the individual obligor is part of a group under the same management or control, such as a professional employer organization (PEO), list the individual obligors, and its related group members, and the total unsecured aggregate recoverables on high deductible policies for the entire group that are greater than 1% of capital and surplus. For this purpose, a group of entities under common control shall be regarded as a single customer.

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.

A. Reserve Credit Recorded on Unpaid Claims and Amount Billed and Recoverable on Paid Claims for High Deductibles

(1) Counter Party Exposure Recorded on Unpaid Claims and Billed Recoverables on Paid Claims

Annual Statement Line of Business (ASL)		3	4	5	6
1 ASL #	2 ASL Description	Gross (of High Deductible) Loss Reserves	Reserve Credit for High Deductibles	Billed Recoverables on Paid Claims	Total High Deductibles and Billed Recoverables (Col 4 + Col 5)
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....
Total					

(2) Unsecured Amounts of High Deductibles

a. Total high deductibles and billed recoverables on paid claims (should equal total line for Column 6 for A(1) above) $ ....

b. Collateral on balance sheet (must be equal to or greater than zero) $ ....

c. Collateral off balance sheet (must be equal to or greater than zero) $ ....

d. Total unsecured deductibles and billed recoverables on paid claims d=a-(b+c) (must be equal to or greater than zero) $ ....

e. Percentage unsecured ....%

(3) High Deductible Recoverables Amounts on Paid Claims

a. Amount of overdue nonadmitted (either due to aging or collateral) $ ....

b. Total over 90 days overdue admitted $ ....

c. Total overdue (a+b) $ ....

(4) The Deductible Amounts for the Highest Ten Unsecured High Deductible Policies

Counterparty Ranking	Top Ten Unsecured High Deductibles Amounts
Counterparty 1	$ ....
Counterparty 2	$ ....
Counterparty 3	$ ....
Counterparty 4	$ ....
Counterparty 5	$ ....
Counterparty 6	$ ....
Counterparty 7	$ ....
Counterparty 8	$ ....
Counterparty 9	$ ....
Counterparty 10	$ ....

Note: The counterparty is not named, just amount by counterparty 1, counterparty 2, etc. For this purpose, a group of entities under common control shall be regarded as a single customer.

B. Unsecured High Deductible Recoverables for Individual Obligors Part of a Group Under the Same Management or Control Which Are Greater Than 1% of Capital and Surplus. For this purpose, a group of entities under common control shall be regarded as a single customer.

(1) Total Group Unsecured Aggregate Recoverable

Group Name	Total Unsecured Aggregate Recoverable
....,	$,...........................
....	$ ....
....	$ ....
....	$ ....
....	$ ....

(2) Obligors and Related Members in the Group

Group Name	Obligors and Related Group Members
....,	....,
....	....
....	....
....	....
....	....

32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

Instruction:

State whether or not any of the liabilities for unpaid losses or unpaid loss adjustment expenses are discounted, including liabilities for Workers' Compensation. If the company is required to respond to this note in the affirmative for non-tabular discounting, it must also respond in the affirmative to Schedule P Interrogatory 4, and complete Columns 32 and 33 of Part 1, Part 1A, etc., of Schedule P.

If the answer is in the affirmative, furnish the following information for each line of business affected:

A. If a tabular basis is used:

- Identify table used.
- Rate(s) used to discount.
- The amount of discounted liability reported in the financial statements.
- The amount of tabular discount, disclosed by line of business and reserve category (i.e., case and IBNR).
- The amount of interest accretion recognized in the Statement of Income.
- The line item(s) in the Statement of Income in which the interest accretion is classified.

Definition of Tabular Reserves:

Tabular reserves by accident year are indemnity reserves that are calculated using discounts determined with reference to actuarial tables that incorporate interest and contingencies such as mortality, remarriage, inflation, or recovery from disability applied to a reasonably determinable payment stream. This definition shall not include medical loss reserves or any loss adjustment expense reserves.

B. If a non-tabular basis is used:

- Rate(s) used to discount and the basis for the rate(s) used.
- Amount of non-tabular discount disclosed by line of business and reserve category (i.e., case, IBNR, Defense & Cost Containment Expense and Adjusting & Other Expense).
- The amount of non-tabular discounted liability reported in the annual statement.

C. If the rate(s) used to discount prior accident years' liabilities have changed from the prior annual statement or if there have been changes in other key discount assumptions such as payout patterns:

(1) Amount of discounted current liabilities at current rate(s) assumptions(s). (Exclude the current accident year.)

(2) Amount of discounted current liabilities at previous rate(s) assumptions(s). (Exclude the current accident year.)

(3) Change in discounted liability due to change in interest rate(s) assumptions(s). (1 – 2)

(4) Amount of non-tabular discount, disclosed by line of business and reserve category (i.e., case, IBNR, Defense & Cost Containment expense and Adjusting & Other expense).

Illustration:

The Company discounts the liabilities for unpaid losses for Workers' Compensation and Medical Professional Liability claims. The Company does not discount unpaid loss adjustment expenses.

Reserves for Workers' Compensation claims have been discounted on a tabular basis using the __________ Table at ______%. The December 31, 20__ and December 31, 20__ liabilities include $__________ and $__________ of such discounted reserves, respectively. The Company recognized $ ___________ amount of interest accretion in the Statement of Income for the current year related to tabular discount on Lines ___________. The amount of discount for case and IBNR reserves at December 31, 20__ is as follows:

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

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

A. Tabular Discount

Schedule P Lines of Business	Tabular Discount Included in Schedule P, Part 1*	
	1 Case	2 IBNR
1. Homeowners/Farmowners		
2. Private Passenger Auto Liability/Medical		
3. Commercial Auto/Truck Liability/Medical		
4. Workers' Compensation		
5. Commercial Multiple Peril		
6. Medical Professional Liability – occurrence		
7. Medical Professional Liability – claims-made		
8. Special Liability		
9. Other Liability – occurrence		
10. Other Liability – claims-made		
11. Special Property		
12. Auto Physical Damage		
13. Fidelity/Surety		
14. Other (Including Credit, Accident & Health)		
15. International		
16. Reinsurance Nonproportional Assumed Property		
17. Reinsurance Nonproportional Assumed Liability		
18. Reinsurance Nonproportional Assumed Financial Lines		
19. Products Liability – occurrence		
20. Products Liability – claims-made		
21. Financial Guaranty/Mortgage Guaranty		
22. Warranty		
23. Total		

* Must exclude medical loss reserves and all loss adjustment expense reserves.

Medical Professional Liability unpaid losses have been discounted on a nontabular basis using rates of from ______% to______%. The discount rates used are based upon __________. The amount of the discount as of December 31, 20__ and December 31, 20__ respectively is $_________ and $ _________ for losses and $ ___________ and $ ___________ for loss adjustment expense. The amount of discount at December 31, 20__ for case, IBNR, Defense & Cost Containment expense and Adjusting & Other expense is as follows:

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

B. Nontabular Discount

	1 Case	2 IBNR	3 Defense & Cost Containment Expense	4 Adjusting & Other Expense
1. Homeowners/Farm owners				
2. Private Passenger Auto Liability/Medical				
3. Commercial Auto/Truck Liability/Medical				
4. Workers' Compensation				
5. Commercial Multiple Peril				
6. Medical Professional Liability – occurrence				
7. Medical Professional Liability – claims-made				
8. Special Liability				
9. Other Liability – occurrence				
10. Other Liability – claims-made				
11. Special Property				
12. Auto Physical Damage				
13. Fidelity, Surety				
14. Other (including Credit, Accident & Health)				
15. International				
16. Reinsurance Nonproportional Assumed Property				
17. Reinsurance Nonproportional Assumed Liability				
18. Reinsurance Nonproportional Assumed Financial Lines				
19. Products Liability – occurrence				
20. Products Liability – claims-made				
21. Financial Guaranty/Mortgage Guaranty				
22. Warranty				
23. Total				

Columns in the table above should include medical loss reserves and all loss adjustment expense reserves, whether reported as tabular or nontabular in Schedule P.

The rates used to discount Medical Professional Liability unpaid losses at December 31, 20__ have changed from the rates used at December 31, 20__. At December 31, 20__, the amount of discounted Medical Professional Liability unpaid losses, excluding the current accident year, is $__________. Had these unpaid losses been discounted at the rates used at December 31, 20__ the amount of discounted liabilities would be $__________. The reduction in the discounted liability due to the change in rates is $__________.

This illustration neither regulates, permits, nor prohibits the practice of discounting liabilities for unpaid losses or unpaid loss adjustment expenses.

33. Asbestos/Environmental Reserves

Instruction:

If the company is potentially exposed to asbestos and/or environmental claims, full disclosure of the reserving methodology for both case and IBNR reserves is required. Disclosure of the amount paid and reserved for losses and LAE for asbestos and/or environmental claims, on a direct, assumed, and net of reinsurance basis, is also required. The reserves disclosed in this note should exclude amounts relating to policies specifically written to cover asbestos and environmental exposures. Policies 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.

Definition of Environmental Loss –

Any loss or potential loss (including third-party claims) related directly or indirectly to the remediation of a site arising from past operations or waste disposal.

Examples of Environmental Exposure

- Chemical Waste
- Hazardous Waste TSD Facilities (Treatment, Storage and/or Disposal)
- Industrial Waste Disposal Facilities
- Landfills
- Superfund
- Toxic Waste Pits
- Underground Storage Tanks

- **ALL FIGURES SHOULD BE ENTERED IN WHOLE DOLLAR AMOUNTS. Each company should report only its share of a group amount (after applying the pooling percentage, if the company is a member of an intercompany pooling agreement).**

A. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses?

Yes ( ) No ( )

If yes, describe the lines of business written for which there is potential exposure, the nature of the exposure or exposures and the company's methodology for reserving for both reported and IBNR losses, and complete the following information.

For asbestos-related losses (including coverage dispute costs) for each of the five most current calendar years provide the following:

(1) Direct Basis:

a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE): $ ______________

b. Incurred losses and loss adjustment expenses: ______________

c. Calendar year payments for losses and loss adjustment expenses: ______________

d. Ending reserves (incl. Case, Bulk + IBNR Loss & LAE): $ ______________
Note: d = a + b – c

(2) Assumed Reinsurance Basis:

a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE): $ ____________

b. Incurred losses and loss adjustment expenses: ____________

c. Calendar year payments for losses and loss adjustment expenses: ____________

d. Ending reserves (incl. Case Bulk + IBNR Loss & LAE): $ ____________
Note: d = a + b – c

(3) Net of Ceded Reinsurance Basis:

a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE): $ ____________

b. Incurred losses and loss adjustment expenses: ____________

c. Calendar year payments for losses and loss adjustment expenses: ____________

d. Ending reserves (incl. Case Bulk + IBNR Loss & LAE): $ ____________
Note: d = a + b – c

B. State the amount of the ending reserves for Bulk + IBNR included in A (Loss & LAE):

(1) Direct Basis: $ ____________

(2) Assumed Reinsurance Basis: $ ____________

(3) Net of Ceded Reinsurance Basis: $ ____________

C. State the amount of ending reserves for loss adjustment expenses included in A (Case, Bulk + IBNR):

(1) Direct Basis: $ ____________

(2) Assumed Reinsurance Basis: $ ____________

(3) Net of Ceded Reinsurance Basis: $ ____________

D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to environmental losses? Yes ( ) No ( )

For environmental losses (including coverage dispute costs) for each of the five most current calendar years, provide the following:

(1) Direct Basis:

a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE): $ ____________

b. Incurred losses and loss adjustment expenses: ____________

c. Calendar year payments for losses and loss adjustment expenses: ____________

d. Ending reserves (incl. Case Bulk + IBNR Loss & LAE): $ ____________
Note: d = a + b – c

(2) Assumed Reinsurance Basis:

a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE): $ ____________

b. Incurred losses and loss adjustment expenses: ____________

c. Calendar year payments for losses and loss adjustment expenses: ____________

d. Ending reserves (incl. Case, Bulk + IBNR Loss & LAE): $ ____________
Note: d = a + b – c

(3) Net of Ceded Reinsurance Basis:

a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE): $ ____________

b. Incurred losses and loss adjustment expenses: ____________

c. Calendar year payments for losses and loss adjustment expenses: ____________

d. Ending reserves (incl. Case, Bulk + IBNR Loss & LAE): $ ____________
Note: d = a + b – c

E. State the amount of the ending reserves for Bulk + IBNR included in D (Loss & LAE):

(1) Direct Basis: $ ____________

(2) Assumed Reinsurance Basis: $ ____________

(3) Net of Ceded Reinsurance Basis: $ ____________

F. State the amount of the ending reserves for loss adjustment expenses included in D (Case, Bulk + IBNR):

(1) Direct Basis: $ ____________

(2) Assumed Reinsurance Basis: $ ____________

(3) Net of Ceded Reinsurance Basis: $ ____________

Illustration:

A. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to asbestos losses? Yes (X) No ( )

Company XYZ's exposure to asbestos losses arises from the sale of general liability insurance.

Company XYZ tries to estimate the full impact of the asbestos exposure by establishing full case basis reserves on all known losses and computing incurred but not reported losses based on previous experience.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES (1 THROUGH 3) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(1) Direct –

	2015	2016	2017	2018	2019
a. Beginning reserves:	$ 750,001	$ 562,501	$ 712,501	$525,001	$ 300,001
b. Incurred losses and loss adjustment expense:	$ 187,500	$ 750,000	$ 750,000	$375,000	$ 2,250,000
c. Calendar year payments for losses and loss adjustment expenses:	$ 375,000	$ 600,000	$ 937,500	[illegible]	$ 150,000
d. Ending reserves:	$ 562,501	$ 712,501	$ 525,001	$300,001	$ 2,400,001

(2) Assumed Reinsurance –

	2015	2016	2017	2018	2019
a. Beginning reserves:	$ 250,000	$ 187,500	$ 237,500	$175,000	$ 100,000
b. Incurred losses and loss adjustment expense:	$ 62,500	[illegible]	$ 250,000	$125,000	$ 750,000
c. Calendar year payments for losses and loss adjustment expenses:	$ 125,000	$ 200,000	$ 312,500	$200,000	$ 50,000
d. Ending reserves:	$ 187,500	$ 237,500	$ 175,000	$100,000	$ 800,000

(3) Net of Ceded Reinsurance –

	2015	2016	2017	2018	2019
a. Beginning reserves:	$ 400,000	$ 300,000	$ 380,000	$280,000	$ 160,000
b. Incurred losses and loss adjustment expense:	100,000	400,000	400,000	200,000	3,000,000
c. Calendar year payments for losses and loss adjustment expenses:	200,000	320,000	500,000	320,000	80,000
d. Ending reserves:	$ 300,000	$ 380,000	$ 280,000	$160,000	$ 3,080,000

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B. State the amount of the ending reserves for Bulk + IBNR included in A (Loss & LAE):

(1)	Direct Basis:	$ 1,000,000
(2)	Assumed Reinsurance Basis:	$ 300,000
(3)	Net of Ceded Reinsurance Basis:	$ 400,000

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C. State the amount of the ending reserves for loss adjustment expenses included in A (Case, Bulk + IBNR):

(1)	Direct Basis:	$ 500,000
(2)	Assumed Reinsurance Basis:	$ 200,000
(3)	Net of Ceded Reinsurance Basis:	$ 200,000

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D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to environmental losses? Yes ( ) No (X)

(1) Direct –

	2015	2016	2017	2018	2019
a. Beginning reserves:	$ 0	$ 0	$ 0	$ 0	$ 0
b. Incurred losses and loss adjustment expense:	0	0	0	0	0
c. Calendar year payments for losses and loss adjustment expenses:	0	0	0	0	0
d. Ending reserves:	$ 0	$ 0	$ 0	$ 0	$ 0

(2) Assumed Reinsurance –

	2015	2016	2017	2018	2019
a. Beginning reserves:	$ 0	$ 0	$ 0	$ 0	$ 0
b. Incurred losses and loss adjustment expense:	0	0	0	0	0
c. Calendar year payments for losses and loss adjustment expenses:	0	0	0	0	0
d. Ending reserves:	$ 0	$ 0	$ 0	$ 0	$ 0

(3) Net of Ceded Reinsurance –

	2015	2016	2017	2018	2019
a. Beginning reserves:	$ 0	$ 0	$ 0	$ 0	$ 0
b. Incurred losses and loss adjustment expense:	0	0	0	0	0
c. Calendar year payments for losses and loss adjustment expenses:	0	0	0	0	0
d. Ending reserves:	$ 0	$ 0	$ 0	$ 0	$ 0

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.

E. State the amount of the ending reserves for Bulk + IBNR included in D (Loss & LAE):

(1)	Direct Basis:	$ 0
(2)	Assumed Reinsurance Basis:	$ 0
(3)	Net of Ceded Reinsurance Basis:	$ 0

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F. State the amount of the ending reserves for loss adjustment expenses included in D (Case, Bulk + IBNR):

(1)	Direct Basis:	$ 0
(2)	Assumed Reinsurance Basis:	$ 0
(3)	Net of Ceded Reinsurance Basis:	$ 0

34. Subscriber Savings Accounts

Instruction:

For reciprocal insurance companies only, describe the amount of surplus identified as subscriber savings accounts; indicate the source of the funds (either from the reciprocal's operations or contribution by the individual subscriber) and, the reporting location in surplus; and describe the conditions upon which the balances are paid to the subscribers.

Illustration:

At December 31, 20__ the Company has $_________ identified to subscriber savings accounts. Of this amount, $_________ is from company operations and is reported in Unassigned Funds (Page 3, Line 35). The balance identified to subscriber savings accounts, $_________, was contributed directly by the subscribers and is separately reported in Other-Than-Special Surplus Funds (Page 3, Line 32). The subscriber savings account balances are paid to the subscribers upon their termination from the Company.

35. Multiple Peril Crop Insurance

Instruction:

Describe the method used to compute the unearned premium reserve. Disclose the amount of expense payment associated with the catastrophic coverage that was recorded as a reduction of loss expenses and the amount of expense payment for the buy-up coverage that was recorded as a reduction of other underwriting expenses.

Illustration:

The Company elected to compute the unearned premium reserve associated with the Multiple Peril Crop Insurance Program on a daily pro rata method as the Company did not believe it could demonstrate that the period of risk differs significantly from the contract period.

The Company reduced its loss expenses for expense payments associated with catastrophe coverage by $_________ and $_________ in 20__ and 20__, respectively. The Company reduced its other underwriting expenses for expense payments associated with buy-up coverage by $_________ and $_________ in 20__ and 20__, respectively.

36. Financial Guaranty Insurance

Instruction:

Financial guaranty insurers shall make all disclosures required below as well as other statements within the *Accounting Practices and Procedures Manual*, including but not limited to, the requirements of *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses* and *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures.* (For disclosures within A and B below, all "expected" amounts and terms should be determined in accordance with management estimates.) In all instances, the insurer shall disclose when they elect to reflect timeframes or recognition principles from FAS 163 as permitted within the disclosure requirements.

An insurance enterprise shall disclose information that enables users of its financial statements to understand the factors affecting the present and future recognition and measurement of financial guarantee insurance contracts.

A. Disclose the following information for each annual reporting statement and in any interim period if a significant change has occurred in that interim period:

(1) For financial guarantee insurance contracts where premiums are received as installment payments over the period of the contract, rather than at inception:

a. Disclose the unearned premium revenue as of the reporting date, in proportion with the amount and expected coverage period of the insured risk, which would have been reflected if the premium had been received at inception.

NOTE: If desired, a reporting entity that follows FAS 163 for GAAP may elect to report this disclosure in accordance with the revenue recognition principles of FAS 163.

b. Provide a schedule of premiums (undiscounted) expected to be collected under all installment contracts detailing the following:

1. The four quarters of the subsequent annual period and each of the next four annual periods

2. The remaining periods aggregated in five-year increments

c. A roll forward of the expected future premiums (undiscounted), including:

1. Expected future premiums – Beginning of Year

2. Less – Premium payments received for existing installment contracts

3. Add – Expected premium payments for new installment contracts

4. Adjustments to the expected future premium payments

5. Expected future premiums – End of Year

(2) Non-installment contracts:

a. For non-installment contracts for which premium revenue recognition has been accelerated, disclose the amount and reasons for acceleration.

b. Provide a schedule of the future expected earned premium revenue on non-installment contracts as of the latest date of the statement of financial position detailing the following:

1. The four quarters of the subsequent annual period and each of the next four annual periods

2. The remaining periods aggregated in five year increments

(3) For the claim liability:

a. The rate used to discount the claim liability. This rate shall equal the average rate of return on the admitted assets of the financial guaranty insurer as of the annual date of the computation of the reserve.

NOTE: The annual discount rate should be calculated pursuant to *SSAP No. 60—Financial Guaranty Insurance* and shall be utilized for the subsequent year's quarterly financial statements. The discount rate shall be adjusted at the end of each year per SSAP No. 60.

b. The significant component(s) of the change in the claim liability for the period (the accretion of the discount on the claim liability, changes in the timing, establishment of new reserves for defaults of insured contracts, changes or establishment of deficiency reserves, and changes or establishment of reserves for incurred but not reported claims), and the amount relating to each component(s).

(4) A description of the insurance enterprise's risk management activities used to track and monitor deteriorating insured financial obligations, including the following:

a. A description of each grouping or category used to track and monitor deteriorating insured financial obligations

b. The insurance enterprise's policies for placing an insured financial obligation in, and monitoring each grouping or category

c. The insurance enterprise's policies for avoiding or mitigating claim liabilities, the related expense and liability reported during the period for those risk mitigation activities (not including reinsurance), and a description of where that expense and that liability are reported in the statement of income and the statement of financial position, respectively.

B. An insurance enterprise shall disclose the following information for each annual and interim period related to the claim liability:

A schedule of insured financial obligations at the end of each interim period detailing, at a minimum, the following for each category or grouping of these financial obligations:

(1) Number of issued and outstanding financial guarantee insurance contracts

(2) Remaining weighted-average contract period

(Weighted average contract period shall be based on management's estimate of the weighted average life of the contracts. If desired, a reporting entity that follows FAS 163 for GAAP may elect to mirror the time period calculated under FAS 163.)

(3) Insured contractual payments outstanding, segregating principal and interest

(Contractual payments outstanding shall be based on management's estimates of receivables. If desired, a reporting entity that follows FAS 163 for GAAP may elect to mirror the time period calculated under FAS 163.)

(4) Gross claim liability

(Represents the unpaid losses and loss adjustment expenses calculated in accordance with *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses* and *SSAP No. 60—Financial Guaranty Insurance*, but excluding the effects of subrogation recoveries, ceded reinsurance and discounting.)

(5) Gross potential recoveries

(Includes (a) subrogation recoveries, which are deducted from the gross claim liabilities in accordance with *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses* and (b) ceded reinsurance recoveries on unpaid losses, which are deducted from the gross claim liability in accordance with *SSAP No. 62R—Property and Casualty Reinsurance*.)

(6) Discount, net (both claim liability and potential recoveries)

(Represents the discounting effect of the gross claim liability, subrogation recoveries and reinsurance recoveries.)

(7) Net claim liability

(Represents the gross claim liability less gross potential recoveries and the net discount. This line should reconcile to the sum of Line 10, Column 8 and Column 9 (financial guaranty net unpaid losses and net unpaid loss adjustment expenses) of the Underwriting and Investment Exhibit, Part 2A – Unpaid Losses and Loss Adjustment Expenses.)

(8) Reinsurance recoverables

(Represents reinsurance recoverables on paid losses which is reported as an asset in accordance with *SSAP No. 62R—Property and Casualty Reinsurance*. This line should reconcile to "Amounts recoverable from reinsurers" on the balance sheet.)

(9) Unearned premium revenue.

(Unearned premium revenue (UPR) should be consistent with the UPR measurement principles of *SSAP No. 60—Financial Guaranty Insurance*. UPR reported in this schedule may not reconcile to Line 10, Column 5 of the Underwriting and Investment Exhibit, Part 1A – Recapitulation of all Premiums.

To the extent that this amount does not reconcile to Line 10, Column 5 of the Underwriting and Investment Exhibit, Part 1a – Recapitulation of Premiums, provide an additional reconciliation to Line 10, Column 5 of the Underwriting and Investment Exhibit, Part 1A in a footnote to the tabular disclosures required in B.)

Illustration:

A.

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

(1) Financial guarantee insurance contracts where premiums are received as installment payments over the period of the contract, rather than at inception:

b. Schedule of premiums (undiscounted) expected to be collected under all installment contracts:

1.

(a)	1st Quarter 2020	$
(b)	2nd Quarter 2020	
(c)	3rd Quarter 2020	
(d)	4th Quarter 2020	
(e)	Year 2021	
(f)	Year 2022	
(g)	Year 2023	
(h)	Year 2024	$

2.

(a)	2025 through 2029	$
(b)	2030 through 2034	
(c)	2035 through 2039	
(d)	Etc.	$

(NOTE: Use as many five-year increments as needed, a through y)

c. Roll forward of the expected future premiums (undiscounted), including:

1.	Expected future premiums – Beginning of Year	$
2.	Less – Premium payments received for existing installment contracts	
3.	Add – Expected premium payments for new installment contracts	
4.	Adjustments to the expected future premium payments	
5.	Expected future premiums – End of Year	$

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

(2) Non-installment contracts:

b. Schedule of the future expected earned premium revenue on non-installment contracts as of the latest date of the statement of financial position:

1.

(a)	1st Quarter 2020	$ ________
(b)	2nd Quarter 2020	________
(c)	3rd Quarter 2020	________
(d)	4th Quarter 2020	________
(e)	Year 2021	________
(f)	Year 2022	________
(g)	Year 2023	________
(h)	Year 2024	________

2.

(a)	2025 through 2029	$ ________
(b)	2030 through 2034	________
(c)	2035 through 2039	________
(d)	Etc.	$ ________

(NOTE: Use as many five-year increments as needed, a through y)

(3) Claim liability:

a. The company used a rate of ____ to discount the claim liability. This rate is equal to the average rate of return on the admitted assets of the company as of the December 31, 20XX.

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

b. Significant components of the change in the claim liability for the period

	Components	Amount
(1)	Accretion of the discount	$ ________
(2)	Changes in timing	________
(3)	New reserves for defaults of insured contracts	________
(4)	Change in deficiency reserves	________
(5)	Change in incurred but not reported claims	________
(6)	Total	$ ________

(4) Description of the insurance enterprise's risk management activities used to track and monitor deteriorating insured financial obligations:

a. Description of each grouping or category used to track and monitor deteriorating insured financial obligations

Category A: Includes insured financial obligations that are still currently performing (that is, insured contractual payments are made on time but the likelihood of an event of default has increased since the financial guarantee insurance contract was first issued), but if economic conditions persist for an extended period of time, they may not be performing in the future. The issuer of the insured financial obligation may have experienced credit deterioration as a result of a general economic downturn. As a result, the present value of expected net cash outflows may exceed the unearned premium revenue of the financial guarantee insurance contract sometime in the future.

Category B: Includes insured financial obligations that are currently characterized as potentially nonperforming and may require action by the insurance enterprise to avoid or mitigate an event of default.

Category C: Includes insured financial obligations that are characterized as nonperforming and for which actions to date by the insurance enterprise have not been successful in avoiding or mitigating an event of default. The insurance enterprise continues its efforts to cure the claim, but an event of default is imminent.

Category D: Includes insured financial obligations where an event of default has occurred.

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

B. Schedule of insured financial obligations at the end of the period

	Surveillance Categories				
	A	B	C	D	Total
1. Number of policies					
2. Remaining weighted-average contract period (in years)					XXX
Insured contractual payments outstanding:					
3a. Principal	$	$	$	$	$
3b. Interest					
3c. Total	$	$	$	$	$
4. Gross claim liability	$	$	$	$	$
Less:					
5a. Gross potential recoveries					
5b. Discount, net					
6. Net claim liability	$	$	$	$	$
7. Unearned premium revenue	$	$	$	$	$
8. Reinsurance recoverables	$	$	$	$	$

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GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

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

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

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

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

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

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

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

7.2 Report this amount as a percentage (e.g., 10.5%, not .10) of ownership.

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

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

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

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

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

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

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

FINANCIAL

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

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

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

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

INVESTMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

www.naic.org/documents/committees_e_examover_fehtg_Custodial_or_Safekeeping_Agreements.doc

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

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

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

Name of Firm or Individual:

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

Affiliation:

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

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

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

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

28.0597 If the total assets under management of any the firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 28.05 are greater than 10% of the reporting entity's invested assets (Line 12 of the Asset page), answer "YES" to Question 28.0597.

28.0598 If the total assets under management of all the firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 28.05 are greater than 50% of the reporting entity's invested assets (Line 12 of the Asset page), answer "YES" to Question 28.0598. When determining the aggregate total of assets under management, include all firms/individuals unaffiliated with the reporting entity not just those who manage more than 10% of the reporting entity's assets.

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

<u>Name of Firm or Individual:</u>

Should be name of firm or individual provided for 28.05

<u>Central Registration Depository Number</u>

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

<u>Legal Entity Identifier (LEI)</u>

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

<u>Registered With:</u>

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

<u>Investment Management Agreement (IMA) Filed:</u>

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

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

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

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

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

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

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

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

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

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

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

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

OTHER

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

37. The purpose of this General Interrogatory is to capture information about legal expenses paid during the year. These expenses include all fees or retainers for legal services or expenses, including those in connection with matters before administrative or legislative bodies. It excludes salaries and expenses of company personnel, legal expenses in connection with investigation, litigation and settlement of policy claims, and legal fees associated with real estate transactions, including mortgage loans on real estate. Do not include amounts reported in General Interrogatories No. 36 and No. 38.

38. The purpose of this General Interrogatory is to capture information about expenditures in connection with matters before legislative bodies, officers or departments of government paid during the year. These expenses are related to general legislative lobbying and direct lobbying of pending and proposed statutes or regulations before legislative bodies and/or officers or departments of government. Do not include amounts reported in General Interrogatories No. 36 and No. 37.

PART 2 – PROPERTY AND CASUALTY INTERROGATORIES

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

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

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

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

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

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

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

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

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

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

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

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

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

   All reporting entities should file the test.

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

Item	Description	Reporting Year Annual Statement Data	Prior Year Annual Statement Data
2.1	Premium Numerator	**Health Premium** values listed in the statement value column (Column 1) of the reporting year's P&C RBC report: <u>Individual Lines:</u> Usual and Customary Major Medical and Hospital Medicare Supplement Medicare Part D Dental and Vision <u>Group Lines:</u> Usual and Customary Major Medical and Hospital Medicare Supplement Medicare Part D Stop Loss and Minimum Premium Dental and Vision Federal Employee Health and Benefit Plan	**Health Premium** values as listed in the statement value column (Column 1) of the prior year's P&C RBC report: <u>Individual Lines</u> Usual and Customary Major Medical and Hospital Medicare Supplement Medicare Part D Dental and Vision <u>Group Lines</u> Usual and Customary Major Medical and Hospital Medicare Supplement Medicare Part D Stop Loss and Minimum Premium Dental and Vision Federal Employee Health and Benefit Plan
2.2	Premium Denominator	Premiums Earned (Page 4, Line 1) of the reporting year's annual statement	Premium Earned (Page 4, Line 1) of the prior year's annual statement
2.3	Premium Ratio	**2.1/2.2**	**2.1/2.2**
2.4(a)	Reserve Numerator	Part 2A, Unpaid Losses and Loss Adjustment Expenses (Columns 8+9, Lines 13+15) plus Part 1A, Recapitulation of all Premiums (Columns 1+2, Lines 13+15) of the reporting year's annual statement.	Part 2A, Unpaid Losses and Loss Adjustment Expenses (Columns 8+9, Lines 13+15) plus Part 1A, Recapitulation of all Premiums (Columns 1+2, Lines 13+15) of the prior year's annual statement.
2.5	Reserve Denominator	Unpaid Loss and LAE (Page 3, Column 1, Lines 1+2+3) plus Part 1A, Recapitulation of all Premiums (Line 35, Columns 1+2) of the reporting year's annual statement.	Unpaid Loss and LAE (Page 3, Column 1, Lines 1+2+3) plus Part 1A, Recapitulation of all Premiums (Line 35, Columns 1+2) of the prior year's annual statement.
2.6	Reserve Ratio	**2.4/2.5**	**2.4/2.5**

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

9.1 The following terms or phrases are used within this interrogatory and are defined or discussed as follows to encourage consistent reporting. In addition, the following general instructions have been added to address specific questions.

General Instructions

Consistent with the definition below for any reinsurance contract, the reporting entity should NOT aggregate contracts with different underwriting years since each is considered a separate contract and instead should consider those separately.

For purposes of determining if a reinsurance contract accounted for using retroactive reinsurance accounting is material (e.g. greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders, the reporting entity should consider the individual components of those contracts as if the contract were accounted for using prospective reinsurance accounting. For example, the write-in item on the statement of income shall be considered as if it were part of the underwriting result.

Terms or Phrases

Accounted for that contract as reinsurance – This phrase should be used in this interrogatory consistent with the guidance in *SSAP No. 62R—Property and Casualty Reinsurance*. This includes not only contracts accounted for using prospective accounting but also those which have been accounted for using retroactive accounting.

Aggregate stop loss reinsurance – Reinsurance coverage that indemnifies the reporting entity against the amount by which all of the reporting entity's losses incurred (either in whole, on a specific line of business or any other relevant divisible measure) during a specified period exceed either (1) a predetermined dollar amount or (2) a percentage of the reporting entity's subject premiums (loss ratio) for the specified period.

Any reinsurance contract – As discussed in *SSAP No. 62R—Property and Casualty Reinsurance*, Exhibit A question 10, a contract is not defined but is essentially a question of substance. For purposes of this interrogatory, the reporting entity should utilize this same guidance. The term "any" can sometimes be read to be "one" or "some" but for purposes of this interrogatory, "any" shall be used in the same manner as "contract" within *SSAP No. 62R—Property and Casualty Reinsurance*, Q&A No. 10 and thus could represent multiple contracts and/or a contract with multiple parties. This specifically excludes voluntary and involuntary pools as defined in *SSAP No. 63—Underwriting Pools*, approved or non-disapproved intercompany reinsurance agreements filed or submitted under the NAIC *Insurance Holding Company System Regulatory Act* or similar state statutes or regulations, as well as residual market mechanisms including FAIR Plans and the National Flood Insurance Program that are included in the voluntary and mandatory pool section of Schedule F of the Annual Financial Statement.

Commutation Rights – *SSAP No. 62R—Property and Casualty Reinsurance* defines a commutation as a transaction which results in the complete and final settlement and discharge of all, or the commuted portion thereof, present and future obligations between the parties arising out of the reinsurance agreement. This interrogatory refers to a unilateral contractual right by either party (or both parties) to commute the reinsurance contract whether or not conditional (with the sole exception of such provisions that are triggered by a decline in the credit status of the other party). Further, for purposes of this interrogatory, commutations that result from the following situations will not trigger disclosure: 1) a bilaterally agreed mandatory commutation date that is outside the control of either party and solely dependent on the passage of time, 2) a unilateral commutation right that is conditional on something that is no longer possible (e.g. commutation before a certain date that has passed, or commutation upon some condition that can no longer be met such as the absence of losses), and 3) termination rights which are separate from commutation rights.

Multiple contracts with the same reinsurer or its affiliates – This parenthetical reference is intended to mean that the reporting entity should aggregate only those contracts that meet the requirements of this entire paragraph. For example, if the reporting entity has several contracts with a single reinsurer or its affiliates, it must aggregate only those contracts that contain one or more of the specified features in 9.1(iii) (a) through (f) for purposes of determining whether it is material under 9.1 (i) or (ii). Conversely, if the reporting entity has several contracts with a reinsurer and/or its affiliates and only one contract contains one of the specified characteristics, then only that single contract must be considered for disclosure under this interrogatory.

Underwriting result – As used on Page 4 of the Property/Casualty Annual Statement and reported on the line captioned Net underwriting gain (loss).

Written premium ceded – As used within the Underwriting and Investment Exhibit, Part 1B-Premiums Written, Columns 4 and 5.

Year end loss and loss expense reserves ceded – As used within the Underwriting and Investment Exhibit, Part 2A-Unpaid Losses and Loss Adjustment Expenses, Columns 3, 7 and 9, in part.

9.2 The following terms or phrases are used within this interrogatory and is defined or discussed as follows to encourage consistent reporting.

Any reinsurance contract – As discussed in *SSAP No. 62R—Property and Casualty Reinsurance*, Exhibit A question 10, a contract is not defined but is essentially a question of substance. For purposes of this interrogatory, the reporting entity should utilize this same guidance. The term "any" can sometimes be read to be "one" or "some" but for purposes of this interrogatory, "any" shall be used in the same manner as "contract" within *SSAP No. 62R—Property and Casualty Reinsurance*, Q&A No. 10 and thus could represent multiple contracts and/or a contract with multiple parties. This specifically excludes voluntary and involuntary pools as defined in *SSAP No. 63—Underwriting Pools*, approved or non-disapproved intercompany reinsurance agreements filed or submitted under the NAIC *Insurance Holding Company System Regulatory Act* or similar state statutes or regulations, as well as residual market mechanisms including FAIR Plans and the National Flood Insurance Program, that are included in the voluntary and mandatory pool section of Schedule F of the Annual Financial Statement.

Approved Pooling Arrangements – This definition includes voluntary and involuntary pools as defined in *SSAP No. 63—Underwriting Pools* as well as residual market mechanisms including FAIR Plans and the National Flood Insurance Program, that are included in the voluntary and mandatory pool section of Schedule F of the Annual Financial Statement.

Controlling, controlled by, or under common control – This phrase should be used in this interrogatory consistent with the guidance in *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

Fifty percent or more of the entire direct and assumed premium written by the reinsurer – Under this interrogatory, the reporting entity is required to obtain a copy of the most recent financial statement of the reinsurer in order to make this determination. If the reinsurer is a United States domiciled company, this determination can be made based upon the information available in the reinsurer's Underwriting and Investment Exhibit, Part 1B - Premiums Written, Columns 1 through 3. If the reinsurer is not a United States domiciled company, it is the duty of the reporting entity to make this determination using whatever means possible. If the financial statements of the reinsurer do not provide this information, the reporting entity shall obtain written documentation through some other means, such as direct inquiry of the reinsurer. It is anticipated that in some cases the reinsurer may only be able to provide an estimate; this is acceptable provided it is supplied in writing from the reinsurer. Transactions with reinsurers in runoff are not intended to trigger a "yes" answer to this interrogatory if not material to the reporting entity as defined in Interrogatory 9.2.

Most recently available financial statement – Means the most recently issued financial statements for a full-year period. In most cases, this means the prior year's financial statements.

Retroceded premium – Refers to premiums received by the reporting entity or its affiliates in a separate reinsurance contract covering the original risk in whole or in part. It does not include experience rated premium adjustments such as no claims bonus, premium adjustments below a provisional rate, profit sharing, commission adjustments or similar items under the original reinsurance contract.

Twenty–five percent or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates – Written premium ceded is intended to mean premiums for the same risk originally ceded to the reinsurer and subsequently retroceded, in whole or in part, back to the reporting entity or an affiliate of the reporting entity. The reporting entity is required to make this determination using whatever means possible. If the financial statements of the reinsurer do not provide this information, the reporting entity shall obtain written documentation through some other means, such as direct inquiry of the reinsurer. It is anticipated that in some cases the reinsurer may only be able to provide an estimate; this is acceptable provided it is supplied in writing from the reinsurer.

Written premium ceded – As used within the Underwriting and Investment Exhibit, Part 1B-Premiums Written, Columns 4 and 5.

9.3 This interrogatory is only required if either 9.1 or 9.2 are answered "YES." In those cases, this interrogatory is simply meant to highlight to the reporting entity that the Reinsurance Summary Supplemental Filing for General Interrogatory 9 must be filed. For further discussion of those requirements, see the instructions for the supplemental filing.

9.4 For purposes of this interrogatory, if the reporting entity, individually or in connection with its affiliates does not produce or issue GAAP financial statements to outside parties, it should respond "NO" to this interrogatory.

13.1 The intent of this interrogatory is to identify the company's total net exposure over all lines of coverage for the single largest policyholder [except Worker's Compensation, which is addressed in Interrogatory 6.1] that could be impacted by a loss occurring at a specific location. Include only policies in force as of the current statement date in the calculation.

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

If the sum of codes L, R, E, Q and D provided in Column 1 of Schedule T is greater than 1, the answer to Question 19 should be "YES."

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

FIVE-YEAR HISTORICAL DATA

This exhibit is a display of key statistics extracted from the annual statements of the current year and each of the four preceding years. It displays recent trends in the movement of sales, in force, surplus, and other financial data. For the most part, each section of Five-Year Historical Data references data from a specific page in the annual statement, with certain "key" lines having been extracted from that page. Page and line references for the current year are shown on the Exhibit. If a page or line reference is different for a prior year or years, it is shown below. Percentages are shown to one decimal place (e.g., 17.6).

All figures are taken from or developed from annual statements of corresponding years.

The derivation of each line on Five-Year Historical Data is indicated in the annual statement blank, except that Lines 46 and 47 should be based upon the book/adjusted carrying value of the asset, which is consistent with the other affiliated investments.

Except for companies to which Risk-Based Capital does not apply (e.g., mortgage guaranty companies), Lines 28 and 29 should be completed even if the company is not required to file Risk-Based Capital.

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.

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

Gross Premiums Written

All years .... Page 8, Part 1B, Columns 1, 2 & 3

Line 1 – Liability Lines

All years .... Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2, 19.3 & 19.4

Line 2 – Property Lines

All years .... Lines 1, 2, 9, 12, 21 & 26

Line 3 – Property and Liability Combined Lines

All years .... Lines 3, 4, 5, 8, 22 & 27

Line 4 – All Other Lines

All years .... Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34

Line 5 – Nonproportional Reinsurance Lines

All years .... Lines 31, 32 & 33

Line 6 – Total

All years .... Line 35

Net Premiums Written

All years .... Page 8, Part 1B, Column 6

Line 7 – Liability Lines

All years .... Lines 11.1, 11.2, 16, 17.1, 17.2, , 17.3, 18.1, 18.2, 19.1, 19.2, 19.3 & 19.4

Line 8 – Property Lines

All years................................... Lines 1, 2, 9, 12, 21 & 26

Line 9 – Property and Liability Combined Lines

All years................................... Lines 3, 4, 5, 8, 22 & 27

Line 10 – All Other Lines

All years.................................... Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 3[illegible]

Line 11 – Nonproportional Reinsurance Lines

All years.................................... Lines 31, 32 & 33

Line 12 – Total

All years.................................... Line 35

Statement of Income (Page 4)

Line 13 – Net Underwriting Gain (Loss)

All years.................................... Line [illegible]

Line 14 – Net Investment Gain (Loss)

All years.................................... Line 11

Line 15 – Total Other Income

All years.................................... Line 15

Line 16 – Dividends to Policyholders

All years.................................... Line 17

Line 17 – Federal and Foreign Income Taxes Incurred

All years.................................... Line 19

Line 18 – Net income

All years.................................... Line 20

Balance Sheet **(Pages 2 and 3)**

Line 19 – Total Admitted Assets Excluding Protected Cell Business

All years .... Page 2, Line 26, Column 3

Line 20 – Premiums and Considerations

All years .... Page 2, Column 3

Line 20.1 – In Course of Collection

All years .... Page 2, Line 15.1

Line 20.2 – Deferred & Not Yet Due

All years .... Page 2, Line 15.2

Line 20.3 – Accrued Retrospective Premiums

All years .... Page 2, Line 15.3

Line 21 – Total Liabilities Excluding Protected Cell Business

All years .... Page 3, Line 26

Line 22 – Losses

All years .... Page 3, Line 1

Line 23 – Loss Adjustment Expenses

All years .... Page 3, Line 3

Line 24 – Unearned Premiums

All years .... Page 3, Line 9

Line 25 – Capital Paid Up

All years .... Page 3, Lines 30 & 31

Line 26 – Surplus as Regards Policyholders

All years .... Page 3, Line 37

Cash Flow (Page 5)

Line 27 – Net cash from operations

All years .... Line 11

Risk-Based Capital Analysis

Line 28 – Total Adjusted Capital

Insert the total amount of adjusted capital as determined in accordance with the NAIC Property/Casualty Risk-Based Capital Instructions.

Line 29 – Authorized Control Level Risk-Based Capital

Insert the amount of authorized control level risk-based capital as determined in accordance with the NAIC Property/Casualty Risk-Based Capital Instructions.

Percentage Distribution of Cash, Cash Equivalents and Invested Assets

All years .... (Page 2, Column 3) (Item divided by Page 2, Line 12, Column 3) x 100.0

Line 30 – Bonds

All years .... Line 1

Line 31 – Stocks

All years .... Lines 2.1 and 2.2

Line 32 – Mortgage Loans on Real Estate

All years .... Lines 3.1 and 3.2

Line 33 – Real Estate

All years .... Lines 4.1, 4.2 and 4.3

Line 34 – Cash, Cash Equivalents and Short-term Investments

All years .... Line 5

Line 35 – Contract Loans

All years .... Line 6

Line 36 – Derivatives

All years .... Line 7

Line 37 – Other Invested Assets

All years .... Line 8

Line 38 – Receivable for Securities

All years .... Line 9

Line 39 – Securities Lending Reinvested Collateral Assets

All years .... Page 2, Line 10

Line 40 – Aggregate Write-ins for Invested Assets

All years .... Line 11

Line 41 – Cash, Cash Equivalents & Invested Assets

All years .... Line 12

Investments in Parent, Subsidiaries and Affiliates

Line 42 – Affiliated Bonds

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

Line 43 – Affiliated Preferred Stocks

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

Line 44 – Affiliated Common Stock

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

Line 45 – Affiliated Short-term Investments

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

Line 49 – Total Investment in Parent

Report the amount of investments reported in Lines 42 to 47 above that are in an immediate or indirect parent.

Line 50 – Percentage of Investments in Parents, Subsidiaries and Affiliates to Surplus as Regards Policyholders

All years .... Five Year Historical, Line 48 divided by Page 3, Column 1, Line 37 x 100.0

Capital and Surplus Accounts (Page 4)

Line 51 – Net Unrealized Capital Gains (Losses)

All Years .... Line 24

Line 52 – Dividends to Stockholders

All Years .... Line 35

Line 53 – Change in Surplus as Regards Policyholders for the Year

All Years .... Line 38

Gross Losses Paid

All years .... Page 9, Part 2, Columns 1 & 2

Line 54 – Liability Lines

All years .... Lines 11.1, 11.2, 16, 17.1, 17.2, , 17.3, 18.1, 18.2, 19.1, 19.2, 19.3 & 19.4

Line 55 – Property Lines

All years .... Lines 1, 2, 9, 12, 21 & 26

Line 56 – Property and Liability Combined Lines

All years .... Lines 3, 4, 5, 8, 22 & 27

Line 57 – All Other Lines

All years .... Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34

Line 58 – Nonproportional Reinsurance Lines

All years .... Lines 31, 32 & 33

Line 59 – Total

All years .... Line 35

Net Losses Paid

All years .... Page 9, Part 2, Column 4

Line 60 – Liability Lines

All years .... Lines 11.1, 11.2, 16, 17.1, 17.2, , 17.3, 18.1, 18.2, 19.1, 19.2, 19.3 & 19.4

Line 61 – Property Lines

All years .... Lines 1, 2, 9, 12, 21 & 26

Line 62 – Property and Liability Combined Lines

All years .... Lines 3, 4, 5, 8, 22 & 27

Line 63 – All Other Lines

All years .... Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34

Line 64 – Nonproportional Reinsurance Lines

All years .... Lines 31, 32 & 33

Line 65 – Total

All years .... Line 35

Operating Percentages

All years .... (Page 4) (Item Divided by Page 4, Line 1) x 100.0

Line 66 – Premiums Earned

All years .... Line 1

Line 67 – Losses Incurred

All years .... Line 2

Line 68 – Loss Expenses Incurred

All years .... Line 3

Line 69 – Other Underwriting Expenses Incurred

All years .... Line 4

Line 70 – Net Underwriting Gain (Loss)

All years .... Line 8

Other Percentages

Line 71 – Other Underwriting Expenses to Net Premiums Written

All years .... Page 4, Lines 4 + 5 – 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0

Line 72 – Losses and Loss Expenses Incurred to Premiums Earned

All years .... Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0

Line 73 – Net Premiums Written to Policyholders' Surplus

All years .... Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0

One-Year Loss Development (000 omitted)

Line 74 – Development in Estimated Losses and Loss Expenses Incurred Prior to Current Year

All years .... Schedule P, Part 2 Summary, Line 12, Column 11

Line 75 – Percent of Development of Losses and Loss Expenses Incurred to Policyholders' Surplus of Prior Year-End

All years .... Five Year Historical, Line 74 divided by Page 4, Line 21, Column 1 x 100.0

Two-Year Loss Development (000 omitted)

Line 76 – Development in Estimated Losses and Loss Expenses Incurred 2 Years Before the Current Year and Prior Year

All years .... Schedule P, Part 2 Summary Line 12, Column 12

Line 77 – Percent of Development of Losses and Loss Expenses Incurred to Reported Policyholders' Surplus of Second Year Prior Year-End

All years .... Five Year Historical, Line 76 divided by Page 4, Line 21, Column 2 x 100.0

State Page

EXHIBIT OF PREMIUMS AND LOSSES

DIRECT BUSINESS IN THE STATE OF...

(Statutory Page 14 Data)

A schedule should be prepared and submitted to the state of domicile for each jurisdiction in which the company has written direct business, has direct losses paid, direct losses incurred or direct losses unpaid. To other states in which the company is licensed it should submit only a schedule for that state.

For definitions of lines of business, see the appendix of these instructions.

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.

Data for Annual Statement Line 29 – International should be reported on the page for "Other Alien" and the "Grand Total" page.

Column 1 – Direct Premiums Written

The amounts reported on the GT (Grand Total) Page for the lines in this column should agree with the amounts reported for the identical line in Column 1 of the Underwriting and Investment Exhibit, Part 1B with the following exceptions:

The sum of Lines 2.1, 2.2, 2.3, 2.4 and 2.5 should equal Underwriting and Investment Exhibit, Part 1B, Column 1, Line 2.

The sum of Lines 5.1 and 5.2 should equal Underwriting and Investment Exhibit, Part 1B, Column 1, Line 5.

Line 11 should equal the sum of Lines 11.1 and 11.2, Underwriting and Investment Exhibit, Part 1B, Column 1.

The sum of Lines 15.1 through 15.8 should equal Underwriting and Investment Exhibit, Part 1B, Column 1, Line 15.

Line 18 should equal the sum of Lines 18.1 and 18.2, Underwriting and Investment Exhibit, Part 1B, Column 1.

The sum of Lines 19.1 and 19.2 should equal Underwriting and Investment Exhibit, Part 1B, Column 1, Line 19.1 and 19.2.

The sum of Lines 19.3 and 19.4 should equal Underwriting and Investment Exhibit, Part 1B, Column 1, Line 19.3 and 19.4.

The sum of Lines 21.1 and 21.2 should equal Underwriting and Investment Exhibit, Part 1B, Column 1, Line 21.

Column 2 – Direct Premiums Earned

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

Column 5 – Direct Losses Paid (Deducting Salvage)

The amounts reported on the GT (Grand Total) Page for the lines in this column should agree with the amounts reported for the identical line in Column 1 of the Underwriting and Investment Exhibit, Part 2, Column 1 with the following exceptions:

The sum of Lines 2.1, 2.2, 2.3, 2.4 and 2.5 should equal Underwriting and Investment Exhibit, Part 2, Column 1, Line 2.

The sum of Lines 5.1 and 5.2 should equal Underwriting and Investment Exhibit, Part 2, Column 1, Line 5.

Line 11 should equal the sum of Lines 11.1 and 11.2, Underwriting and Investment Exhibit, Part 2, Column 1.

The sum of Lines 15.1 through 15.8 should equal Underwriting and Investment Exhibit, Part 2, Column 1, Line 15.

Line 18 should equal the sum of Lines 18.1 and 18.2, Underwriting and Investment Exhibit, Part 2, Column 1.

The sum of Lines 19.1 and 19.2 should equal Underwriting and Investment Exhibit, Part 2, Column 1, Line 19.1 and 19.2.

The sum of Lines 19.3 and 19.4 should equal Underwriting and Investment Exhibit, Part 2, Column 1, Line 19.3 and 19.4.

The sum of Lines 21.1 and 21.2 should equal Underwriting and Investment Exhibit, Part 2, Column 1, Line 21.

Column 7 – Direct Losses Unpaid

The amounts reported on the GT (Grand Total) Page for the lines in this column should agree with the amounts reported for the identical line in Column 1 plus Column 5 of the Underwriting and Investment Exhibit, Part 2A with the following exceptions:

The sum of Lines 2.1, 2.2, 2.3, 2.4 and 2.5 should equal Underwriting and Investment Exhibit, Part 2A, Column 1 plus Column 5, Line 2.

The sum of Lines 5.1 and 5.2 should equal Underwriting and Investment Exhibit, Part 2A, Column 1 plus Column 5, Line 5.

Line 11 should equal the sum of Lines 11.1 and 11.2, Underwriting and Investment Exhibit, Part 2A, Column 1 plus Column 5.

The sum of Lines 15.1 through 15.8 should equal Underwriting and Investment Exhibit, Part 2A, Column 1 plus Column 5, Line 15.

Line 18 should equal the sum of Lines 18.1 and 18.2, Underwriting and Investment Exhibit, Part 2A, Column 1 plus Column 5.

The sum of Lines 19.1 and 19.2 should equal Underwriting and Investment Exhibit, Part 2A, Column 1 plus Column 5, Line 19.1 and 19.2.

The sum of Lines 19.3 and 19.4 should equal Underwriting and Investment Exhibit, Part 2A, Column 1 plus Column 5, Line 19.3 and 19.4.

The sum of Lines 21.1 and 21.2 should equal Underwriting and Investment Exhibit, Part 2A, Column 1 plus Column 5, Line 21.

Column 11 – Commission and Brokerage Expenses

Report incurred direct commission and brokerage expenses. Contingent commission and brokerage expenses incurred should also be included in this column. The total for all states in each line should equal the Insurance Expense Exhibit, Part III, Column 23, Commission and Brokerage Expenses Incurred.

Column 12 – Taxes, Licenses, and Fees

Report direct taxes, licenses, and fees incurred. The total for all states in each line should equal the Insurance Expense Exhibit, Part III, Column 25, Taxes, Licenses, and Fees Incurred.

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.

When preparing Schedule P, this business should be included in the Other Liability sections.

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

List separately each line of business for which there is no pre-printed line on the State Page.

Footnote (b): Complete the information regarding number of persons covered under PPO managed care products and number of persons covered under indemnity only products. Include in PPO business health insurance products that provide access to higher levels of benefits whenever participating provider networks are used.

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SCHEDULE F – REINSURANCE

Index to Schedule F

Part 1	–	Assumed Reinsurance
Part 2	–	Portfolio Reinsurance
Part 3	–	Ceded Reinsurance
Part 4	–	Issuing or Confirming Banks for Letters of Credit from Schedule F, Part 3
Part 5	–	Interrogatories for Schedule F, Part 3
Part 6	–	Restatement of Balance Sheet to Identify Net Credit for Ceded Reinsurance

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

Due Date

All parts of Schedule F are to be filed with the annual statement.

Please note that Parts 1, 3, 4 and 5 of this schedule are reported with thousands omitted. Parts 2 and 6 are reported in whole dollars.

ID Number

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

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

Use of Federal Employer Identification Number

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

Alien Insurer Identification Number (AIIN)

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

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

Pool and Association Numbers

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

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

Alien pools and associations should be reported on Schedule F under the category "Other Non-U.S. Insurers" rather than under "Pools, Associations and Similar Facilities." Pools and associations consisting of affiliated companies should be listed by individual company names rather than by pool or association identification.

Certified Reinsurer Identification Number (CRIN)

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

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

NAIC Company Code

Company codes are assigned by the NAIC and are listed in the NAIC *Listing of Companies*. The NAIC does not assign a company code to insurers domiciled outside of the U.S. or to non-risk bearing pools or associations. The "NAIC Company Code" field should be zero-filled for those organizations. Non-risk bearing pools or associations are assigned a Pool/Association Identification Number. See the"Pool and Association Numbers" section above for details on assignment of Pool/Association Identification Numbers. Risk-bearing pools or associations are assigned a company code. If a reinsurer or reinsured has merged with another entity, report the company code of the surviving entity.

If a risk-bearing entity (e.g., risk-bearing pools or associations) does not appear in the NAIC *Listing of Companies*, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at *FDRCCREQ@NAIC.ORG* for numbers assigned since the last publication or for information on having a number assigned. Newly assigned company codes are incorporated in revised editions of the NAIC *Listing of Companies*, which are available semi-annually. The NAIC provides this information to annual statement software vendors for incorporation into the software.

Domiciliary Jurisdiction

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