National Association of Insurance Commissioners

The Center for Insurance Policy and Research

TO:	Subscribers to the NAIC *Annual Statement Instructions* – Fraternal
FROM:	Calvin Ferguson, Senior Insurance Reporting Analyst
DATE:	September 1, 2017
RE:	2017 Fraternal Annual Statement Instructions

Enclosed please find a complete set of 2017 annual statement instructions. Revision bars throughout the instruction manual in the left margin identify changes from 2016 instructions.

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

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

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

ASI - FUA- 17

Official NAIC
Annual Statement Instructions

Fraternal

For the 2017 reporting year
Printed September 2017

This guidance is adopted by the NAIC as of June 2017. Please note that there can be modifications to the instructions included in this manual from year to year as such guidance is subject to the maintenance process. To address this, the NAIC has a website dedicated to providing the holder of this manual with the latest information impacting quarterly and annual statement instructions.

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

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

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

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

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

Legal
Comprehensive collection of NAIC model laws, regulations and guidelines; state laws on insurance topics; and other regulatory guidance on antifraud and consumer privacy.

Market Regulation
Regulatory and industry guidance on market-related issues, including antifraud, product filing requirements, producer licensing and market analysis.

NAIC Activities
NAIC member directories, in-depth reporting of state regulatory activities and official historical records of NAIC national meetings and other activities.

Special Studies
Studies, reports, handbooks and regulatory research conducted by NAIC members on a variety of insurance related topics.

Statistical Reports
Valuable and in-demand insurance industry-wide statistical data for various lines of business, including auto, home, health and life insurance.

Supplementary Products
Guidance manuals, handbooks, surveys and research on a wide variety of issues.

Capital Markets & Investment Analysis
Information regarding portfolio values and procedures for complying with NAIC reporting requirements.

White Papers
Relevant studies, guidance and NAIC policy positions on a variety of insurance topics.

For more information about NAIC publications, visit us at:

http://www.naic.org//prod_serv_home.htm

ISBN: 978-1-59917-983-4

Printed in the United States of America

NAIC Executive Office
444 North Capitol Street, NW
Suite 700
Washington, DC 20001
202.471.3990

NAIC Central Office
1100 Walnut Street
Suite 1500
Kansas City, MO 64106
816.842.3600

NAIC Capital Markets
& Investment Analysis Office
One New York Plaza, Suite 4210
New York, NY 10004
212.398.9000

TABLE OF CONTENTS

Page #

Page #

Page #

Annual Supplements

Page #

Appendix

<u>EDITOR'S NOTE:</u>

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

INSTRUCTIONS

For Completing Fraternal Orders Annual Statement Blank

FOREWORD

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

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

> In completing the annual statement blank, report all business done by the U.S. branch in the United States. The difference between the amounts reported on the Assets Page, Line 28, Column 3 and the Liabilities Page, Line 25, Total Liabilities shall be reported on the Liabilities page, Line 29.

The format of the annual statement facilitates data capture. Therefore, do not change the captions for pre-printed items, lines, or columns and do not insert write-ins between pre-printed items, lines or columns (however, these requirements do not apply to the signature lines on the Jurat Page). An entry for which no specific pre-printed line title appears (for example, Deferred Option Income) should be included in the appropriate write-in line for each schedule or applicable page. Include an identifying title with each entry. Report write-in lines in descending order. The statement provides a limited number of lines for write-ins in each applicable section. Do not modify these pre-printed write-in detail schedules. If there is not sufficient room in a write-in detail schedule to accommodate all write-ins to be reported therein, report the write-in detail overflow on pages sequentially numbered beginning with Page 52 (Overflow page), followed by 52.1, 52.2, etc. In such instances, carry the summary of write-in overflow lines from this page to the prescribed line in the write-in detail schedule.

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

<u>Page 2</u>

<u>ASSETS</u>
<u>DETAILS OF WRITE-INS AGGREGATED AT LINE 25 FOR OTHER-THAN-INVESTED-ASSETS</u>

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

<u>Overflow Page</u>
<u>Page 2 – Continuation</u>
<u>Assets</u>
<u>Remainder of Write-ins Aggregated in Line 25</u>

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

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

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

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

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

INDEX

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

GENERAL

The annual statement is to be completed in accordance with the *Annual Statement Instructions* and *Accounting Practices and Procedures Manual* except to the extent that state law may differ, or state rules or regulations require differences in reporting. If guidance is not available from those sources, consult the domiciliary state's insurance regulatory authority.

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

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

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

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

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

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

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

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

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

    Schedule A
    Schedule B
    Schedule BA
    Schedule D, Parts 1 – 6 (excluding Part 1A)
    Schedule DA, Part 1
    Schedule DB, Parts A-D
    Schedule DL, Parts 1 and 2
    Schedule E, Parts 1, 2 and 3
    Interest Sensitive Life Insurance Products Report
    Long Term Care Experience Reporting Forms
    Medicare Supplement Insurance Experience Exhibit
    Trusteed Surplus Statement

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

Photocopied or faxed pages are not acceptable.

<u>Printing Standards</u>

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

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

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

d. Numbers must be non-proportionally spaced.

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

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

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

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

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

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

All annual and quarterly statements and all filing forms associated with the annual and quarterly statement filings are to be 8 1/2" x 14" unless otherwise specified by state(s).

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

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

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

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

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

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

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

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

13. The company should not change the page numbers designated in the association blank. If extra pages are needed for other than sections entitled "Details of Write-Ins" use decimals after the page number, like 58.1, 58.2 etc. For example, General Interrogatories, Part 1 – Common Interrogatories 19, 19.1, 19.2 etc., and Part 2 – Fraternal Interrogatories 20, 20.1, 20.2, etc.

    If pages are doubled up, double up the page numbers also. For example, if pages 58, 59 and 60 are shown on the same page, show all three page numbers at the bottom of the page like 58, 59 and 60 or 58–60.

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

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

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

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

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

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

    Corrections of errors in previously filed information.

    A merger.

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

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

B. The effects of changes in accounting estimates are included in income and expenses in the Summary of Operations for the current year. For example, a change in estimate for reserves for accident and health claims related to prior years should be included in the Summary of Operations in disability benefits and benefits under accident and health contracts.

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

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

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

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

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

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

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

22. If the company has separate accounts, a statement should appear in the Notes to Financial Statements that the amounts reported pertain to the entire company business including, as appropriate, its separate accounts business.

23. Unless otherwise specified, reinsurance assumed should be included, reinsurance ceded should be deducted, and net figures entered in the statement.

24. All reinsurance transactions involving separate accounts business, if any, must be reported as reinsurance transactions in the general account annual statement, including reinsurance premiums, deposits, benefits, withdrawals, Schedule S (for separate accounts modified coinsurance reserves), Schedule T and, where applicable, the Notes to Financial Statement and Schedule Y, Part 2.

ACTUARIAL OPINION

1. There is to be included on or attached to Page 1 of the annual statement, the statement of the Appointed Actuary, entitled “Statement of Actuarial Opinion” (Actuarial Opinion), setting forth his or her opinion relating to contract reserves and other actuarial items. The Appointed Actuary must be a Qualified Actuary. Requirements regarding the Appointed Actuary and Qualified Actuary are prescribed by VM-30, Actuarial Opinion and Memorandum Requirements, of the *Valuation Manual* authorized by Section 3 of the *Standard Valuation Law* (#820) as amended by the NAIC in September 2009.

2. A separate Actuarial Opinion is required for each company filing an Annual Statement. The Actuarial Opinion must follow the requirements for statements of actuarial opinion prescribed by VM-30, Actuarial Opinion and Memorandum Requirements, of the *Valuation Manual* authorized by Section 3 of the Model #820 as amended by the NAIC in September 2009. The Actuarial Opinion should include the general account and the separate accounts.

3. The Appointed Actuary must report to the Board of Directors or the Audit Committee each year on the items within the scope of the Actuarial Opinion. The minutes of the Board of Directors shall indicate that the Appointed Actuary has presented such information to the Board of Directors or the Audit Committee.

This page intentionally left blank.

ANNUAL AUDITED FINANCIAL REPORTS

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

The reporting entity shall require the independent certified public accountant to subject the information included in the Supplemental Schedule of Assets and Liabilities (illustrated below) to the auditing procedures applied in the audit of the current statutory financial statements to determine whether such information is fairly stated in all material respects in relation to the basic statutory financial statements taken as a whole and agrees to the reporting entity's annual statement filed with the state insurance departments and the NAIC.

The supplemental schedule should be included with the audited annual statutory financial statements. The auditor should issue a report on the supplemental information as to whether the information is fairly stated in relation to the financial statements taken as a whole.

Example Insurance Entity
Annual Statement for the Year Ended December 31, 20__
Schedule 1 – Selected Financial Data

The following is a summary of certain financial data included in other exhibits and schedules subjected to audit procedures by independent auditors and utilized by actuaries in the determination of reserves.

Investment Income Earned	
U.S. Government Bonds	__________________
Other bonds (unaffiliated)	__________________
Bonds of affiliates	__________________
Preferred stocks (unaffiliated)	__________________
Preferred stocks of affiliates	__________________
Common stocks (unaffiliated)	__________________
Common stocks of affiliates	__________________
Mortgages loans	__________________
Real estate	__________________
Certificate loans and liens	__________________
Collateral loans	__________________
Cash on hand and on deposit	__________________
Short-term investments	__________________
Other invested assets	__________________
Derivative instruments	__________________
Aggregate write-ins for investment income	__________________
Gross Investment Income	__________________
Real Estate Owned – Book Value less Encumbrances	__________________

Mortgage Loans – Book Value:

Farm mortgages	____________
Residential mortgages	____________
Commercial mortgages	____________
Total mortgage loans	____________

Mortgage Loans By Standing – Book Value:

Good standing	____________
Good standing with restructured terms	____________
Interest overdue more than 90 days, not in foreclosure	____________
Foreclosure in process	____________
Other Long-term Assets – Statement Value	____________

Collateral Loans	____________

Bonds and Stocks of Subsidiaries and Affiliates – Book Value

Bonds	____________
Preferred Stocks	____________
Common Stocks	____________

Bonds and Short-term Investments by NAIC Designation and Maturity:

Bonds by Maturity – Statement Value

Due within one year less	____________
Over 1 year through 5 years	____________
Over 5 years through 10 years	____________
Over 10 years through 20 years	____________
Over 20 years	____________
Total by Maturity	____________

Bonds by NAIC Designation – Statement Value

NAIC 1	____________
NAIC 2	____________
NAIC 3	____________
NAIC 4	____________
NAIC 5	____________
NAIC 6	____________
Total by NAIC Designation	____________
Total Bonds Publicly Traded	____________
Total Bonds Privately Placed	____________

Preferred Stocks – Statement Value ______

Common Stocks – Market Value ______

Short-term Investments – Book Value ______

Options, Caps & Floors Owned – Statement Value ______

Options, Caps & Floors Written and In Force – Statement Value ______

Collar, Swap & Forward Agreements Open – Statement Value ______

Futures Contracts Open – Current Value ______

Cash on Deposit ______

Life Insurance In Force:

Ordinary ______

Amount of Accidental Death Insurance In Force Under Ordinary Policies ______

Supplementary Contracts In Force:

Ordinary – Not Involving Life Contingencies –

Amount on Deposit ______
Income Payable ______

Ordinary – Involving Life Contingencies –

Income Payable ______

Annuities:

Ordinary –

Immediate – Amount of Income Payable ______
Deferred – Fully Paid Account Balance ______
Deferred – Not Fully Paid – Account Balance ______

Deposit Funds and Refund Accumulations:

Deposit Funds – Account Balance ______
Refund Accumulations – Account Balance ______

Claim Payments 20__:

Accident and Health – Year Ended December 31, 20__ –

20__ ______
Prior ______

This page intentionally left blank.

MANAGEMENT’S DISCUSSION AND ANALYSIS[1]

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

MD&A Requirements:

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

Introduction

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

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

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

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

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

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

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

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

      Or

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

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

Results of Operations

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

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

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

Prospective Information

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

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

Material Changes

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

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

Liquidity, Asset/Liability Matching and Capital Resources

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

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

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

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

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

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

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

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

    b. Debt refinancings or redemptions;

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

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

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

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

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

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

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

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

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

Loss Reserves (Property & Casualty Companies only)

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

Off-Balance Sheet Arrangements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Preliminary Merger/Acquisition Negotiations

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

Conclusion

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

JURAT PAGE

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

NAIC Group Code

Current Period

Enter the NAIC Group Code for the current filing.

Prior Period

Enter the NAIC Group Code for the prior quarter.

State of Domicile or Port of Entry

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

Country of Domicile

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

Commenced Business

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

Statutory Home Office

As identified with the Certificate of Authority in domiciled state.

Main Administrative Office

Location of the reporting entity's main administrative office.

Mail Address

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

Primary Location of Books and Records

Location where examiners may review records during an examination.

Internet Website Address

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

Statutory Statement Contact

Name & Email

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

Telephone Number & Fax Number

Telephone and fax number should include area code and extension.

Officers, Directors, Trustees

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

Statement of Deposition

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

Signatures

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

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

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

www.naic.org/cmte_e_app_blanks.htm

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

To be filed in electronic format only:

Policyowner Relations Contact

Name

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

Address

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

Telephone Number

Telephone number should include area code and extension.

Email Address

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

Government Relations Contact

Name

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

Address

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

Telephone Number

Telephone number should include area code and extension.

Email Address

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

Market Conduct Contact

Name

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

Address

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

Telephone Number

Telephone number should include area code and extension.

Email Address

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

Cybersecurity Contact

Name

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

Address

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

Telephone Number

Telephone number should include area code and extension.

Email Address

Email address of the cybersecurity contact person as described above.

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

Name

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

Address

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

Telephone Number

Telephone number should include area code and extension.

Email Address

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

ASSETS

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

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

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

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

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

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

The development of admitted assets is illustrated in two columns.

Column 1 – Assets

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

Column 2 – Nonadmitted Assets

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

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

Column 3 – Net Admitted Assets

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

Column 4 – Prior Year Net Admitted Assets

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

Inside amount – Report net admitted assets amounts.

Line 1 – Bonds

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

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

Exclude: Interest due and accrued.

Line 2 – Stocks

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

Line 3 – Mortgage Loans on Real Estate

Include: Foreclosed liens subject to redemption.

Exclude: Interest due and accrued.

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

Line 4 – Real Estate

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

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

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

Exclude: Income due and accrued.

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

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

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

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

Line 6 – Contract Loans

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

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

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

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

Premium extension agreements.

Line 7 – Derivatives

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

Line 8 – Other Invested Assets (Schedule BA Assets)

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

Include: Loans.

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

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

Line 9 – Receivables for Securities

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

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

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

Line 10 – Securities Lending Reinvested Collateral Assets

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

Line 11 – Aggregate Write-ins for Invested Assets

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

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

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

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

Line 14 – Investment Income Due and Accrued

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

Include: Income earned on investments but not yet received.

Line 15 – Premiums and Considerations

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

Amounts due from agents resulting from various insurance transactions.

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

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

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

Include: Direct and group billed uncollected premiums.

Amounts collected but not yet remitted to home office.

Accident and health premiums due and unpaid.

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

Title insurance premiums and fees receivable.

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

Ceded reinsurance balances payable.

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

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

Include: Receivable amounts not yet due.

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

For Property/Casualty companies:

Earned but unbilled premiums.

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

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

Exclude: Ceded reinsurance balances payable.

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

Include: Accrued retrospective premiums on insurance contracts.

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

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

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

For Property/Casualty companies:

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

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

Line 16.1 – Amounts Recoverable from Reinsurers

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

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

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

Line 16.2 – Funds Held by or Deposited with Reinsured Companies

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

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

Line 16.3 – Other Amounts Receivable Under Reinsurance Contracts

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

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

Line 17 – Amounts Receivable Relating to Uninsured Plans

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

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

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

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

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

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

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

This line is not applicable to Fraternal Societies.

Exclude: Deferred tax assets.

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

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

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

Line 18.2 – Net Deferred Tax Asset

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

Line 19 – Guaranty Funds Receivable or on Deposit

This line is not applicable to Fraternal Societies.

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

Line 20 – Electronic Data Processing Equipment and Software

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

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

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

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

All leasehold improvements.

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

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

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

Line 23 – Receivables from Parent, Subsidiaries and Affiliates

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

Exclude: Amounts owed due to intercompany tax sharing agreements.

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

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

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

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

Line 24 – Health Care and Other Amounts Receivable

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Include: Equities and deposits in pools and associations.

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

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

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

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

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

For Property/Casualty Companies:

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

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

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

For Life and Health Companies:

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

For Life, Accident & Health and Fraternal Companies:

Any negative IMR that is nonadmitted.

LIABILITIES, SURPLUS AND OTHER FUNDS

Line 2 – Aggregate Reserves for Accident and Health Contracts (including ___ Modco Reserves)

Include: Accrued return premium adjustments for contracts subject to redetermination.

Line 3 – Liability for Deposit-Type Contracts

Include: Liabilities for contracts that have no mortality or morbidity risk. Refer to *SSAP No. 52—Deposit-Type Contracts*. Report the total amount shown on the Exhibit of Deposit-Type Contracts.

Line 5 – Refunds Due and Unpaid

Include: Certificate refunds contingent on payment of deferred and uncollected premiums.

Line 6 – Provisions for Refunds Payable in Following Calendar Year - Estimated Amounts

Include: Refunds contingent on the payment of renewal premiums.

Line 7 – Premiums and Annuity Considerations For Life and Accident and Health Contracts Received in Advance

Include: Any amount received by the company for payments in advance in accordance with guidance set forth in *SSAP No. 51R—Life Contracts* and *SSAP No. 54R—Individual and Group Accident and Health Contracts*.

Line 8.2 – Other Amounts Payable on Reinsurance Assumed and Ceded

Include: Refunds payable and modified coinsurance reserve increases payable.

Exclude: Commissions and expense allowances payable.

Claims payable.

Line 8.3 – Interest Maintenance Reserve

Report the amount calculated on the Calculating Interest Maintenance Reserve Form, Line 6.

Line 9 – Commissions to Fieldworkers Due or Accrued

Include: Liability for commissions and collection fees due on direct business and commissions due or accrued on deferred commissions contracts.

Liability for commissions and collection fees due on premium notes and loans when paid.

Exclude: Deductions for commissions receivable on reinsurance ceded. These should be included on Page 2, Line 16.3, Column 3.

Liability for commissions due on reinsurance assumed. These should be reported on Page 3, Line 10.

Commissions on nonadmitted uncollected accident and health premiums.

Line 11 – General Expenses Due or Accrued

Include: Expenses not yet incurred but that the reinsurer anticipates will be incurred in connection with accident and health claims and deposit-type funds at year-end.

Unfunded postretirement benefit obligation.

Line 12 – Transfers to Separate Accounts Due or Accrued (Net) (including $__________ accrued for expense allowances recognized in reserves)

Enter the due or accrued net transfer to or (from) the separate accounts statement net of any payable or (receivable) for reinsurance assumed or ceded separate accounts reserve expense allowances. This item should agree with the amount shown parenthetical on Page 3, Line 17 of the Separate Accounts Statement, adjusted for reinsurance assumed or ceded separate accounts reserve expense allowances retained in the ceding company's Separate Accounts Statement. Adjustments for reinsured modified reserve expense allowances should be recorded in this line of the general account statement but should not be recorded in the Separate Accounts Statement.

In the parenthetical portion of the caption, disclose as a negative amount, the excess, if any, of certificate holder account values as appropriate, over modified reserves used in the Separate Accounts Statement, such as the expense allowance provided by the use of CARVM or CRVM net of any reinsured expense allowances.

Exclude from the parenthetical disclosure all other types of accruals, such as accruals for fees and charges.

Line 13 – Taxes, Licenses and Fees Due or Accrued (Net)

Exclude: Any amounts withheld or retained by the company acting as agent for others.

Line 14 – Unearned Investment Income

Report all unearned investment income.

Include: That portion of interest or income from any investment (bond, stock, real estate, etc.) that has been received but not earned as of year-end.

Line 15 – Amounts Withheld or Retained by Society as Agent or Trustee

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

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

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

Line 16 – Amounts Held for Fieldworkers' Account

Include: Fieldworkers' Credit Balances as well as any other amounts due or contingently due to fieldworkers (but not commissions, which should be included in Line 10). Do not offset the debit balance of one fieldworker against the credit balance of another.

Line 17 – Remittances and Items Not Allocated

Report a liability for cash receipts that cannot be identified for a specific purpose or, for other reasons, cannot be applied to a specific account when received. Refer to *SSAP No. 67—Other Liabilities* for accounting guidance.

Do not offset credit suspense balances by unrelated debit suspense balances. The latter, to the extent not offset by related liability items, should be entered as a separate item on Page 2.

Line 18 – Net Adjustment in Assets and Liabilities Due to Foreign Exchange Rates

Include: The appropriate exchange differential applied to the excess, if any, of foreign currency Canadian Insurance Operations assets over foreign currency Canadian Insurance Operations liabilities. This method can be used if the Canadian Insurance Operations result in less than 10% of the reporting entity's assets, liabilities and premium. The difference, if an asset, is recorded on Page 2, Line 22, Net Adjustments in Assets and Liabilities Due to Foreign Exchange Rates; or, if a liability, on Page 3, Line 18, Net Adjustments in Assets and Liabilities Due to Foreign Exchange Rates. Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance.

Line 19 – Liability for Benefits for Employees and Fieldworkers if not Included Above

This item should include all liability for benefits to employees and fieldworkers under an uninsured plan.

Line 20 – Borrowed Money

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

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

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

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

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

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

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

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

Line 21.1 – Asset Valuation Reserve

Report the amount calculated on the Asset Valuation Reserve Form, Line 16, Column 7.

Line 21.2 – Reinsurance in Unauthorized and Certified Companies

Total net amount from Schedule S, Part 4 (Column 8 less Column 15) plus Schedule S, Part 5 (Column 26 x 1000).

Line 21.3 – Funds Held Under Reinsurance Treaties with Unauthorized and Certified Reinsurers

Total amount from Schedule S, Part 4 (Columns 12 and 13) plus Schedule S, Part 5 [(Columns 20 and 21) x 1000)], (other than amounts of letters of credit or trust agreements included therein) to the extent that such funds were included as a part of the total assets on Page 2 of the statement and were not offset by a directly related credit offset on Page 2.

Line 21.4 – Payable to Subsidiaries and Affiliates

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

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

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

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

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

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

Line 21.6 – Funds Held Under Coinsurance

Report the amount of funds withheld from reinsurers under coinsurance treaties other than amounts reported on Line 21.3.

Line 21.7 – Derivatives

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

Line 21.8 – Payable for Securities

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

Line 21.9 – Payable for Securities Lending

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

Line 22 – Aggregate Write-ins for Liabilities

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 22 for Liabilities.

Line 24 – From Separate Accounts Statement

Report the total liabilities shown on the company's Separate Accounts Statement.

Line 26 – Aggregate Write-ins for Other than Liabilities and Surplus Funds

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 26 for Other Than Liabilities and Surplus Funds.

Line 27 – Surplus Notes

Include: That portion of any subordinated indebtedness, surplus debenture, contribution certificate, surplus note, debenture note, premium income note, bond or other contingent evidence of indebtedness, not included in Line 23 that is a financing vehicle for increasing surplus. Furnish pertinent information concerning conditions of repayment, redemption price, interest features, etc. in the Notes to Financial Statements. Report discount or premium, if any, in the balance sheet as a direct deduction from or addition to the face amount of the note.

Exclude: Surplus notes that are required, or are a prerequisite for, purchasing an insurance contract and are held by the certificate holder.

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

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

Line 28 – Aggregate Write-ins for Surplus Funds

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 28 for Surplus Funds.

Line 29 – Unassigned Funds (Surplus)

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

Include: Reductions for unearned employee stock option plan shares.

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

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

Line 30 – Total (including $ _________ in Separate Accounts Statement)

In the parenthetical portion of the caption, disclose the total amount of surplus funds reported on Page 3, Line 21 of the Separate Accounts Statement.

Details of Write-ins Aggregated at Line 22 for Liabilities

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

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

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

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

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

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

Amount accrued for the medical loss ratio rebate as provided for in Section 2718(b)(1)(A) of the Public Health Service Act.

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

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

Details of Write-ins Aggregated at Line 26 for Other Than Liabilities and Surplus Funds

Enter separately by category the amount of statutory deposits of alien insurers, other than liabilities and special reserves for which there is not a pre-printed line on Page 3, or similar funds with appropriate description. The aggregate amount of all surplus notes required or those that are a prerequisite for purchasing an insurance contract and are held by the certificate holder should be listed as a separate item.

Details of Write-ins Aggregated at Line 2[illegible] for Surplus Funds

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

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

SUMMARY OF OPERATIONS

The purpose of the Summary of Operations is to identify earned income, incurred disbursements, and increase in reserves, (much of which is displayed in the supporting exhibits) in order to calculate net gain from operations for the year. This summary should be completed on the accrual, i.e., earned and incurred basis. Certain items may be either positive or negative and should be entered accordingly. The various investment items of interest, rent, profit and loss, depreciation, appreciation, etc., appearing in the exhibits supporting this summary must check with the data relating to the same transactions as set forth in the appropriate schedules. Profit and loss items must be itemized. The lists of items to be included in the various lines of the Summary of Operations and supporting exhibits are not intended to exclude analogous items that are omitted from the lists.

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

Lines 1 through 29 should agree to Analysis of Operations by Lines of Business, Lines 1 through 29, Column 1.

Line 1 – Premiums and Annuity Considerations For Life and Accident and Health Contracts

Report premium and annuity considerations for life and accident and health contracts including experience rating refunds, assumed reinsurance and net of reinsurance ceded. Refer to *SSAP No. 50—Classifications of Insurance or Managed Care Contracts*, *SSAP No. 51R—Life Contracts*, *SSAP No. 52—Deposit-Type Contracts*, *SSAP No. 54R—Individual and Group Accident and Health Contracts* for life, accident and health and deposit-type contract definitions, and *SSAP No. 66—Retrospectively Rated Contracts* for experience rating refunds.

Include: Accrued return premium adjustments for contracts subject to redetermination.

Deduct: Premiums and annuity considerations returned (other than cash surrender values) including amounts returned during the year due to rescission of certificates or contract not taken, "free-look" provision, reformation of contract, other contractual return premium provisions, erroneously computed premiums or similar returns.

Exclude: Changes in reserves for experience rating refunds.

Line 2 – Considerations for Supplementary Contracts with Life Contingencies

Include: Proceeds retained at death, disability or upon surrender or maturity of certificate or annuity contract to be settled by a supplementary contract involving life contingencies.

Line 3 – Net Investment Income

Include: Investment income earned from all forms of investment.

Dividends from SCA entities, Joint Ventures, Partnership, and Limited Liability Companies: less investment expenses, taxes (excluding federal income taxes), licenses, fees, depreciation on real estate and other invested assets.

Interest on borrowed money.

Exclude: Capital gains and losses on investments.

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

Line 4 – Amortization of Interest Maintenance Reserve (IMR)

Report the amount calculated on the Form for Calculating Interest Maintenance Reserve, Line 5.

Line 5 – Separate Accounts Net Gain from Operations Excluding Unrealized Gains or Losses

Report the total net gain from operations shown on Page 4, of the Separate Accounts Statement, excluding the portion due to unrealized capital gains or losses. (See instructions for Separate Accounts net gain from operations disclosure.)

Line 6 – Commissions and Expense Allowances on Reinsurance Ceded

Include: Commissions and expense allowances on reinsurance ceded excluding, for group insurance, any portion thereof which represents specific reimbursement of premium taxes and expenses.

Line 7 – Reserve Adjustments on Reinsurance Ceded

Include: Reserve increase received each year from reinsurer on modified coinsurance ceded.

Line 8.1 – Income from Fees Associated with Investment Management, Administration and Contract Guarantees from Separate Accounts

Include: Only fees and charges for investment management, administration and contract guarantees from the Separate Account. This should agree with the Separate Accounts Summary of Operations, line 11, column 1.

Line 8.3 – Aggregate Write-Ins for Miscellaneous Income

Enter the total of the write-ins listed in schedule "Details of Write-ins Aggregate at Line 8.3 for miscellaneous income."

Line 10 – Death Benefits

Exclude: Death benefits under annuity contracts.

Line 11 – Matured Endowments (Excluding Guaranteed Annual Pure Endowments)

Exclude: Guaranteed annual pure endowments that do not exceed the annual premium and similar benefits.

Line 12 – Annuity benefits

Exclude: Matured endowment, disability or surrender benefits under annuity contracts. These should be reported on Lines 11, 13 and 14, respectively.

Line 13 – Disability Benefits and Benefits Under Accident and Health Contracts

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

Line 14 – Surrender Benefits and Withdrawals for Life Contracts

Include: All surrender or other withdrawal benefit amounts incurred in connection with contract provisions for surrender or withdrawal.

Exclude: Premium and annuity considerations for life contracts returned deducted on Line 1 in accordance with the instructions for that line.

Withdrawals on deposit-type contracts.

Amounts transferred to premium and annuity considerations, separate account or amounts redeposited.

Line 15 – Interest and Adjustments on Contracts or Deposit-Type Contract Funds

Include: Interest credited to liabilities for funds held on deposit by the company where the deposits, withdrawals or other payments between the certificateholder and the company are recorded as balance sheet transactions, refer to *SSAP No. 51R—Life Contracts* and *SSAP No. 52—Deposit-Type Contracts*.

Change in reserves or other adjustments to deposit-type contracts.

Deduct: Discount on contract proceeds paid in advance.

Line 17 – Increase in Aggregate Reserve for Life and Accident and Health Contracts

Include: Any deficiency reserves.

Exclude: Any increase in reserves on account of change in valuation basis.

Line 19 – Commissions on Premiums, Annuity Considerations and Deposit-Type Contract Funds (Direct Business Only)

Include: Collection or service fees, contract, membership and other fees, and commuted renewal commissions.

Exclude: Commissions on reinsurance either assumed or ceded.

Line 20 – Commissions and Expense Allowances on Reinsurance Assumed

Include: Commissions and expense allowances on reinsurance assumed excluding, for group insurance, any portion thereof which represents specific reimbursement of premium taxes and expenses.

Line 21 – General Insurance Expenses and Fraternal Expenses

Enter the sum of Columns 1, 2, 3, 4 and 6, Line 10 of Exhibit 2. Refer to *SSAP No. 70—Allocation of Expenses* for accounting guidance.

Line 22 – Insurance Taxes, Licenses and Fees

Report all insurance taxes, licenses and fees, net of reinsurance ceded.

Line 24 – Net Transfers To or (From) Separate Accounts Net of Reinsurance

Include: The amount of decrease or (increase), if any, in the excess of certificateholder account values as appropriate, over modified reserves such as the expense allowance provided by the use of CARVM for CRVM included in Line 12, "Transfers to Separate Accounts Due or Accrued" on the Liabilities Page of the General Account Statement and reported in Line 9.2, "Change in Expense Allowances Recognized in Reserves" on the Summary of Operations page, of the Separate Accounts Statement, such excess or expense allowance must be reported as a transfer to the general account.

The change in reinsured expense allowances held in the Separate Accounts Statement of the ceding company.

Exclude: Income from fees associated with investment management, administration and contract guarantees from Separate Accounts. Report such amounts as income from fees associated with investment management, administration and contract guarantees from Separate Accounts, on Line 8.1.

Line 25 – Aggregate Write-ins for Deductions

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

Line 28 – Refunds to Members

Include: Refunds to members net of reinsurance ceded.

Line 30 – Net Realized Capital Gains/(Losses)

Include: Realized investment related foreign exchange gains/(losses).

Exclude: Unrealized gains/(losses) on investments.

The realized capital gains/(losses) transferred to the IMR.

SURPLUS ACCOUNT

The purpose of the Surplus Account is to delineate certain charges and credits not included in operations such as net capital gains and items pertaining to prior years and to reconcile the change in unassigned funds and special reserves account during the year.

Line 33 – Net Income from Operations

Net income from operations after member refunds and realized capital gains/(losses) on investments.

Line 34 – Change in Net Unrealized Capital Gains/(Losses) Less Capital Gains Tax of $________

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

Exclude: Realized capital gains/(losses).

Line 35 – Change in Net Unrealized Foreign Exchange Capital Gain (Loss)

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

Exclude: Realized investment foreign exchange gains/(losses).

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

Line 36 – Change in Nonadmitted Assets

Equals the amount on the Exhibit of Nonadmitted Assets, Line 28, Column 3.

Line 37 – Change in Liability for Reinsurance in Unauthorized and Certified Companies

Report the change between years from the Liabilities, Surplus and Other Funds page, Reinsurance in Unauthorized and Certified Companies line.

Line 38 – Change in Reserve on Account of Change in Valuation Basis, (Increase) or Decrease

Column 1 should equal (Exhibit 5A, Line 9999999, Column 4) x – 1.

Include: All reserve strengthening commitments of a permanent nature.

Exclude: Any deficiency reserves.

Line 39 – Change in Asset Valuation Reserve

Report the amount calculated on (Page 26, Lines 2 + 3 + 4 + 5 – 6 + 7 + 11 + 14 + 15, Column 7) x –1.

Line 40 – Surplus (Contributed to) Withdrawn from Separate Accounts During Period

Include: All seed monies (contributed to) or withdrawn from accounts maintained in the Separate Accounts Statement and any accumulated profits withdrawn from the Separate Accounts Statement.

Report amounts contributed as negative amounts in this line.

Line 41 – Other Changes in Surplus in Separate Accounts Statement

Report the total change in surplus in the Separate Accounts Statement excluding the amount of change resulting from the net gain from operations in the Separate Accounts Statement as reported on Line 5 of the General Account Statement. Include the change, if any, due to net contributions or withdrawals of surplus between the Separate Accounts Statement and the General Account Statement. This will offset the general account impact of such transactions which should be recorded appropriately in Line 45, "Aggregate Write-ins for Gains and Losses in Surplus" of the General Account Statement but which does not change the aggregate surplus of the company.

Line 43 – Cumulative Effect of Changes in Accounting Principles

Exclude: Corrections of errors in previously issued financial statements. Corrections of errors should be reported on Line 45, Aggregate Write-ins for Gains and Losses in Surplus.

Changes in accounting estimates. A change in an accounting estimate should be included in the Summary of Operations.

Line 44 – Change in Surplus as a Result of Reinsurance

Report net increases and decreases in surplus from reinsurance ceded and reinsurance assumed in accordance with the accounting guidance described in *SSAP No. 61—Life, Deposit-Type and Accident and Health Reinsurance, SSAP No. 72—Surplus and Quasi-Reorganization* and Appendix A-791.

Line 45 – Aggregate Write-ins for Gains and Losses in Surplus

Enter the total of write-ins listed in schedule "Details of Write-ins Aggregated at Line 45 for Gains and Losses in Surplus."

Details of Write-ins Aggregated at Line 8.3 for Miscellaneous Income

List separately each category of miscellaneous income for which there is no pre-printed line on Page 4.

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

Amounts reported in Exhibit 2, Lines 3.11 and 3.12 for self-administered plan not reported in Exhibit 1.

Interest due from ceding reinsureds on funds held by the ceding company on behalf of the reporting entity (assuming entity).

Other sundry receipts and adjustments not reported elsewhere.

Gains/losses on fixed assets.

Exclude: Investment foreign exchange gains/losses.

Details of Write-ins Aggregated at Line 25 for Deductions

List separately each category of deduction for which there is no pre-printed line on Page 4.

Report the amount from the Form For Calculating the Interest Maintenance Reserve, Line 3.

Include: Fines and penalties of all regulatory authorities (not just the insurance regulatory authority) that should be shown here as a separate item.

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

Reserve adjustment on modified coinsurance assumed.

Exclude: Expenses to be recorded on a specific line on Exhibit 1 or on Exhibit 2, Line 9.3 – Aggregate Write-ins for Expenses, e.g., general insurance expenses and other expenses.

Details of Write-ins Aggregated at Line 45 for Gains and Losses in Surplus

Report separately any other changes to surplus not included above, including amounts received for subordinated surplus debentures.

Include: Initial transition obligation for unfunded postretirement benefit obligation, if a company elects to immediately recognize such obligation.

Corrections of errors in previously issued financial statements.

(Charges) or credits for extraordinary amounts of expenses paid or accrued in prior years.

(Charges) or credits for investment reserves other than AVR.

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

Exclude: Cumulative effect of changes in accounting principles. The effect of changes in accounting principles should be reported on Line 43, "Cumulative effect of changes in accounting principles".

Changes in accounting estimates. A change in accounting estimate should be included in the Summary of Operations.

CASH FLOW

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

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

Cash from Operations Worksheet

Ref. #	**Premiums Collected Net of Reinsurance**		
1.1	Summary of Operations (Page 4) Line 1 + 2 – 23, current year		______
1.2	Assets (Page 2) Line 15 + 16.2 (In part for amounts related earned premiums) + 16.3 (In part for experience rating and other amounts related to earned premiums), Column 1, current year less previous year		______
1.3	Liabilities (Page 3) Line 7, current year less previous year		______
1.4	______		______
1.5	Total of 1.1 – 1.2 + 1.3 + 1.4	(Report on Line 1 of the Cash Flow)	______
	Net Investment Income		
2.1	Summary of Operations (Page 4) Line 3, current year		______
2.2	Assets (Page 2) Line 14 + 22, Column 1, current year less previous year		______
2.3	Liabilities (Page 3) Line 11 (In part for investment related expenses) + 14 + 18, current year less previous year		______
2.4	Amortization of Premium from Investment Worksheet	B8 + S8 + M9 + O9	______
2.5	Accrual of Discount from Investment Worksheet	B9 + S9 + M5 + O5	______
2.6	Depreciation Expense (included in 2.1)		______
2.7	______		______
2.8	Total of 2.1 – 2.2 + 2.3 + 2.4 – 2.5 + 2.6 + 2.7	(Report on Line 2 of the Cash Flow)	______

<u>Miscellaneous Income</u>

3.1 Summary of Operations (Page 4) Line 5 + 6 + 8, current year ______________

3.2 Assets (Page 2)

Line 16.2 (In part for all amounts not reported in line 1.2 above) + 16.3 (In part for all amounts not reported in line 1.2 above or 7.2 below), Column 1, current year less previous year ______________

3.3 ____ ______________

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

<u>Benefit and Loss Related Payments</u>

5.1 Summary of Operations (Page 4)

Line 18 – 38 – 7, current year ______________

5.2 Assets (Page 2)

Line 16.1, Column 1, current year less previous year ______________

5.3 Liabilities (Page 3)

Line 1 + 2 + 4 + 8.1 + 8.2, current year less previous year ______________

5.4 ____ ______________

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

<u>Net Transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts</u>

6.1 Summary of Operations (Page 4)

Line 24, current year ______________

6.2 Liabilities (Page 3)

Line 12, current year less previous year ______________

6.3 ____ ______________

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

Commissions, Expenses Paid and Aggregate Write-ins for Deductions

7.1 Summary of Operations (Page 4)

Line 19 + 20 +21 + 22 + 25, current year ______________

7.2 Assets (Page 2)

Column 1, current year less previous year (N/A for Fraternal)

7.3 Liabilities (Page 3)

Line 9 + 10 + 11 (In part for amount not included in Line 2.3 above; i.e., non-investment expenses) + 13, current year less previous year ______________

7.4 Depreciation Expense (included in 7.1) ______________

7.5 ____ ______________

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

Refunds to Members

8.1 Summary of Operations (Page 4)

Line 28, current year ______________

8.2 Liabilities (Page 3)

Line 5 + 6.1 + 6.2, current year less previous year ______________

8.3 ____ ______________

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

Cash from Investments Worksheet

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

Bonds

B1	Change in net admitted asset value for Bonds (Page 2)			
		Column 3	current less previous year	________
B2	Change in assets nonadmitted for Bonds (Page 2)			
		Column 2	current less previous year	________
B3	Sum of B1 + B2			________
B4	Cost of Acquired			
		Line 2	Schedule D-Verification Between Years, In part for cash acquisition of bonds (Report on Line 13.1 of the Cash Flow)	________
B5	Calculate from Schedule D-Verification Between Years			
		Line 4	Unrealized Valuation Increase (Decrease), In part	
	Plus	Line 8	Total Foreign Exchange Change in Book/Adjusted Carrying Value, In part	
	Minus	Line 9	Current Year's Other-Than-Temporary Impairment, In part	________
B6	Total Gain (Loss) on Disposals			
		Line 5	Schedule D-Verification Between Years, In part	________
B7	Consideration on Disposals			
		Line 6	Schedule D-Verification Between Years, In part for cash disposal of bonds (Report on Line 12.1 of the Cash Flow)	________
B8	Amortization of Premium			
		Line 7	Schedule D-Verification Between Years, In part	________
B9	Accrual of Discount			
		Line 3	Schedule D-Verification Between Years, In part	________
B10	Other amount increases/(decreases)			
		Include non-cash items not already included in B4 through B9		________
B11	Total of B4 + B5 + B6 – B7 – B8 + B9 + B10			________
	B3 – B11	(If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in B10)		0

Stocks

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

Column 3 current less previous year ______________

S2 Change in assets nonadmitted for Stocks (Page 2)

Column 2 current less previous year ______________

S3 Sum of S1 + S2 ______________

S4 Cost of Acquired

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

S5 Calculate from Schedule D-Verification Between Years

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

S6 Total Gain (Loss) on Disposals

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

S7 Consideration on Disposals

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

S8 Amortization of Premium

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

S9 Accrual of Discount

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

S10 Other amount increases/(decreases)

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

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

S3 – S11 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in S10) ______________0

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

B4 + S4 = Line 2, Cost of Bonds and Stocks acquired ______________

B5 + S5 = Line 4, Unrealized Valuation Increase (Decrease) + Line 8, Total Foreign Exchange Change in Book/Adjusted Carrying Value – Line 9, Current Year's Other-Than-Temporary Impairment ______________

B6 + S6 = Line 5, Total Gains (Losses) ______________

B7 + S7 = Line 6, Consideration for Bonds and Stocks Disposed of ______________

Mortgage Loans

M1 Change in net admitted asset value for Mortgages

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

M2 Change in assets nonadmitted for Mortgages

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

M3 Total of M1 + M2 ______________

Schedule B – Verification Between Years

M4 Line 2 Cost of Acquired, <u>In part</u> for cash acquisitions (Report on Line 13.3 of the Cash Flow) ______________

M5 Line 4 Accrual of Discount ______________

M6 Line 5 Unrealized Valuation Increase (Decrease)
Plus Line 9 Total Foreign Exchange Change in Book/Adjusted Carrying Value
Minus Line 10 Current Year's Other-Than-Temporary Impairment ______________

M7 Line 6 Total Gain (Loss) on Disposals ______________

M8 Line 7 Amount Received on Disposals, <u>In part</u> for cash disposals (Report on Line 12.3 of the Cash Flow) ______________

M9 Line 8 Amortization of Premium and Mortgage Interest Points and Commitment Fees ______________

M10 Other amounts increases (decreases)

Include non-cash items not already included in M4 through M9 ______________

M11 Total of M4 + M5 + M6 + M7 – M8 – M9 + M10 ______________

M3 – M11 (If difference is not = 0, identify difference and add to amount(s) in the appropriate line(s) or in M10) ______________0

Real Estate

R1 Change in net admitted asset value for Real Estate

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

R2 Change in assets nonadmitted for Real Estate

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

R3 Total of R1 + R2 ______________

Schedule A – Verification Between Years

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

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

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

R6 Line 4 Total Gain (Loss) on Disposals

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

R8 Other amounts increases (decreases)

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

R9 Total of R4 + R5 + R6 – R7 + R8

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

Other Invested Assets

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

Column 3 current less previous year

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

Column 2 current less previous year

O3 Total of O1 + O2

Schedule BA – Verification Between Years

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

O5 Line 4 Accrual of Discount

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

O7 Line 6 Total Gain (Loss) on Disposals

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

O9 Line 8 Amortization of Premium and Depreciation

O10 Other amounts increases (decreases)

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

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

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

Contract Loans and Premium Notes

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

Column 3 current less previous year ____________

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

Column 2 current less previous year ____________

P3 Total of P1 + P2 ____________

P4 Increase (Decrease) by Adjustment ____________

P5 Net Increase (Decrease) in Amount Paid and Received

(Report on Line 14 of the Cash Flow) ____________

P6 Realized Gain (Loss) ____________

P7 Other amount increases (decreases)

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

P8 Total of P4 + P5 + P6 + P7 ____________

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

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

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

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

____

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

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

____

W3 Total of W1 + W2 ____________

W4 Increase (Decrease) by Adjustment ____________

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

W6 Realized Gain (Loss) ____________

W7 Other amounts increases (decreases)

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

W8 Total of W4 + W5 + W6 + W7 ____________

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

Receivable (Payable) for Securities

X1 Change in net admitted asset value for Receivable for Securities

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

X2 Change in assets nonadmitted for Receivable for Securities

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

X3 Net change in Payable for Securities (Page 3, Column 1 less Column 2) ______________

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

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

1 Change in IMR liability

(Page 3, Line 8.3, current year less previous year) ______________

2 Current period amounts transferred to IMR (primarily from Form for Calculating the IMR, Line 2) ______________

3 Current period amounts recognized in income

Summary of Operations (Page 4) Line 4 ______________

4 Other amounts increases (decreases) ______________

5 Total of 2 – 3 + 4 ______________

6 1 – 5 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in Line 4) 0

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

1 Change in AVR liability

(Page 3, Line 21.1, current year less previous year) ______________

2 Current period amounts transferred to AVR

(Page 4, Line 39) ______________

3 Other amounts increases (decreases) ______________

4 Total of 2 + 3 ______________

5 1 – 4 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in Line 3) 0

Reconcile Unrealized Capital Gains (Losses)

1 Surplus Account (Page 4)

Line 34 + 35, current year ______________

2 Increase (Decrease) by Adjustment from Investment Worksheet

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

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

(Report on Line 12.6 of the Cash Flow) ______________

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

5 Total of 1 – 2 – 3 – 4

(Amount should = 0, if not = 0 balance should be reported as cash from investments misc. on Line 12.7 if amount is an increase and Line 13.6 if amount is a decrease) ______________0

Reconcile Realized Capital Gains (Losses)

1 Summary of Operations (Page 4) Line 30, current year before transfer to IMR and before taxes ______________

2 Realized Gain (Loss) from Investment Worksheet

(Ref. # B6 + S6 + M7 + R6 + O7 + P6 + W6) ______________

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

(Report on Line 12.6 of the Cash Flow) ______________

4 Total of 1 – 2 – 3

(Amount should = 0, if not = 0 balance should be reported as cash from investments misc. on Line 12.7 if amount is an increase and Line 13.6 if amount is a decrease) ______________0

Cash from Financing Worksheet

These lines calculate Line 16 of the Cash Flow.

Cash Provided (Applied):

Surplus Notes, Capital Notes

1.1 Change in Surplus Notes

Liabilities (Page 3) Line 27, current year less previous year ______________

1.2 Change in Capital Notes

Liabilities (Page 3) current year less previous year (N/A for Fraternal)

1.3 ____ ______________

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

Capital and Paid in Surplus, Less Treasury Stock (N/A for Fraternal)

2.1 Change in Capital

Liabilities, Surplus (Page 3) current year less previous year — (N/A for Fraternal)

2.2 Change in Paid in Surplus

Liabilities (Page 3) current year less previous year — (N/A for Fraternal)

2.3 Change in Treasury Stock

Liabilities, Surplus (Page 3) current year less previous year — (N/A for Fraternal)

2.4 Transfer from Unassigned Surplus to lines included in 2.1 or 2.2 — (N/A for Fraternal)

2.5 ______________________________ — (N/A for Fraternal)

2.6 Total of 2.1 + 2.2 – 2.3 – 2.4 + 2.5 (Report on Line 16.2 of the Cash Flow) — (N/A for Fraternal)

Borrowed Money

3.1 Change in Borrowed Money – Liabilities

(Page 3) Line 20, current year less previous year ______________

3.2 ______________________________ ______________

3.3 Total of 3.1 + 3.2 (report on Line 16.3 of the Cash Flow) ______________

Net Deposits on Deposit-type Contracts and Other Insurance Liabilities

4.1 Change in Deposit-type Contracts

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

4.2 ______________________________ ______________

4.3 Total of 4.1 + 4.2 (Report on Line 16.4 of the Cash Flow) ______________

Dividends to Stockholders (N/A for Fraternals)

5.1 Dividends to Stockholders

Capital and Surplus Account (Page 4) — (N/A for Fraternal)

5.2 Change in Dividends to Stockholders

Liabilities, Surplus (Page 3) current year less previous year — (N/A for Fraternal)

5.3 Total of 5.1 – 5.2 (Report on Line 16.5 of the Cash Flow) — (N/A for Fraternal)

Other Cash Provided (Applied)

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

Capital and Surplus Account (Page 4) Lines 44 and 45 ______________

6.2 Change in Misc. Liabilities

Liabilities, Surplus (Page 3) Lines 15 + 16 + 17 + 19 + 21.3 to 21.7 + 21.9 + 22 + 26 + 28, current year less previous year ______________

6.3 Change in Misc. Assets

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

6.4 Transfer from Unassigned Surplus to lines included in 6.2 ______________

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

6.6 ____ ______________

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

Reconcile Change in Liability in Reinsurance in Unauthorized and Certified Companies

1 Change in Liability for Reinsurance in Unauthorized and Certified Companies

Capital and Surplus Account (Page 4) Line 37 ______________

2 Change in Liability for Reinsurance in Unauthorized and Certified Companies

Liabilities, Surplus (Page 3) Line 21.2, current year less previous year ______________

3 Total of 1 + 2

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

Reconcile NonadmittedAssets

1 Surplus Account

Page 4 Line 36, current year ______________

2 Change in nonadmitted

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

3 Other adjustments ______________

4 Total of 1 + 2 + 3

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

Reconcile Change in Accounting

Surplus Account (Page 4) Line 43, current year ____________

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

Supplemental Disclosure of Non-cash Transactions

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

Examples of non-cash investing and financing transactions include:

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

Illustration:

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

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

This page intentionally left blank.

Analysis Operation by
LOB & Analysis Increase
in Reserves

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

The figures for the total Column 1 are identical to those in Summary of Operations, Page 4, Column 1. This analysis must be completed for the following lines of business regardless of the separation of funds or accounts required by the by-laws of the company: Life Insurance, Individual Annuities, Supplementary Contracts and Accident and Health.

A company shall not omit the columns for any lines of business in which it is not engaged.

Companies operating on a one-fund basis may, at their option, omit the use of Columns 8 and/or 9 in which case fraternal and/or general expense disbursements in Lines 19, 21, 22, 23 and 25 must be distributed appropriately by line of insurance in Columns 2 through 6.

Riders/Endorsements/Floaters:

> If a rider, endorsement or floater acts like a separate policy with separate premium, deductible and limit, and has benefits that are not tied to the value or benefits of the underlying contract, then it is to be recorded on the same line of business as if it were a stand-alone policy regardless of whether it is referred to as a rider, endorsement or floater. Otherwise, the rider, endorsement or floater should be reported on the same line of business as the base policy. Include incidental benefits such as total and permanent disability (including both waivers of premium and disability income benefits), accidental death benefits, accidental death and dismemberment benefits, etc., in the same lines of business as the contracts with which they are associated.

Column 5 – Accident and Health

Include: All Medicare Part D Prescription Drug Coverage, whether sold on a stand-alone basis or through a Medicare Advantage product and whether sold directly to an individual or through a group.

Column 6 – Aggregate of All Other Lines of Business

A company that is engaged in one or more insurance businesses (other than life business, e.g., workers' compensation) that cannot be reported in Columns 2 through 5 on Page 6 shall add the amounts for each additional line of business and shall enter the total in Column 6.

Include: On Line 3, investment income attributable to capital, gross paid in and contributed surplus and unassigned funds (Corporate Account).

Line 4 – Amortization of the Interest Maintenance Reserve

Report the amount shown on Page 4, Line 4 and on Page 25, Line 5.

Allocate the amortization of the Interest Maintenance Reserve in the same manner that investment income would have been allocated had the investment not been sold.

Line 8.1 – Fees associated with Income from Investment Management, Administration and Contract Guarantees from Separate Accounts

Include: Gross amount of fees and charges from Separate Accounts.

Line 8.2 – Charges and Fees for Deposit-Type Contracts

Include: All charges and fees for deposit-type contracts. The amount should agree with the Exhibit 7, Deposit-Type Contracts, Lines 5 and 6, Column 1.

Line 8.3 – Aggregate Write-ins for Miscellaneous Income

Enter the total of the write-ins listed in schedule "Details of Write-ins Aggregated at Line 8.3 for Miscellaneous Income."

Line 11 – Matured Endowments (excluding Guaranteed Annual Pure Endowments)

Include: In Column 5, all amounts under all accident and health contracts.

Line 21 – General Insurance Expenses and Fraternal Expenses

Column 5 should agree with Schedule H, Part 1, Line 4 + Line 8, Column 1.

Line 22 – Insurance Taxes, Licenses and Fees

Column 5 should agree with Schedule H, Part 1, Line 9, Column 1.

Line 25 – Aggregate Write-ins for Deductions

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

Line 28 – Refunds to Members

Column 5 should agree with Schedule H, Part 1, Line 13, Column 1.

Details of Write-ins Aggregated at Line 8.3 for Miscellaneous Income

List separately each category of Miscellaneous Income for which there is no pre-printed line on Analysis of Operations by Lines of Business.

Details of Write-ins Aggregated at Line 25 for Deductions

List separately each category of Deductions for which there is no pre-printed line on Page 6.

Include: Report the amount from Page 25 the Form For Calculating the Interest Maintenance Reserve, Line 3.

INSTRUCTIONS FOR ALLOCATION OF RECEIPTS AND EXPENSES

SECTION A – PURPOSE

For the purpose of making a suitable and equitable allocation of receipts and expenses as between: (1) lines of business, (2) investment expense and insurance expense, and (3) affiliated or associated companies, reporting entities shall observe the standards and rules hereinafter prescribed.

The primary objective of these instructions is to establish principles (i.e., standards) for allocation of receipts and expenses by reporting entities. It is recognized that the choice of methods employed by any reporting entities of necessity will be dictated by conditions peculiar to its size, mode of operation, and the classes of business that it writes. Recognition also is given to the existence of systems of cost analysis that have been developed by reporting entities as a part of overall programs for control of expenses and for other collateral purposes, including the allocation of receipts and expenses by lines of business.

SECTION B – DEFINITIONS

Wherever used in these instructions, the following terms shall have the respective meanings hereinafter set forth or indicated, unless the context otherwise requires:

LINE OF BUSINESS

Has the meaning assigned to it by Section C.

DEPARTMENT

Means any administrative unit, such as a division, bureau, section, team or branch office used in departmental cost analysis or under a cost center concept.

OPERATING DEPARTMENT

Means an organizational unit directly engaged in production or servicing of policies, or investment activities, e.g., certificate issue, certificate loan, selection, premium collection, etc., as distinguished from a "service department" which performs work for other departments, such as mail, supply, personnel, etc.

SERVICE DEPARTMENT

Has the meaning assigned to it in the definition of operating department.

ACTIVITY

Means the work, or one of several lines of work, carried on within any unit or organizational subdivision of the company.

COST

Means all expenditures incurred in terms of salaries, wages, and other expenses and includes taxes, licenses, and fees.

TIME RATIOS

Mean the proportion of total clerical working time devoted to each subdivision of work in an organizational unit.

SALARY RATIOS

Mean ratios obtained by weighting the time ratios of individual clerks by the amount of their salary.

SECTION C – LINES OF BUSINESS

1. Major Lines of Business

The major lines of business for allocation of receipts and expenses are as follows:

	Annual Statement Reference	
	Page	Columns
Ordinary	6	2
Accident and Health	6	5

Allocations of receipts and expenses between companies shall be treated in the same manner as if made for major lines of business.

2. Secondary Lines of Ordinary Business

The secondary lines of business for allocation of receipts and expenses are as follows:

	Annual Statement Reference	
	Page	Columns
Life Insurance	6	2
Individual Annuities	6	3
Supplementary Contracts	6	4

3. Incidental Benefits

Include incidental benefits such as total and permanent disability (including both waiver of premium and disability income benefits), accidental death benefits, accidental death and dismemberment benefits, etc., in the same columns as the contracts with which they are associated.

4. Other Lines of Business

When Column 6 is utilized on Page 6 for reporting additional activities, the following modifications should also be made with appropriate descriptive designations.

Assets (Page 2)

Under Details of Write-ins Aggregated at Line 25 for Other Than Invested Assets insert a line for:
Premiums due and unpaid for all other lines of business.

Liabilities (Page 3)

Under Details of Write-ins Aggregated at Line 22 for Liabilities insert lines for:
Unearned premium reserve for all other lines of business;
Losses for all other lines of business.

Summary of Operations (Page 4)

Under Details of Write-ins Aggregated at Line 8.3 for Miscellaneous Income insert a line for:
Premiums for all other lines of business.

Under Details of Write-ins Aggregated at Line 25 for Deductions insert lines for:
Losses for all other lines of business;
Increases in unearned premium reserve for all other lines of business;
Commissions for all other lines of business.

Analysis of Operations by Lines of Business (Page 6)

Under Details of Write-ins Aggregated at Line 8.3 for Miscellaneous Income insert a line for:
Premiums for all other lines of business.

Under Details of Write-ins Aggregated at Line 25 for Deductions insert lines for:
Losses for all other lines of business;
Increases in unearned premium reserve for all other lines of business;
Commissions for all other lines of business.

Exhibit of Nonadmitted Assets (Page 17)

Under Details of Write-ins Aggregated on Line 25 for Other Invested Assets insert a line for:
Premiums due and unpaid over three months for all other lines of business, if nonadmitted.

SECTION D – INVESTMENT EXPENSE

Distribution of expenses to investment activities shall be made on the same principles as used for subdivision of insurance expense by major line of business. Investment expense (Exhibit 2, Column 4 and Exhibit 3, Column 4) shall include all amounts reported as “Real Estate Expense” (Exhibit 2, Line 9.1), “Investment Expenses Not Included Elsewhere” (Exhibit 2, Line 9.2), “Real Estate Taxes” (Exhibit 3, Line 1) and all other costs incurred in connection with the investing of funds, servicing of investments and the obtaining of investment income, or chargeable against investment income.

SECTION E – STANDARDS AND RULES FOR ALLOCATION OR RECEIPTS AND EXPENSES

1. General Instructions

It is the responsibility of each reporting entity to use only such methods that will produce a suitable and equitable distribution of receipts and expenses by lines of business. The methods of allocation and the application thereof shall be subject to review on examination.

Each reporting entity shall maintain records with sufficient detail to show fully:

1. The system used for allocation of receipts and expenses;

2. The actual bases of allocation;

3. The actual monetary distribution of the respective items of receipts, salaries, wages, expenses, and taxes to:

    a. Units of activity or functions, if any such distribution is made,
    b. Lines of business,
    c. Companies, and
    d. A recapitulation and reconciliation of items (a), (b) and (c) with the company’s books of account and annual statement.

Such records shall be classified and indexed in such form as to permit ready identification between the item allocated and the basis upon which it was allocated, and shall be maintained in such a manner as to be readily accessible for examination. These records shall bear a date and shall identify the person responsible for the preparation thereof.

Bases of allocation shall be reviewed periodically to ascertain their suitability for continued use.

2. Premium Receipts

Premiums or considerations shall be allocated directly, either through the books of account or by memorandum records, to major lines. In the case of insurance on the debit basis, the total premiums may be distributed among the several lines of business on the basis of the relative proportions of premiums in force, properly weighted to reflect premium collection frequency.

Premiums on secondary lines of business which are not allocated directly to such lines of business may be distributed on the basis of: (1) the premiums in force, or (2) actual analyses of premium receipts covering test periods of sufficient length of time to assure the reliability of the sample. When the distribution is made on the basis of premiums in force:

1. The in force records shall segregate first-year, single, and renewal premiums,
2. The distribution shall be made separately for the first-year and renewal premiums, and
3. Adequate controls shall be maintained to assure the accuracy of the in force records.

3. Net Investment Income

The cost of granting and servicing certificate loans and liens shall be allocated to investment expense. The resulting net income on certificate loans and liens may be distributed to those lines of business that produced such income. In making such distribution, due consideration shall be given to the variation in the interest rate and incidence of expense on such loans and liens.

Net investment income, after adjustment, if any, as permitted by the preceding paragraph shall be distributed to major lines and may be distributed to secondary lines of business in proportion to the mean contract reserves and liabilities or the mean funds of each line of business, after suitable adjustment, if any, on account of certificate loans, except that any miscellaneous interest income arising from certificate or annuity transactions may be allocated directly to the line of business producing such income.

In lieu of the methods referred to above, an reporting entity may distribute net investment income by an investment year method that recognizes periodic variations in the yield on new investments, and the varying contributions of the various lines to the funds invested. If a year of investment method is used to allocate net investment income by line of business, complete Note 7 of the Notes to Financial Statements.

4. Other Receipts

Reserves and reserve adjustments received from reinsurers shall be allocated directly to the appropriate line of business. All other sundry receipts and adjustments shall be allocated to the appropriate line of business consistent with the nature of the transaction.

5. Commissions

Commissions on premiums and considerations shall be allocated directly to major lines of business. In the case of debit business, the total commissions paid may be distributed among the several lines of business on the basis of the relative proportions of such premiums in force, properly weighted to reflect the commission rates payable.

To the extent practicable, commissions on secondary lines of business shall be allocated directly. Where not practicable, the distribution to such lines of business may be made separately for first-year and renewal commissions in proportion to the respective first-year and renewal premiums for each such line of business.

6. General Expenses, Taxes, Licenses and Fees

In distributing costs to lines of business, each company shall employ those principles and methods that will reasonably reflect the actual incidence of cost by line of business. The relative time spent, the extent of usage and the varying volume of work performed for each line of business shall be considered in distributing cost to major lines of business and, to the extent practicable, to secondary lines. The costs of any unit of activity in performing work for one line of business and only incidentally for other lines may be allocated entirely to the single line of business.

In the application of the principles stated herein, special consideration may be given to a new line of business with respect to the costs of service departments and of executive departments responsible for the general administration of the company to the extent that such costs have not been increased by the addition of such new line of business and to the extent justifiable. Operational costs incurred for entering a new line of business, such as calculation of premium rates, preparation and printing of certificate forms and rate books, etc., should be allocated directly to the new line of business whether incurred before or after beginning the new line.

In the distribution of a specific category of cost to lines of business, an appropriate index of the activity or activities giving rise to such cost shall be used. Such index should fluctuate with the specific category of cost and be capable of measurement. For example, as illustrations of principles only and not of required procedures:

1. Clerical salaries of operating departments may be distributed to lines of business on the basis of time or salary ratios, the former used where approximately the same average rate of compensation is paid to clerks whose salaries are being distributed.

2. The cost of service departments may be distributed to other departments in proportion to the value of the services rendered each department, e.g., the cost of a personnel department may be distributed to other departments on some general basis such as number of clerks; a photostat section on a unit cost basis; or, in the case of a central tabulating unit, on an hourly rate reflecting the cost for each type of machine used.

3. Supervisory costs may be distributed to lines of business in the same proportions as the distribution of the salaries of the persons supervised.

4. The cost of executive departments responsible for general administration of the company, including the salaries of the executive officer or officers, may be distributed to lines of business in the same proportions as the salaries of all other officers and employees.

5. Social Security taxes may be distributed to lines of business in proportion to the corresponding distribution of taxable salaries.

6. Departmental rent charges may be made in proportion to the amount of floor space occupied and distributed to lines of business on some appropriate basis such as salaries.

7. Costs, such as meals for employees, telephone, telegraph, postage, office forms, stationery and supplies may be distributed first to departments on the basis of usage or on an appropriate general basis, and then distributed to lines of business on some appropriate basis, such as salaries.

8. In using number of transactions as a basis for distributing cost to lines of business, each type of transaction within an organizational unit may be weighted to reflect its relative cost. The average clerical time or average clerical cost per transaction may be used as a weight or, in special situations such as the approval of death and disability claims, the relative weights may be determined by case studies.

   Estimates of time spent on activities may be used in the distribution of costs to lines of business, only where such activities by their nature are not susceptible of objective measurement, or where the cost of making time studies is disproportionate to the expenses being distributed, or where estimates of time are otherwise clearly appropriate. Where such estimates are made, they shall be made by a person or persons familiar with the nature of the activity and shall be reviewed by an executive responsible for expense allocations.

   General indices such as premium volume, number of certificates, and insurance in force shall not be used as bases for distributing costs among major lines of business, except where the incidence of cost is closely related to such general indices, or except where there is no more appropriate basis for measurement. Such general indices may not be used in distributing claim costs to secondary lines of business.

   The ratio of investment income to total receipts, the ratio of direct investment expense to total expenses, and any similar formulae shall not be used in distributing costs between insurance and investment expense, except where there is no more appropriate basis for distribution.

ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR

This exhibit analyzes the development of life certificate and contract reserves by showing how the reserve may be traced mathematically from one year-end to the next by taking account of its various theoretical components:

> **Reinsurance** – Ordinarily, it will be satisfactory to compute all items net of reinsurance ceded. However, companies will generally find it more useful to compute gross and reinsurance ceded separately, unless the latter is not material.
>
> **Coinsurance** – For the ceding company, all items are computed similarly to its own direct business. For the assuming company, all items are included with its direct business and are similarly computed.
>
> **Modified Coinsurance** – For the ceding company, there is no deduction from reserves for reinsurance ceded.
>
> **Yearly Renewable Term Reinsurance** – For the ceding company, items are computed on the same basis as its direct business. For the assuming company, all items are included with its direct business and are similarly reported.

A company shall not omit the columns for any lines of business in which it is not engaged. All figures for the ordinary variable life insurance business of the company excluding separate accounts items shall be included in Column 2.

This analysis applies to items reported in Exhibit 5.

Lines 2 through 6 and Lines 9 through 11 do not include amounts related to the VM-20 Deterministic/Stochastic portion of the reserves, which are reported on Line 6.1.

Refer to *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance* for accounting guidance.

Line 1 – Reserve December 31, Prior Year

Enter Total (Net) reserves from the Life Insurance Section through the Miscellaneous Section of Exhibit 5.

Line 2 – Tabular Net Premiums or Considerations

Enter tabular net premiums or considerations as determined by valuation bases employed.

Include: The full and variable life insurance net premiums in Column 2, corresponding to the gross premiums included in Analysis of Operations by Lines of Business, Line 1, Column 2.

Line 3 – Present Value of Disability Claims Incurred

Include: Claims pending, unreported, and resisted as well as approved claims.

Line 4 – Tabular Interest
Line 5 – Tabular Less Actual Reserve Released and
Line 9 – Tabular Cost

For these items either use formulas indicated below or derive them from basic data.

Indicate in the Notes to Financial Statements under Note 31 whether determination has been by formula or from basic data.

(1) Tabular Cost Minus Tabular Interest (C-I) on Life Insurance, Accidental Death Benefits and Disability, Active Lives

Line 1 – Mean reserve Dec. 31 of prior year	______________
Line 2 – Tabular premiums	______________
Line 7 – Other increases	______________
Total	______________

Deduct:

Line 15 – Mean reserve Dec. 31 of current year ______________
Line 10 – Terminal reserves released by death ______________
Line 11 – Net reserves released by other terminations ______________
Total deductions ______________
Balance (C-I) ______________

Tabular Interest:

One-half year's interest on mean reserve Dec. 31, of prior year ______________
One-half year's interest on mean reserve Dec. 31, of current year ______________
One-half year's interest on (C-I) ______________
One-half year's interest on terminal reserves released by death (life insurance only) ______________
Total equals tabular interest ______________

Tabular Cost:

C-I ______________
Add I ______________
Total equals tabular cost ______________

(2) Tabular Less Actual Reserve Released Plus Tabular Interest (T-A+I) on Annuities, Disability Annuities, and Supplementary Contracts with Life Contingencies

Line 15 – Mean reserve Dec. 31 of current year ______________
Line 12 – Benefits payable during year ______________
Total ______________

Deduct:

Line 1 – Mean reserve Dec. 31 of prior year ______________
Line 2 – Tabular considerations for annuities and supplementary contracts (or present value of disability claims incurred) ______________
Line 7 – Other increases net ______________
Total deductions ______________
Balance (T-A+I) ______________

Tabular Interest:

One-half year's interest on mean reserve Dec. 31 of prior year ______________
One-half year's interest on mean reserve Dec. 31 of current year ______________
Total ______________
Deduct one-half year's interest on (T-A+I) ______________
Balance equals tabular interest ______________

Tabular Less Actual Reserve Released:

T-A+I ______________
Deduct I ______________
Balance equals tabular less actual reserve released ______________

(3) Tabular Interest on Deposits and Contracts Without Life Contingencies

Mean Reserve December 31 of current year	______________
Payments Incurred during the year	______________
Total	______________

Deduct:

Mean Reserve December 31 of prior year	______________
Income during the year	______________
Other increases	______________
Total Deductions	______________
Balance equals tabular interest	______________

Column 2 – Use Formula 1 for life insurance, accidental death benefits and disability, active lives; Formula 2 for disabled lives; and Formula 3 for interest only benefits.

Column 3 – Use Formula 2 for all annuities "with a life contingency" basis. Use Formula 1 for disability, active lives; Formula 2 for disabled lives; and Formula 3 for interest only benefits.

Column 4 – Use Formula 2 for supplementary contracts with life contingencies, and Formula 3 for supplementary contracts without life contingencies.

Line 6 – Increase in Reserve on Account of Change in Valuation Basis

Enter appropriate amounts from Part A of Exhibit 5A – Changes in Bases of Valuations During the Year.

Line 6.1 – Change in Excess of VM-20 Deterministic/Stochastic Reserve over Net Premium Reserve

As the line item describes, this is the change in excess of any Deterministic/Stochastic reserve over the amount of the VM-20 Net Premium Reserve.

Line 7 – Other Increases (Net)

Enter amounts that affect reserves but that are not included elsewhere (transfers between lines of business, etc.).

Include: Adjustments due to fluctuations in foreign exchange rates.

Line 10 – Reserves Released by Death

Entries should be made only in the columns involving life insurance. Enter terminal reserves released.

Exclude Deterministic/Stochastic Reserves from the reporting of Reserves Released by Death

Line 11 – Reserves Released by Other Terminations (Net)

Enter reserves released by all causes in Columns 3 and 4 and other than by death in Column 2. The computation should be on a net basis so as to take account of revivals, increases, changes, etc.

Exclude Deterministic/Stochastic Reserves from the reporting of Reserves Released by Other Terminations (Net)

Line 12 – Annuity, Supplementary Contract and Disability Payments Involving Life Contingencies

Include: Surrender payments on annuities and supplementary contracts with life contingencies.

Line 13 – Net Transfers to or (From) Separate Accounts

Include: Net transfers to or (from) separate accounts of net premiums, considerations.

Line 15 – Reserve December 31 of Current Year

Line 8 minus Line 14. Amounts reported should equal (net) reserves by lines of business from Exhibit 5.

An analysis of Increase in Reserves is done by annual statement line of business and within each line according to these formula types: insurance, annuity, and contracts with life or disability contingencies. The instructions specify that the various items are either to be derived from basic data or derived by formula. One item is always to be derived as the balancing item in its reserve analysis formula. Thus, the accuracy of the analysis for each line of business and formula type should be verified by the reasonableness of the various balancing items.

The balancing item for life insurance, accidental death benefit, and active life disability reserves is tabular cost. Tabular cost for life insurance can be expressed as the summation of the products of mortality rates times the excess of the face amount over the reserve. Using the tabular cost that was derived in the reserve analysis, the amount of insurance in force, and the reserves, the average mortality rate that is implied by the reserve analysis can be determined. This rate should be reasonable considering the nature of the in force and should show a reasonable progression from year to year.

The balancing item for annuity, supplementary contracts with life contingencies, and disabled life reserves is tabular less actual reserve released. This item reflects the relationship between the mortality and claim termination rates used for the reserves and the corresponding company experience. The level of this item and its variation from year to year should be reasonable in terms of these factors.

This page intentionally left blank.

EXHIBIT OF NET INVESTMENT INCOME

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

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

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

Column 1 – Collected During Year

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

Column 2 – Earned During Year

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

Lines 1, 1.1, 1.2 and 1.3 – Bonds

Report interest earned on bonds.

Include:

Accrual of discount.

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

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

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

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

Nonrefundable fees other than points.

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

Deduct: Amortization of premium during the year.

Line 1.1 – Bonds Exempt from U.S. Tax

This line is applicable to Property/Casualty entities only.

Lines 2.1, 2.11,
2.2 and 2.21 – Stocks

Include: Accrual of discount for redeemable preferred stocks.

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

Deduct: Amortization of premium for redeemable preferred stocks.

Line 3 – Mortgage Loans

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

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

Accrual of discount.

Amortization of mortgage interest points.

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

Prepayment penalty or acceleration fees.

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

Nonrefundable fees other than points.

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

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

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

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

Servicing fees paid to correspondents and others unless included in:

Exhibit 2 for **life and fraternal companies**

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

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

Amortization of premium.

Line 4 – Real Estate

Include: Income from ownership of Schedule A properties.

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

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

Deduct: Interest on encumbrances.

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

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

Line 7 – Derivative Instruments

Include: Amount of investment income from Schedule DB.

Line 8 – Other Invested Assets

Include: Earned investment income, for any class of investments includable in Schedule BA.

Line 9 – Aggregate Write-ins for Investment Income

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 9 for Investment Income.

Line 13 – Interest Expense

Include: All interest on debt, surplus notes and other related items.

Debt issuance costs that must be charged in the period incurred.

Subsequent to the issuance of convertible debt securities, consideration issued to induce conversion of convertible debt.

Exclude: Interest on encumbrances on real estate.

Interest on debt that is offset against another asset.

Capitalized interest on debt.

Line 14 – Depreciation on Real Estate and Other Invested Assets

Include: Depreciation reported in Schedule A, Part 1, Column 11 and Schedule A, Part 3, Column 9.

Line 15 – Aggregate Write-ins for Deductions from Investment Income

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 15 for Deductions from Investment Income.

Details of Write-ins Aggregated at Line 9 for Investment Income

List separately each category of investment income for which there is no pre-printed line in the Exhibit of Net Investment Income.

Include: Amortization for the period of the difference between original proceeds received and the strike price obligation for asset transfers with put options accounted for as financing. Also include an amount equal to the hypothecated income for these transactions reported in Column 1. Any paid interest items included in this line should be enclosed in parentheses.

Investment fees relating to uninsured accident and health plans and the uninsured portion of partially insured accident and health plans.

Fees received by the transferor for the loaning of securities, net of direct expenses. (NOTE: Interest income on loaned securities that is unrelated to securities lending is reported in the annual statement categories and exhibits that are consistent with the income earned on similar investment categories, e.g., bonds.)

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

Details of Write-ins Aggregated at Line 15 for Deductions from Investment Income

List separately each category of deductions from investment income for which there is no pre-printed line in the Exhibit of Net Investment Income.

Include: Accrued interest on borrowed money, with appropriate designation. Report investment income credited to uninsured accident and health plans and the uninsured portion of partially insured accident and health plans.

EXHIBIT OF CAPITAL GAINS (LOSSES)

Gains and losses may be offset against each other only where they apply to the same bond issue, property, etc. Only gains/losses pertaining to invested assets are to be included in this exhibit. Amounts in this exhibit shall be presented before federal and foreign income taxes.

Column 1 – Realized Gain (Loss) on Sales or Maturity

Exclude: Realized foreign exchange gain or loss.

Column 2 – Other Realized Adjustments

Include: Other-than-temporary impairment write-downs as negative amounts.

Realized foreign exchange gain or loss.

Column 4 – Change in Unrealized Capital Gain (Loss)

Include: Any unrealized valuation changes reported in the investment schedules.

The change in any valuation allowance between the current period and previous year-end amount.

Exclude: Other-than-temporary impairment write-downs.

Amounts reported in the Unrealized Foreign Exchange Change in Book/Adjusted Carrying Value column in the detailed investment schedules.

Column 5 – Change in Unrealized Foreign Exchange Capital Gain (Loss)

Include: Amounts reported in the foreign exchange change in book/adjusted carrying value column in the detailed investment schedules.

Lines 1, 1.1, 1.2 and 1.3 – Bonds

Include: Amounts from Schedule D, Part 1 and Part 4 that represent either realized or unrealized adjustments on bonds.

In Column 2, the decline in the fair value of a bond that is other-than-temporary.

Line 1.1 – Bonds Exempt from U.S. Tax

Applicable to Property/Casualty entities only.

Lines 2.1, 2.11, 2.2, and 2.21 – Stocks

Include: Amounts from Schedule D, Part 2 and Part 4 that represent either realized or unrealized adjustments on stocks.

Exclude: Proceeds from sale of rights, etc. (Reduce the stock asset accordingly.)

Line 3 – Mortgage Loans

Include: Amounts from Schedule B that represent either realized or unrealized adjustments.

Amounts from Schedule B that represent adjustments to statement value for recognizing an impairment of a mortgage loan by creating a valuation allowance or by adjusting an existing valuation allowance for an impaired loan.

Line 4 – Real Estate

Include: Amounts from Schedule A that represent either realized or unrealized adjustments.

Line 5 – Contract Loans

Include: Any realized or unrealized adjustments on contract loans.

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

Include: Gains or (losses) arising from the transfer of funds to or from other countries. Also include in Column 4, the net change in deduction for deposits in suspended depositories.

Line 7 – Derivative Instruments

Include: Amounts from Schedule DB that represent either realized or unrealized adjustments.

Line 8 – Other Invested Assets

Include: Amounts from Schedule BA that represent either realized or unrealized adjustments.

Line 9 – Aggregate Write-ins for Capital Gains (Losses)

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 9 for Capital Gains and (Losses).

Line 10 – Total Capital Gains (Losses)

Column 3 total should agree with reported net realized capital gains (losses) before the tax effects.

Column 3, Line 10 should equal:

[Page 4, Line 10, Col 1 + Page 4, Line 10 inset amount for the PC statement]

[Page 4, Line 34, Col 1 + Page 4, Line 34, inset amount #1 + Page 28 IMR, Line 2, Col 1 + Page 28 IMR, Line 2, inset amount #2 for the LAH statement]

[Page 4, Line 26, Col 2 + Page 4, Line 26 inset amount for the Health statement]

[Page 4, Line 30, Col 1 + Page 4, Line 30, inset amount #1 + Page 25 IMR, Line 2, Col 1 + Page 25 IMR, Line 2, inset amount #2 for the Fraternal statement]

[Page 4, Line 10, Col 1 + Page 4, Line 10 inset amount for the Title statement]

Column 4 total should agree with the change in unrealized capital gains or (losses) before taxes.

[Page 4, Line 24, Col 1 + Page 4, Line 24, inset amount for the PC statement]

[Page 4, Line 38, Col 1 + Page 4, Line 38, inset amount for the Life statement]

[Page 5, Line 36, Col 1, + Page 5, Line 36, inset amount for the Health statement]

[Page 4, Line 34, Col 1 + Page 4, Line 34, inset amount for the Fraternal statement]

[Page 4, Line 18, Col 1 + Page 4, Line 18, inset amount for the Title statement]

Details of Write-ins Aggregated at Line 9 for Capital Gains (Losses)

List separately each category of capital gains (losses) for which there is no pre-printed line in the Exhibit of Capital Gains (Losses).

Include: Capital gains from investments previously charged off.

Exclude: Capital gains and losses on extinguishment of debt related to employee stock option plans.

EXHIBIT l – PART 1 – PREMIUMS AND ANNUITY CONSIDERATIONS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

Amounts reported should be reflected in U.S. dollars based on the foreign currency exchange rate. Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance. Any foreign currency exchange gain or loss is reported as a realized capital gain or loss.

The separation into first-year, single, and renewal is required only for Columns 2 and 3.

Include: Certificate, membership and other fees whether or not retained by fieldworkers.

Experience rating refunds and accrued return retrospective premiums. Refer to *SSAP No. 66—Retrospectively Rated Contracts* for accounting guidance.

Deduct: Premiums and annuity considerations returned.

Do not deduct: Commissions and allowances on reinsurance premiums assumed or ceded.

A company may not omit the columns for any lines of business in which it is not engaged. All figures for the ordinary variable life insurance business of the company, excluding separate accounts items, shall be included in Column 2.

Include premiums and annuity considerations that are transferred to the Separate Accounts Statement. They are also to be reported as premiums and annuity considerations in the Separate Accounts Statement.

Line 1 – Uncollected Premiums and Considerations First Year (Other Than Single) and
Line 11 – Uncollected Premiums and Considerations Renewal

These are premiums and considerations on certificates in force which were due before the end of the year and unpaid on the valuation date or have not been recorded in the premium or consideration account.

Column 4 should be included on Page 2, Line 15.1, Column 1.

Line 2 – Deferred and Accrued Premiums and Considerations First Year (Other Than Single) and
Line 12 – Deferred and Accrued Premiums and Considerations Renewal

These are premiums and considerations on policies in force which were due on policies in force extending from (and including) the modal (monthly, quarterly, semiannual) premium due date or dates following the valuation date to the next policy anniversary date when annualized premium was assumed to be collected in the reserve valuation.

Include: Change in experience rating refund liability and accrued return retrospective premiums.

Line 4 – Advance Premiums and Considerations First Year (Other Than Single) and
Line 14 – Advance Premiums and Considerations Renewal

Include: Premiums and considerations on certificates in force received by the reporting entity prior to the valuation date but which are due on or after the next certificate anniversary date.

Companies may include here unearned premiums on accident and health business.

The total of these lines, excluding A&H unearned premium reserve, must balance to Page 3, Line 7, or to this item prior to deduction of discount depending upon the basis used for crediting advance premiums to the premium account.

Column 4 should agree with Schedule H, Part 2, Line A2, Column 1.

Line 6 – Collected During Year – First Year (Other Than Single)

Include: All premiums and considerations (other than single premiums) pertaining to first certificate year.

Experience rating refunds and return retrospective premiums received.

Deduct: Experience rating refunds and return retrospective premiums paid.

Line 10 – Single Premiums and Considerations – Single

Include: All single premiums and considerations and refunds applied to provide paid-up additions and annuities.

Line 16 – Collected During Year - Renewal

Include: All other premiums and considerations including refunds applied to pay renewal premiums and to shorten the endowment or premium-paying period.

Experience rating refunds and return retrospective premiums received.

Deduct: Experience rating refunds and return retrospective premiums paid.

Line 20.4 – Net Total Premiums and Annuity Considerations – Total

Column 1 should agree with Summary of Operations, Line 1 and all appropriate columns should agree with Analysis of Operations by Lines of Business, Line 1.

EXHIBIT l – PART 2 – REFUNDS APPLIED, REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES AND COMMISSIONS INCURRED

The separation into first-year, single and renewal is required only for Columns 2 and 3.

Line 26.1 – Reinsurance Ceded

Column 4 should agree with Schedule H, Part 4, Line B4, Column 1.

Line 26.2 – Reinsurance Assumed

Column 4 should agree with Schedule H, Part 4, Line A4, Column 1.

EXHIBIT 2 – GENERAL EXPENSES

General expense items must be itemized and entered in sufficient detail to indicate their precise nature. Expenses shall not be reported on a functional basis, except to the extent specifically permitted herein and only if: (1) services are independently organized, (2) rent, salaries and wages, and other major items of expense directly incident thereto, but not necessarily including the cost of employee benefit plans and Social Security taxes, are charged to function, and (3) adequate accounting thereof is maintained. Whenever personnel or facilities are used in common by two or more companies, or whenever the personnel or facilities of one company are used in the activities of two or more companies, each reporting entity shall assign its share of the expense to the same expense classification as if it had incurred the entire expense. This latter requirement shall not apply to activities such as administration of joint mortality and morbidity studies.

Expenses for accident and health activities must be allocated between cost containment expenses, Column 2, or all other, Column 3. For guidance on cost containment expenses, refer to *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses*.

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

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

a. Payments for claims handling or adjustment services shall be reported as "Expense of investigation and settlement of certificate claims," Line 4.5 and allocated to "Life," "Accident and Health," and/or "All Other Lines of Business" as appropriate (Columns 1, 2, 3 and/or 4) in Exhibit 2 – General Expenses. If the total of such expenses incurred equals or exceeds 10% of the total "General Expenses Incurred" (Line 10), the company shall allocate these costs to the appropriate expense classification item as if these costs had been borne directly by the company.

b. Payments for services other than claims handling or adjustment services shall be allocated to the appropriate expense classification as if these costs had been borne directly by the company, if the total of such fees paid to the non-affiliate(s) equals or exceeds 10% of the total "General Expenses Incurred" (Line 10). If the total is less than 10%, the payments may be reported on Line 7.1.

The total management and services fees incurred attributable to affiliates and non-affiliates shall be reported in the footnote to Exhibit 2 – General Expenses in the annual statement blank, and the method(s) used for allocation shall be disclosed in the Notes to Financial Statements. The company shall use the same method(s) on a consistent basis. Refer to *SSAP No. 70—Allocation of Expenses* for accounting guidance.

Line 1 – Rent

Include: Rent for all premises occupied by the company, including an adequate rent for occupancy of its own buildings, in whole or in part, except to the extent that allocation to other expense classifications on a functional basis is permitted and used.

Expenses incurred as tenant for light, heat, water, fuel, interest, taxes, building maintenance, alterations and services, etc.

Amortization expense for leasehold improvements as lessee.

Deduct: Rent under sublease.

Line 2 – Salaries and Wages

Include: Salaries and wages, bonuses and incentive compensation to employees, overtime payments, continuation of salary during temporary short-term absences, dismissal allowances, payments to employees while in training and other compensation to employees not specifically designated herein, except to the extent that allocation to other expense classifications is permitted and used.

Fees and other compensation to directors for attendance at board or committee meetings and any other fees and compensation paid to them in their capacities as directors or committee members.

Fieldworker compensation other than commissions.

Line 3.11 – Insured Benefit Plans for Employees and
Line 3.12 – Insured Benefit Plans for Fieldworkers

Include: Contributions by company for pension and total and permanent disability benefits, life insurance benefits, accident, health, hospitalization, medical, surgical, or other temporary disability benefits under a self-administered or trusteed plan or for the purpose of annuity or insurance contracts.

Appropriation or any other assignment of funds by company in connection with any benefit plan of the types enumerated herein, e.g., the net periodic postretirement benefit cost, whether it be defined in terms of specified benefits or in terms of monetary amounts.

Earned amounts related to employee stock option plans.

Exclude: Contributions or appropriations for past service if reported in the Surplus Account.

Benefit payments (to be reported in the appropriate benefit item of the Summary of Operations where reserves are included in Page 3, Lines 1 and 2, and as a separate item in the Summary of Operations when the liability is included in Page 3, Line 19).

Line 3.21 – Uninsured Benefit Plans for Employees and
Line 3.22 – Uninsured Benefit Plans for Fieldworkers

Include: Payments by company under a program for pension, stock options, purchase and award plans (including change in quoted market value), and total and permanent disability benefits, death benefits, accident, health, hospitalization, medical, surgical, or other temporary disability benefits, where no contribution or appropriation is made prior to the payment of the benefit.

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

Line 3.31 – Other Employee Welfare and
Line 3.32 – Other Fieldworker Welfare

Expenses included in these lines may be reported on a functional basis.

Include: Meals to employees. Companies so desiring may exclude this item from Other Employee Welfare and Fieldworker Welfare and show it independently as a separate item in Details of Write-ins Aggregated on Line 9.3 for Expenses.

Contributions to employee associations or clubs.

Expense and maintenance of recreation grounds.

Payments to employees and fieldworkers in military service.

Expense of periodical medical or dental examinations or of medical dispensary, convalescent home or sanitarium for employees and fieldworkers.

Line 4.1 – Legal Fees and Expenses

Include: Court costs, penalties and all fees or retainers for legal services or expenses in connection with matters before administrative or legislative bodies.

Exclude: Salaries and expenses of company personnel.

Legal expenses in connection with investigation, litigation, and settlement of certificate claims.

Legal fees specifically associated with real estate transactions.

Line 4.2 – Medical Examination Fees

Include: Fees to medical examiners in connection with new business, reinstatements, certificate changes and applications for employment.

Exclude: Fees for medical examinations for the welfare of employees and fieldworkers.

Medical examination fees in connection with the investigation, litigation, and settlement of certificate claims.

Line 4.3 – Inspection Report Fees

Include: Fees for inspection reports in connection with new business, reinstatements, certificate changes, and applications for employment.

Cost of services furnished by the Medical Information Bureau (M.I.B.).

Exclude: Salaries of inspectors.

Inspection report fees in connection with the investigation, litigation, and settlement of certificate claims.

Assessment for expenses of M.I.B. Executive Committee.

Line 4.4 – Fees of Public Accountants and Consulting Actuaries

Exclude: Fees for examinations made by State Departments.

Expense of internal audits by company employees.

Line 4.5 – Expense of Investigation and Settlement of Certificate Claims

Include: Payment to other than employees of fees and expenses for the investigation, litigation, and settlement of certificate claims.

Line 5.1 – Traveling Expenses

Include: Traveling expenses of officers, other employees, directors, and fieldworkers, including hotel, meals, telephone, telegraph, and postage charges incurred while traveling.

Amounts allowed employees for use of their own cars on company business.

The cost of, or depreciation on, and maintenance and running expenses of company-owned automobiles.

Exclude: Such expenses properly chargeable to Real Estate Expenses (Line 9.1) or required to be reported in Lines 7.1 and 7.3.

Line 5.2 – Advertising

Include: Newspaper, magazine, and trade journal advertising for the purpose of solicitation and conservation of business.

Billboard, sign, and directory advertising.

Television, radio broadcasting, and motion picture advertising, excluding subjects dealing wholly with health and welfare.

All canvassing or other literature, such as pamphlets, circulars, leaflets, certificate illustration forms and other sales aids, printed material, etc., prepared for distribution to the public by fieldworkers or through the mail for purposes of solicitation and conservation of business.

All calendars, blotters, wallets, advertising novelties, etc., for distribution to the public.

Printing, paper stock, etc., in connection with advertising.

Prospect and mailing lists when used for advertising purposes.

Fees and expenses of advertising agencies related to advertising.

Exclude: Pamphlets on health, welfare, and educational subjects.

Advertising required by law, regulation, or ruling except to the extent that it substantially exceeds the space required for compliance.

Salaries and expenses of advertising department.

Help-wanted advertisements.

Advertising in connection with investments.

Line 5.3 – Postage, Express, Telegraph and Telephone

Include: Freight and cartage.

Cables, radiograms, and teletype.

Charges for use, installation, and maintenance of related equipment if not included elsewhere.

Line 5.4 – Printing and Stationery

Expenses included in this line may be reported on a functional basis.

Include: Certificate forms, riders, supplementary contracts, applications, etc., rate books, instruction manuals, punch-cards, house organs, and all other printed material which is not required to be included in any other expense classification.

Office supplies.

Pamphlets on health, welfare, and educational subjects.

Annual reports to members if not included in Line 5.2.

Line 5.5 – Cost or Depreciation of Furniture and Equipment

Include: The cost or depreciation of office machines except for such charges as may be reported in Line 5.3.

Exclude: The cost or depreciation of equipment used by employees handling maintenance and repair work on company-occupied property.

Line 5.6 – Rental of Equipment

Include: Rental of office machines except for such charges as may be reported in Line 5.3.

Line 5.7 – Cost or Depreciation of EDP Equipment and Software

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

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

Line 6.1 – Books and Periodicals

Include: Books, newspapers, periodicals, etc., including investment tax and legal publications and information services, and including all such material for company's law department and libraries.

Line 6.2 – Bureau and Association Dues

Include: All dues and assessments of organizations of which the company is a member.

All dues for employees' and fieldworkers' memberships on the company's behalf.

Exclude: Contributions in connection with scientific, disease prevention, or other activity directly pertaining to the welfare of members and the public.

Line 6.3 – Insurance, Except on Real Estate

Include: Premiums for Workers’ Compensation, burglary, holdup, forgery and public liability insurance, fidelity or surety bonds, insurance on contents of company-occupied buildings and all other insurance or bonds not included elsewhere.

Line 6.4 – Miscellaneous Losses

Include: Uncollectible losses due to deficiencies, defalcations, robbery, or forgery, except those offset by bonding companies’ payments.

Workers’ Compensation benefits not covered by insurance.

Other uninsured losses not included elsewhere.

Exclude: Capital and investment losses.

Line 6.5 – Collection and Bank Service Charges

Include: Collection charges on checks and drafts and charges for checking accounts and money orders.

Exclude: Foreign exchange losses on funds transferred in or out of the country (include in Exhibit of Capital Gains (Losses) , Line 10, Column 2).

Line 6.6 – Sundry General Expenses

Include: Direct expense of local agency meetings, luncheons and dinners.

Tabulating service rendered by outside organizations.

Gifts and donations.

Exclude: Any one type of expense which would represent more than 25% of the total for this line; the nature and amount of such expense should be reported on Line 9.3.

Line 7.1 – Field Expense Allowance

Include: All bona fide allowances for field expense, but not allowances constituting additional compensation.

Line 7.2 – Fieldworkers’ Balances Charged Off

Include: Fieldworkers’ balances charged off less any amounts recovered during the year.

Line 7.3 – Field Conferences Other Than Local Meetings

Include: Cost of banquets and rental of meeting rooms.

Expenses of all persons traveling to conferences and their expenses at conferences.

Line 9.1 – Real Estate Expenses

Include: The cost of repairs, maintenance, service, and operation of all real estate properties including insurance whether occupied by the company or not; salaries and other compensation of managing agents and their employees; expenses incurred in connection with rental of such properties; legal fees specifically associated with real estate transactions other than sale; rent, salaries and wages, and other direct expenses of any branch or home office unit engaged solely in real estate work (not real estate and mortgages combined).

Salaries or wages of janitors, caretakers, maintenance workers and agents paid in connection with owned real estate.

Exclude: Salaries and wages of any other home office, general branch office, or investment branch office employees. These should be charged to salaries and wages, where they will be automatically subject to allocation as "insurance" or "investment," in Exhibit 2. The same rule applies to other expenses and charges associated with the activities of such employees.

Line 9.2 – Investment Expenses Not Included Elsewhere

Include: Only items for which no specific provision has been made elsewhere, e.g., contributions or assessments for bondholders' protective committees, fees of investment counsel, custodian and trustee fees.

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

Exclude: Home office salaries and expenses on account of investment work, salaries and expenses of mortgage loan branch offices.

Legal fees and expenses.

Real estate expenses properly chargeable to Line 9.1.

Brokerage and other related fees, to the extent they are included in the actual cost of a bond upon acquisition. Refer to *SSAP No. 26R—Bonds*.

Line 9.3 – Aggregate Write-ins for Expenses

Enter the total of write-ins listed in schedule "Details of Write-ins Aggregated at Line 9.3 for Expenses."

Line 10 – General Expenses Incurred

The sum of Columns 1, 2, 3, 4 and 6 should agree with Page 4, Line 21.

Column 5 should agree with Exhibit of Net Investment Income, Line 11, Column 2.

Columns 2 + Column 3 should agree with Schedule H, Part 1, Line 4 + Line 8, Column 1.

Details of Write-ins Aggregated at Line 9.3 for Expenses

List separately all expenses for which there is no pre-printed line on Exhibit 2.

Include: Any type of expense that would represent more than 25% of Line 6.6, Sundry General Expenses.

Adjustments due to fluctuations in foreign exchange rates

EXHIBIT 3 – TAXES, LICENSES AND FEES

The term “state” includes reference to territories and possessions of the United States, to Canada and its provinces and to other foreign countries and political subdivisions thereof.

Line 1 – Real Estate Taxes

Include: Those taxes directly assessed against property owned by the company. Canadian and other foreign taxes should be included appropriately.

Line 2 – State Insurance Department Licenses and Fees

Include: Assessments to defray operating expenses of any state insurance department. Canadian and other foreign taxes should be included appropriately.

Fees for examinations by state departments.

Exclude: Fines and penalties of regulatory authorities that should be reported as a separate item on Page 4, “Details of Write-ins Aggregated at Line 25 for Deductions.”

Line 3 – Other State Taxes, including $__________ for Employee Benefits

Include: Assessments of state industrial or other boards for operating expenses or for benefits to sick unemployed persons in connection with disability benefit laws or similar taxes levied by states. Canadian and other foreign taxes should be included appropriately.

Advertising required by law, regulation or ruling, except in connection with investments.

State sales taxes, if company does not exercise option of including such taxes with the cost of goods and services purchased.

Line 5 – All Other Taxes

Include: Taxes of Canada or of any other foreign country not specifically provided for elsewhere.

Sales taxes, other than state sales taxes, if company does not exercise option of including such taxes with the cost of goods and services purchased.

Line 6 – Taxes, Licenses and Fees Incurred

Column 2 should agree with Schedule H, Part 1, Line 9, Column 1 amount.

Column 4 should agree to Exhibit of Net Investment Income, Line 12, Column 2.

The sum of Columns 1, 2, 3 and 5 should agree with Page 4, Line 22.

EXHIBIT 4 – DIVIDENDS AND REFUNDS

The term refund is limited to amounts declared by Fraternal Organizations, paid or payable, to its members. Experience rating refunds are excluded.

Refunds may include interest allowed in excess of guaranteed rate on supplementary contracts and refund accumulations. This analysis is presented net of reinsurance, i.e., reinsurance assumed should be included and reinsurance ceded should be deducted. No deduction should be taken for dividends ceded under a modified coinsurance arrangement until a cash settlement is made with the reinsurer.

Line 8 – Aggregate Write-ins for Dividend or Refund

Enter the total of Write-ins listed in schedule "Details of Write-ins Aggregated at Line 8 for Dividend or Refund."

Line 9 – Total Lines 5 through 8

Report on Lines 1 through 4 and 6 through 8, refunds that have been paid or credited according to the elected refund option and recorded as such in respective ledger accounts.

Line 10 – Amounts Due and Unpaid

Report dividends or refunds contingent on payment of deferred and uncollected premiums, due during the current and prior years that have not been paid or credited to members as of December 31 of the current year. Should agree with amounts on the dividends or refunds due and unpaid line, Liability page.

Line 11 – Provision for Dividends or Refunds Payable in the Following Calendar Year

Report policyholder's dividends or refunds payable in the following calendar year including dividends or refunds that do not exceed the annual premiums and similar benefits contingent on payment or renewal premiums.

Line 17 – Total Dividends or Refunds

Include: Refunds and similar benefits.

Should agree with Summary of Operations (and also Analysis of Operations by Lines of Business) Line 28, Refunds to Members.

Column 2 should agree with Schedule H, Part 1, Line 13, Column 1.

Detail of Write-ins Aggregated at Line 8 for Dividend or Refund

List separately all dividends or refunds for which there is no pre-printed line on Exhibit of Dividends or Refunds.

EXHIBIT 5 – AGGREGATE RESERVE FOR LIFE CONTRACTS

Refer to *SSAP No. 50—Classifications of Insurance or Managed Care Contracts* for life, accident and health and deposit-type contract definitions and *SSAP No. 51R—Life Contracts.* Reserves should be computed on a "gross" basis, i.e., direct and reinsurance assumed combined. Then, deductions for reinsurance ceded should be computed, using the same assumptions for mortality and interest and using the same valuation method, but reflecting the actual mode of reinsurance. If the assuming reinsurer uses different valuation assumptions or methods (e.g., reinsurer uses net level, but ceding entity uses CRVM), then deductions for reinsurance ceded by the ceding reporting entity will not necessarily equal reserves established by the assuming reporting entity. No deductions should be taken for reserves ceded under a modified coinsurance arrangement.

If necessary, companies may add lines to report each reserve basis used.

Column 1 – Valuation Standard

State table of mortality, disability, etc. rate of interest; distinguish between (1) net level premium, and (2) preliminary term, modified preliminary term and select and ultimate standards. Identify reserve basis applicable to new business by inserting "N.B." on respective lines. Valuation assumptions for mortality, morbidity and other contingencies, interest, and the valuation method should be indicated by years of issue. For annuities, indicate whether immediate, deferred, or both.

In describing the valuation assumptions and valuation methods, abbreviate as follows:

Mortality and Morbidity

AE .... American Experience Table.
AM (5) .... American Men (Ultimate) Table.
41 CSO .... Commissioners 1941 Standard Ordinary Table.
41 STD IND .... 1941 Standard Industrial Table.
41 STD INT .... 1941 Standard Intermediate Table.
58 CSO .... Commissioners 1958 Standard Ordinary Table.
58 CET .... Commissioners 1958 Extended Term Table.
60 CSG .... Commissioners 1960 Standard Group Table.
61 CSI .... Commissioners 1961 Standard Industrial Table.
80 CSO .... Commissioners 1980 Standard Ordinary Table or any modification of such table adopted by the NAIC.
80 CET .... Commissioners 1980 Extended Term Table or any modification of such table adopted by the NAIC.
2001 CSO .... Commissioners 2001 Standard Ordinary Table or any modification of such table adopted by the NAIC.
2017 CSO .... Commissioners 2017 Standard Ordinary Table or any modification of such table adopted by the NAIC.
37 SA .... 1937 Standard Annuity Table.
CA .... Combined Annuity Table.
a-1949 .... Annuity Table for 1949.
71 IAM .... 1971 Individual Annuity Mortality Table.
51 GAM .... Group Annuity Mortality Table for 1951.
51 GAM PROJ .... Group Annuity Mortality Table for 1951 with Projection.
71 GAM .... 1971 Group Annuity Mortality Table.
83a .... 1983 Table a.
83 GAM .... 1983 Group Annuity Mortality Table.
1994 GAR .... 1994 Group Annuity Mortality Table.
a-2000 .... Annuity 2000 Mortality Table.
INTERCO DI .... Inter-Company Double Indemnity Table.
IND DI .... Industrial Double Indemnity.
59 ADB .... 1959 Accidental Death Benefits Table.
52 INTERCO DISA .... 1952 Inter-Company Disability Table.
70 INTERCO DISA .... 1970 Inter-Company Group Life Disability Table.
64 CDT .... 1964 Commissioners Disability Table.

26 Class (3) ....Class (3) Disability Table (1926).
56 TASK FORCE IV ....1956 Task Force IV Morbidity Table.
85 CIDA...........................1985 Commissioners Individual Disability Tables A.
85 CIDB ....1985 Commissioners Individual Disability Tables B.
2012 IAR..........................2012 Individual Annuity Reserve Mortality Table

Interest

4 1/2% ....Interest at 4 1/2% for all durations.
5%/10/2%.........................Interest at 5% for the first 10 years after issue; 2% thereafter.

Valuation Method

NLP ....Net Level Premium Reserve Method.
CRVM...............................Commissioners Reserve Valuations Method.
NJ ....NJ Modified Reserve Method.
ILL ....Illinois Modified Reserve Method.
CARVM...........................Commissioners Annuity Reserve Valuation Method.
MOD ....Other Modified Reserve Method (e.g., CRVM graded into Net Level).
VM-20..............................Any Reserve Calculated Under Section VM-20 of the *Valuation Manual*.
NPR..................................Net Premium Reserve Component of VM-20 Reserve.
DET/STO ....Deterministic/Stochastic Reserve Component of VM-20 Reserve (Excess over Net Premium Reserve).

Age Basis

ANB ....Age Nearest Birthday.
ALB ....Age Last Birthday.
(-1) ....With Ages Reduced One Year.

Other

CRF..................................Curtate Functions.
CNF..................................Continuous Functions.
CP.....................................Continuous Premiums (but curtate death benefit).
IDB...................................Immediate Death Benefit (but non-continuous premiums).
55-79 ....Issue years 1955 to 1979 inclusive.

For example, typical entries for life insurance reserve bases in Exhibit 5 might be:

LIFE INSURANCE: NLP ANB CRF unless otherwise indicated

1. 41 CSO 2 1/2% 1947–1965

2. 80 CSO 4%/10/2% CRVM ALB CNF .... 1978–1980 NB

3. 2001 CSO 4.0%/10/2% CRVM ALB CNF.......... 2006–2016 NB

4. 2017 CSO VM-20 4.0% NPR............................. 2017 NB

5. VM-20 DET/STO .... 2017 NB

If additional space is needed to adequately describe the basis of valuation, use Note 31 of the Notes to Financial Statements to write in this information.

Column 5 – Credit (Group and Individual)

Include: Business not exceeding 120 months.

Refer to *SSAP No. 59—Credit Life and Accident and Health Insurance Contracts* for accounting guidance.

Life Insurance

Include the reserve for future transfers of unaccrued tabular net premiums to the end of the current contract year for variable life insurance contracts.

For any life insurance business valued under Section VM-20 of the *Valuation Manual*, include the total CRVM reserve required by VM-20 split into the following components with each component on a separate line:

The Net Premium Reserve identifying the valuation basis

The balance of the total required (Excess over Net Premium)

Disability – Disabled Lives

Include "unaccrued" portion of liability for incurred claims (whether reported or unreported).

Miscellaneous Reserves

Classification by mortality and interest standards not required.

The words "return of premiums" in Line 2 of this section do not refer to benefits under so-called return premium policies, but to the return of some part of the premium paid for the period current at the time of death. Compute reserve on basis of level premiums, not successive one-year term premiums.

Include: The reserve for variable life insurance minimum death benefit guarantees in this section.

The non-deduction of deferred fractional premiums or return of premiums at the death of the insured.

Surrender values in excess of reserves otherwise required and carried in this exhibit.

The additional actuarial reserves-asset/liability analysis.

NOTE: Total Reserve (9999999) at bottom of page should agree with Liabilities, Surplus and other Funds page, Line 1.

EXHIBIT 5 – INTERROGATORIES

Interrogatories 1 and 2

If the response to Interrogatories 1 and 2 indicate that the reporting entity issues or has issued participating insurance, the reporting entity shall supply the response to these interrogatories and an actuarial opinion as an attachment to the annual statement.

Instructions for Actuarial Opinion

Process of Dividend or Refund Determination

Describe the general methods and procedures used to determine dividends or refunds. The term "refunds" is limited to amounts declared by Fraternal organizations, paid or payable, to its members. Experience rating refunds are excluded.

Description of Experience Factors

Describe the basis used in making any distinction in experience factors that underlie the determination of dividends or refunds. The description should specifically include the basis for the following:

a. Investment income factors
b. Claims factors
c. Expense factors
d. Termination factors
e. Any other factors that may have a material effect on the dividends or refunds of any group of contracts.

Also, describe in a qualitative way any material changes made in the basis used to determine those factors.

Actuarial Interrogatories

I. Has the contribution principle been followed in determining dividends or refunds? If not, describe.

II. Has any material change occurred with respect to the determination of contract factors? If yes, describe.

III. Have there been any changes in the scales of dividends or refunds on new or existing business authorized for illustration by the reporting entity? If yes, describe in general the changes that were made.

IV. Have there been any changes in the scales of dividends or refunds apportioned for payment? If yes, describe in general the changes that were made.

V. For each major block of business, indicate when the dividend or refund scale was last changed (including changes described in IV above), and indicate the extent of such change in terms of the percentage by which dividends or refunds payable under the new scale exceeded or were less than those that would have been paid in the year of change had the scale not been changed.

VI. Does the dividend or refund scale incorporate the use of projections or forecasts of experience factors for any period in excess of two years beyond the effective date of the scale? If yes, describe.

VII. In the basis of determining investment income experience factors, state whether the reporting entity uses (a) a portfolio average approach, (b) an investment generation approach, or (c) a combination of the two approaches. If (b) or (c), describe the general basis used, including the issue year groupings.

VIII. With respect to contract loan provisions:

Describe how differences in such provisions affect dividends or refunds.

Does the dividend or refund scale contain any provision for varying the amount of dividend or refund in accordance with the extent to which an individual contract's loan provision is utilized? If yes, indicate the blocks of business where this treatment pertains, and describe the basis of variation used.

IX. Does the reporting entity pay termination dividends or refunds on its contracts? If yes:

a. Are they payable on death, surrender, and maturity?

b. Are they payable or credited either upon the commencement of nonforfeiture insurance or upon termination thereof by death, surrender, or maturity?

c. Do they reflect the incidence, size, and growth of amounts that may be attributed to the contracts in question?

If the answer to a., b., or c. is no, describe the basis used.

X. Does the reporting entity maintain separate participating and non-participating accounts? If yes, describe the basis.

XI. Are any transfers made from a participating account to another participating, non-participating, or shareholders' account? If yes, describe the basis for the transfers.

XII. Does the undersigned believe there is a substantial probability that, because of expected deterioration of experience or for any other reason, the dividends or refunds illustrated on new or existing business cannot be supported for at least two years? If yes, explain why.

XIII. Describe any aspects of the determination of the dividend or refund scale not covered above that involve material departures from the Actuarial Standards of Practice issued by the Actuarial Standards Board applicable to the determination of dividends or refunds.

XIV. Describe any material changes in the basis of determination of the dividend or refund scale that are not covered above.

The actuarial opinion should include a paragraph such as the following regarding dividends and refunds:

Actuarial Opinion

I, (name, title), am (relationship to Reporting Entity) and a Member of the American Academy of Actuaries. I have examined the actuarial assumptions and methods used in determining dividends or refunds under the dividend or refund scale for the individual participating life insurance contracts of the reporting entity issued for delivery in the United States. The dividends or refunds encompassed by this scale include:

i. Apportioned for payment during (year following year of statement); and

ii. In effect as of January 1, (year following year of statement) that are illustrated for payment on new or existing business in (second year following year of statement) and later that are authorized for illustration by the reporting entity.

My examination included such review of the actuarial assumptions and methods of the underlying basic records and such tests of the actuarial calculations, as I consider necessary. In my opinion, these dividends or refunds have been determined in accordance with Actuarial Standards of Practice issued by the Actuarial Standards Board applicable to the determination of dividends or refunds except as described above.

____
Signature of Actuary

____
Date

Interrogatory 3

This interrogatory relates to the determination of nonguaranteed elements in individual life insurance and annuity contracts that provide for the adjustment of benefits, premiums or charges from time to time. For purposes of this question, the term “determination” shall mean both determination at issue and subsequent redetermination.

For the purpose of this interrogatory, “Individual Contracts” includes contracts issued under the “group” umbrella of any trust that does not have the discretion to select the insurer(s) on behalf of all the individual insureds.

The specific types of business encompassed by this question include, but are not limited to, the following types of contracts if they contain nonguaranteed elements:

1. Single and periodic premium deferred annuities.

2. Universal Life contracts providing for fixed and/or flexible premiums.

3. Adjustable periodic premium life contracts, also known as indeterminate premium life contracts.

4. Single and periodic premium life contracts.

5. Renewable and convertible term insurance contracts which do not guarantee the premiums payable upon renewal, or which provide for renewal on the then current premium basis.

The term “nonguaranteed” does not apply to charges or benefits that contractually follow a separate account result or a defined index.

INSTRUCTIONS FOR ACTUARIAL OPINION

Determination Procedures

For all contracts subject to this interrogatory which were first introduced during the current year and for any other such contracts not previously reported, define the reporting entity's policy to be used in the process of determining nonguaranteed elements, with particular reference to the degree of discretion reserved for the reporting entity, together with the general methods and procedures which are expected to be used.

Actuarial Interrogatories

I. Since this statement was last filed, have there been any changes in the values of nonguaranteed elements on new or existing business authorized for illustration by the reporting entity? If yes, describe the changes that were made.

II. Since this statement was last filed, have there been any changes in the values of nonguaranteed elements actually charged or credited? If yes, describe the changes that were made.

III. Indicate to what extent any changes described in I or II vary from the contract and/or general methods and procedures last reported for the affected contracts.

IV. Are the anticipated experience factors underlying any nonguaranteed elements different from current experience? If yes, describe in general terms the ways in which future experience is anticipated to differ from current experience and the nonguaranteed element factors that are affected by such anticipation.

V. State whether anticipated investment income experience factors are based on: (a) a portfolio average approach, (b) an investment generation approach, or (c) other. If (b) or (c), describe the general basis used, including the investment generation groupings.

VI. Describe how the reporting entity allocates anticipated experience among its various classes of business.

VII. Does the undersigned believe there is a substantial probability that illustrations authorized by the reporting entity to be presented on new and existing business cannot be supported by currently anticipated experience? If yes, indicate which classes and explain.

VIII. Describe any aspects of the determination of nonguaranteed elements not covered above that involve material departures from the Actuarial Standards of Practice issued by the Actuarial Standards Board, applicable to the determination of nonguaranteed elements.

The actuarial opinion should include a paragraph such as the following regarding nonguaranteed elements:

ACTUARIAL OPINION

I, (name, title), am (relationship to Company) and a Member of the American Academy of Actuaries. I have examined the actuarial assumptions and methods used in determining nonguaranteed elements for the individual life insurance and annuity contracts of the reporting entity used for delivery in the United States. The nonguaranteed elements included are those:

i. Paid, credited, charged or determined in (year of statement); and

ii. Authorized by the Reporting Entity to be illustrated on new and existing business during (year of statement).

My examination included such review of the actuarial assumptions and methods of the underlying basic records and such tests of the actuarial calculations, as I considered necessary. In my opinion, the nonguaranteed elements described above have been determined in accordance with Actuarial Standards of Practice issued by the Actuarial Standards Board applicable to the determination of nonguaranteed elements, except as described above.

____
Signature of Actuary

____
Date

Interrogatory 7

For purposes of this footnote disclosure, a synthetic GIC is defined as a contract or agreement in which the insurance entity guarantees specified payouts under the terms of an employee benefit plan from assets not owned by the insurance entity.

Interrogatory 8

For purposes of this footnote disclosure, a Contingent Deferred Annuity is defined as an annuity contract that establishes a life insurer's obligation to make periodic payments for the annuitant's lifetime at the time designated investments, which are not owned or held by the insurer, are depleted to a contractually defined amount due to contractually permitted withdrawals, market performance, fees and/or other charges.

Interrogatory 9

For purposes of this footnote disclosure, a Guaranteed Lifetime Income Benefit is defined as a fixed deferred annuity contract, agreement or rider in which the insurance entity guarantees specified payouts during the lifetime of the insured(s) regardless of the performance of a contractual account value that is used to determine cash surrender values and traditional withdrawal benefits.

EXHIBIT 5A – CHANGES IN BASES OF VALUATION DURING THE YEAR

Increase or (decrease) in the actuarial reserves or liability included in Exhibits 5, 6 or 7 due to changes in the valuation bases during the calendar year should be included if the change is applicable to policies or contracts issued prior to January 1 of the current year. Show changes in bases separately by lines of business **(increases as a positive amount and decreases as a negative amount).**

If necessary, reporting entities may add lines to report each change in each reserve in basis used.

The total (increase) or decrease should be excluded from income section of the Summary of Operations page and Analysis of Operations by Line of Business page.

Include supplementary contracts set up on a basis other than that used to determine benefits.

Life Contracts subtotal should agree with Analysis of Increase in Reserves During the Year on the "Increase in reserve on account of change in valuation basis" line.

Life Contract changes in basis of valuation during the year come from Exhibit 5. Similarly, Accident and Health Contract changes come from Exhibit 6 and Deposit-Type Contract changes come from Exhibit 7.

EXHIBIT 6 – AGGREGATE RESERVES FOR ACCIDENT AND HEALTH CONTRACTS

Refer to *SSAP No. 50—Classifications of Insurance or Managed Care Contracts* for life, accident and health and deposit-type contract definitions and *SSAP No. 54R—Individual and Group Accident and Health Contracts* for guidance regarding the bases for such additional contract reserves. The net amount should agree with the appropriate items in Schedule H – Accident and Health, and also Page 3, Line 2.

Line 2 – Additional Contract Reserves

A reserve must be carried in this line for any policy or block of policies:

i. With which level premiums are used, or
ii. With respect to which, due to the gross premium structure at issue, the value of future benefits exceeds the value of appropriate future valuation net premiums.

A reserve must be carried for any block of contracts for which future gross premiums when reduced by expenses for administration, commissions, and taxes will be insufficient to cover future claims or services.

A reporting entity that enters the entire active life reserve (other than the reserves required for Line 4) in a single sum must enter such amount in Line 2. Provide a statement as to the valuation standard used in calculating this reserve, specifying reserve bases, interest rates and methods.

Line 4 – Reserve for Future Contingent Benefits (Active Life Reserve) or
Line 11 – Reserve for Future Contingent Benefits (Claim Reserve)

A reserve must be carried in either of these lines or in Exhibit 8, Part 1, Line 3 for any certificate that provides for extension of benefits after termination of the certificate or of any insurance there under. Such benefits, which actually accrue and are payable at some future date, are predicated on a condition or actual disability which exists at the termination of the insurance and which is usually not known to the company. These benefits are normally provided by contract provision but may be payable as a result of court decisions or of departmental rulings. This reserve is required in addition to the "present value of amounts not yet due on claims" (Exhibit 6, Line 9).

Line 5 – Aggregate Write-ins for Reserves

Enter the total of write-ins listed in schedule "Detail of Write-ins Aggregated at Line 5 for Reserves."

Line 9 – Present Value of Amounts Not Yet Due on Claims

Include: Reserves for unaccrued benefits on incurred but unreported claims. Accrued benefits should be reported in Exhibit 8, Part 1, Lines 2.2 and 3.

Line 12 – Aggregate Write-ins for Reserves

Enter the total of write-ins listed in schedule "Detail of Write-ins Aggregated at Line 12 for Reserves."

Line 16 – Total of Lines 8 and 15

Column 1 should agree with the aggregate accident and health reserve line, on the Liability page.

Line 17 – Tabular Fund Interest

Include: Tabular fund interest on those reserves that have used interest assumptions in their derivation.

Details of Write-ins Aggregated at Line 5 for Reserves

List all reserves for which there is no pre-printed line in Exhibit 6, Aggregate Accident and Health Reserves, Active Life Reserves.

Include: Accrued return premium adjustments for contracts subject to redetermination.

Details of Write-ins Aggregated at Line 12 for Reserves

List all reserves for which there is no pre-printed line in Exhibit 6, Aggregate Accident and Health Reserves, Claim Reserves.

EXHIBIT 7 – DEPOSIT-TYPE CONTRACTS

This exhibit is intended to capture information about the activity, before and after any reinsurance, for deposit-type contracts. Include supplementary contracts without life contingencies, annuities certain, income settlement options, premium and deposit funds, and other contracts as defined in *SSAP No. 52—Deposit-Type Contracts*.

Column 2 – Guaranteed Interest Contracts

Include: Contracts that do not subject the reporting entity to any mortality or morbidity risk.

Column 3 – Annuities Certain

Include: Amounts settled under contracts without any mortality or morbidity risk, e.g., certain immediate annuity contracts; amounts associated with lottery payouts, structured settlements, income settlement options or other amounts where payments are for a fixed period or amount.

Exclude: Amounts reported in Column 2 or 4.

Column 4 – Supplemental Contracts (without life contingencies)

Include: Amounts resulting from proceeds settled under a settlement option provision of a life or annuity contract without any mortality or morbidity risk.

Column 5 – Dividend Accumulations or Refunds

Include: Amounts held on account related to contracts without any mortality or morbidity risk.

Column 6 – Premium and Other Deposit Funds

Include: Amounts not reported elsewhere in this exhibit for contracts that do not incorporate any mortality or morbidity risk.

Line 2 – Deposits Received During the Year

Include: Considerations or amounts from policy or contract holders that increased the fund balance.

Line 3 – Investment Earnings Credited to the Account

Include: Amounts earned and/or credited to the account. Describe method of determination in "Notes to Financial Statements" under Actuarial Reserve Note 32.

Line 4 – Other Net Changes in Reserves

Include: The net difference between periods when the reserve amount held differs from the accumulated account balance, including income accumulations less withdrawal and applicable surrender charges. Enter appropriate amounts from 0399999 of Exhibit 5A changes in bases of valuation during the year.

Increase (Decrease) by Foreign Currency Adjustment:

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

Line 5 – Fees and Other Charges Assessed

Include: Any fees or assessments to the account that reduce the balance and are reported as income by the company.

Exclude: Interest earned and/or credited to the account reported in Line 3.

Line 6 – Surrender Charges

Include: Charges assessed for policy or contract surrenders or withdrawals, e.g., early withdrawal penalties.

Line 7 – Net Surrender or Withdrawal Payments

Include: The net proceeds paid or payable (after deduction for surrender charges) to the contract holder.

Line 14 – Net Balance at the End of the Current Year After Reinsurance

The amounts reported should be consistent with those reported on the Liability page, Line 3, Liability for Deposit Type Contracts.

EXHIBIT 8 – CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 1 – LIABILITY END OF CURRENT YEAR

This part of the exhibit provides an analysis of the contract liability reported in the balance sheet.

A reporting entity shall not omit the columns for any lines of business in which it is not engaged. All figures for the ordinary variable life insurance business of the society excluding separate accounts items shall be included in Column 3. Fraternal benefit societies do not need to complete Columns 2, 6, 7, 8, 9 and 10 since these columns reflect lines of business not written by fraternals.

Exclude liabilities reported in the Separate Accounts Statement.

For each item:

Net = Direct + Reinsurance Assumed – Reinsurance Ceded

Column 11 – Other Accident and Health

Include: All Medicare Part D Prescription Drug Coverage, whether sold on a stand-alone basis or through a Medicare Advantage product and whether sold directly to an individual or through a group.

Line 1 – Due and Unpaid

Include: Only claims which are complete except for the payment of the amount due, or the recording of the amount paid in the appropriate claims accounts.

Line 2 – In Course of Settlement

Include: Other contract claims that have been reported and are pending at the end of the year. They represent cases that are at different stages of completion of claim processing, ranging from the time of initial receipt of claims or notification of claims to the time where the cases are nearly complete, but not complete enough to be shown in Line 1. Claims in course of settlement are segregated between Resisted, Line 2.1 and Other, Line 2.2.

Line 2.1 – Resisted

Include: Resisted claims on life and annuity contracts. A claim is considered resisted when it is in dispute and not resolved on the statement date.

Line 2.2 – Other

Include: Claims in course of settlement, not shown in Line 2.1, including resisted accident and health claims.

Line 3 – Incurred but Unreported

Report all contract claims incurred on or prior to December 31 of the statement year but not reported to the company until after that date. Only the portion of disability benefits which pertain to disability periods prior to January 1 of the year following the statement year should be reported; for example, the amount which would be payable for the elapsed period if disability were approved. The liability for unaccrued benefits is included in the Certificate and Contract Reserves liability (Page 3, Lines 1 and 2 and Exhibits 5 and 6).

Line 4 – Totals

Line 4.1 = Line 1.1 + Line 2.11 + Line 2.21 + Line 3.1

Line 4.2 = Line 1.2 + Line 2.12 + Line 2.22 + Line 3.2

Line 4.3 = Line 1.3 + Line 2.13 + Line 2.23 + Line 3.3

Line 4.4 = Line 1.4 + Line 2.14 + Line 2.24 + Line 3.4

Line 4.4, Column 1 should agree with Page 3, the sum of Lines 4.1 and 4.2

EXHIBIT 8 – CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 2 – INCURRED DURING THE YEAR

A reporting entity may not omit the columns for any lines of business in which it is not engaged. Fraternal benefit societies do not need to complete Columns 2, 6, 7, 8, 9 and 10 since these columns reflect lines of business not written by fraternals.

Include benefits and withdrawals that are transferred from the Separate Accounts Statement. They are also to be reported as benefits and withdrawals in the Separate Accounts Statement.

Column 11 – Other Accident and Health

Include: All Medicare Part D Prescription Drug Coverage, whether sold on a stand-alone basis or through a Medicare Advantage product and whether sold directly to an individual or through a group.

For Lines 1, 2, 4, and 6: Net = Direct + Reinsurance Assumed – Reinsurance Ceded

Line 1 – Settlements During the Year

Include: Contract claim amounts retained under supplementary contracts.

Line 3 – Amounts Recoverable from Reinsurers December 31, Current Year and
Line 5 – Amounts Recoverable from Reinsurers December 31, Prior Year

Include Reinsurance recoveries billed on paid losses but not received.

These amounts should agree to the amounts reported in Schedule S, Part 2, Column 6.

Line 6 – Incurred Benefits

Line 6.1 = Line 1.1 + Line 2.1 – Line 4.1

Line 6.2 = Line 1.2 + Line 2.2 – Line 4.2

Line 6.3 = Line 1.3 + Line 2.3 + Line 3 – Line 4.3 – Line 5

Line 6.4 = Line 1.4 + Line 2.4 – Line 3 – Line 4.4 + Line 5

EXHIBIT OF NONADMITTED ASSETS

This schedule should include the nonadmitted (both group and individual) amounts for both invested assets and other-than-invested assets.

The lines in this schedule are identical to those included in the Assets Page. The Column 1 amount should equal the amount reported in the same specific line in the Nonadmitted Assets column of the Assets Page (Page 2, Column 2, Line 28).

Column 1 – Current Year Total Nonadmitted Assets

Include:

Nonadmitted goodwill as prescribed in *SSAP No. 68—Business Combinations and Goodwill*.

Nonadmitted invested assets due to state aggregate investment limitations.

Nonadmitted amounts due to specific surplus notes.

Nonadmitted invested asset amounts due to designation restrictions by the state (e.g., designation 6 securities must be partially or wholly nonadmitted).

Non-operating systems software.

Electronic data processing (EDP) equipment and operating software in excess of 3% of capital and surplus for the most recently filed statement adjusted to exclude any EDP equipment and operating system software, net deferred tax assets and net positive goodwill.

Prepaid expense (*SSAP No. 29—Prepaid Expenses*).

Column 2 – Prior Year Total Nonadmitted Assets

This column should contain the total (sum of group and individual) nonadmitted amounts from the prior year annual statement.

Column 3 – Change in Total Nonadmitted Assets

This column should equal Column 2 minus Column 1. The amount reported in the total line of this column should equal the amount reported in the “Change in Nonadmitted Assets” line of the Capital and Surplus Account calculation.

This page intentionally left blank.

Please insert this page directly in front of the beginning of the Notes Section

FRATERNAL

This page intentionally left blank.

NOTES TO FINANCIAL STATEMENTS

Notes to the Annual Statement are to be filed on March 1.

These instructions include guidance for the annual statement blank. These instructions provide specific examples that illustrate the disclosures required by the *Accounting Practices and Procedures Manual* and depict the application of certain Statements of Statutory Accounting Principles (SSAP). UNLESS OTHERWISE INDICATED, the format and level of detail in the illustrations are not requirements. The NAIC encourages a format that provides the information in the most understandable manner in the specific circumstances. Entities are not required to display the disclosure information contained herein in the specific manner illustrated, except where indicated in the illustrations provided for specific notes.

To facilitate comparison to the electronic notes database, the following data-captured disclosures should be presented in whole dollars in the same format and level of detail in the specific manner shown in the illustration. When the disclosure for a particular illustration is not applicable or the reporting entity has nothing to report, the reporting entity is not required to present the disclosure in the illustrated format with zero amounts except for the reconciliation table illustrated in Note 1A, which must be provided regardless of whether the reporting entity has any state prescribed or permitted practices. It will still be acceptable to indicate “none” or “not applicable” for the whole disclosure or specific parts of the disclosure, as appropriate, as long as the numbering format of the disclosure is preserved. Following the presentation of the illustration is not meant to preclude reporting entities from providing additional clarification before or after the illustration to enable users to better understand the disclosure.

Note #	Parts to be presented in whole dollars in the same format and level of detail in the specific manner shown in the illustration.
1	1A(1) through 1A(8)
4	4A(1), 4A(3) and 4A(4)
5	5A(3) through 5A(8), 5B(1) through 5B(3), 5D(2) through 5D(4), 5E(3)a, 5E(3)b, 5E(5)a, 5E(7), 5F, 5G, 5H, 5I, 5L(1) through 5L(4), 5M(1), 5M(2), 5N, 5O, 5P, 5Q and 5R
9	9A1, 9A2, 9A3, 9A4 and 9C
10	10M and 10N(2)
11	11B(2) through 11B(4)
12	12A(1) through 12A(8), 12A(11), 12A(12), 12C(1) and 12C(2)
13	13(11) and 13(12) NOTE: Applies to the table only and does not apply to narratives of these disclosures.
14	14A(2), 14A(3), 14B(2), 14B(3) and 14D
15	15A(2)a, 15B(1)c, 15B(2)b and 15B(3)c
16	16(1)
17	17C(2)
18	18A and 18B
19	All
20	20A(1), 20A(2), 20C and 20D
21	21E(1), 21E(4), 21F(2) through 21F(4), 21G(2), 21G(3) and 21H
22	22A through 22H
23	23B, 23C, 23D(1)a, 23D(2)a and 23G
24	24D and 24E
27	All
28	All
30	All
31	31(6)
32	32A through 32F
33	33A
34	34A(2), 34A(3), 34B(1) through 34B(4), and 34C

The following disclosures are applicable to the annual statement filed March 1. In the annual statement filed on March 1, a) a disclosure or response must be provided for every item (indicate "none" or "not applicable" if appropriate), and b) the reporting entity must not alter the number scheme of the notes. Notes are to be presented in numerical order including those notes that will be noted as "none." Users should note the NAIC would utilize Note 21, Other Items, to include information required by recently adopted SSAPs.

1. Summary of Significant Accounting Policies and Going Concern

Instruction:

Refer to *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* for accounting guidance regarding disclosure requirements. The major disclosure requirements are as follows:

A. This note **(including a table reconciling income and surplus between the state basis and SAP basis)** is required to be completed, even if there are no prescribed practices or permitted practices to report.

Indicate that the statement has been completed in accordance with the *Accounting Practices and Procedures Manual*. If a reporting entity employs accounting practices that depart from the *Accounting Practices and Procedures Manual*, including different practices required by state law, disclose the following information about those accounting practices.

Include:

- A description of the accounting practice;
- A statement that the accounting practice differs from NAIC statutory accounting practices and procedures (NAIC SAP) identifying whether the practice is a departure from NAIC SAP or from a state prescribed practice and include the financial statement reporting lines predominantly impacted by the permitted or prescribed practice. (Although most practices impact net income or surplus, direct reference to those lines should be avoided. The intent is to capture the financial statement lines reflecting the practice which ultimately impacts net income or statutory surplus.)
- The monetary effect on net income and statutory surplus of using an accounting practice that differs from NAIC statutory accounting practices and procedures; and
- If an insurance enterprise's risk-based capital would have triggered a regulatory event had it not used a prescribed or permitted practice, that fact should be disclosed in the financial statements.

In addition, disclose the following information about accounting practices when NAIC statutory accounting practices and procedures do not address the accounting for the transaction:

- A description of the transaction and of the accounting practice used; and
- A statement that the NAIC statutory accounting practices and procedures do not address the accounting for the transaction.

A table reconciling income and surplus between the state basis and NAIC SAP basis for the current reporting period and the prior year-end shall be provided. The reconciliation table is required even if the reporting entity does not have any permitted or prescribed practices to report.

The reconciliation shall include:

Brief description of the prescribed or permitted practice;

SSAP # Enter the SSAP numbers to which the permitted or prescribed practice primarily pertains.

For example, use “43R” for SSAP No. 43R or “19” for SSAP No. 19. If multiple SSAPs are needed for the prescribed or permitted practice, separate with a comma (19,43R).

For permitted practices from state regulations, use “00.”

If multiple SSAPs are needed for the prescribed or permitted practice, separate with a comma (19,43R,00).

Financial statement pages (F/S pages) primarily impacted by the permitted or prescribed practice.

Only the following pages should be referenced.

2 – Assets

3 – Liabilities, Surplus and Other Funds

4 – Summary of Operations

5 – Cash Flow

Use “N/A” for permitted or prescribed practices that do not impact the financial statements pages above.

If multiple pages are needed for the prescribed or permitted practice, separate with a comma (3,4).

Financial statement reporting lines (F/S lines) of the key financial statement page primarily impacted by the permitted or prescribed practice

(References to the financial statement reporting line for net income or statutory surplus should be avoided. The intent is to capture the financial statement line reflecting the practice which ultimately impacts net income or statutory surplus.)

If “N/A” was used for the F/S page, use “N/A” for the F/S line.

If multiple lines are needed for the prescribed or permitted practice, separate with a comma (2.1,8).

Below are examples of permitted and prescribed practices the reporting entity may or may not be using which could be disclosed. The reporting entity may have others not shown below.

Differences in the accounting and reporting of:

- Goodwill
- Admission of Fixed Assets
- Value of Home Office Property

NOTE: Amounts reported in other notes to the financial statements shall reference Note 1 if impacted by prescribed or permitted practices. The following is an example of inserting a statement within applicable notes:

Example Illustration: Note 3. Business Combinations and Goodwill

<u>Illustration:</u>

A. Statutory Purchase Method

(1) The Company purchased 100% interest of XYZ Insurance Company on 6/30/_____. XYZ Insurance Company is licensed in 49 states and sells individual term life products exclusively.

(2) The transaction was accounted for as a statutory purchase.

(3) The cost was $_________, resulting in goodwill in the amount of $_________.*

(4) Goodwill amortization relating to the purchase of XYZ Insurance Company was $_________ for the year ended 12/31/_____.*

* These amounts reflect prescribed or permitted practices that depart from the *NAIC Accounting Practices and Procedures Manual*, See Note 1, Summary of Significant Accounting Policies for additional information.

B. Include an explanation that the preparation of financial statements is in conformity with the *Annual Statement Instructions* and *Accounting Practices and Procedures Manual* requires the use of management's estimates.

C. Disclose all accounting policies that materially affect the assets, liabilities, capital and surplus or results of operations.

Include:

(1) Basis at which the short-term investments are stated.

(2) Basis at which the bonds mandatory convertible securities and SVO-Identified investments identified in SSAP No. 26R are stated, and the amortization method.

Amortization method for bonds and mandatory convertible securities and if elected by the reporting entity, the approach for determining the systematic value for SVO-Identified securities per SSAP No. 26R. If utilizing the systematic value measurement method approach for SVO-Identified investments, the reporting entity must include the following information:

- Whether the reporting entity consistently utilizes the same measurement method for all SVO-Identified investments (e.g., fair value or systematic value). If different measurement methods are used, information on why the reporting entity has elected to use fair value for some SVO-Identified investments and systematic value for others.

- Whether SVO-Identified investments are being reported at a different measurement method from what was used in an earlier current-year interim and/or in a prior annual statement. (For example, if reported at systematic value prior to the sale, and then reacquired and reported at fair value.) This disclosure is required in all interim reporting periods and in the year-end financial statements for the year in which an SVO-Identified investment has been reacquired and reported using a different measurement method from what was previously used for the investment. (This disclosure is required regardless of the length of time between the sale/reacquisition of the investments, but is only required in the year in which the investment is reacquired.)

- Identification of securities still held that no longer qualify for the systematic value method. This should separately identify those securities that are still within scope of SSAP No. 26R and those that are being reported under a different SSAP.

(3) Basis at which the common stocks are stated.

(4) Basis at which the preferred stocks are stated.

(5) Description of the valuation basis of the mortgage loans.

(6) Basis at which the loan-backed securities are stated and the adjustment methodology used for each type of security (prospective or retrospective).

(7) The accounting policies of the reporting entity with respect to investments in subsidiaries, controlled and affiliated entities.

(8) The accounting policies of the reporting entity with respect to investments in joint ventures, partnerships and limited liability entities.

(9) A description of the accounting policy for derivatives.

(10) Whether or not the reporting entity utilizes anticipated investment income as a factor in the premium deficiency calculation.

(11) A summary of management's policies and methodologies for estimating the liabilities for losses and loss/claim adjustment expenses for accident and health contracts.

(12) If the capitalization policy and the resultant predefined thresholds changed from the prior period, the reason for the change.

(13) The method used to estimate pharmaceutical rebate receivables.

D. Going Concern

The reporting entity shall provide the following going concern disclosures after management's evaluation of the reporting entity's ability to continue as a going concern and consideration of management's plans to alleviate any substantial doubt about the entity's ability to continue as a going concern.

Note: The disclosures below are required for annual and interim reporting periods effective Dec. 31, 2016. Early application of the going concern guidance in *SSAP No. 1—Accounting Policies, Risks & Uncertainties and Other Disclosures* is permitted.

(1) If after considering management's plans, substantial doubt about an entity's ability to continue as a going concern is alleviated, the reporting entity shall disclose in the notes to the financial statements the following information:

a. Principal conditions and events that raised substantial doubt about the entity's ability to continue as a going concern (before consideration of management's plans).

b. Management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations.

c. Management's plans that alleviated substantial doubt about the entity's ability to continue as a going concern.

(2) If after considering management's plans, substantial doubt about an entity's ability to continue as a going concern is not alleviated, the entity shall include a statement in the notes to the financial statements indicating that there is substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. Additionally, the reporting entity shall disclose the information in paragraphs 1D(1)a and 1D(1)b, as well as the management plans that are intended to mitigate the conditions or events that raise substantial doubt about the entity's ability to continue as a going concern.

(3) The going concern evaluation and going concern disclosures discussed in *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* are required for both interim and annual financial statements. If substantial doubt was determined, and the conditions or events continue to raise substantial doubt about an entity's ability to continue as a going concern in subsequent annual or interim reporting periods, the entity shall continue to provide the disclosures in each subsequent reporting period. In these subsequent periods, the disclosures should become more extensive as additional information becomes available about the relevant conditions or events and about management's plans. The entity shall provide appropriate context and continuity in explaining how conditions or events have changed between reporting periods.

(4) For the period in which substantial doubt no longer exists (before or after consideration of management plans), an entity shall disclose how the relevant conditions or events that raised substantial doubt were resolved.

<u>Illustration:</u>

A. Accounting Practices

The financial statements of XYZ Company are presented on the basis of accounting practices prescribed or permitted by the ABC Insurance Department.

The ABC Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of ABC for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the ABC Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of ABC. The state has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. Specifically, 1) goodwill arising from the purchase of a subsidiary, controlled or affiliated entity is written off directly to surplus in the year it originates by ABC domiciled companies. In NAIC SAP, goodwill in amounts not to exceed 10% of a reporting entity's capital and surplus may be capitalized and all amounts of goodwill are amortized to unrealized gains and losses on investments over periods not to exceed 10 years, and, 2) 100% of all fixed assets are admitted by ABC domiciled companies. In NAIC SAP, fixed assets are not admitted. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices.

The Company, with the explicit permission of the Commissioner of Insurance of the State of ABC, records the value of its home office building at fair value instead of at depreciated cost required by the NAIC SAP. If the home office building were carried at depreciated cost, home office property and statutory surplus would be decreased by $_________ and $_________ as of December 31, 20__ and 20__, respectively. Additionally, net income would be increased by $__________ and $_________ respectively, for the years then ended. Finally, if the Company had not been permitted to record the value of its home office building at fair value, the Company's risk-based capital would have triggered a regulatory event.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of ABC is shown below:

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

THE RECONCILIATION TABLE BELOW IS REQUIRED REGARDLESS OF WHETHER THE REPORTING ENTITY HAS ANY STATE PRESCRIBED OR PERMITTED PRACTICES.

		SSAP #	F/S Page	F/S Line #	20_____	20_____
NET INCOME						
(1)	ABC Company state basis (Page 4, Line 31, Columns 1 & 2)	XXX	XXX	XXX	$	$ ....
(2)	State Prescribed Practices that are an increase/(decrease) from NAIC SAP:					
	....	....	....	....	$	$ ....
	....	....	....	....	$	$ ....
	....	....	....	....	$	$ ....
(3)	State Permitted Practices that are an increase/(decrease) from NAIC SAP:					
	....	....	....	....	$	$ ....
	....	....	....	....	$	$ ....
	....	....	....	....	$	$
(4)	NAIC SAP (1-2-3=4)	XXX	XXX	XXX	$	$
SURPLUS						
(5)	ABC Company state basis (Page 3, Line 30, Columns 1 & 2)	XXX	XXX	XXX		
(6)	State Prescribed Practices that are an increase/(decrease) from NAIC SAP:					
	....	....	....	....	$	$ ....
	....	....	....	....	$	$ ....
	....	....	....	....	$	$ ....
(7)	State Permitted Practices that are an increase/(decrease) from NAIC SAP:					
	....	....	....	....	$	$ ....
	....	....	....	....	$	$ ....
	....	....	....	....	$	$
(8)	NAIC SAP (5-6-7=8)	XXX	XXX	XXX	$	$

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Life premiums are recognized as income over the premium-paying period of the related policies. Annuity considerations are recognized as revenue when received. Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

The amount of dividends to be paid to policyholders is determined annually by the Company's Board of Directors. The aggregate amount of policyholders' dividends is related to actual interest, mortality, morbidity, and expense experience for the year and judgment as to the appropriate level of statutory surplus to be retained by the Company.

In addition, the company uses the following accounting policies:

(1) Short-term investments are stated at amortized cost.

(2) Bonds not backed by other loans are stated at amortized cost using the interest method.

The company holds three (3) SVO-Identified bond ETFs reported on Schedule D-1. Two of these ETFs are reported at fair value, and the company has made an irrevocable decision to hold one of the ETFs at systematic value. The company has elected to utilize different measurement methods for the SVO-Identified bond ETFs for the following reasons:

The company previously utilized systematic value for the reporting of an SVO-Identified bond ETF reported on Schedule D-1. On June 1, XX, the company sold all interests in the SVO-Identified bond ETF (entire CUSIP). On October 30, XX, the reporting entity reacquired the SVO-Identified bond ETF (same CUSIP) and did not elect to utilize the systematic value for this SVO-Identified bond ETF. Pursuant to the guidance in SSAP No. 26R, a different measurement method is permitted as the reacquisition occurred 90 days after the sale of the SVO-Identified investment.

Illustration: The Company previously utilized systematic value for the reporting of an SVO-Identified bond ETF reported on Schedule D-1. As of Dec. 31, XX, the SVO-Identified bond ETF was no longer included on the SVO listing an SVO-Identified bond ETF. Therefore, this ETF was no longer captured within the scope of SSAP No. 26R and permitted to be reported on Schedule D-1. Pursuant to the statutory accounting guidance, this ETF is now captured within the scope of SSAP No. 30 and is reported at fair value on Schedule D-2.

The company previously utilized systematic value for the reporting of an SVO-Identified bond ETF reported on Schedule D-1. As of Dec. 31, XX, the SVO-Identified bond ETF had an NAIC designation of 3. Pursuant to the guidance in SSAP No. 26R, a non-AVR reporting entity is only permitted to utilize systematic value for SVO-Identified bond ETFs with an NAIC designation of 1 or 2. As this ETF no longer qualifies for systematic value, but is still on the SVO-Identified list, it is captured within scope of SSAP No. 26R, reported on Schedule D-1, but is now reported at fair value.

(3) Common Stocks are stated at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.

(4) Preferred stocks are stated in accordance with the guidance provided in SSAP No. 32.

(5) Mortgage loans on real estate are stated at the aggregate carrying value less accrued interest.

(6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair value. The retrospective adjustment method is used to value all securities except for interest only securities or securities where the yield had become negative, that are valued using the prospective method.

(7) The Company carries ABC Non-insurance company at GAAP equity plus the remaining Goodwill balance of $ ______.

(8) The company has minor ownership interests in joint ventures. The company carries these interests based on the underlying audited GAAP equity of the investee.

(9) All derivatives are stated at fair value.

(10) The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with *SSAP No. 54R—Individual and Group Accident and Health Contracts.*

(11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

(12) The Company has not modified its capitalization policy from the prior period.

2. Accounting Changes and Corrections of Errors

Instruction:

Describe material changes in accounting principles and/or correction of errors. Include:

- A brief description of the change, encompassing a general disclosure of the reason and justification for the change or correction.

- The impact of the change or correction on net income, surplus, total assets and total liabilities for the two years presented in the financial statements (i.e., the balance sheet and statement of income).

- The effect on net income of the current period for a change in estimate that affects several future periods, such as a change in the service lives of depreciable assets or actual assumptions affecting pension costs. Disclosure of the effect on those income statement amounts is not necessary for estimates made each period in the ordinary course of accounts for items such as uncollectible accounts. However, disclosure is recommended if the effect of a change in the estimate is material.

- When subsequent financial statements are issued containing comparative restated results as a result of the filing of an amended financial statement, the reporting entity shall disclose that the prior period has been restated and the nature and amount of such restatement.

Illustration:

During the current year's financial statement preparation, the Company discovered an error in the compiling and reporting of investment income from an affiliate for the prior year. In the prior year, common stocks (Assets Page, Line _____) and investment income earned from affiliates (included in Summary of Operation, Line _____) were understated by $_________. Line _____ on the Assets Page and Line ___ on the Gains and Losses section of the Summary of Operations have been adjusted in the current year to correct for this error.

3. Business Combinations and Goodwill

Instruction:

A. Statutory Purchase Method

For business combinations accounted for under the statutory purchase method, disclose the following for as long as unamortized goodwill is reported as a component of the investment:

(1) The name and brief description of the acquired entity;

(2) Method of accounting, that is, the statutory purchase method;

(3) Cost of the acquired entity and the amount of goodwill; and

(4) The amount of amortization of goodwill recorded for the period.

B. Statutory Merger

For business combinations taking the form of a statutory merger, disclose:

(1) The names and brief description of the combined entities;

(2) Method of accounting, that is, the statutory merger method;

(3) Description of the shares of stock issued in the transaction;

(4) Details of the results of operations of the previously separate entities for the period before the combination is consummated that are included in the current combined net income, including revenue, net income, and other changes in surplus; and

(5) A description of any adjustments recorded directly to surplus for any entity that previously did not prepare statutory statements.

C. Assumption Reinsurance

Disclose the following information regarding goodwill resulting from assumption reinsurance:

(1) The name of the ceding enity;

(2) The type of business assumed;

(3) The cost of the acquired business and the amount of goodwill; and

(4) The amount of amortization of goodwill recorded for the period.

D. Impairment Loss

If an impairment loss was recognized, disclose the following in the period of the impairment write-down:

(1) A description of the impaired assets and the facts and circumstances leading to the impairment, and

(2) The amount of the impairment charged to realized capital gains and losses and how fair value was determined.

<u>Illustration:</u>

A. Statutory Purchase Method

(1) The Company purchased 100% interest of XYZ Insurance Company on 6/30/_____. XYZ Insurance Company is licensed in 49 states and sells individual term life products exclusively.

(2) The transaction was accounted for as a statutory purchase.

(3) The cost was $_________, resulting in goodwill in the amount of $________.

(4) Goodwill amortization relating to the purchase of XYZ Insurance Company was $_________ for the year ended 12/31/_____.

B. Statutory Merger

(1) The Company merged with ABC Service Company on June 30, ______.

(2) The transaction was accounted for as a statutory merger.

(3) The Company issued _____ voting shares of common stock in exchange for all common stock of ABC Service Company.

(4) Pre merger separate company revenue, net income, and other surplus adjustments for the six months ended 6/30/_____ were $________, $________, $________, respectively for the Company and $________, $_______, $________, respectively for ABC Service Company.

(5) No adjustments were made directly to the surplus of ABC Service Company as a result of the merger.

C. Assumption Reinsurance

(1) The Company completed an assumption reinsurance agreement with ABC Insurance Company during the current year.

(2) The Company assumed the entire individual term life block of business of ABC Insurance Company.

(3) The Company paid $_______ for the business resulting in goodwill of $_______.

(4) For the year ended 12/31/____, goodwill amortization for this transaction was $_______.

D. Impairment Loss

The Company did not recognize an impairment loss on the transactions described above.

4. Discontinued Operations

Instruction:

A. Discontinued Operation Disposed of or Classified as Held for Sale

The following shall be disclosed in the period in which a discontinued operation either has been disposed of or is classified as held for sale under *SSAP No. 24—Discontinued Operations and Unusual or Infrequent Items*:

(1) The reporting entity shall assign a unique number for each discontinued operation and provide in a table the unique number assigned with a brief description of the discontinued operation.

NOTE: The unique number assigned for each discontinued operation will be used to identify the discontinued operation when referencing the discontinued operation in other parts of the disclosure.

(2) Description of the facts and circumstances leading to the disposal or expected disposal and a description of the expected manner and timing of that disposal.

(3) The loss recognized on the discontinued operation. The recognized loss shall be reported for the reporting period, and as a cumulative total since classified as held for sale.

(4) The carrying amount immediately prior to the classification as held for sale, and the current fair value less costs to sell, including the balance sheet lines where the item is reported. Also report income received from the discontinued operation prior to the disposal transaction.

B. Change in Plan of Sale of Discontinued Operation

If the entity decides to change its plan of sale for the discontinued operation, disclose a description of the facts and circumstances leading to the decision to change the plan and the effect on the assets reported in the financial statements.

Adjustments to amounts reported related to discontinued operations as a result of:

- The resolution of contingencies that arise pursuant to the terms of the disposal transaction, such as the resolution of purchase price contingencies and indemnification issues with the purchaser.
- The resolution of contingencies that arise from and are directly related to the disposal of a discontinued operation of the component in a period prior to its disposal, such as environmental and product warranty obligations retained by the seller.
- The settlement of employee benefit plan obligations (pension, postemployment benefits other than pensions, and other postemployment benefits), provided the settlement is directly related to the disposal transaction. (A settlement is directly related to the disposal transaction if there is a demonstrated direct cause-and-effect relationship and the settlement occurs no later than one year following the disposal transaction, unless it is delayed by events or circumstances beyond an entity's control.)

C. Nature of Any Significant Continuing Involvement with Discontinued Operations After Disposal

If the entity will retain significant continuing involvement with a discontinued operation after the disposal transaction, the entity shall complete the disclosures for the bullet items shown below. Examples of significant continuing involvement include a supply and distribution arrangement, a financial guarantee, an option to repurchase and an equity method investment in the discontinued operation.

- Description of the activities that give rise to the continuing involvement.
- The period of time the involvement is expected to continue.
- The expected cash inflows/outflows as a result of continuing involvement.

D. Equity Interest Retained in the Discontinued Operation After Disposal

If the entity will retain an equity interest in the discontinued operations after the disposal date, disclose the ownership interest before and after the disposal transaction and the entity's share of the income or loss of the investee as of the year-end reporting date after the disposal transaction.

<u>Illustration:</u>

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

A. Discontinued Operation Disposed of or Classified as Held for Sale

(1) List of Discontinued Operations Disposed of or Classified as Held for Sale

Discontinued Operation Identifier	Description of Discontinued Operation
....	....
....	....
....	....
....	....

(2) The Company entered into a definitive agreement dated ____ ____, 20__to sell its Group Health Operations (Identifier XXX) to ABC Company for $______ in cash, subject to various closing adjustments. The net loss from disposal is expected to be $_______. The sale is expected to be completed no later than midyear 20__. The sale is subject to state regulatory approval and other customary conditions. Results of the Discontinued Operations will be included in the Company's Statement of Revenue and Expenses until the closing and be consistently with the company's reporting of continuing operations.

(3) Loss Recognized on Discontinued Operations

Discontinued Operation Identifier	Amount for Reporting Period	Cumulative Amount Since Classified as Held for Sale
....	$	$ ....
....	$	$ ....
....	$	$ ....
....	$	$ ....

(4) Carrying Amount and Fair Value of Discontinued Operations and the Effect on Assets, Liabilities, Surplus and Income

a. Carrying Amount of Discontinued Operations

Discontinued Operation Identifier	Carrying Amount Immediately Prior to Classification as Held for Sale	Current Fair Value Less Costs to Sell
....	$	$ ....
....	$	$ ....
....	$	$ ....
....	$	$ ....

b. Effect of Discontinued Operations on Assets, Liabilities, Surplus and Income

	Discontinued Operation Identifier	Line Number	Line Description	Amount Attributable to Discontinued Operations
1. Assets				
	....	....	....	$ ....
	....	....	....	$ ....
	....	....	....	$ ....
2. Liabilities				
	....	....	....	$ ....
	....	....	....	$ ....
	....	....	....	$ ....
3. Surplus				
	....	....	....	$ ....
	....	....	....	$ ....
	....	....	....	$ ....
4. Income				
	....	....	....	$ ....
	....	....	....	$ ....
	....	....	....	$ ....

5. Investments

Instruction:

A. Mortgage Loans, including Mezzanine Real Estate Loans

For mortgage loans, disclose the following information:

(1) The minimum and maximum rates of interest received for new loans made by category.

(2) The maximum percentage of any one loan to the value of security at the time of the loan.

(3) Taxes, assessments and any amounts advanced and not included in mortgage loan total.

(4) Age analysis of mortgage loans and identification of mortgage loans in which the insurer is a participant or co-lender in a mortgage loan agreement.

An age analysis of mortgage loans, aggregated by type (Farm, Residential Insured, Residential All Other, Commercial Insured, Commercial All Other, Mezzanine), capturing:

- Recorded investment of current mortgage loans
- Recorded investment of mortgage loans past due classified as:
  - ❖ 30-59 days past due
  - ❖ 60-89 days past due
  - ❖ 90-179 days past due
  - ❖ 180+ days past due
- Recorded investment of mortgage loans past due still accruing interest:
  - ❖ 90-179 days past due
  - ❖ 180+ past due days
- Interest accrued for mortgage loans past due:
  - ❖ 90-179 days past due
  - ❖ 180+ past due days
- Interest Reduced
  - ❖ Recorded investment
  - ❖ Number of loans
  - ❖ Percent Reduced (weighted-average % of the aggregated reduced recorded investments).
- Identification of mortgage loans in which the insurer is a participant or Co-lender in a mortgage loan agreement.

(5) Disclose for investment in impaired loans aggregated by type (Farm, Residential Insured, Residential All Other, Commercial Insured, Commercial All Other, Mezzanine) the following:

- The amount for which there is a related allowance for credit losses determined in accordance with this *SSAP No. 37—Mortgage Loans*
- The amount for which there is no related allowance for credit losses determined in accordance with this *SSAP No. 37—Mortgage Loans*.
- The total recorded investment in impaired loans subject to a participant or co-lender mortgage loan agreement for which the reporting entity is restricted from unilaterally foreclosing on the mortgage loan.

(6) For impaired loans disclose the amounts, aggregated by type (Farm, Residential Insured, Residential All Other, Commercial Insured, Commercial All Other, Mezzanine), related to the following:

- Average recorded investment.
- Interest income recognized.
- Recorded investments on nonaccrual status pursuant to *SSAP No. 34—Investment Income Due and Accrued*.
- Unless not practicable, the amount of interest income recognized using a cash-basis method of accounting during the time within that period that the loans were impaired.

(7) For each period for which results of operations are presented, the activity in the allowance for credit losses account, including:

a. The balance in the allowance for credit losses account at the beginning of each period.

b. Additions charged to operations.

c. Direct write-downs charged against the allowance.

d. Recoveries of amounts previously charged off.

e. The balance in the allowance for credit losses account at the end of each period.

(8) For mortgage loans derecognized as a result of foreclosure, provide the following:

a. Aggregate amount of mortgage loans derecognized as a result of foreclosure.

b. Real estate collateral recognized.

c. Other collateral recognized.

d. Receivables recognized from a government guarantee of the foreclosed mortgage loan.

(9) The policy for recognizing interest income on impaired loans, including the method for recording cash receipts.

B. Debt Restructuring

For restructured debt in which the reporting entity is a creditor, disclose the following:

(1) The recorded investment in the loans for which impairment has been recognized in accordance with *SSAP No. 36—Troubled Debt Restructuring*.

(2) The related realized capital loss.

(3) The amount of commitments, if any, to lend additional funds to debtors owing receivables whose terms have been modified in troubled debt restructuring.

(4) The creditor's income recognition policy for interest income on an impaired loan.

C. Reverse Mortgages

For reverse mortgages, disclose the following:

(1) A description of the reporting entity's accounting policies and methods, including the statistical methods and assumptions used in calculating the reserve.

(2) General information regarding the reporting entity's commitment under the agreement.

(3) The reserve amount that is netted against the asset.

(4) Investment income or loss recognized in the period as a result of the re-estimated cash flows.

D. Loan-Backed Securities

For loan-backed securities, disclose the following:

(1) Descriptions of sources used to determine prepayment assumptions.

(2) All securities within the scope of *SSAP No. 43R—Loan-Backed and Structured Securities* with a recognized other-than-temporary impairment, disclosed in the aggregate, classified on the basis for the other-than-temporary impairment:

- Intent to sell.

- Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis.

(3) For each security, by CUSIP, with an other-than-temporary impairment, recognized in the current reporting period by the reporting entity, as the present value of cash flows expected to be collected is less than the amortized cost basis of the securities:

- The amortized cost basis, prior to any current-period other-than-temporary impairment.

- The other-than-temporary impairment recognized in earnings as a realized loss.

- The fair value of the security.

- The amortized cost basis after the current-period other-than-temporary impairment.

(4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses (that is, the amount by which cost or amortized cost exceeds fair value); and

b. The aggregate related fair value of securities with unrealized losses.

The disclosures in (a) and (b) above should be segregated by those securities that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or longer using fair values determined in accordance with *SSAP No. 27—Off-Balance-Sheet Risk and Credit Risk Disclosure*.

(5) Additional information should be included describing the general categories of information that the investor considered in reaching the conclusion that the impairments are not other-than-temporary.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

(1) For repurchase agreements and securities lending transactions, disclose the policy for requiring collateral or other security as required in *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities.* This would also apply to separate accounts.

(2) If the entity has pledged any of its assets as collateral that are not reclassified and separately reported in the statement of financial position pursuant to *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, disclose the carrying amount and classification of both those assets and associated liabilities as of the date of the latest statement of financial position presented, including qualitative information about the relationship(s) between those assets and associated liabilities. For example, if assets are restricted solely to satisfy a specific obligation, the carrying amounts of those assets and associated liabilities, including a description of the nature of restrictions placed on the assets, shall be disclosed.

(3) If the entity or its agent has accepted collateral that it is permitted by contract or custom to sell or repledge, disclose the following information by type of program (securities lending or dollar repurchase agreement) as of the date of each statement of financial position:

a. The aggregate amount of contractually obligated open collateral positions (aggregate amount of securities at current fair value or cash received for which the borrower may request the return of on demand) and the aggregate amount of contractually obligated collateral positions under 30-day, 60-day, 90-day, and greater than 90-day terms;

b. The fair value as of the date of each statement of financial position presented of that collateral and of the portion of that collateral that it has sold or repledged, and

c. Information about the sources and uses of that collateral.

(4) For securities lending transactions administered by an affiliated agent in which "one-line" reporting of the reinvested collateral is optional, at the discretion of the reporting entity, disclose the aggregate value of the reinvested collateral which is "one-line" reported and the aggregate reinvested collateral which is reported in the investment schedules. Identify the rationale between the items which are one-line reported and those that are investment schedule reported and if the treatment has changed from the prior period.

(5) The reporting entity shall provide the following information by type of program (securities lending or dollar repurchase agreement) with respect to the reinvestment of the cash collateral and any securities which it or its agent receives as collateral that can be sold or repledged.

a. The aggregate amount of the reinvested cash collateral (amortized cost and fair value). Reinvested cash collateral should be broken down by the maturity date of the invested asset – under 30-day, 60-day, 90-day, 120-day, 180-day, less than 1 year, 1-2 years, 2-3 years and greater than 3 years.

b. To the extent that the maturity dates of the liability (collateral to be returned) does not match the invested assets, the reporting entity should explain the additional sources of liquidity to manage those mismatches.

(6) If the entity has accepted collateral that it is not permitted by contract or custom to sell or repledge, provide detail on these transactions, including the terms of the contract, and the current fair value of the collateral.

(7) For all securities lending transactions, disclose collateral for transactions that extend beyond one year from the reporting date.

NOTE: **The paragraph below pertains to completion of the disclosures for repurchase/reverse repurchase accounted for as a sale or secured borrowing in Notes 5F through 5I.**

Reporting entities should complete the disclosures that are relevant to the repurchase/reverse repurchase activity they engaged within the annual reporting period. For example, if the reporting entity only participated in repurchase transactions accounted for as secured borrowings, only those disclosures shall be included in the financial statement. Those disclosures that are not applicable shall just be noted as "none." (The use of the "sale" accounting method to account for repurchase/reverse repurchase agreements is anticipated to be very limited. Therefore, those disclosures are not anticipated to be applicable to most reporting entities.)

For initial application (year-end 2017), information about the fourth quarter (year-end) balances should be included, without retrospective application of the quarterly detail. In 2018, the disclosure shall build each quarterly reporting period. This disclosure is required in all reporting periods (interim and annual) for all reporting entities that participate in repurchase or reverse repurchase transactions. A reporting entity that discontinues repurchase/reverse repurchase transactions during the year shall continue the disclosure (showing zero balances) in the reporting periods after discontinuing activity (retaining the quarterly detail that occurred prior to discontinuing the activity) through the annual reporting period. A reporting entity that begins participating in repurchase/reverse repurchase activity shall include the full disclosure in the quarterly reporting period for which activities began (noting zero activity in the quarters prior to engaging in the activity).

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

If the entity has entered into repurchase agreements accounted for as secured borrowings or as sale transactions, disclose the following:

(1) Information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral.

Also include a discussion of the potential risks associated with the agreements and related collateral received, including the impact of arising changes in the fair value of the collateral received and/or the provided security and how those risks are managed.

To the extent that the maturity dates of the liability (collateral to be returned) does not match the invested assets, the reporting entity shall explain the additional sources of liquidity to manage those mismatches.

The average daily balance (along with minimum and maximum amounts) and the end balance as of each reporting period (quarterly and annual) should be provided for 3 through 5, 7 and 11 below.

(2) Whether repo agreements are bilateral and/or tri-party trades.

(3) Maturity time frame divided by the following categories: open or continuous term contracts for which no maturity date is specified, overnight, 2 days to 1 week, from 1 week to 1 month, greater than 1 month to 3 months, greater than 3 months to 1 year, and greater than 1 year.

(4) Aggregate fair value of securities sold and/or acquired that resulted in default. (This disclosure is not intended to capture "failed trade,s, which are defined as instances in which the trade did not occur as a result of an error and was timely corrected. Rather, this shall capture situations in which the non-defaulting party exercised their right to terminate after the defaulting party failed to execute.)

Allocation of the fair value of securities sold and/or acquired by counterparty and identification of the counterparty jurisdiction.

(5) Fair value of securities sold in the aggregate, with identification of nonadmitted assets. (Book adjusted carrying value shall be provided as an end balance only.)

(6) Fair value of securities sold by type of security and categorized by NAIC designation, with identification of nonadmitted assets. (Book adjusted carrying value shall be provided as an end balance only.) Although legally sold as a secured borrowing, these assets are still reported by the insurer and shall be coded as restricted pursuant to the annual statement instructions, disclosed in accordance with *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* (SSAP No. 1), reported in the general interrogatories, and included in any other statutory schedules or disclosure requirements requesting information for restricted assets.

(7) Cash collateral and the fair value of security collateral (if any) received in the aggregate.

(8) Cash collateral and the fair value of security collateral received by type of security and categorized by NAIC designation with identification of collateral securities received that do not qualify as admitted assets.

(9) For collateral received, aggregate allocation of the collateral by the remaining contractual maturity of the repurchase agreements (gross): overnight and continuous, up to 30 days, 30-90 days, greater than 90 days.

(10) For cash collateral received that has been reinvested, the total reinvested cash and the aggregate amortized cost and fair value of the invested asset acquired with the cash collateral. This disclosure shall be reported by the maturity date of the invested asset: under 30 days, 60 days, 90 days, 120 days, 180 days, less than 1 year, 1-2 years, 2-3 years and greater than 3 years.

(11) Liability recognized to return cash collateral and the liability recognized to return securities received as collateral as required pursuant to the terms of the secured borrowing transaction.

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

If the entity has entered into repurchase agreements, accounted for as secured borrowings or as sale transactions, disclose the following:

(1) Information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral.

Include the terms of reverse repurchase agreements whose amounts are included in borrowing money.

Also include a discussion of the potential risks associated with the agreements and related collateral received, including the impact of arising changes in the fair value of the collateral received and/or the provided security and how those risks are managed.

The average daily balance (along with minimum and maximum amounts) and the end balance as of each reporting period (quarterly and annual) should be provided for 3 through 5, 7, 9 and 10 below.

(2) Whether repo agreements are bilateral and/or tri-party trades.

(3) Maturity time frame divided by the following categories: open or continuous term contracts for which no maturity date is specified, overnight, 2 days to 1 week, from 1 week to 1 month, greater than 1 month to 3 months, greater than 3 months to 1 year, and greater than 1 year.

(4) Aggregate fair value of securities sold and/or acquired that resulted in default. (This disclosure is not intended to capture "failed trades," which are defined as instances in which the trade did not occur as a result of an error and was timely corrected. Rather, this shall capture situations in which the non-defaulting party exercised their right to terminate after the defaulting party failed to execute.)

Allocation of the fair value of securities sold and/or acquired by counterparty and identification of the counterparty jurisdiction.

(5) Fair value of securities acquired in the aggregate.

(6) Fair value of securities acquired by type of security and categorized by NAIC designation, with identification of whether acquired assets would not qualify as admitted assets.

(7) Cash collateral and the fair value of security collateral (if any) provided. (If security collateral was provided, book adjusted carrying value shall be provided as an end balance only.) Disclosure shall identify the book adjusted carrying value of any nonadmitted securities provided as collateral.

(8) For collateral pledged, the aggregate allocation of the collateral by the remaining contractual maturity of the repurchase agreements (gross): overnight and continuous, up to 30 days, 30-90 days, greater than 90 days.

(9) Recognized receivable for the return of collateral. (Generally cash collateral, but including securities provided as collateral as applicable under the terms of the secured borrowing transaction. Receivables are not recognized for securities provided as collateral if those securities are still reported as assets of the reporting entity.)

(10) Liability recognized to return cash collateral and the liability recognized to return securities received as collateral as required pursuant to the terms of the secured borrowing transaction.

H. Repurchase Agreements Transactions Accounted for as a Sale

If the entity has entered into repurchase agreements accounted for as secured borrowings or as sale transactions, disclose the following:

(1) Disclose information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral.

The average daily balance (along with minimum and maximum amounts) and the end balance as of each reporting period (quarterly and annual) should be provided for 3 through 5, 7 and 9 below.

(2) Whether repo agreements are bilateral and/or tri-party trades.

(3) Maturity time frame divided by the following categories: open or continuous term contracts for which no maturity date is specified, overnight, 2 days to 1 week, from 1 week to 1 month, greater than 1 month to 3 months, greater than 3 months to 1 year, and greater than 1 year.

(4) Aggregate fair value of securities sold and/or acquired that resulted in default. (This disclosure is not intended to capture "failed trades," which are defined as instances in which the trade did not occur as a result of an error and was timely corrected. Rather, this shall capture situations in which the non-defaulting party exercised their right to terminate after the defaulting party failed to execute.)

Allocation of the fair value of securities sold and/or acquired by counterparty and identification of the counterparty jurisdiction

(5) Fair value of securities sold (derecognized from the financial statements) in the aggregate, with information on the book adjusted carrying value of nonadmitted assets sold. (Book adjusted carrying value shall be provided as an end balance only reflecting the amount derecognized from the sale transaction.)

(6) Fair value and book adjusted carrying value of securities sold (derecognized from the financial statements) by type of security and categorized by NAIC designation, with identification of nonadmitted assets, with information on the book adjusted carrying value of nonadmitted assets sold.

(7) Cash collateral and the fair value of security collateral (if any) received as proceeds and recognized in the financial statements in the aggregate with identification of received assets nonadmitted.

(8) Cash collateral and the fair value of security collateral (if any) received as proceeds and recognized in the financial statements by type of security and categorized by NAIC designation with identification of received assets nonadmitted. All securities received shall be coded as restricted pursuant to the annual statement instructions, disclosed in accordance with SSAP No. 1, reported in the general interrogatories, and included in any other statutory schedules or disclosure requirements requesting information for restricted assets.

(9) The forward repurchase commitment recognized to return the cash or securities received. Amount reported shall reflect the stated repurchase price under the repurchase transaction.

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

If the entity has entered into repurchase agreements, accounted for as secured borrowings or as sale transactions, disclose the following:

(1) Disclose information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral.

The average daily balance (along with minimum and maximum amounts) and the end balance as of each reporting period (quarterly and annual) should be provided for 3 through 5, 7 and 8 below.

(2) Whether repo agreements are bilateral and/or tri-party trades.

(3) Maturity time frame divided by the following categories: open or continuous term contracts for which no maturity date is specified, overnight, 2 days to 1 week, from 1 week to 1 month, greater than 1 month to 3 months, greater than 3 months to 1 year, and greater than 1 year.

(4) Aggregate fair value of securities sold and/or acquired that resulted in default. (This disclosure is not intended to capture "failed trades," which are defined as instances in which the trade did not occur as a result of an error and was timely corrected. Rather, this shall capture situations in which the non-defaulting party exercised their right to terminate after the defaulting party failed to execute.)

Allocation of the fair value of securities sold and/or acquired by counterparty and identification of the counterparty jurisdiction, and

(5) Fair value of securities acquired and recognized on the financial statements in the aggregate. (Book adjusted carrying value shall be provided as an end balance only.) The disclosure also requires the book adjusted carrying value of nonadmitted assets acquired.

(6) Fair value of securities acquired and recognized on the financial statements by type of security and categorized by NAIC designation. (Book adjusted carrying value shall be provided.) The disclosure also requires the book adjusted carrying value of nonadmitted assets acquired.

(7) Cash collateral and the fair value of security collateral (if any) provided. (If security collateral was provided, book adjusted carrying value shall be provided as an end balance only.) Disclosure shall also identify whether any nonadmitted assets were provided as collateral (derecognized from the financial statements).

(8) The forward repurchase commitment recognized to return the cash or securities received. Amount reported shall reflect the stated repurchase price under the repurchase transaction.

J. Real Estate

For investments in real estate, disclose the following information:

(1) If an entity recognizes an impairment loss, the entity shall disclose all of the following in financial statements that include the period of the impairment write-down:

a. A description of the impaired assets and the facts and circumstances leading to the impairment;

b. The amount of the impairment loss and how fair value was determined; and

c. The caption in the statement of operations in which the impairment loss is aggregated.

(2) If an entity has sold or classified real estate investments as held for sale, the entity shall disclose the following in the notes to the financial statements covering the period in which the sale was completed or the assets were classified as held for sale:

a. A description of the facts and circumstances leading to the expected disposal, the expected manner and timing of that disposal; and
b. If applicable, the gain or loss recognized and if not separately presented on the face of the summary of operations, the caption in the summary of operations that includes that gain or loss.

(3) If an entity has experienced changes to a plan of sale for an investment in real estate, the entity shall disclose a description of the facts and circumstances leading to the decision to change the plan to sell the asset including the period the decision was made; and its effect on the results of operations for the period and any prior periods presented.

(4) If an entity engages in retail land sales operations, the entity shall disclose the following:

a. Maturities of accounts receivables for each of the five years following the date of the financial statements;
b. Delinquent accounts receivable and the method(s) for determining delinquency;
c. The weighted average and range of stated interest rate of receivables;
d. Estimated total costs and estimated dates of expenditures for improvement for major areas from which sales are being made over each year of the five years following the date of the financial statements; and
e. Recorded obligations for improvements.

(5) If an entity holds real estate investments with participating mortgage loan features, the entity should disclose the following:

a. Aggregate amount of participating mortgage obligations at the balance-sheet date, with separate disclosure of the aggregate participation liabilities and related debt discounts; and
b. Terms of participations by the lender in either the appreciation in the fair value of the mortgaged real estate project or the results of operations of the mortgaged real estate project, or both.

K. Low-Income Housing Tax Credits (LIHTC)

For investments in low-income housing tax credits (LIHTC), disclose the following:

(1) The number of remaining years of unexpired tax credits and the required holding period for the LIHTC investments.

(2) The amount of LIHTC and other tax benefits recognized during the years presented.

(3) The balance of the investment recognized in the statement of financial position for the reporting period(s) presented.

(4) If the LIHTC property is currently subject to any regulatory reviews and the status of such review (e.g., investigations by the housing authority).

(5) The significance of an investment to the reporting entity's financial position and results of operations shall be considered in evaluating the extent of disclosures of the financial position and results of operations of an investment in an LIHTC. If, in the aggregate, the LIHTC investments exceed 10% of the total admitted assets of the reporting entity, the following disclosures shall be made:

a. (1) The name of each partnership or limited liability entity and percentage of ownership; (2) the accounting policies of the reporting entity with respect to investments in partnerships and limited liability entities; (3) the difference, if any, between the amount at which the investment is carried and the amount of underlying equity in net assets (i.e., nonadmitted goodwill or other nonadmitted assets); and (4) the accounting treatment of the difference.

b. For partnerships and limited liability entities for which a quoted fair value is available, the aggregate value of each partnership or limited liability entity investment based on the quoted fair value.

c. Summarized information as to assets, liabilities and results of operations for partnerships, and limited liability entities either individually or in groups.

(6) A reporting entity that recognizes an impairment loss shall disclose the following in the financial statements that include the period of the impairment write-down:

a. A description of the impaired assets and the facts and circumstances leading to the impairment.

b. The amount of the impairment and how fair value was determined.

(7) The amount and nature of the write-downs or reclassifications made during the year resulting from the forfeiture or ineligibility of tax credits, etc. These write-downs may be based on actual property-level foreclosure, loss of qualification due to occupancy levels, compliance issues with tax code provisions within an LIHTC investment or other issues.

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Disclose the total gross (admitted and nonadmitted) amount of restricted assets by category, with separate identification of the admitted and nonadmitted restricted assets by category and nature of any assets pledged to others as collateral or otherwise restricted (e.g., not under the exclusive control, assets subject to a put option contract, etc.) by the reporting entity. Provide the gross amount of restricted assets (total general account, general account assets supporting separate account activity, total separate account, separate account assets supporting general account activity and sum of the general account and the separate account for current year, prior year and the change between years), the total admitted of restricted assets and the percentage the restricted asset amount (gross and admitted) is of the reporting entity's total assets amount reported on Line 28 of the asset page (gross and admitted respectively) by the following categories:

a. Subject to contractual obligation for which liability is not shown

b. Collateral held under security lending agreements

c. Subject to repurchase agreements

d. Subject to reverse repurchase agreements

e. Subject to dollar repurchase agreements

f. Subject to dollar reverse repurchase agreements

g. Placed under option contracts

h. Letter stock or securities restricted as to sale – excluding FHLB capital stock

i FHLB capital stock

j. On deposit with states

k. On deposit with other regulatory bodies

l. Pledged collateral to FHLB (including assets backing funding agreements)

m. Pledged as collateral not captured in other categories

n. Other restricted assets

o. Total restricted assets

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories

For assets pledged as collateral not captured in other categories reported in aggregate in Note 5l(1) above, provide the gross (admitted and nonadmitted) amount of restricted assets (total general account, general account assets supporting separate account activity, total separate account, separate account assets supporting general account activity and sum of the general account and the separate account for current year, prior year and the change between years), the total admitted of restricted assets and the percentage the restricted asset amount (gross and admitted) is of the reporting entity's total assets amount reported on Line 28 of the asset page (gross and admitted respectively) with a narrative summary of each collateral agreement included in the aggregate number in Note 5L(1) above. Contracts that share similar characteristics, such as reinsurance and derivatives, are to be reported in the aggregate. (Note: This would be the detail for what was reported as "Pledged as Collateral Not Captured in Other Categories" for 5L(1) above.)

(3) Detail of Other Restricted Assets

For other restricted assets reported in aggregate in Note 5L(1) above, provide the gross (admitted and nonadmitted) amount of restricted assets (total general account, general account assets supporting separate account activity, total separate account, separate account assets supporting general account activity and sum of the general account and the separate account for current year, prior year and the change between years), the total admitted of restricted assets and the percentage the restricted asset amount (gross and admitted) is of the reporting entity's total assets amount reported on Line 28 of the asset page (gross and admitted respectively) with a description of each of the other restricted assets included in the aggregate number in Note 5L(1) above. Contracts that share similar characteristics, such as reinsurance and derivatives, are to be reported in the aggregate. (Note: This would be the detail for what was reported as "Other Restricted Assets" for 5L(1) above.)

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

Disclose the following for the general account:

- Nature of any assets received as collateral reflected as assets within the reporting entity's financial statements
- Book/adjusted carrying value (BACV) of the collateral
- Fair value of the collateral
- The recognized liability to return these collateral assets
- The percentage the collateral asset BACV amount (gross and admitted) is of the reporting entity's total assets amount reported on Line 26 of the asset page (gross and admitted, respectively).

NOTE: The information captured within this disclosure is intended to aggregate the information reported in the Annual Statement Investment Schedules in accordance with the coding of investments that are not under the exclusive control of the reporting entity, including assets loaned to others, and the information reported in the General Interrogatories.

Restricted assets in the separate account are not intended to capture amounts "restricted" only because they are insulated from the general account or because they are attributed to specific policyholders. Separate account assets shall be captured in this disclosure only if they are restricted outside of these characteristics.

M. Working Capital Finance Investments

(1) Disclose the following in aggregate regarding the book/adjusted carrying value of working capital finance investments (WCFI) by NAIC designation:

- Gross assets amounts
- Nonadmitted assets amounts
- Net admitted assets amounts

NOTE: Programs designated 3 through 6 are nonadmitted.

(2) Disclose the aggregate book/adjusted carrying value maturity distribution on the underlying Working Capital Finance Programs by the following categories: maturities up to 180 days and 181 days to 365 days.

(3) Disclose any events of default of working capital finance investments during the reporting period.

N. Offsetting and Netting of Assets and Liabilities

The following quantitative information shall be disclosed (separately for assets and liabilities) when derivative, repurchase and reverse repurchase, and securities borrowing and securities lending assets and liabilities are offset and reported net in accordance with a valid right to offset per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*:

- The gross amounts of recognized assets and recognized liabilities;
- The amounts offset in accordance with a valid right to offset per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*; and
- The net amounts presented in the statement of financial positions.

Assets and liabilities that have a valid right to offset, but are not netted as they are prohibited under *SSAP No. 64—Offsetting and Netting of Assets and Liabilities* are not required to be captured in the disclosures.

O. Structured Notes

Disclose the following for Structured Notes as defined in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*:

- CUSIP Identification Number
- Actual Cost
- Fair Value
- Book/Adjusted Carrying Value

Also disclose if the Structured Note is a Mortgage–Referenced Security, also as defined in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*.

P. 5* Securities

For each annual reporting period, a comparable disclosure to the prior annual reporting period of the number of 5* securities, by investment type, and the book adjusted carrying value and fair value for those securities.

Q. Short Sales

For reporting entities that have sold securities short within the reporting period, provide the following disclosures:

(1) Unsettled Short Sale Transactions (Outstanding as of Reporting Date)

For Unsettled Short Sale Transactions (outstanding at reporting date) – The amount of proceeds received and the fair value of the securities to deliver, with current unrealized gains and/or losses, and the expected settlement timeframe (# of days). This disclosure shall include the fair value of current transactions that were not settled within three days and the fair value of the short sales expected to be satisfied by a securities borrowing transaction. This disclosure shall be aggregated by security type. (For example, short sales of common stock shall be aggregated and reported together.)

(2) Settled Short Sale Transactions

For Settled Short Sale Transactions (settled during the reporting period) – The aggregate amount of proceeds received and the fair value of the security as of the settlement date with recognized gains and/or losses. This disclosure shall identify the aggregated fair value of settled transactions that were not settled within three days and the fair value of transactions that were settled through a securities borrowing transaction.

R. Prepayment Penalty and Acceleration Fees

For securities sold, redeemed or otherwise disposed as a result of a callable feature (including make whole call provisions), disclose the number of CUSIPs sold, disposed or otherwise redeemed and the aggregate amount of investment income generated as a result of a prepayment penalty and/or acceleration fee for the General Account and Separate Account.

<u>Illustration:</u>

A. Mortgage Loans, including Mezzanine Real Estate Loans

(1) The maximum and minimum lending rates for mortgage loans during 20__ were:

Farm loans 10.5% and 9%, City loans 11.5% and 9.5%, Purchase money mortgages 10.5% and 9.5%

(2) The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was: _____%

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES (LINES 3 THROUGH 8) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THESE ILLUSTRATIONS.

		Current Year	Prior Year
(3)	Taxes, assessments and any amounts advanced and not included in the mortgage loan total:	$ ____________	$ ____________

(4) Age Analysis of Mortgage Loans and Identification of Mortgage Loans in Which the Insurer is a Participant or Co-lender in a Mortgage Loan Agreement:

		Residential		Commercial			
	Farm	Insured	All Other	Insured	All Other	Mezzanine	Total
a. Current Year							
1. Recorded Investment (All)							
(a) Current	$	$	$	$	$	$	$ ....
(b) 30-59 Days Past Due	....	....	....	....	....	....	....
(c) 60-89 Days Past Due	....	....	....	....	....	....	....
(d) 90-179 Days Past Due	....	....	....	....	....	....	....
(e) 180+ Days Past Due	....	....	....	....	....	....	....
2. Accruing Interest 90-179 Days Past Due							
(a) Recorded Investment	$	$	$	$	$	$	$ ....
(b) Interest Accrued	....	....	....	....	....	....	....
3. Accruing Interest 180+ Days Past Due							
(a) Recorded Investment	$	$	$	$	$	$	$ ....
(b) Interest Accrued	....	....	....	....	....	....	....
4. Interest Reduced							
(a) Recorded Investment	$	$	$	$	$	$	$ ....
(b) Number of Loans	....	....	....	....	....	....	....
(c) Percent Reduced	.........%	.........%	.........%	.........%	.........%	.........%	.........%
5. Participant or Co-lender in a Mortgage Loan Agreement							
(a) Recorded Investment	$	$	$	$	$	$	$ ....
b. Prior Year							
1. Recorded Investment							
(a) Current	$	$	$	$	$	$	$ ....
(b) 30-59 Days Past Due	....	....	....	....	....	....	....
(c) 60-89 Days Past Due	....	....	....	....	....	....	....
(d) 90-179 Days Past Due	....	....	....	....	....	....	....
(e) 180+ Days Past Due	....	....	....	....	....	....	....
2. Accruing Interest 90-179 Days Past Due							
(a) Recorded Investment	$	$	$	$	$	$	$ ....
(b) Interest Accrued	....	....	....	....	....	....	....
3. Accruing Interest 180+ Days Past Due							
(a) Recorded Investment	$	$	$	$	$	$	$ ....
(b) Interest Accrued	....	....	....	....	....	....	....
4. Interest Reduced							
(a) Recorded Investment	$	$	$	$	$	$	$ ....
(b) Number of Loans	....	....	....	....	....	....	....
(c) Percent Reduced	.........%	.........%	.........%	.........%	.........%	.........%	.........%
5. Participant or Co-lender in a Mortgage Loan Agreement							
(a) Recorded Investment	$	$	$	$	$	$	$ ....

(5) Investment in Impaired Loans With or Without Allowance for Credit Losses and Impaired Loans Subject to a Participant or Co-lender Mortgage Loan Agreement for Which the Reporting Entity is Restricted from Unilaterally Foreclosing on the Mortgage Loan:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. With Allowance for Credit Losses	$	$	$	$	$	$	$ ....
2. No Allowance for Credit Losses	....	....	....	....	....	....	....
3. Total (1+2)	....	....	....	....	....	....	....
4. Subject to a participant or co-lender mortgage loan agreement for which the reporting entity is restricted from unilaterally foreclosing on the mortgage loan	....	....	....	....	....	....	....
b. Prior Year							
1. With Allowance for Credit Losses	$	$	$	$	$	$	$ ....
2. No Allowance for Credit Losses	....	....	....	....	....	....	....
3. Total (1+2)	....	....	....	....	....	....	....
4. Subject to a participant or co-lender mortgage loan agreement for which the reporting entity is restricted from unilaterally foreclosing on the mortgage loan	....	....	....	....	....	....	....

(6) Investment in Impaired Loans – Average Recorded Investment, Interest Income Recognized, Recorded Investment on Nonaccrual Status and Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. Average Recorded Investment	$	$	$	$	$	$	$ ....
2. Interest Income Recognized	....	....	....	....	....	....	....
3. Recorded Investments on Nonaccrual Status	....	....	....	....	....	....	....
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	....	....	....	....	....	....	....
b. Prior Year							
1. Average Recorded Investment	$	$	$	$	$	$	$ ....
2. Interest Income Recognized	....	....	....	....	....	....	....
3. Recorded Investments on Nonaccrual Status	....	....	....	....	....	....	....
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	....	....	....	....	....	....	....

(7) Allowance for Credit Losses:

	Current Year	Prior Year
a. Balance at beginning of period	$ ____________	$ ____________
b. Additions charged to operations	$ ____________	$ ____________
c. Direct write-downs charged against the allowances	$ ____________	$ ____________
d. Recoveries of amounts previously charged off	$ ____________	$ ____________
e. Balance at end of period	$ ____________	$ ____________

(8) Mortgage Loans Derecognized as a Result of Foreclosure:

	Current Year
a. Aggregate amount of mortgage loans derecognized	$ ____________
b. Real estate collateral recognized	$ ____________
c. Other collateral recognized	$ ____________
d. Receivables recognized from a government guarantee of the foreclosed mortgage loan	$ ____________

(9) The company recognizes interest income on its impaired loans upon receipt.

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

B. Debt Restructuring

	Current Year	Prior Year
(1) The total recorded investment in restructured loans, as of year-end	$ ____________	____________
(2) The realized capital losses related to these loans	$ ____________	____________
(3) Total contractual commitments to extend credit to debtors owing receivables whose terms have been modified in troubled debt restructurings	$ ____________	____________

(4) The Company accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 90 days) and the loan continues to perform under its original or restructured contractual terms. Interest income on non-performing loans is generally recognized on a cash basis.

C. Reverse Mortgages

(1) The company accounts for its investment in reverse mortgages in accordance with *SSAP No. 39—Reverse Mortgages* that requires the individual reverse mortgages to be combined into groups for purposes of providing an actuarially and statistically credible basis for estimating life expectancy to project future cash flows. The Company included actuarial estimates of contract terminations using mortality tables published by the Office of the Actuary of the United States Bureau of Census adjusted for expected prepayments and relocations and changes in the collateral value of the residence.

(2) Reverse mortgage loans are contracts that require the lender to make monthly advances throughout the borrower's life or until the borrower relocates, prepays or sells the home, at which time the loan becomes due and payable. Since the reverse mortgages are nonrecourse obligations, the loan repayments are generally limited to the sale proceeds of the borrower's residence, and the mortgage balance consists of cash advanced and interest compounded over the life of the loan and a premium that represents a portion of the shared appreciation in the home's value, if any.

(3) At December 31, 20__, the actuarial reserve of $__________ reduced the asset value of the group of reverse mortgages.

(4) The Company recorded an unrealized loss of $__________ as a result of the re-estimate of the cash flows.

D. Loan-Backed Securities

(1) Prepayment assumptions for mortgage-backed/loan-backed and structured securities were obtained from broker-dealer survey values or internal estimates.

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

(2)

	(1) Amortized Cost Basis Before Other-than-Temporary Impairment	(2) Other-than-Temporary Impairment Recognized in Loss (2a) Interest	(2b) Non-interest	(3) Fair Value 1 – (2a + 2b)
OTTI recognized 1st Quarter				
a. Intent to sell	$ ______	$ ______	$ ______	$ ______
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	$ ______	$ ______	$ ______	$ ______
c. Total 1st Quarter	$ ______	$ ______	$ ______	$ ______
OTTI recognized 2nd Quarter				
d. Intent to sell	$ ______	$ ______	$ ______	$ ______
e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	$ ______	$ ______	$ ______	$ ______
f. Total 2nd Quarter	$ ______	$ ______	$ ______	$ ______
OTTI recognized 3rd Quarter				
g. Intent to sell	$ ______	$ ______	$ ______	$ ______
h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	$ ______	$ ______	$ ______	$ ______
i. Total 3rd Quarter	$ ______	$ ______	$ ______	$ ______
OTTI recognized 4th Quarter				
j. Intent to sell	$ ______	$ ______	$ ______	$ ______
k. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	$ ______	$ ______	$ ______	$ ______
l. Total 4th Quarter	$ ______	$ ______	$ ______	$ ______
m. Annual Aggregate Total		$ ______	$ ______	

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

(3)

1 CUSIP	2 Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	3 Present Value of Projected Cash Flows	4 Recognized Other-Than-Temporary Impairment	5 Amortized Cost After Other-Than-Temporary Impairment	6 Fair Value at time of OTTI	7 Date of Financial Statement Where Reported
Total	XXX	XXX	$	XXX	XXX	XXX

NOTE: Each CUSIP should be listed separately each time an OTTI is recognized.

For Securities with amortized cost or adjusted amortized cost:

Column 2 minus Column 3 should equal Column 4

Column 2 minus Column 4 should equal Column 5

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.)

(4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses:

1. Less than 12 Months $_________
2. 12 Months or Longer $_________

b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months $_________
2. 12 Months or Longer $_________

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

(1) From Lending Activities. For securities lending agreements, the Company requires a minimum of 102% and 105% of the fair value of the domestic and foreign securities loaned at the outset of the contract as collateral. Cash collateral received is invested in short-term investments and the offsetting collateral liability is included in Collateral From Lending Activities. The fair value of the collateral is $XXX.

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) Collateral Received

a. Aggregate Amount Collateral Received

			Fair Value
1. Securities Lending			
(a)	Open	$	
(b)	30 Days or Less		
(c)	31 to 60 Days		
(d)	61 to 90 Days		
(e)	Greater Than 90 Days		
(f)	Sub-Total	$	
(g)	Securities Received		
(h)	Total Collateral Received	$	
2. Dollar Repurchase Agreement			
(a)	Open	$	
(b)	30 Days or Less		
(c)	31 to 60 Days		
(d)	61 to 90 Days		
(e)	Greater Than 90 Days		
(f)	Sub-Total	$	
(g)	Securities Received		
(h)	Total Collateral Received	$	

b. The fair value of that collateral and of the portion of that collateral that it has sold or repledged	$	

c. The reporting entity receives primarily cash collateral in an amount in excess of the fair value of the securities lent. The reporting entity reinvests the cash collateral into higher-yielding securities than the securities which the reporting entity has lent to other entities under the arrangement.

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.)

(5) Collateral Reinvestment

a. Aggregate Amount Collateral Reinvested

			Amortized Cost		Fair Value
1.	Securities Lending				
(a)	Open	$		$	
(b)	30 Days or Less				
(c)	31 to 60 Days				
(d)	61 to 90 Days				
(e)	91 to 120 Days				
(f)	121 to 180 Days				
(g)	181 to 365 Days				
(h)	1 to 2 Years				
(i)	2 to 3 Years				
(j)	Greater Than 3 Years				
(k)	Sub-Total	$		$	
(l)	Securities Received				
(m)	Total Collateral Reinvested	$		$	
2.	Dollar Repurchase Agreement				
(a)	Open	$		$	
(b)	30 Days or Less				
(c)	31 to 60 Days				
(d)	61 to 90 Days				
(e)	91 to 120 Days				
(f)	121 to 180 Days				
(g)	181 to 365 Days				
(h)	1 to 2 Years				
(i)	2 to 3 Years				
(j)	Greater Than 3 Years				
(k)	Sub-Total	$		$	
(l)	Securities Received				
(m)	Total Collateral Reinvested	$		$	

b. The reporting entity's sources of cash that it uses to return the cash collateral is dependent upon the liquidity of the current market conditions. Under current conditions, the reporting entity has $1 billion of par value bonds (fair value of $920 million) that are currently tradable securities that could be sold and used to pay for the $850 million in collateral calls that could come due under a worst-case scenario.

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

(7) Collateral for securities lending transactions that extend beyond one year from the reporting date

Description of Collateral	Amount
....	$ ....
....	....
....	....
....	....
....	....
Total Collateral Extending beyond one year of the reporting date	$ ....

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

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

REPURCHASE TRANSACTION – CASH TAKER – OVERVIEW OF SECURED BORROWING TRANSACTIONS

(2) Type of Repo Trades Used

	1 FIRST QUARTER	2 SECOND QUARTER	3 THIRD QUARTER	4 FOURTH QUARTER
a. Bilateral (YES/NO)	....	....	....	....
b. Tri-Party (YES/NO)	....	....	....	....

(3) Original (Flow) & Residual Maturity

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. Open – No Maturity	....	....	....	....	....	....	....	....
b. Overnight	....	....	....	....	....	....	....	....
c. 2 Days to 1 Week	....	....	....	....	....	....	....	....
d. > 1 Week to 1 Month	....	....	....	....	....	....	....	....
e. > 1 Month to 3 Months	....	....	....	....	....	....	....	....
f. > 3 Months to 1 Year	....	....	....	....	....	....	....	....
g. > 1 Year	....	....	....	....	....	....	....	....

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. Open – No Maturity	....	....	....	....	....	....	....	....
b. Overnight	....	....	....	....	....	....	....	....
c. 2 Days to 1 Week	....	....	....	....	....	....	....	....
d. > 1 Week to 1 Month	....	....	....	....	....	....	....	....
e. > 1 Month to 3 Months	....	....	....	....	....	....	....	....
f. > 3 Months to 1 Year	....	....	....	....	....	....	....	....
g. > 1 Year	....	....	....	....	....	....	....	....

(4) Counterparty, Jurisdiction and Fair Value (FV)

1	2	FIRST QUARTER				SECOND QUARTER			
		3	4	5	6	7	8	9	10
	Jurisdiction	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a.. Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX	....	....	....	....	....	....	....	....
b.. Counterparty									
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....

1	2	THIRD QUARTER				FOURTH QUARTER			
		11	12	13	14	15	16	17	18
	Jurisdiction	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a.. Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX	....	....	....	....	....	....	....	....
b.. Counterparty*									
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....

* Counterparty and Jurisdiction Column entries used for the amounts for Columns 11 through 18 are the same as used above for Columns 2 through 10.

(5) Securities "Sold" Under Repo – Secured Borrowing

	FIRST QUARTER				SECOND QUARTER			
	1	2	3	4	5	6	7	8
	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a. BACV	XXX	XXX	XXX	....	XXX	XXX	XXX	....
b. Nonadmitted – Subset of BACV	XXX	XXX	XXX	....	XXX	XXX	XXX	....
c. Fair Value	....	....	....	....	....	....	....	....

	THIRD QUARTER				FOURTH QUARTER			
	9	10	11	12	13	14	15	16
	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a. BACV	XXX	XXX	XXX	....	XXX	XXX	XXX	....
b. Nonadmitted – Subset of BACV	XXX	XXX	XXX	....	XXX	XXX	XXX	....
c. Fair Value	....	....	....	....	....	....	....	....

(6) Securities Sold Under Repo – Secured Borrowing by NAIC Designation

ENDING BALANCE

	1 NONE	2 NAIC 1	3 NAIC 2	4 NAIC 3	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 NONADMITTED
a. Bonds – BACV	....	....	....	....	....	....	....	....
b. Bonds – FV	....	....	....	....	....	....	....	....
c. LB & SS – BACV	....	....	....	....	....	....	....	....
d. LB & SS – FV	....	....	....	....	....	....	....	....
e. Preferred Stock – BACV	....	....	....	....	....	....	....	....
f. Preferred Stock – FV	....	....	....	....	....	....	....	....
g. Common Stock	....	....	....	....	....	....	....	....
h. Mortgage Loans – BACV	....	....	....	....	....	....	....	....
i. Mortgage Loans – FV	....	....	....	....	....	....	....	....
j. Real Estate – BACV	....	....	....	....	....	....	....	....
k. Real Estate – FV	....	....	....	....	....	....	....	....
l. Derivatives – BACV	....	....	....	....	....	....	....	....
m. Derivatives – FV	....	....	....	....	....	....	....	....
n. Other Invested Assets – BACV	....	....	....	....	....	....	....	....
o. Other Invested Assets – FV	....	....	....	....	....	....	....	....
p. Total Assets – BACV	....	....	....	....	....	....	....	....
q. Total Assets – FV	....	....	....	....	....	....	....	....

(7) Collateral Received – Secured Borrowing

	FIRST QUARTER				**SECOND QUARTER**			
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
	MINIMUM	**MAXIMUM**	**AVERAGE DAILY BALANCE**	**ENDING BALANCE**	**MINIMUM**	**MAXIMUM**	**AVERAGE DAILY BALANCE**	**ENDING BALANCE**
a. Cash								
b. Securities (FV)								

	THIRD QUARTER				**FOURTH QUARTER**			
	9	**10**	**11**	**12**	**13**	**14**	**15**	**16**
	MINIMUM	**MAXIMUM**	**AVERAGE DAILY BALANCE**	**ENDING BALANCE**	**MINIMUM**	**MAXIMUM**	**AVERAGE DAILY BALANCE**	**ENDING BALANCE**
a. Cash								
b. Securities (FV)								

(8) Cash & Non-Cash Collateral Received – Secured Borrowing by NAIC Designation

ENDING BALANCE

	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
	NONE	**NAIC 1**	**NAIC 2**	**NAIC 3**	**NAIC 4**	**NAIC 5**	**NAIC 6**	**DOES NOT QUALIFY AS ADMITTED**
a. Cash								
b. Bonds – FV								
c. LB & SS – FV								
d. Preferred Stock – FV								
e. Common Stock								
f. Mortgage Loans – BACV								
g. Mortgage Loans – FV								
h. Real Estate – FV								
i. Derivatives – FV								
j. Other Invested Assets – FV								
k. Total Collateral Assets – FV								

(9) Allocation of Aggregate Collateral by Remaining Contractual Maturity

	FAIR VALUE
a. Overnight and Continuous	
b. 30 Days or Less	
c. 31 to 90 Days	
d. > 90 Days	

(10) Allocation of Aggregate Collateral Reinvested by Remaining Contractual Maturity

	AMORTIZED COST	**FAIR VALUE**
a. 30 Days or Less		
b. 31 to 60 Days		
c. 61 to 90 Days		
d. 91 to 120 Days		
e. 121 to 180 Days		
f. 181 to 365 Days		
g. 1 to 2 Years		
h. 2 to 3 Years		
i. > 3 Years		

(11) Liability to Return Collateral – Secured Borrowing (Total)

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. Cash (Collateral – All)								
b. Securities Collateral (FV)								

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. Cash (Collateral – All)								
b. Securities Collateral (FV)								

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

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

REPURCHASE TRANSACTION – CASH PROVIDER – OVERVIEW OF SECURED BORROWING TRANSACTIONS

(2) Type of Repo Trades Used

	1 FIRST QUARTER	2 SECOND QUARTER	3 THIRD QUARTER	4 FOURTH QUARTER
a. Bilateral (YES/NO)				
b. Tri-Party (YES/NO)				

(3) Original (Flow) & Residual Maturity

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. Open – No Maturity								
b. Overnight								
c. 2 Days to 1 Week								
d. > 1 Week to 1 Month								
e. > 1 Month to 3 Months								
f. > 3 Months to 1 Year								
g. > 1 Year								

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. Open – No Maturity								
b. Overnight								
c. 2 Days to 1 Week								
d. > 1 Week to 1 Month								
e. > 1 Month to 3 Months								
f. > 3 Months to 1 Year								
g. > 1 Year								

(4) Counterparty, Jurisdiction and Fair Value (FV)

1	2	FIRST QUARTER				SECOND QUARTER			
		3	4	5	6	7	8	9	10
	Jurisdiction	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a.. Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX	....	....	....	....	....	....	....	....
b.. Counterparty									
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....

1	2	THIRD QUARTER				FOURTH QUARTER			
		11	12	13	14	15	16	17	18
	Jurisdiction	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a.. Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX	....	....	....	....	....	....	....	....
b.. Counterparty*									
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....

* Counterparty and Jurisdiction Column entries used for the amounts for Columns 11 through 18 are the same as used above in Columns 2 through 10.

	FIRST QUARTER				SECOND QUARTER			
	1	2	3	4	5	6	7	8
	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
(5) Fair Value of Securities Acquired Under Repo – Secured Borrowing	....	....	....	....	....	....	....	....

	THIRD QUARTER				FOURTH QUARTER			
	9	10	11	12	13	14	15	16
	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
(5) Fair Value of Securities Acquired Under Repo – Secured Borrowing	....	....	....	....	....	....	....	....

(6) Securities Acquired Under Repo – Secured Borrowing by NAIC Designation

ENDING BALANCE

	1	2	3	4	5	6	7	8
	NONE	NAIC 1	NAIC 2	NAIC 3	NAIC 4	NAIC 5	NAIC 6	DOES NOT QUALIFY AS ADMITTED
a. Bonds – FV	....	....	....	....	....	....	....	....
b. LB & SS – FV	....	....	....	....	....	....	....	....
c. Preferred Stock – FV	....	....	....	....	....	....	....	....
d. Common Stock	....	....	....	....	....	....	....	....
e. Mortgage Loans – FV	....	....	....	....	....	....	....	....
f. Real Estate – FV	....	....	....	....	....	....	....	....
g. Derivatives – FV	....	....	....	....	....	....	....	....
h. Other Invested Assets – FV	....	....	....	....	....	....	....	....
i. Total Assets – FV	....	....	....	....	....	....	....	....

(7) Collateral Pledged – Secured Borrowing

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. Cash	....	....	....	....	....	....	....	....
b. Securities (FV)	....	....	....	....	....	....	....	....
c. Securities (BACV)	XXX	XXX	XXX	....	XXX	XXX	XXX	....
d. Nonadmitted Subset (BACV)	XXX	XXX	XXX	....	XXX	XXX	XXX	....

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. Cash	....	....	....	....	....	....	....	....
b. Securities (FV)	....	....	....	....	....	....	....	....
c. Securities (BACV)	XXX	XXX	XXX	....	XXX	XXX	XXX	....
d. Nonadmitted Subset (BACV)	XXX	XXX	XXX	....	XXX	XXX	XXX	....

(8) Allocation of Aggregate Collateral Pledged by Remaining Contractual Maturity

	AMORTIZED COST	FAIR VALUE
a. Overnight and Continuous	....	....
b. 30 Days or Less	....	....
c. 61 to 90 Days	....	....
d. > 90 Days	....	....

(9) Recognized Receivable for Return of Collateral – Secured Borrowing

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. Cash	....	....	....	....	....	....	....	....
b. Securities (FV)	....	....	....	....	....	....	....	....

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. Cash	....	....	....	....	....	....	....	....
b. Securities (FV)	....	....	....	....	....	....	....	....

(10) Recognized Liability to Return Collateral – Secured Borrowing (Total)

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. Repo Securities Sold/Acquired with Cash Collateral	....	....	....	....	....	....	....	....
b. Repo Securities Sold/Acquired with Securities Collateral (FV)	....	....	....	....	....	....	....	....

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. Repo Securities Sold/Acquired with Cash Collateral	....	....	....	....	....	....	....	....
b. Repo Securities Sold/Acquired with Securities Collateral (FV)	....	....	....	....	....	....	....	....

H. Repurchase Agreements Transactions Accounted for as a Sale

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

REPURCHASE TRANSACTION – CASH TAKER – OVERVIEW OF SALE TRANSACTIONS

(2) Type of Repo Trades Used

	1 FIRST QUARTER	2 SECOND QUARTER	3 THIRD QUARTER	4 FOURTH QUARTER
a. Bilateral (YES/NO)	......	......	......	......
b. Tri-Party (YES/NO)	......	......	......	......

(3) Original (Flow) & Residual Maturity

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. Open – No Maturity	......	......	......	......	......	......	......	......
b. Overnight	......	......	......	......	......	......	......	......
c. 2 Days to 1 Week	......	......	......	......	......	......	......	......
d. >1 Week to 1 Month	......	......	......	......	......	......	......	......
e. > 1 Month to 3 Months	......	......	......	......	......	......	......	......
f. > 3 Months to 1 Year	......	......	......	......	......	......	......	......
g. > 1 Year	......	......	......	......	......	......	......	......

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. Open – No Maturity	......	......	......	......	......	......	......	......
b. Overnight	......	......	......	......	......	......	......	......
c. 2 Days to 1 Week	......	......	......	......	......	......	......	......
d. > 1 Week to 1 Month	......	......	......	......	......	......	......	......
e. > 1 Month to 3 Months	......	......	......	......	......	......	......	......
f. > 3 Months to 1 Year	......	......	......	......	......	......	......	......
g. > 1 Year	......	......	......	......	......	......	......	......

(4) Counterparty, Jurisdiction and Fair Value (FV)

1	2	FIRST QUARTER				SECOND QUARTER			
	Jurisdiction	3 MINIMUM	4 MAXIMUM	5 AVERAGE DAILY BALANCE	6 ENDING BALANCE	7 MINIMUM	8 MAXIMUM	9 AVERAGE DAILY BALANCE	10 ENDING BALANCE
a.. Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX	......	......	......	......	......	......	......	......
b.. Counterparty									
......	......	......	......	......	......	......	......	......	......
......	......	......	......	......	......	......	......	......	......
......	......	......	......	......	......	......	......	......	......
......	......	......	......	......	......	......	......	......	......

1	2	THIRD QUARTER				FOURTH QUARTER			
	Jurisdiction	11 MINIMUM	12 MAXIMUM	13 AVERAGE DAILY BALANCE	14 ENDING BALANCE	15 MINIMUM	16 MAXIMUM	17 AVERAGE DAILY BALANCE	18 ENDING BALANCE
a.. Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX	......	......	......	......	......	......	......	......
b.. Counterparty*									
......	......	......	......	......	......	......	......	......	......
......	......	......	......	......	......	......	......	......	......
......	......	......	......	......	......	......	......	......	......
......	......	......	......	......	......	......	......	......	......

* Counterparty and Jurisdiction Column entries used for the amounts for Columns 11 through 18 are the same as used above in Columns 2 through 10.

(5) Securities "Sold" Under Repo – Sale

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. BACV	XXX	XXX	XXX	....	XXX	XXX	XXX	....
b. Nonadmitted – Subset of BACV	XXX	XXX	XXX	....	XXX	XXX	XXX	....
c. Fair Value	....	....	....	....	....	....	....	....

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. BACV	XXX	XXX	XXX	....	XXX	XXX	XXX	....
b. Nonadmitted – Subset of BACV	XXX	XXX	XXX	....	XXX	XXX	XXX	....
c. Fair Value	....	....	....	....	....	....	....	....

(6) Securities Sold Under Repo – Sale by NAIC Designation

ENDING BALANCE

	1 NONE	2 NAIC 1	3 NAIC 2	4 NAIC 3	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 NONADMITTED
a. Bonds – BACV	....	....	....	....	....	....	....	....
b. Bonds – FV	....	....	....	....	....	....	....	....
c. LB & SS – BACV	....	....	....	....	....	....	....	....
d. LB & SS – FV	....	....	....	....	....	....	....	....
e. Preferred Stock – BACV	....	....	....	....	....	....	....	....
f. Preferred Stock – FV	....	....	....	....	....	....	....	....
g. Common Stock	....	....	....	....	....	....	....	....
h. Mortgage Loans – BACV	....	....	....	....	....	....	....	....
i. Mortgage Loans – FV	....	....	....	....	....	....	....	....
j. Real Estate – BACV	....	....	....	....	....	....	....	....
k. Real Estate – FV	....	....	....	....	....	....	....	....
l. Derivatives – BACV	....	....	....	....	....	....	....	....
m. Derivatives – FV	....	....	....	....	....	....	....	....
n. Other Invested Assets – BACV	....	....	....	....	....	....	....	....
o. Other Invested Assets – FV	....	....	....	....	....	....	....	....
p. Total Assets – BACV	....	....	....	....	....	....	....	....
q. Total Assets – FV	....	....	....	....	....	....	....	....

(7) Proceeds Received – Sale

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. Cash	....	....	....	....	....	....	....	....
b. Securities (FV)	....	....	....	....	....	....	....	....
c. Nonadmitted	....	....	....	....	....	....	....	....

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. Cash	....	....	....	....	....	....	....	....
b. Securities (FV)	....	....	....	....	....	....	....	....
c. Nonadmitted	....	....	....	....	....	....	....	....

(8) Cash & Non-Cash Collateral Received – Sale by NAIC Designation

ENDING BALANCE

	1 NONE	2 NAIC 1	3 NAIC 2	4 NAIC 3	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 NONADMITTED
a. Bonds – FV								
b. LB & SS – FV								
c. Preferred Stock – FV								
d. Common Stock								
e. Mortgage Loans – BACV								
f. Mortgage Loans – FV								
g. Real Estate – FV								
h. Derivatives – FV								
i. Other Invested Assets – FV								
j. Total Assets – FV								

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
(9) Recognized Forward Resale Commitment								

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
(9) Recognized Forward Resale Commitment								

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

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

REPURCHASE TRANSACTION – CASH PROVIDER – OVERVIEW OF SALE TRANSACTIONS

(2) Type of Repo Trades Used

	1 FIRST QUARTER	2 SECOND QUARTER	3 THIRD QUARTER	4 FOURTH QUARTER
a. Bilateral (YES/NO)				
b. Tri-Party (YES/NO)				

(3) Original (Flow) & Residual Maturity

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. Open – No Maturity								
b. Overnight								
c. 2 Days to 1 Week								
d. > 1 Week to 1 Month								
e. > 1 Month to 3 Months								
f. > 3 Months to 1 Year								
g. > 1 Year								

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. Open – No Maturity								
b. Overnight								
c. 2 Days to 1 Week								
d. > 1 Week to 1 Month								
e. > 1 Month to 3 Months								
f. > 3 Months to 1 Year								
g. > 1 Year								

(4) Counterparty, Jurisdiction and Fair Value (FV)

1	2	FIRST QUARTER				SECOND QUARTER			
		3	4	5	6	7	8	9	10
	Jurisdiction	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a.. Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX	....	....	....	....	....	....	....	....
b.. Counterparty									
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....

1	2	THIRD QUARTER				FOURTH QUARTER			
		11	12	13	14	15	16	17	18
	Jurisdiction	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a.. Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX	....	....	....	....	....	....	....	....
b.. Counterparty*									
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....

* Counterparty and Jurisdiction Column entries used for the amounts for Columns 11 through 18 are the same as used above in Columns 2 through 10.

(5) Securities Acquired Under Repo – Sale

	FIRST QUARTER				SECOND QUARTER			
	1	2	3	4	5	6	7	8
	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a. BACV	XXX	XXX	XXX	....	XXX	XXX	XXX	....
b. Nonadmitted – Subset of BACV	XXX	XXX	XXX	....	XXX	XXX	XXX	....
c. Fair Value	....	....	....	....	....	....	....	....

	THIRD QUARTER				FOURTH QUARTER			
	9	10	11	12	13	14	15	16
	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a. BACV	XXX	XXX	XXX	....	XXX	XXX	XXX	....
b. Nonadmitted – Subset of BACV	XXX	XXX	XXX	....	XXX	XXX	XXX	....
c. Fair Value	....	....	....	....	....	....	....	....

(6) Securities Acquired Under Repo – Sale by NAIC Designation

ENDING BALANCE

		1 NONE	2 NAIC 1	3 NAIC 2	4 NAIC 3	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 NONADMITTED
a.	Bonds – BACV								
b.	Bonds – FV								
c.	LB & SS – BACV								
d.	LB & SS – FV								
e.	Preferred Stock – BACV								
f.	Preferred Stock – FV								
g.	Common Stock								
h.	Mortgage Loans – BACV								
i.	Mortgage Loans – FV								
j.	Real Estate – BACV								
k.	Real Estate – FV								
l.	Derivatives – BACV								
m.	Derivatives – FV								
n.	Other Invested Assets – BACV								
o.	Other Invested Assets – FV								
p.	Total Assets – BACV								
q.	Total Assets – FV								

(7) Proceeds Provided – Sale

		FIRST QUARTER				SECOND QUARTER			
		1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a.	Cash								
b.	Securities (FV)								
c.	Securities (BACV)	XXX	XXX	XXX		XXX	XXX	XXX	
d.	Nonadmitted Subset	XXX	XXX	XXX		XXX	XXX	XXX	

		THIRD QUARTER				FOURTH QUARTER			
		9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a.	Cash								
b.	Securities (FV)								
c.	Securities (BACV)	XXX	XXX	XXX		XXX	XXX	XXX	
d.	Nonadmitted Subset	XXX	XXX	XXX		XXX	XXX	XXX	

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
(8) Recognized Forward Resale Commitment								

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
(8) Recognized Forward Resale Commitment								

L. Restricted Assets

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

(1) Restricted Assets (Including Pledged)

	Gross (Admitted & Nonadmited) Restricted						
	Current Year					6	7
	1	2	3	4	5		
Restricted Asset Category	Total General Account (G/A)	G/A Supporting S/A Activity (a)	Total Separate Account (S/A) Restricted Assets	S/A 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 & Nonadmited) 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

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

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

Description of Assets	Gross (Admitted & Nonadmited) Restricted							8	Percentage	
	Current Year					6	7		9	10
	1	2	3	4	5					
	Total General Account (G/A)	G/A Supporting S/A Activity (a)	Total Separate Account (S/A) Restricted Assets	S/A Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmited) 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

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

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

	Gross (Admitted & Nonadmited) Restricted							8	Percentage	
	Current Year					6	7		9	10
	1	2	3	4	5					
Description of Assets	Total General Account (G/A)	G/A Supporting S/A Activity (a)	Total Separate Account (S/A) Restricted Assets	S/A Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
....	$	$	$	$	$	$	$	$	...........%	...........%
....	....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....	....
Total (c)	$	$	$	$	$	$	$	$	...........%	...........%

(a) Subset of column 1
(b) Subset of column 3
(c) Total Line for Columns 1 through 7 should equal 5L(1)n Columns 1 through 7 respectively and Total Line for Columns 8 through 10 should equal 5L(1)n Columns 9 through 11 respectively

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

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

	1	2	3	4
Collateral Assets	Book/Adjusted Carrying Value (BACV)	Fair Value	% of BACV to Total Assets (Admitted and Nonadmitted *	% of BACV to Total Admitted Assets **
a. Cash, Cash Equivalents and Short-Term Investments	$	$	.... %	.... %
b. Schedule D, Part 1	....	....	.... %	.... %
c. Schedule D, Part 2, Section 1	....	....	.... %	.... %
d. Schedule D, Part 2, Section 2	....	....	.... %	.... %
e. Schedule B	....	....	.... %	.... %
f. Schedule A	....	....	.... %	.... %
g. Schedule BA, Part 1	....	....	.... %	.... %
h. Schedule DL, Part 1	....	....	.... %	.... %
i. Other			%	%
j. Total Collateral Assets (a+b+c+d+e+f+g+h+i)	$	$	%	%

* Column 1 divided by Asset Page, Line 26 (Column 1)
** Column 1 divided by Asset Page, Line 26 (Column 3)

	1	2
	Amount	% of Liability to Total Liabilities *
k. Recognized Obligation to Return Collateral Asset	$	......................%

* Column 1 divided by Liability Page, Line 23 (Column 1)

M. Working Capital Finance Investments

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

(1) Aggregate Working Capital Finance Investments (WCFI) Book/Adjusted Carrying Value by NAIC Designation:

	Gross Asset CY	Non-admitted Asset CY	Net Admitted Asset CY
a. WCFI Designation 1	$	$	$ ....
b. WCFI Designation 2	....	....	....
c. WCFI Designation 3	....	....	....
d. WCFI Designation 4	....	....	....
e. WCFI Designation 5	....	....	....
f. WCFI Designation 6	....	....	....
g. Total	$	$	$ ....

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

(2) Aggregate Maturity Distribution on the Underlying Working Capital Finance Programs:

		Book/Adjusted Carrying Value
a.	Up to 180 Days	____________
b.	181 Days to 365 Days	____________
c.	Total	$ ____________

N. Offsetting and Netting of Assets and Liabilities

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

	Gross Amount Recognized	Amount Offset*	Net Amount Presented on Financial Statements
(1) Assets			
....	$	$	$ ....
....	....	....	....
....	....	....	....
....	....	....	....
....	....	....	....
(2) Liabilities			
....	$	$	$ ....
....	....	....	....
....	....	....	....
....	....	....	....
....	....	....	....

* For derivative assets and derivative liabilities, the amount offset shall agree to Schedule DB, Part D, Section 1.

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

O. Structured Notes

CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage-Referenced Security (YES/NO)
....	$	$	$	....
....	....	....	....	....
....	....	....	....	....
....	....	....	....	....
Total	$	$	$	XXX

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

P. 5* Securities

Investment	Number of 5* Securities		Aggregate BACV		Aggregate Fair Value	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
(1) Bonds – AC	....	....	$	$	$	$ ....
(2) LB&SS – AC	....	....	....	....	....	....
(3) Preferred Stock – AC	....	....	....	....	....	....
(4) Preferred Stock – FV						
(5) Total (1+2+3+4)				$	$	$

AC – Amortized Cost FV – Fair Value

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

Q. Short Sales

(1) Unsettled Short Sale Transactions (Outstanding as of Reporting Date)

	Proceeds Received	Current Fair Value of Securities Sold Short	Unrealized Gain or Loss	Expected Settlement (# of Days)	Fair Value of Short Sales Exceeding (or expected to exceed) 3 Settlement Days	Fair Value of Short Sales Expected to be Settled by Secured Borrowing
a. Bonds	$	....	....	....	....	....
b. Preferred Stock	....	....	....	....	....	....
c. Common Stock						
d. Totals (a+b+c)	$	$	$	XXX	$	$

(2) Settled Short Sale Transactions

	Proceeds Received	Current Fair Value of Securities Sold Short	Realized Gain or Loss on Transaction	Fair Value of Short Sales that Exceeded 3 Settlement Days	Fair Value of Short Sales Settled by Secured Borrowing
a. Bonds	$	$	$	$	$ ....
b. Preferred Stock	....	....	....	....	....
c. Common Stock					
d. Totals (a+b+c)	$	$	$	$	$

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

R. Prepayment Penalty and Acceleration Fees

		General Account	Separate Account
(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, 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 impaired investments in Joint Ventures, Partnerships and Limited Liability Companies disclose in the year of an impairment write-down the following:

- A description of the impaired assets and the facts and circumstances leading to the impairment, and
- The amount of the impairment and how fair value was determined.

Illustration:

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7. Investment Income

Instruction:

Disclose the following for investment income due and accrued in the financial statements:

A. The bases, by category of investment income, for excluding (nonadmitting) any investment income due and accrued,

B. The total amount excluded.

Illustration:

A. Due and accrued income was excluded from surplus on the following bases:

All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default.

B. The total amount excluded was $__________.

8. Derivative Instruments

Instruction:

Disclose the following information by category of derivative financial instrument:

A. A discussion of the market risk, credit risk and cash requirements of the derivative.

B. A description of the reporting entity's objectives for using derivatives, i.e., hedging, income generation or replication, as well as a description of the context needed to understand those objectives, and its strategies for achieving those objectives, including the identification of the category, e.g., fair value hedges, cash flow hedges, or foreign currency hedges, and all objectives, the type of instrument(s) used.

C. A description of the accounting policies for recognizing (or reasons for not recognizing) and measuring the derivatives used, and when recognized and where those instruments and related gains and losses are reported.

D. 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.

E. 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.

F. For derivatives accounted for as cash flow hedges of a forecasted transaction, disclose:

(1) The maximum length of time over which the entity is hedging its exposure to the variability in future cash flows for forecasted transactions excluding those forecasted transactions related to the payment of variable interest on existing financial instruments; and

(2) The amount of gains and losses classified in unrealized gains/losses related to cash flow hedges that have been discontinued because it was no longer probable that the original forecasted transactions would occur by the end of the originally specified time period or within 2 months of that date.

9. Income Taxes

<u>Instruction:</u>

A. Disclose the components of the net deferred income tax asset (DTA) or deferred tax liability (DTL) recognized in the reporting entity's financial statements as follows:

(1) Disclose for the current year, the prior year and the change between years by tax character (ordinary and capital) the following:

a. The total of all gross deferred tax assets.

b. The total of all statutory valuation allowance adjustments.

c. The total of all adjusted gross deferred tax assets.

d. The total of all deferred tax assets nonadmitted as the result of the application of *SSAP No. 101—Income Taxes*.

e. The total of all net adjusted gross admitted deferred tax assets.

f. The total of all deferred tax liabilities.

g. The total of all net adjusted gross deferred tax assets (net deferred tax liabilities).

(2) Admission Calculation Components per *SSAP No. 101—Income Taxes*

For the current year, prior year and the change between years, disclose the amount of each result or component of the deferred tax asset admission calculation as provided in *SSAP No. 101—Income Taxes*.

a. The amount of federal income taxes paid in prior years that can be recovered through loss carrybacks, by tax character (ordinary and capital).

b. The amount of adjusted gross DTAs expected to be realized (excluding the amount of DTAs reported in 9A(2)a) after application of the threshold limitations, by tax character (ordinary and capital). (The amount determined in 9A(2)b1 limited by the amount determined in 9A(2)b2.)

1. The amount of adjusted gross DTAs, expected to be realized within the applicable period following the balance sheet date, by tax character (ordinary and capital). Refer to the applicable Realization Threshold Limitation Table in *SSAP No. 101—Income Taxes* to determine the applicable period.

2. The amount of the applicable percentage of statutory capital and surplus as required to be shown on the statutory balance sheet of the reporting entity for the current reporting period's statement filed with the domiciliary state commissioner adjusted to exclude any net DTAs, EDP equipment and operating system software and any net positive goodwill. Refer to *SSAP No. 101—Income Taxes* to determine the applicable percentage to be applied.

c. The amount of adjusted gross DTAs (excluding the amount of DTAs reported in 9A(2)a and 9A(2)b) that can be offset against existing gross DTLs, by tax character (ordinary and capital).

d. The amount of DTAs admitted as the result of the application of *SSAP No. 101—Income Taxes* by tax character (ordinary and capital). (The sum of 9A(2)a, 9A(2)b and 9A(2)c.)

(3) Disclose the ratio used to determine applicable period used in 9A(2)b1 for determining the amount of adjusted gross DTAs, expected to be realized and the amount of adjusted capital and surplus used to determine the percentage threshold limitation in 9A(2)b2.

(4) Disclose the impact of tax-planning strategies:

a. On the determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage of total; The disclosure should provide the following information for current year, prior year and change between years:

1. Adjusted gross DTAs by tax character Note 9A(1)c.

2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies.

3. Net admitted adjusted gross DTAs by tax character Note 9A(1)e.

4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies.

b. State whether the tax-planning strategies include the use of reinsurance-related tax planning strategies.

Refer to *SSAP No. 101—Income Taxes*, Exhibit A – Implementation Questions and Answers, Question No. 13, for guidance on tax-planning strategies.

B. To the extent that DTLs are not recognized for amounts described in paragraph 31 of FAS 109, disclose the following:

(1) A description of the types of temporary differences for which a DTL has not been recognized and the types of events that would cause those temporary differences to become taxable;

(2) The cumulative amount of each type of temporary difference;

(3) The amount of the unrecognized DTL for temporary differences related to investments in foreign subsidiaries and foreign corporate joint ventures that are essentially permanent in duration, if determination of that liability is practicable, or a statement that determination is not practicable; and

(4) The amount of the DTL for temporary differences other than those in item (3) above that is not recognized.

C. Disclose the significant components of income taxes incurred (i.e., current income tax expenses) and the changes in DTAs and DTLs. These components would include, for example:

- Current tax expense or benefit;
- The change in DTAs and DTLs (exclusive of the effects of other components listed below);
- Investment tax credits;
- The benefits of operating loss carry forwards;
- Adjustments of a DTA or DTL for enacted changes in tax laws or rates or a change in the tax status of the reporting entity; and
- Adjustments to gross deferred tax assets because of a change in circumstances that causes a change in judgment about the realizability of the related deferred tax asset and the reason for the adjustment and change in judgment.

NOTE: The illustration below for this disclosure reflects the setup for the data capture of the electronic notes. Reporting entities should disclose those items included as "Other" (Lines 2a13, 2e4, 3a5 and 3b3) as additional lines for those items greater than 5% in the printed/PDF filing document.

D. To the extent that the sum of a reporting entity's income tax incurred and the change in its DTAs and DTLs is different from the result obtained by applying the federal statutory rate to its pretax net income, a reporting entity should disclose the nature of the significant reconciling items.

E. A reporting entity should also disclose the following:

(1) The amounts, origination dates and expiration dates of operating loss and tax credit carry forwards available for tax purposes;

(2) The amount of federal income taxes incurred in the current year and each preceding year that are available for recoupment in the event of future net losses; and

(3) The aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Service Code.

F. If the reporting entity's federal income tax return is consolidated with those of any other entity or entities, provide the following:

(1) A list of names of the entities with which the reporting entity's federal income tax return is consolidated for the current year, and

(2) The substance of the written agreement approved by the reporting entity's Board of Directors that sets forth the manner in which the total consolidated federal income tax for all entities is allocated to each entity that is a party to the consolidation. (If no written agreement has been executed, explain why such an agreement has not been executed.) Describe the method of allocation, setting forth the manner in which the entity has an enforceable right to recoup federal income taxes in the event of future net losses that it may incur or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

G. For any federal or foreign income tax loss contingencies as determined in accordance with *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets* with the modifications provided in *SSAP No. 101—Income Taxes*, for which it is reasonably possible that the total liability will significantly increase within 12 months of the reporting date, the reporting entity shall disclose an estimate of the range of the reasonably possible increase or a statement that an estimate of the range cannot be made.

Refer to *SSAP No. 101—Income Taxes* for accounting guidance on disclosure requirements, and INT 06-12 for more detail on protective tax deposits.

Illustration:

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES (9A1, 9A2, 9A3 AND 9A4) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

NOTE: DUE TO THE SIZE OF THIS TABLE, REPORTING ENTITIES MAY BE LIMITED IN THEIR ABILITY TO PRESENT THIS DISCLOSURE IN THE EXACT FORMAT SHOWN DUE TO FONT LIMITATIONS AND THE SIZE OF THE AMOUNTS BEING DISCLOSED. IT WILL BE CONSIDERED ACCEPTABLE AND IN COMPLIANCE WITH THE INSTRUCTIONS IF THIS TABLE IS SPLIT INTO THREE SEPARATE TABLES (CURRENT YEAR COLUMNS, PRIOR YEAR COLUMNS AND CHANGE COLUMNS).

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

1.

	12/31/2017			12/31/2016			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.

	12/31/2017			12/31/2016			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.

		2017	2016
(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.

	12/31/2017		12/31/2016		Change	
	(1)	(2)	(3)	(4)	(5)	(6)
					(Col 1–3)	(Col 2–4)
	Ordinary	Capital	Ordinary	Capital	Ordinary	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.

If not greater than zero, the Asset Page, Line 18.2, Column 3 should equal zero.

If equal to zero the Asset Page, Line 18.2, Column 3 should equal zero.

B. Regarding deferred tax liabilities that are not recognized:

See example in paragraph 12.27 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) 12/31/2017	(2) 12/31/2016	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	$	$	$
(b) Foreign	$	$	$
(c) Subtotal	$	$	$
(d) Federal income tax on net capital gains	$	$	$
(e) Utilization of capital loss carry-forwards	$	$	$
(f) Other	$	$	$
(g) Federal and foreign income taxes incurred	$	$	$
	$	$	$
2.. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	$		$
(2) Unearned premium reserve	$	$	$
(3) Policyholder reserves	$	$	$
(4) Investments	$	$	$
(5) Deferred acquisition costs	$	$	$
(6) Policyholder dividends accrual	$	$	$
(7) Fixed assets	$	$	$
(8) Compensation and benefits accrual	$	$	$
(9) Pension accrual	$	$	$
(10) Receivables – nonadmitted	$	$	$
(11) Net operating loss carry-forward	$	$	$
(12) Tax credit carry-forward	$	$	$
(13) Other (including items <5% of total ordinary tax assets)	$	$	$
(99) Subtotal	$	$	$
(b) Statutory valuation allowance adjustment	$	$	$
(c) Nonadmitted	$	$	$
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	$	$	$
(e) Capital:			
(1) Investments	$	$	$
(2) Net capital loss carry-forward	$	$	$
(3) Real estate	$	$	$
(4) Other (including items <5% of total capital tax assets)	$	$	$
(99) Subtotal	$	$	$
(f) Statutory valuation allowance adjustment	$	$	$
(g) Nonadmitted	$	$	$
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	$	$	$
(i) Admitted deferred tax assets (2d + 2h)	$	$	$
3. Deferred Tax Liabilities:	$	$	$
(a) Ordinary			
(1) Investments	$	$	$
(2) Fixed assets	$	$	$
(3) Deferred and uncollected premium	$	$	$
(4) Policyholder reserves	$	$	$
(5) Other (including items <5% of total ordinary tax liabilities)	$	$	$
(99) Subtotal	$	$	$
(b) Capital:			
(1) Investments	$	$	$
(2) Real estate	$	$	$
(3) Other (including items <5% of total capital tax liabilities)	$	$	$
(99) Subtotal	$	$	$
(c) Deferred tax liabilities (3a99 + 3b99)			
4. Net deferred tax assets/liabilities (2i – 3c)	$	$	$

D. Among the more significant book to tax adjustments were the following:

See illustration in paragraph 12.31 of the *SSAP No. 101—Income Taxes* Q&A.

E. See example in paragraph 12.32 of the *SSAP No. 101—Income Taxes* Q&A.

(3) The aggregate amount of deposits reported as admitted assets under Section 6603 of the Internal Revenue Service (IRS) Code was $XX million as of December 31, 20XX.

F. See example in paragraph 12.34 of the *SSAP No. 101—Income Taxes* Q&A.

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

<u>Instruction:</u>

The financial statements shall include disclosures of all material related party transactions. In some cases, aggregation of similar transactions may be appropriate. Sometimes, the effect of the relationship between the parties may be so pervasive that disclosure of the relationship alone will be sufficient. If necessary to the understanding of the relationship, disclose the name of the related party. Transactions shall not be purported to be arm's-length transactions unless there is demonstrable evidence to support such statement. The disclosures shall include:

A. The nature of the relationship involved.

B. A description of the transactions for each of the periods for which financial statements are presented, and such other information considered necessary to obtain an understanding of the effects of the transactions on the financial statements. Exclude reinsurance transactions, any non-insurance transactions that are less than ½ of 1% of the total admitted assets of the reporting entity, and cost allocation transactions. The following information shall be provided if applicable:

(1) Date of transaction;

(2) Explanation of transaction;

(3) Name of reporting entity;

(4) Name of affiliate;

(5) Description of assets received by reporting entity;

(6) Statement value of assets received by reporting entity;

(7) Description of assets transferred by reporting entity; and

(8) Statement value of assets transferred by reporting entity.

C. The dollar amounts of transactions for each of the periods for which financial statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period.

D. Amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

E. Any guarantees or undertakings, written or otherwise, shall be disclosed in Note 14, Liabilities, Contingencies and Assessments, in accordance with the requirements of *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*. In addition, the nature of the relationship to the beneficiary of the guarantee or undertaking (affiliated or unaffiliated) shall also be disclosed.

F. A description of material management or service contracts and cost-sharing arrangements involving the reporting entity and any related party. This shall include, but is not limited to, sale lease-back arrangements, computer or fixed asset leasing arrangements, and agency contracts that remove assets that may otherwise be recorded (and potentially nonadmitted) on the reporting entity's financial statements.

G. The nature of the control relationship whereby the reporting entity and one or more other enterprises are under common ownership or control and the existence of that control could result in operating results or financial position of the reporting entity being significantly different from those that would have been obtained if the enterprises were autonomous. Disclose the relationship even though there are no transactions between the enterprises.

H. The amount deducted from the value of an upstream intermediate entity or ultimate parent owned, either directly or indirectly, via a downstream subsidiary, controlled, or affiliated entity, in accordance with the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, "Procedures for Valuing Common Stocks and Stock Warrants."

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

I. For investment in an SCA entity that exceeds 10% of admitted assets of the reporting entity, disclose the following information:

(1) Disclose (i) the name of each SCA entity and percentage of ownership, (ii) the accounting policies of the reporting entity with respect to investments in these entities and (iii) the difference, if any, between the amount at which the investment is carried and the amount of underlying equity in net assets, (i.e., goodwill, other nonadmitted assets, fair value or discounted fair value adjustments, adjustments pursuant to SSAP No. 25 and the accounting treatment of the difference).

(2) Disclose for each SCA entity for which a quoted market price is available, the aggregate value of each investment based on the quoted market price and the difference, if any, between the amount at which the investment is carried and the quoted market price.

(3) Present summarized information as to assets, liabilities, and results of operations for SCA entities, either individually or in groups.

(4) The material effects of possible conversions, exercises or contingent issuances.

(5) If elected, or required to change the valuation method as described in *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*, a description of the reason for the change and the amount of adjustment recorded as unrealized gains or losses shall be disclosed. Also, disclose whether or not commissioner approval was obtained.

J. For investments in impaired SCA entities disclose in the year of an impairment write-down the following:

(1) A description of the impaired assets and the facts and circumstances leading to the impairment.

(2) The amount of the impairment and how fair value was determined.

K. If the investment in a foreign insurance subsidiary is calculated by adjusting annuity GAAP account value reserves using CARVM and the related Actuarial Guidelines, the interest rates and mortality assumptions used in the calculation as prescribed by the insurance department of the foreign country shall be disclosed.

L. If a reporting entity holds an investment in a downstream noninsurance holding company, the reporting entity may look-through the downstream noninsurance holding company to the value of (i) SCA entities having audited financial statements and/or (ii) joint ventures, partnerships, and/or limited liability companies having audited financial statements in which the downstream noninsurance holding company has a minor ownership interest or otherwise lacks control, i.e., ownership interest is less than 10% in lieu of obtaining an audit of the financial statements of the downstream noninsurance holding company (provided the limited exception to the audited financial statements requirement contained in *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* applies).

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 non insurance holding company.

(3) The fact that the financial statements of the downstream noninsurance company are not audited.

(4) The fact that the reporting entity has limited the value of its investment in the downstream noninsurance holding company to the value contained in the audited financial statements, including adjustments required by this statement, of SCA entities and/or non-SCA SSAP No. 48 entities owned by the downstream noninsurance holding company and valued in accordance with *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

(5) The fact that all liabilities, commitments, contingencies, guarantees or obligations of the downstream noninsurance holding company, which are required to be recorded as liabilities, commitments, contingencies, guarantees or obligations under applicable accounting guidance, are reflected in the reporting entity's determination of the carrying value of the investment in the downstream noninsurance holding company, if not already recorded in the financial statements of the downstream noninsurance holding company.

M. All SCA investments

Reporting Enities shall disclose for all SCA investments (except 8bi entities).

(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (except 8bi entities)

Disclose the percentage of ownership and aggregate total of all SCA entities (except 8bi entities) with detail of the aggregate gross value under SSAP No. 97 with the admitted and nonadmitted amounts reflected on the balance sheet. See SSAP No. 97 for additional guidance.

(2) NAIC Filing Response Information

Provide the following information regarding the NAIC response to the SCA filing (except 8bi entities):

- The type of NAIC filing
- The date of the NAIC filing
- The NAIC valuation for the SCA entity
- If a response was received from the NAIC
- If the NAIC disallowed the reporting entities valuation method.
- If changes in the reported SCA amount were immaterial (I) or material (M)

N. Investment in Insurance SCA

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.

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 35% 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) Entitiesi						
....	....	....	$..............	....	....	....
....	....	....	....	....	....	....
....	....	....	....	....	....	....
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)

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, separate account and the total of the general and separate accounts for the current year and prior year-end. (The information in the disclosures shall be presented gross even if a right to offset per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*, exists.)

(1) General description with information on the nature of the agreement, type of borrowing (advances, lines of credit, borrowed money, etc.) and use of the funding.

(2) FHLB Capital Stock

a. Amount of FHLB capital stock held, in aggregate, and classified as follows:

- Membership stock (separated by Class A and Class B)
- Activity Stock
- Excess Stock
- The actual or estimated maximum borrowing capacity as determined by the insurer

Also provide a description of how the borrowing capacity was determined.

b. For membership stock (Class A and Class B), report the amount of FHLB capital stock eligible and not eligible for redemption (for FHLB membership stock to be eligible for redemption, written notification must have been provided to the FHLB prior to the reporting date) and the anticipated time frame for redemption showing:

- Total Current Year
- Not Eligible for Redemption
- Less than 6 months
- 6 months to 1 year
- 1 year to 3 years
- 3 years to 5 years

(3) Collateral Pledged to FHLB

a. Amount (fair value and carrying value) of collateral pledged to the FHLB as of the reporting date and total aggregate borrowing.

b. Maximum amount of collateral (fair value and carrying amount) pledged to the FHLB at any time during the current reporting period and amount borrowed at time of maximum collateral. (Maximum shall be determined on the basis of carrying value, but with fair amount also reported.)

(4) Borrowing from FHLB

a. Aggregate amount of borrowings from the FHLB, reflecting compilation of all advances, loans, funding agreements, repurchase agreements, securities lending, etc., outstanding with the FHLB, and classify whether the borrowing is in substance:

- Debt (*SSAP No. 15—Debt and Holding Company Obligations*)
- A funding agreement (*SSAP No. 52—Deposit-Type Contracts*)
- Other
- Aggregate Total

For funding agreements, report the total reserves established.

b. Report the maximum amount of aggregate borrowings from an FHLB at any time during the current reporting period for:

- Debt (*SSAP No. 15—Debt and Holding Company Obligations*)
- A funding agreement (*SSAP No. 52—Deposit-Type Contracts*)
- Other
- Aggregate Total

c. Disclose whether current borrowings are subject to prepayment penalties for:

- Debt (*SSAP No. 15—Debt and Holding Company Obligations*)
- A funding agreement (*SSAP No. 52—Deposit-Type Contracts*)
- Other

<u>Illustration:</u>

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

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

The company does not have any reverse repurchase agreements.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE (LINES 2 THROUGH 4) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER 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 Separate 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

Membership Stock	1 Current Year Total (2+3+4+5+6)	2 Not Eligible for Redemption	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 Separate Accounts Total Collateral Pledged (Lines 2+3)	....	....	....
2. Current Year General Account Total Collateral Pledged	....	....	....
3. Current Year Separate Accounts Total Collateral Pledged	....	....	....
4. Prior Year-end Total General and Separate 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 Separate Accounts Maximum Collateral Pledged (Lines 2+3)	....	....	....
2. Current Year General Account Maximum Collateral Pledged	....	....	....
3. Current Year Separate Accounts Maximum Collateral Pledged	....	....	....
4. Prior Year-end Total General and Separate Accounts Maximum Collateral Pledged	....	....	....

(4) Borrowing from FHLB

a. Amount as of the Reporting Date

	1 Total 2+3	2 General Account	3 Separate 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 Separate 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—Accounting for 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—Accounting for Pensions* for additional guidance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(21) Reporting entities electing to apply the transition guidance set forth in *SSAP No. 102—Accounting for 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—Accounting for 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) For fair value measurements of plan assets using significant unobservable inputs (Level 3), a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following:

a. Actual return on plan assets, separately identifying the amount related to assets still held at the reporting date and the amount related to assets sold during the period.

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

c. Transfers in and/or out of Level 3 (for example, transfers due to changes in the observability of significant inputs).

(3) 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, 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	$_____	$_____	$_____	$_____

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

(2) Change in plan assets

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

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

(3) Funded status

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

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

(4) Components of net periodic benefit cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

C.

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

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

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

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

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

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

Description for each class of plan assets	Beginning Balance at 01/01/20XX	Transfers into Level 3	Transfers out of Level 3	Return on Assets Still Held	Return on Assets Sold	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/20XX
....	$	$	$	$	$	$	$	$	$	$ ....
....	....	....	....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....	....	....	....
Total Plan Assets	$	$	$	$	$	$	$	$	$	$ ....

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

E. Defined Contribution Plan

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

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

F. Multiemployer Plans

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

G. Consolidated/Holding Company Plans

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

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

(1) Recognition of the existence of the Act

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

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

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

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

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

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

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

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

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

(3) Disclosure of Gross Benefit Payments

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

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

Instruction:

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

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

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

<u>Illustration:</u>

(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 $ ___________

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.)

(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 27.

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

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

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

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

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

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

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

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

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

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

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

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

	Change in Year Surplus	Change in Gross Paid-in and Contributed Surplus
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 or similar guarantees (except product warranties), even if the likelihood of the guarantor's having to make any payments under the guarantee is remote. In addition, the nature of the relationship to the beneficiary of the guarantee or undertaking (affiliated or unaffiliated) shall also be disclosed:

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

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

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

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

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

B. Assessments

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

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

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

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

- The discount rate applied as of the current reporting date (determined in accordance with *SSAP No. 35R—Guaranty Fund and Other Assessments*);

- The following disclosures shall be by insolvency:

  - ❖ The undiscounted and discounted amount of the guaranty fund assessments and related assets;

  - ❖ The number of jurisdictions for which the long-term care guaranty fund assessments payables were discounted and the number of jurisdictions for which asset recoverables were discounted (e.g., 2-10, 5-20);

  - ❖ Identify the ranges of years used to discount the assets and the range of years used to discount the liabilities;

  - ❖ The weighted average numbers of years of the discounting time period for long-term care guaranty fund assessment liabilities; and

  - ❖ The weighted average number of years of the discounting time period for the asset recoverables.

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

C. Gain Contingencies

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

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

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

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

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

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

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

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

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

E. Joint and Several Liabilities

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

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

F. All Other Contingencies

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

<u>Illustration:</u>

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

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

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

(2)

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

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

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

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

(3)

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

B. Assessments

(1)

Where Amount is Unknown

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

Where Amount is Known (Retrospective Example)

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

Where Amount is Known (Prospective Example)

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

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

(2)

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

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

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

(3)

a. Discount Rate Applied .... %

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

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

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

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

C. Gain Contingencies

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

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

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

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

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

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

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

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

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

F. All Other Contingencies

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

15. Leases

Instruction:

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

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

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

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

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

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

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

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

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

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

(3) For sale-leaseback transactions:

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

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

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

(1) For operating leases:

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

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

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

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

(2) For leveraged leases:

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

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

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

<u>Illustration:</u>

A. Lessee Operating Lease

(1)

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

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

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

(2)

a. At January 1, 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 sale-leaseback transactions.

B. Lessor Leases

(1) Operating Leases

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

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

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

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

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

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

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

(2) Leveraged Leases

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 Disclosure* for accounting guidance.

Instruction:

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

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

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

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

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

Illustration:

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

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

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

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

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

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

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

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

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

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

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

<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 prepayable 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 a NAIC designation of 3 or below, or unrated (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.

<u>Illustration</u>:

A. Transfers of Receivables Reported as Sales

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

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

C. Wash Sales

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

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

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

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

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

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

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

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

Instruction:

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

A. ASO Plans

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

For the total and each category separately provide:

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

B. ASC Plans

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

For the total and each category separately provide:

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

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

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

(1) Major components of revenue by payor

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

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

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

Illustration:

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

A. ASO Plans

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

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

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

B. ASC Plans

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

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

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

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

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

ABC Company $___________
XYZ Company $___________

(3) In connection with the Company's Medicare (or similarly structured cost based reimbursement contract) 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 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 *Accounting Practices and Procedures Manual*. If this amount is equal to or greater than 5% of surplus, provide the following information for each managing general agent and third party administrator:

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

Illustration:

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

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

* Authority Codes Sample Listing:

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

20. Fair Value Measurements

Instruction:

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

> For assets and liabilities that are measured and reported[1] at fair value in the statement of financial position after initial recognition, the valuation techniques and the inputs used to develop those measurements; and
>
> For fair value measurements in the statement of financial position determined using significant unobservable inputs (Level 3), the effect of the measurements on earnings (or changes in net assets) for the period.

To meet these objectives, the reporting entity shall disclose the information in paragraphs (1) through (4) below for each class of assets and liabilities measured and reported at fair value 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).

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

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

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

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

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

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

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

b. The beginning of the reporting period.

c. The end of the reporting period.

---

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

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

For fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, *SSAP No. 100—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 fair value disclosures required by paragraphs (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. 100—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 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, 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, such as the carrying amount, effective interest rate and maturity; and

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

Illustration:

A.

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

(1) Fair Value Measurements at Reporting Date

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	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	$	$	$	$
b. Liabilities at fair value				
Derivative liabilities	$	$	$	$
....				
....				
Total liabilities at fair value	$	$	$	$

Example Footnote:

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

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

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

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

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

Example Footnotes:

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

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

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

(4)

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

Yield: XX percent.

Probability of default: XX percent constant default rate.

Loss severity: XX percent.

Prepayment: XX percent constant prepayment rate.

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

C.

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

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

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

D. Not Practicable to Estimate Fair Value

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

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

21. Other Items

Instruction:

A. Unusual or Infrequent Items

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

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

B. Troubled Debt Restructuring: Debtors

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

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

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

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

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

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

C. Other Disclosures

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

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

D. Business Interruption Insurance Recoveries

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

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

E. State Transferable and Non-transferable Tax Credits

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

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

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

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

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

F. Subprime-Mortgage-Related Risk Exposure

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

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

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

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

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

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

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

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

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

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

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

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

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

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

G. Retained Assets

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

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

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

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

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

H. Insurance-Linked Securities (ILS) Contracts

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

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

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

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

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

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 represented 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 Summary of Operations.

E. State Transferable and Non-transferable Tax Credits

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

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

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

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

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

(3) Impairment Loss

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

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

(4) State Tax Credits Admitted and Nonadmitted

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

F. Subprime-Mortgage-Related Risk Exposure

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

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

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

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

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

(3) Direct exposure through other investments.

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

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

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

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

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

G. Retained Assets

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

(2)

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

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

(3)

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

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

H. Insurance-Linked Securities (ILS) Contracts

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

22. Events Subsequent

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

Instruction:

Subsequent events shall be considered either:

Type I – Recognized Subsequent Events:

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

Type II – Nonrecognized Subsequent Events:

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

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

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

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

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

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

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

Illustration:

Type I – Recognized Subsequent Events:

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

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

Type II – Nonrecognized Subsequent Events:

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

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

On January 1, 2017, 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, 2017, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2018, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2018 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, 2017, 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 17)	$ ____________	
F.	Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 17 minus 22B above)	$ ____________	
G.	Authorized Control Level	$ ____________	
H.	Would reporting the ACA assessment as of December 31, 2017, have triggered an RBC action level (YES/NO)?	____________	

23. Reinsurance

Instruction:

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

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

Yes ( ) No ( )

If yes, give full details.

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

Yes ( ) No ( )

If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

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

Yes ( ) No ( )

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

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

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

Yes ( ) No ( )

If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

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

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

Yes ( ) No ( )

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

B. Uncollectible Reinsurance

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

a. Claims incurred
b. Claim adjustment expenses incurred
c. Premiums earned
d. Other

C. Commutation of Ceded Reinsurance

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

(1) Claims incurred

(2) Claim adjustment expenses incurred

(3) Premiums earned

(4) Other

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

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

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

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

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

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

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

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

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

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

E. For reinsurance of variable annuity contracts/certificates with an affiliated captive reinsurer, the reporting entity shall disclose the following for each transaction in the annual financial statements:

- The type of benefits being reinsured (e.g. GMDB, GLIB and other guaranteed benefits);
- A description that accurately conveys the purpose of the transaction and significant terms of the reinsurance agreements.

  For purposes of this disclosure, “purpose” includes, but is not limited to the following:

  - ❖ Providing financing for the business outside of the company capital structure,
  - ❖ Managing volatility of financial results,
  - ❖ Managing risk mitigations by isolating risks in a legal entity,
  - ❖ Enhancing the ability to align hedging activity with economic results, and
  - ❖ Any other sound business rationale, identified and justified.
- A description of any risks retroceded to a third party as well as the ultimate risks retained by the reporting entity and its parent, subsidiaries and affiliates.
- Whether the reporting entity reinsures variable annuities in a standalone captive arrangement, or a multi-product captive arrangement.
- The amount of reserves held by the affiliated captive reinsurer, the reserve methodology for the affiliated captive reinsurer’s financial statements, brief description of the hedge target and how the reserve methodology differs from the requirements of AG43.

The purpose of this disclosure is to capture all cessions to affiliated insurance/reinsurance entities that are subject to a financial solvency regulatory system separate from that generally applicable to traditional insurers and/or reinsurers in the ceding entity’s domestic jurisdiction.

Given this purpose, an affiliated captive reinsurer is any entity that meets the definition of “Affiliate” as established in the NAIC Model Holding Company Act. An affiliated non-traditional insurer/reinsurer is an insurance or reinsurance company that reinsures risks only from its parent or affiliates, and is subject to a financial solvency regulatory system separate from that generally applicable to traditional insurers and/or reinsurers in the ceding entity’s domestic jurisdiction. For the purpose of annual statement reporting, this definition shall be presumed to include the following, subject to the cedant’s rebuttal to its domicile:

- An affiliated insurance or reinsurance company licensed, authorized or otherwise granted the authority to operate in a single United States jurisdiction under any captive insurer law, special purpose insurer law, or other similar law separate from those applicable to traditional insurers and/or reinsurers.
- An affiliated insurance or reinsurance company licensed, authorized or otherwise granted the authority to operate in any jurisdiction outside the United States under any captive insurer law, special purpose insurer law, or other similar law separate from those applicable to traditional insurers and/or reinsurers in that non-United States jurisdiction.
- Any other affiliated insurance or reinsurance company that by law, regulation, or order, or contract is authorized to insure or reinsure only risks from its parent or affiliate.

F. For each reinsurance agreement with an affiliated captive reinsurer (same definition as 23E), provide the following information in the annual financial statements:

- Reserve credit taken by the reporting entity for variable annuities.
- The total amount of collateral supporting any reserve credit taken, if applicable.
- A description of the nature of the collateral (funds withheld by the reporting entity, assets placed in trust for the benefit of the cedent, Letters of Credit (LOC), etc.), if applicable as well as a tabular presentation of the value of all assets held by or on behalf of the captive reinsurer that back the variable annuities liabilities (including capital).

  List the major asset classes, such as bonds, unconditional LOC's, conditional LOC's and LOC-like instruments, parental guarantees, etc. Note which assets that would not normally meet the definition of an admitted asset under SSAP No. 4.

  Indicate the basis of the valuation of the assets (carrying value, fair value, statutory, etc.)

G. Ceding Entities That Utilize Captive Reinsurers to Assume Reserves Subject to the XXX/AXXX Captive Framework

Disclose for ceding entities that utilize captives to assume reserves subject to the XXX/AXXX captive framework the following:

(1) For each captive reinsurer in which a risk-based capital shortfall exists per the Risk-Based Capital XXX/AXXX Captive Reinsurance Consolidated Exhibit (Line 10 amount greater than zero):

a. List the name of the captive reinsurer and the dollar amount of the risk-based capital shortfall.

Provide the Cession ID, NAIC Company Code and ID Number used for the captive reinsurer used for the Supplemental XXX/AXXX Reinsurance Exhibit.

b. List the Total Adjusted Capital (TAC) for the current year, as reported in the Five Year Historical Data page of the annual statement, along with the quantity of the sum of the Total Adjusted Capital (TAC), and the total of the risk-based capital shortfalls. See *SSAP No. 61R—Life Reinsurance* for additional guidance.

(2) For each captive reinsurer for which a non-zero Primary Security Shortfall is shown on the Risk-Based Capital XXX/AXXX Reinsurance Primary Security Shortfall by Cession exhibit, list the name of the reinsurer (Column 4 of the exhibit) and the amount of Primary Security Shortfall (Column 7 of the exhibit). Also show the total shortfall from that exhibit across all captive reinsurers.

Provide the Cession ID, NAIC Company Code and ID Number used for the captive reinsurer used for the Supplemental XXX/AXXX Reinsurance Exhibit.

Illustration:

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

B. Uncollectible Reinsurance

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

That is reflected as:

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

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

C. Commutation of Reinsurance Reflected in Income and Expenses.

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

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

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

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

a.

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

b Our domiciliary state downgraded reinsurers ABC and XYZ effective December 15, of the reporting period. As of the filing date, the additional collateral amount of $ 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.

G. Ceding Entities That Utilize Captive Reinsurers to Assume Reserves Subject to the XXX/ AXXX Captive Framework

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES (LINES 1 AND 2) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THESE ILLUSTRATIONS.

(1) Captive Reinsurers in Which a Risk-Based Capital Shortfall Exists per the Risk-Based Capital XXX/AXXX Captive Reinsurance Consolidated Exhibit:

a. Captives with Risk-Based Capital Shortfall

1 Cession ID	2 NAIC Company Code	3 ID Number	4 Name of Captive Reinsurer	5 Amount of Risk-Based Capital Shortfall
....	....	....	....	$ ....
....	....	....	....	$ ....
....	....	....	....	$ ....
Total				

b. Effect of Risk-Based Capital Shortfall on Total Adjusted Capital (TAC)

1. Total Adjusted Capital (TAC) (Five-Year Historical Line 17) $ ....

2. Risk-Based Capital Shortfall (Sum of G(1)a1 Column 5) $ ....

3. Total Adjusted Capital (TAC) Before Risk-Based Capital Shortfall (G(1)b1 + G(1)b2) $ ....

(2) Captive Reinsurers for Which a Non-Zero Primary Security Shortfall is Shown on the Risk-Based Capital XXX/AXXX Reinsurance Primary Security Shortfall by Cession Exhibit

Cession ID	NAIC Company Code	ID Number	Name of Captive Reinsurer	Amount of Primary Security Shortfall
....	....	....	....	$............................
....	....	....	....	$ ....
....	....	....	....	$ ....
Total				

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Instruction:

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

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

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

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

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

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

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

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

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

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

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

- Permanent ACA Risk Adjustment Program
  - ➢ Premium adjustments receivable due to ACA Risk Adjustment
  - ➢ Risk adjustment user fees payable for ACA Risk Adjustment
  - ➢ Premium adjustments payable due to ACA Risk Adjustment
  - ➢ 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 balances.

- Permanent ACA Risk Adjustment Program
  - Premium adjustments receivable due to ACA Risk Adjustment
  - Premium adjustments payable due to ACA Risk Adjustment
- 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.

<u>Illustration:</u>

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

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

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

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

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

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

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

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

NOTE: Any reporting entity that reports accident and health insurance premium and losses on their statement that is subject to the federal Affordable Care Act risk-sharing provisions <u>MUST</u> complete the tables (24E(2) through 24E(5)) illustrated below, even if all amounts in the table are zero.

(1) Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions (YES/NO)? ____________

The company had zero balances for the risk corridors program due a lack of sufficient data to estimate the recoverable amounts.

(2) Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

		AMOUNT
a. Permanent ACA Risk Adjustment Program		
Assets		
1. Premium adjustments receivable due to ACA Risk Adjustment	$	___________
Liabilities		
2. Risk adjustment user fees payable for ACA Risk Adjustment	$	___________
3. Premium adjustments payable due to ACA Risk Adjustment	$	___________
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	$	$	$	$	$	$	$	$	A	$	$ ....
2. Premium adjustments (payable)	$	$	$	$	$	$	$	$	B	$	$ ....
3. Subtotal ACA Permanent Risk Adjustment Program	$	$	$	$	$	$	$	$		$	$ ....
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	$	$	$	$	$	$	$	$	C	$	$ ....
2. Amounts recoverable for claims unpaid (contra liability)	$	$	$	$	$	$	$	$	D	$	$ ....
3. Amounts receivable relating to uninsured plans	$	$	$	$	$	$	$	$	E	$	$ ....
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	$	$	$	$	$	$	$	$	F	$	$ ....
5. Ceded reinsurance premiums payable	$	$	$	$	$	$	$	$	G	$	$ ....
6. Liability for amounts held under uninsured plans	$	$	$	$	$	$	$	$	H	$	$ ....
7. Subtotal ACA Transitional Reinsurance Program	$	$	$	$	$	$	$	$		$	$ ....
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	$	$	$	$	$	$	$	$	I	$	$ ....
2. Reserve for rate credits or policy experience rating refunds	$	$	$	$	$	$	$	$	J	$	$ ....
3. Subtotal ACA Risk Corridors Program	$	$	$	$	$	$	$	$		$	$ ....
d. Total for ACA Risk-Sharing Provisions	$	$	$	$	$	$	$	$		$	$ ....

Explanations of Adjustments

A ....

B ....

C ....

D ....

E ....

F ....

G ....

H ....

I ....

J ....

(4) Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year

Risk Corridors Program Year	Accrued During the Prior Year on Business Written Before Dec 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before Dec 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1–3+7)	Cumulative Balance from Prior Years (Col 2–4+8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a. 2014											
1. Accrued retrospective premium	$	$	$	$	$	$	$	$	A	$	$ ....
2. Reserve for rate credits or policy experience rating refunds	$	$	$	$	$	$	$	$	B	$	$ ....
b. 2015											
1. Accrued retrospective premium	$	$	$	$	$	$	$	$	C	$	$ ....
2. Reserve for rate credits or policy experience rating refunds	$	$	$	$	$	$	$	$	D	$	$ ....
c. 2016											
1. Accrued retrospective premium	$	$	$	$	$	$	$	$	E	$	$ ....
2. Reserve for rate credits or policy experience rating refunds	$	$	$	$	$	$	$	$	F	$	$ ....
d. Total for Risk Corridors	$	$	$	$	$	$	$	$		$	$ ....

Explanations of Adjustments

A ....

B ....

C ....

D ....

E ....

F ....

24E(4)d (Columns 1 through 10) should equal 24E(3)c3 (Column 1 through 10 respectively)

(5) ACA Risk Corridors Receivable as of Reporting Date

Risk Corridors Program Year	1 Estimated Amount to be Filed or Final Amount Filed with CMS	2 Non-Accrued Amounts for Impairment or Other Reasons	3 Amounts received from CMS	4 Asset Balance (Gross of Non-admissions) (1-2-3)	5 Non-admitted Amount	6 Net Admitted Asset (4-5)
a. 2014	$	$	$	$	$	$ ....
b. 2015	$	$	$	$	$	$ ....
c. 2016	$	$	$	$	$	$
d. Total (a+b+c)	$	$	$	$	$	$

24E(5)d (Column 4) should equal 24E(3)c1 (Column 9)
24E(5)d (Column 6) should equal 24E(2)c1

25. Change in Incurred 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, 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
12/31/2017	$ 150	$ 147			
9/30/2017	130	133	$ 62		
6/30/2017	142	143	70	$ 55	
3/31/2017	157	152	65	42	$ 20
12/31/2016	125	132	[illegible]	27	20
9/30/2016	123	129	62	31	14
6/30/2016	112	120	54	20	16
3/31/2016	110	118	57	39	20
12/31/2015	68	75	34	20	10
9/30/2015	60	59	27	17	10
6/30/2015	57	60	31	15	10
3/31/2015	45	50	25	18	7

B. Risk-Sharing Receivables

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.

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
2017	2017	$ [illegible]	$ 237	$ 155	$ 77	$ 0			
	2018	XXX	$ 189	XXX	XXX	XXX	XXX		
2016	2016	$ 223	$ 225	$ 232	$ 0	$ 0	$ 140		
	2017	XXX	$ 245	XXX	XXX	XXX	XXX	XXX	XXX
2015	2015	$ 190	$ 178	$ 174	$ 0	$ 0	$ 125	$ 50	
	2016	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. Reserves for Life Contracts and Annuity Contracts

Instruction:

For life and annuity contracts' reserves, disclose the following:

(1) A description of reserve practices including waiver of deduction of deferred fractional premiums upon death of insured, return of portion of final premium for periods beyond the date of death, and amount of any surrender value promised in excess of the reserve as legally computed.

(2) The methods employed in the valuation of substandard policies.

(3) The amount of insurance, if any, for which the gross premiums are less than the net premiums according to valuation standards.

(4) The method used to determine tabular interest, tabular less actual reserves released, and tabular cost (by formula or from the basic data for such items).

(5) The method of determination of tabular interest on funds not involving life contingencies.

(6) The nature of other reserve changes.

Illustration:

(1) The Company waives deduction of deferred fractional premiums upon death of insured and returns any portion of the final premium beyond the date of death. Surrender values are not promised in excess of the legally computed reserves.

(2) Extra premiums are charged for substandard lives for policies issued prior to July 1, 20_, plus the gross premium for a rated age.

Mean reserves are determined by computing the regular mean reserve for the plan at the rated age and holding, in addition, one-half (1/2) of the extra premium charge for the year. Policies issued after July 1, 20__, for substandard lives, are charged an extra premium plus the regular premium for the true age. Mean reserves are based on appropriate multiples of standard rates of mortality.

(3) As of December 31, 20__, the Company had $__________ of insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by the State of _______________. Reserves to cover the above insurance totaled the gross amount of $__________ at year-end and are reported in Exhibit 5, Life Insurance and Annuities Sections.

(4) The Tabular Interest has been determined by formula as described in the instructions.

The Tabular Less Actual Reserve Released has been determined by formula as described in the instructions.

The Tabular Cost has been determined by formula as described in the instructions.

(5) For the determination of Tabular Interest on funds not involving life contingencies for each valuation rate of interest, the tabular interest is calculated as one hundredth of the product of such valuation rate of interest times the mean of the amount of funds subject to such valuation rate of interest held at the beginning and end of the year of valuation.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(6) The details for other changes:

			ORDINARY				GROUP	
ITEM	Total	Industrial Life	Life Ins.	Individual Annuities	Supplementary Contracts	Credit Life Group and Individual	Life Ins.	Annuities
3106999 Total								

32. Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics

Instruction:

Disclose the amount of annuity actuarial reserves and deposit-type contract funds and other liabilities without life or disability contingencies by withdrawal characteristics as follows:

For A through E below, disclose the general account and separate account with guarantees, separate account nonguaranteed amounts, as well as the total.

A. Subject to discretionary withdrawal:

(1) With market value adjustment, where withdrawal of funds is payable at all times, or prior to specified maturity dates where such dates are more than one year after the statement date and:

a. In a lump sum with adjustments to reflect general changes in interest rates or asset values since receipt of funds by the reporting entity; or

b. In installments over five years or more, with or without a reduction in the interest rate during the installment period.

(2) At book value less current surrender charge, where the withdrawal of funds is payable at all times, or at any time within one year from the statement date in a lump sum subject to a current fixed surrender charge of 5% or more and it does not contain a meaningful bail out rate as described in subparagraph A5 (d) below.

(3) At fair value, where the withdrawal of funds is payable at current fair value of the assets supporting the liabilities, the assets are stated at current fair value and the liabilities are stated at the current fair value or per unit value of the assets supporting the liabilities. These liabilities are for contracts where the customer bears the entire investment risk.

(4) Total with market value adjustment or at fair value.

(5) At book value without adjustment (minimal or no charge or adjustment) where the withdrawal of funds is either payable at all times, or at any time (including a withdrawal on a scheduled payment date) within one year from the statement date and:

a. In a lump sum without adjustment;

b. In installments over less than five years, with or without a reduction in interest rate during the installment period;

c. In a lump sum subject to a fixed surrender charge of less than 5%;

d. In a lump sum subject to surrender charge, but such charge is waived if the credited rate falls below a specified "bail out" rate and the "bail out" rate is more than the maximum statutory valuation rate for life insurance policies for more than 20 years for new issues;

e. All others.

B. Not subject to discretionary withdrawal.

C. Total (Gross: Direct + Assumed).

D. Reinsurance ceded.

E. Total (net) (C) – (D).

F. Reconcile total annuity reserves and deposit fund liabilities amount disclosed to the appropriate sections of the Aggregate Reserves for Life Policies and Contracts Exhibit and the Deposit Funds and Other Liabilities without Life or Disability Contingencies Exhibit, of the Life, Accident and Health Annual Statement and the corresponding lines in the Separate Accounts Statement.

Illustration:

Withdrawal Characteristics of Annuity Actuarial Reserves and Deposit-Type Contract Funds and Other Liabilities Without Life or Disability Contingencies

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.

	General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
A. Subject to discretionary withdrawal:					
(1) With market value adjustment	$ ______	$ ______	$ ______	$ ______	______
(2) At book value less current surrender charge of 5% or more	______	______	______	______	______
(3) At fair value	______	______	______	______	______
(4) Total with market value adjustment or at fair value (total of 1 through 3)	______	______	______	______	______
(5) At book value without adjustment (minimal or no charge or adjustment)	______	______	______	______	______
B. Not subject to discretionary withdrawal	______	______	______	______	______
C. Total (gross: direct + assumed)	______	______	______	______	______
D. Reinsurance ceded	______	______	______	______	
E. Total (net)* (C) – (D)	$ ______	$ ______	$ ______	$ ______	

* Reconciliation of total annuity actuarial reserves and deposit fund 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.

F.

		Amount
	Life & Accident & Health Annual Statement:	
(1)	Exhibit 5, Annuities Section, Total (net)	$ ______
(2)	Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net)	______
(3)	Exhibit 7, Deposit-Type Contracts, Line 14, Column 1	______
(4)	Subtotal	______
	Separate Accounts Annual Statement:	
(5)	Exhibit 3, Line 0299999, Column 2	______
(6)	Exhibit 3, Line 0399999, Column 2	______
(7)	Policyholder dividend and coupon accumulations	______
(8)	Policyholder premiums	______
(9)	Guaranteed interest contracts	______
(10)	Other contract deposit funds	______
(11)	Subtotal	______
(12)	Combined Total	$ ______

33. Premiums and Annuity Considerations Deferred and Uncollected

Instruction:

A. If the reporting entity has reported on Page 2, life insurance premiums and annuity considerations deferred and uncollected on policies in force December 31 of current year, show separately the amounts and the loading excluded for each of the following lines of business: industrial business, ordinary new business, ordinary renewal, credit life, group life, and group annuity.

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. Deferred and uncollected life insurance premiums and annuity considerations as of December 31, 20___, were as follows:

	Type	Gross	Net of Loading
(1)	Industrial	$ ________	$ ________
(2)	Ordinary new business	$ ________	$ ________
(3)	Ordinary renewal	$ ________	$ ________
(4)	Credit Life	$ ________	$ ________
(5)	Group Life	$ ________	$ ________
(6)	Group Annuity	$ ________	$ ________
(7)	Totals	$ ________	$ ________

34. Separate Accounts

Instruction:

A. Separate Account Activity

The general account financial statement shall include detailed information on the reporting entity's separate account activity. These disclosures shall include:

(1) A narrative of the general nature of the reporting entity's separate account business.

(2) Identification of the separate account assets that are legally insulated from the general account claims.

(3) Identification of the separate account products that have guarantees backed by the general account. This shall include:

- Amount of risk charges paid by the separate account to the general account for the past five years as compensation for the risk taken by the general account; and

- Amount paid by the general account due to separate account guarantees during the past five years.

(4) Discussion of securities lending transactions within the separate account, separately including the amount of loaned securities within the separate account, and if policies and procedures for the separate account differ from the general account.

B. General Nature and Characteristics of Separate Accounts Business

Describe the general nature and characteristics of the various kinds of separate accounts business conducted by the reporting entity and included in the reporting entity's Separate Accounts Statement. For purposes of this note, separate accounts may be addressed in the following groupings that are the same as those used for risk-based capital:

- Separate Accounts with Guarantees

  Indexed separate accounts that are invested to mirror an established index that is the basis of the guarantee.

  Nonindexed separate accounts, with reserve interest rate at no greater than 4% and/or fund long-term interest guarantee in excess of a year that does not exceed 4%.

  Nonindexed separate accounts, with reserve interest rate at greater than 4% and/or fund long-term interest guarantee in excess of a year that exceeds 4%.

- Nonguaranteed Separate Accounts

  Variable separate accounts, where the benefit is determined by the performance and/or fair value of the investments held in the separate account. Include variable accounts with incidental risks, nominal expense, and minimum death benefit guarantees.

For each grouping, include the following:

(1) Premiums, considerations or deposits received during the year. The total for all separate accounts should agree to the sum of Lines 1.1 and the inside amount for deposits reported, Line 2 on Page 4 of the Separate Accounts Annual Statement.

(2) Reserves by the valuation basis of the investments supporting the reserves at December 31. List reserves for separate accounts whose assets are carried at fair value separately from those whose assets are carried at amortized cost/book value. Total reserves for all separate accounts should agree to the sum of Lines 1 and 2 on Page 3 of the Separate Accounts Annual Statement.

(3) Reserves by withdrawal characteristics for the separate account:

- Subject to discretionary withdrawal, including the categories of:
  - ❖ Market value adjustment
  - ❖ Withdrawal at book value without market value adjustment and with or without surrender charge of 5% or more
  - ❖ At fair value
  - ❖ Withdrawal at book value without market value adjustment and with current surrender charge of 5% or less
- Not subject to discretionary withdrawal

(4) The withdrawal characteristic classification instructions of Note 32 shall apply with total reserves to agree with the preceding disclosure.

Disclose reserves for asset default risk in lieu of AVR.

C. Reconciliation of Net Transfers to or (From) Separate Accounts

Provide a reconciliation of the amounts reported as:

- Transfers to and from separate accounts in the Summary of Operations of the Separate Accounts statement (Page 4, Line 1.4 minus Line 10).
- The amount reported as "Net transfers to or (From) Separate Accounts" in Page 4, Line 24 of the Fraternal Annual Statement.

Illustration:

A. Separate Account Activity

(1) XYZ Company utilizes separate accounts to record and account for assets and liabilities for particular lines of business and/or transactions. For the current reporting year, XYZ reported assets and liabilities from the following product lines/transactions into a separate account:

- Variable Life Insurance Products
- Variable Annuities
- Modified Guaranteed Annuities
- Funding Agreements
- Employee Benefit Plans
- Etc.

In accordance with the domiciliary state procedures for approving items within the separate account, the separate account classification of the following items are supported by a specific state statute (cite reference):

- Product Identifier (Variable Life) – State Statute Reference

The following items are supported by direct approval by the commissioner:

- Product Identifier (Funding Agreements) – Commissioner Approval

The following items are not supported by state statute or direct approval, but are permitted for separate account reporting in accordance with the following guidance:

- Product Identifier (Employee Benefit Plans) – Cite Guidance

(Include additional information regarding the general nature of the entity's separate account business as necessary.)

(2) In accordance with the products/transactions recorded within the separate account, some assets are considered legally insulated whereas others are not legally insulated from the general account. (The legal insulation of the separate account assets prevents such assets from being generally available to satisfy claims resulting from the general account.)

As of December 31, 20___ and 20___ the Company separate account statement included legally insulated assets of $________ and $______, respectively. The assets legally insulated from the general account as of December 31, 20___ are attributed to the following products/transactions:

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.

Product/Transaction	Legally Insulated Assets	Separate Account Assets (Not Legally Insulated)
________	$ ________	$ ________
________	________	________
________	________	________
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.

(NOTE: THIS DOES NOT INCLUDE THE BEGINNING AND ENDING NARRATIVE.)

(3) In accordance with the products/transaction recorded within the separate account, some separate account liabilities are guaranteed by the general account. (In accordance with the guarantees provided, if the investment proceeds are insufficient to cover the rate of return guaranteed for the product, the policyholder proceeds will be remitted by the general account.)

To compensate the general account for the risk taken, the separate account has paid risk charges as follows for the past five (5) years:

a. 2017 $___________;
b. 2016 $___________;
c. 2015 $___________;
d. 2014 $___________;
e. 2013 $___________.

As of December 31, 20___, the general account of XYZ Company had paid $______ toward separate account guarantees. The total separate account guarantees paid by the general account for the preceding four years ending December 31, 20__, 20__, 20__, and 20___ was $_______, $________, $________, and $________, respectively.

(4) XYZ Company engages in securities lending transactions within the separate account. In accordance with such transactions conducted from the separate account, XYZ Company follows the same policies and procedures from the general account, except as follows:

- Description of deviation from general account policies/procedures

For the year ended December 31, 20___, XYZ Company loaned securities attributable to the following products/transactions in accordance with securities lending transactions:

- Variable Life Insurance Products (product identifier)
- Variable Annuities (product identifier)

Pursuant to the policies and procedures, XYZ Company is required to obtain approval and/or otherwise notify the contract holders that assets backing their investments may be loaned in securities lending transactions.

B. General Nature and Characteristics of Separate Accounts Business:

Most separate and variable accounts held by the company relate to individual variable annuities of a nonguaranteed return nature. The net investment experience of the separate account is credited directly to the policyholder and can be positive or negative. These variable annuities generally provide an incidental death benefit of the greater of account value or premium paid. In 1996 the company began offering a policy with a minimum guaranteed death benefit that is adjusted every seven years to the current account value. The assets and liabilities of these accounts are carried at market. The minimum guaranteed death benefit reserve is held in Exhibit 5, Miscellaneous Reserves Section, of the company's general account annual statement. This business has been included in Column 4 of the table below.

Certain other separate accounts relate to experience-rated group annuity contracts that fund defined contribution pension plans. These contracts provide guaranteed interest returns for one-year only, where the guaranteed interest rate is re-established each year based on the investment experience of the separate account. In no event can the interest rate be less than zero. There are guarantees of principal and interest for purposes of plan participant transactions (e.g., participant-directed withdrawals and fund transfers done at book value). The assets and liabilities of these separate accounts are carried at book value. This business has been included in Column 2 of the table below.

(Include description of the nature and characteristics of other separate account business as appropriate, and location in table below.)

Information regarding the separate accounts of the Company 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.

	Index	Nonindexed Guarantee Less than/equal to 4%	Nonindexed Guarantee More than 4%	Nonguaranteed Separate Accounts	Total
(1) Premiums, considerations or deposits for year ended 12/31/___	$ ________	$ ________	$ ________	$ ________	$ ________
Reserves at 12/31/___					
(2) For accounts with assets at:					
a. Fair value	$ ________	$ ________	$ ________	$ ________	$ ________
b. Amortized cost	$ ________	$ ________	$ ________	$ ________	$ ________
c. Total Reserves*	$ ________	$ ________	$ ________	$ ________	$ ________
(3) By withdrawal characteristics:					
a. Subject to discretionary withdrawal:					
1. With market value adjustment	$ ________	$ ________	$ ________	$ ________	$ ________
2. At book value without market value adjustment and with current surrender charge of 5% or more	$ ________	$ ________	$ ________	$ ________	$ ________
3. At fair value	$ ________	$ ________	$ ________	$ ________	$ ________
4. At book value without market value adjustment and with current surrender charge less than 5%	$ ________	$ ________	$ ________	$ ________	$ ________
5. Subtotal	$ ________	$ ________	$ ________	$ ________	$ ________
b. Not subject to discretionary withdrawal	$ ________	$ ________	$ ________	$ ________	$ ________
c. Total	$ ________	$ ________	$ ________	$ ________	$ ________

* Line 2(c) should equal Line 3(c).

(4) Reserves for Asset Default Risk in Lieu of AVR	$ ________	$ ________	$ ________	$ ________	$ ________

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. Reconciliation of Net Transfers To or (From) Separate Accounts

(1) Transfers as reported in the Summary of Operations of the Separate Accounts Statement:

a.	Transfers to Separate Accounts (Page 4, Line 1.4)	$__________
b.	Transfers from Separate Accounts (Page 4, Line 10)	$__________
c.	Net transfers to or (From) Separate Accounts (a) – (b)	$__________

(2) Reconciling Adjustments:

a.	________________	$_______________
b.	________________	$_______________
c.	________________	$_______________

(3) Transfers as Reported in the Summary of Operations of the Fraternal Annual Statement
(1c) + (2) = (Page 4, Line 24) $ __________

35. Loss/Claim Adjustment Expenses

Instruction:

The financial statement shall include the following disclosures for each year full financial statements are presented. Life and annuity contracts are not subject to this disclosure requirement:

- The balance in the liabilities for unpaid loss/claim adjustment expense reserves at the beginning and end of each year presented;
- Incurred loss/claim adjustment expenses with separate disclosures of the provision for insured or covered events of the current year and increases or decreases in the provision for insured or covered events of prior years;
- Payments of loss/claim adjustment expenses with separate disclosure of payment of loss/claim adjustment expenses attributable to insured or covered events of the current year and insured or covered events of prior years;
- Estimates of anticipated salvage and subrogation (including amounts recoverable from second injury funds, other governmental agencies, or quasi-governmental agencies, where applicable), deducted from the liability for unpaid claims or losses.

Illustration:

The balance in the liability for unpaid accident and health claim adjustment expenses as of __________ and __________ was $__________ and $___________, respectively.

The Company incurred $_________ and paid $__________ of claim adjustment expenses in the current year, of which $__________ of the paid amount was attributable to insured or covered events of prior years. The Company did not increase or decrease the provision for insured events of prior years.

The Company took into account estimated anticipated salvage and subrogation in its determination of the liability for unpaid claims/losses and reduced such liability by $________.

Gen. Interrogatories &
Five-Year Historical

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

1.2 N/A is an acceptable response only if Interrogatory 1.1 was answered NO.

3.1 The date of the financial examination that should be reported is for a financial examination conducted by a state regulatory authority. (It is not a CPA annual audit.) The financial examination is considered "being made" for a given calendar year as soon as a formal notice is received from the domiciliary state that it intends to conduct the examination.

4.2 A sales/service organization for purposes of this question is one that provides the company with a sales/distribution network and/or a customer relations/service capability that is independent of the company and its employees.

7.1 For purposes of this interrogatory, control is defined to include ownership as well as control via management or attorney-in-fact.

7.2 Report this amount as a percentage (e.g., 10.0%, not .10) of ownership.

8.4 Enter "YES" or "NO" in Columns 3 through 6.

10.5 Indicate whether the reporting entity has established an audit committee in compliance with the Annual Financial Reporting Model Regulation (formerly known as Model Audit Rule) or similar state statute adopted by the domiciliary state.

14\. The response to this interrogatory applies to the reporting entity's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

14.31 Include the nature of any waiver, including any implicit waiver, from a provision of the code of ethics granted by the reporting entity, an affiliate that provides management services to the entity, or the entity's ultimate parent to one of 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.

<u>Name of Firm or Individual:</u>

Should be name of firm or individual that is party to the Investment Management Agreement

<u>Affiliation:</u>

Note if firm or individual is affiliated, unaffiliated or an employee by using the following codes:

A Investment management is handled by firms/individuals affiliated with the reporting entity.

U Investment management is handled by firms/individuals unaffiliated with the reporting entity.

I Investment management is handled internally by individuals that are employees of the reporting entity.

28.0597 If the total assets under management of any the firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 28.05 are greater than 10% of the reporting entity's assets, answer "YES" to Question 28.0597.

28.0598 If the total assets under management of all the firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 28.05 are greater than 50% of the reporting entity's assets, answer "YES" to Question 28.0598. When determining the aggregate total of assets under management, include all firms/individuals unaffiliated with the reporting entity not just those who manage more than 10% of the reporting entity's assets.

28.06 For assets managed by an affiliated or unaffiliated firm or individual, provide for each firm or individual the Central Registration Depository Number, Legal Entity Identifier (LEI), who they are registered with and if an Investment Management Agreement has been filed for each firm or individual.

Name of Firm or Individual:

Should be name of firm or individual provided for 28.05

Central Registration Depository Number

The Central Registration Depository (CRD) number is a number issued by the Financial Industry Regulatory Authority (FINRA) to brokers, dealers or individuals when licensed, and can be verified against their database *www.finra.org*. These brokers, dealers or individuals would be those contracted to manage some of the reporting entity's investments or funds and invest them for the reporting entity. The brokers, dealers or individuals can be affiliated or unaffiliated with the reporting entity. The reporting entity must list all brokers, dealers or individuals who have the authority to make investments on behalf of the reporting entity.

Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Registered With:

If a Registered Investment Advisor, specify if registered with Securities Exchange Commission or state securities authority. Note if not a Registered Investment Advisor.

Investment Management Agreement (IMA) Filed:

Indicate if a current Investment Management Agreement (IMA) has been filed with the state of domicile or the insurance department in another state(s). Use one of the codes below to indicate if the IMA has been filed and with whom it was filed.

DS If the current IMA has been filed with the state of domicile regardless if it was also filed with another state

OS If the current IMA has been filed with a state(s) other than the state of domicile but not the state of domicile

NO If the current IMA has not been filed with any state

29. This interrogatory is applicable to Property/Casualty and Health entities only.

29.2 The diversified mutual funds (diversified according to the U.S. Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)]) that are excluded from the Asset Concentration Factor section of the risk-based capital filing are to be disclosed in this interrogatory.

29.3 "Significant Holding" means the top five largest holdings of the mutual fund. For each diversified mutual fund disclosed in Interrogatory 29.2, the top largest holdings of the mutual fund must be disclosed in this interrogatory.

The "Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding" should be based upon the fund's latest available valuation as of year-end (e.g., fiscal year-end or latest periodic valuation available prior to year-end).

The "Date of Valuation" should be the date of the valuation amount provided in the Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding column.

30. Include bonds reported as cash equivalents in Schedule E, Part 2.

32. This interrogatory applies to any investment required to be filed with the SVO (or that would have been required if not exempted in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*), whether in the general account or separate accounts.

The existence of Z securities does not mean that a reporting entity is not complying with the procedures. As long as the entity has filed its Z securities with the SVO within 120 days of purchase, compliance with the procedures has been met. If an entity wishes to provide the counts of Z securities, include those counts in the explanation lines. An explanation is only expected if the answer to the compliance question is NO.

OTHER

34. The purpose of this General Interrogatory is to capture information about payments to any trade association, service organization, and statistical or rating bureau. A service organization is defined as every person, partnership, association or corporation that formulates rules, establishes standards, or assists in the making of rates or standards for the information or benefit of insurers or rating organizations.

35. The purpose of this General Interrogatory is to capture information about legal expenses paid during the year. These expenses include all fees or retainers for legal services or expenses, including those in connection with matters before administrative or legislative bodies. It excludes salaries and expenses of company personnel, legal expenses in connection with investigation, litigation and settlement of policy claims, and legal fees associated with real estate transactions, including mortgage loans on real estate. Do not include amounts reported in General Interrogatories No. 34 and No. 36.

36. The purpose of this General Interrogatory is to capture information about expenditures in connection with matters before legislative bodies, officers or departments of government paid during the year. These expenses are related to general legislative lobbying and direct lobbying of pending and proposed statutes or regulations before legislative bodies and/or officers or departments of government. Do not include amounts reported in General Interrogatories No. 34 and No. 35.

PART 2 – FRATERNAL 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.

2.3 The total amount of surplus funds of the company, covered by assets in the company's separate accounts statement, is the sum of the amount accrued for expense allowances recognized in separate accounts reserves that is disclosed parenthetically as a negative amount in the caption for Page 3, Line 12 - Transfers to Separate Accounts due or accrued (net) (including $ __________ accrued for expense allowances recognized in reserves, net if reinsured expense allowances), adjusted to exclude any reinsurance assumed expense allowances, plus the amount of surplus in the Separate Accounts statement that is disclosed parenthetically in the caption for Page 3, Line 30 - Total [Surplus] (including $ __________ in Separate Accounts statement). Exclude any amounts accrued for expense allowances applicable to reinsurance assumed covered by assets in ceding companies' Separate Accounts statements. Such amounts are covered in Interrogatory 2.7.

In the response to this interrogatory, include only that portion of the above-described amount that the company is currently prohibited from distributing to the general account from the separate accounts. Include all surplus funds that the company is required by law, regulation or regulatory directive to maintain in its separate accounts.

Exclude any amounts that are currently distributable at the discretion of the company, including seed monies currently maintained in the Separate Accounts statement to support the development or growth of separate accounts business.

2.4 Cite applicable insurance statutes for the establishment of separate accounts.

2.7 Report the total amount accrued for reinsurance assumed expense allowances applicable to separate accounts' reserves held in ceding company Separate Accounts statements. Any such amount is included as a negative amount in both the total and parenthetical amounts reported for Page 3, Line 12, "Transfers to Separate Accounts Due or Accrued (Net) (including $__________ accrued for expense allowances recognized in reserves, net of reinsured allowances).

21.2 N/A is an acceptable response only if Interrogatory 21.1 was answered NO.

22.2 N/A is an acceptable response only if Interrogatory 22.1 was answered NO.

24.1 Disclose the amount of reserves carried by the reporting entity because it has sold annuities with a claimant as payee and to the extent to which the reporting entity is liable for such amounts. Include only annuities for which the property and casualty insurer obtained a release of liability from the claimant as a result of the purchase of an annuity from the reporting entity.

24.2 Disclose the name and location of the insurance company (i.e., legal entity and not group) that purchased the annuities during the current year and the aggregate statement value of annuities purchased, to the extent that the aggregate value of those annuities equals or exceeds $250,000. Include only annuities for which the property and casualty insurer obtained a release of liability from the claimant as a result of the purchase of an annuity from the reporting entity.

26.2 If there are multiple liens, they should be listed individually.

27.2 If the response to 27.1 is "YES," provide for the captive affiliate the company name, NAIC company code, domiciliary jurisdiction, reserve credit amount and the amounts supporting the reserve credit (letters of credit, trust agreements and other).

Reserve Credit: Report the amount by which the aggregate reserve for life contracts (Exhibit 5), deposit-type contracts (Exhibit 7) and accident and health contracts (Exhibit 6) has been reduced on account of reinsurance with authorized companies. The amounts by company should be the same as those shown for life reinsurance ceded in Schedule S, Part 3, Section 1, Columns 9 and 14 and for accident and health reinsurance ceded in Schedule S, Part 3, Section 2, Columns 9, 10 and 13.

28. Ordinary Life Insurance (U.S. business only) for the current year for Lines 28.1, 28.2 and 28.3 (prior to reinsurance assumed or ceded)

U.S. business includes U.S. States, Territories and Possessions (composed of the 50 states, the District of Columbia, American Samoa, Guam, Northern Mariana Islands, Puerto Rico and the U.S. Virgin Islands). The method for determining which jurisdiction a contract or certificate is reported in should be the same method used for reporting on Schedule T.

Include:

Term (whether full underwriting, limited underwriting, jet issue, "short form app")

Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")

Variable Life (with or without Secondary Guarantee)

Universal Life (with or without Secondary Guarantee)

Variable Universal Life (with or without Secondary Guarantee)

Exclude:

Credit Life

Simplified Issue/Guaranteed Issue (if it can be separated)

Worksite

Individually Solicited Group Life

Direct Response

Final Expense

Pre-need

Home Service

COLI/BOLI/CHOLI.

Refer to the *NAIC Valuation Manual* for additional guidance on what policies should be included.

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, reserves, 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).

Report all amounts of insurance in thousands of dollars.

The derivation of each line on Five-Year Historical Data is indicated in the annual statement blank except that Lines 35 and 36 should be based upon the book/adjusted carrying value of the asset, which is consistent with the other affiliated investments.

Items from prior years should be included only if they are available from prior years' statements.

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.

<u>Life Insurance in Force</u> (Exhibit of Life Insurance)

Line 1 – Total

All years .... Line 21, Column 2

<u>New Business Issued</u> (Exhibit of Life Insurance)

Line 2 – Total

All years .... Line 2, Column 2

<u>Premium Income</u> (Exhibit 1, Part 1)

Line 3 – Life Insurance – first year

All years .... Line 9.4, Column 2

Line 4 – Life Insurance – single and renewal

All years .... Lines 10.4 and 19.4, Column 2

Line 5 – Annuity

All years .... Line 20.4, Column 3

Line 6 – Accident and Health

All years .... Line 20.4, Column 4

Line 7 – Aggregate of All Other Lines of Business

All years .... Line 20.4, Column 5

Line 8 – Total

All years .... Line 20.4, Column 1

<u>Balance Sheet</u> (Pages 2 and 3)

Line 9 – Total Admitted Assets Excluding Separate Accounts Business

All years .... Page 2, Line 26, Column 3

Line 10 – Total Liabilities Excluding Separate Accounts Business

All years .... Page 3, Line 23

Line 11 – Aggregate Reserve for Life Certificates and Contracts

All years .... Page 3, Line 1

Line 12 – Aggregate Reserve for Accident and Health Certificates

All years .... Page 3, Line 2

Line 13 – Deposit-type Contract Funds

All years .... Page 3, Line 3

Line 14 – Asset Valuation Reserve

All years .... Page 3, Line 21.1

Line 15 – Surplus

All years .... Page 3, Line 30

<u>Cash Flow (Page 5)</u>

Line 16 – Net cash from operations

All years .... Line 11

<u>Risk-Based Capital Analysis</u>

Line 17 – Total Adjusted Capital

This amount must agree with the amount identified as the Total Adjusted Capital in the NAIC Risk-Based Capital Report.

Line 18 – 50% of the Calculated Risk Based Capital

This amount must agree with the amount identified as 50% of the calculated Risk Based Capital in the NAIC Risk-Based Capital Report.

Beginning with the 1998 annual statement year, Lines 17 and 18 are to be reported by all companies. This information is required unless exempt by the Commissioner.

Percentage Distribution of Cash, Cash Equivalents and Invested Assets

All years .... (Page 2, Column 3), (Item No. divided by Page 2, Line 12, Column 3) x 100.0

Line 19 – Bonds

All years .... Line 1

Line 20 – Stocks

All years .... Line 2.1 and 2.2

Line 21 – Mortgage Loans on Real Estate

All years .... Lines 3.1 and 3.2

Line 22 – Real Estate

All years .... Lines 4.1, 4.2 and 4.3

Line 23 – Cash, Cash Equivalents and Short-term Investments

All years .... Line 5

Lines 24 – Contract Loans

All years .... Line 6

Line 25 – Derivatives

All years .... Line 7

Line 26 – Other Invested Assets

All years .... Line 8

Line 27 – Receivable for Securities

All years .... Line 9

Line 28 – Securities Lending Reinvested Collateral Assets

All years .... Page 2, Line 10

Line 29 – Aggregate Write-ins for Invested Assets

All years .... Line 11

Line 30 – Subtotal Cash, Cash Equivalents and Invested Assets

All years .... Line 12

Investments in Subsidiaries and Affiliates

Line 31 – Affiliated Bonds

All years .... Schedule D Summary, Line 12, Column 1

Line 32 – Affiliated Preferred Stock

All years .... Schedule D Summary, Line 18, Column 1

Line 33 – Affiliated Common Stock

All years .... Schedule D Summary, Line 24, Column 1

Line 34 – Affiliated Short-term Investments

All years .... Subtotal included in Schedule DA, Verification Between Years, Column 5, Line 10

Line 38 – Total Investment in Parent

Report the amount of investments reported in Lines 31 to 36 above that are in an immediate or indirect parent.

Total Nonadmitted Assets and Admitted Assets

Line 39 – Total Nonadmitted Assets

All years .... Page 2, Line 28, Column 2

Line 40 – Total Admitted Assets

All years .... Page 2, Line 28, Column 3

Investment Data

Line 41 – Net Investment Income

All years .... Exhibit of Net Investment Income, Line 17

Line 42 – Realized Capital Gains (Losses)

All years .... Summary of Operations, Line 30, Column 1

Line 43 – Unrealized Capital Gains (Losses)

All years .... Summary of Operations, Line 34, Column 1

Benefits and Reserve Increases (Page 6)

Line 45 – Total Certificate Benefits – Life

All years .... Lines 10, 11, 12, 13 and 14, Column 7 less Line 13, Column 5

Line 46 – Total Certificate Benefits – Accident and Health

All years .... Line 13, Column 5

Line 47 – Increase in Life Reserves

All years .... Line 17, Column 2

Line 48 – Increase in Accident and Health Reserves

All years .... Line 17, Column 5

Line 49 – Refunds to Members

All years .... Line 28, Column 1

Operating Percentages

Line 50 – Insurance Expense Percent

All years .... (Page 6, Column 1, Lines 19, 20 and 21 less Line 6, Column 1) divided by (Page 6, Column 1, Line 1) x 100.0

Line 51 – Lapse Percent

All years .... (Exhibit of Life Insurance, Column 2, Lines 14 & 15) divided ½ (Exhibit of Life Insurance, Column 2, Lines 1 & 21) x 100.0

Line 52 – Accident and Health Loss Percent

All years .... Schedule H, Part 1, Lines 5 and 6, Column 2

Line 53 – A&H Cost Containment Percent

All years .... Schedule H, Part 1, Line 4, Column 2

Line 54 – Accident and Health Expense Percent Excluding Cost Containment Expenses

All years .... Schedule H, Part 1, Line 10, Column 2

Accident and Health Reserve Adequacy

Line 55 – Incurred Losses on Prior Years' Claims

All years .... Schedule H, Part 3, Line 3.1, Column 1

Line 56 – Prior Years' Liability and Reserve

All years .... Schedule H, Part 3, Line 3.2, Column 1

Net Gains from Operations After Refunds to Members by Lines of Business

Line 57 – Life Insurance

All years .... Page 6, Line 29, Column 2

Line 58 – Annuity

All years .... Page 6, Line 29, Column 3

Line 59 – Supplementary Contracts

All years .... Page 6, Line 29, Column 4

Line 60 – Accident and Health

All years .... Page 6, Line 29, Column 5

Line 61 – Aggregate of All Other Lines of Business

All years .... Page 6, Line 29, Column 6

Line 62 – Fraternal

All years .... Page 6, Line 29, Column 8

Line 63 – Expense

All years .... Page 6, Line 29, Column 9

Line 64 – Total

All years .... Page 6, Line 29, Column 1

This page intentionally left blank.

STATE PAGE

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 or direct losses incurred. To other states in which the company is licensed it should submit only a schedule for that state.

Direct premiums earned by state 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.

The company's participation in the FEGLI and SGLI policies is shown in this policy exhibit as direct business.

Line 2 – Annuity Considerations

Should equal Schedule T, Column 3 by State.

Line 3 – Deposit-type Contracts Funds

Report all deposits and other amounts received for contracts without any mortality and morbidity risk and not reported on Line 1, Line 2 or Line 4. The amounts reported should be consistent with those reported on Schedule T, Column 7.

Line 4 – Other Considerations

Include: Unallocated annuity considerations and other unallocated deposits that incorporate any mortality or morbidity risk and are not reported on Line 1, Line 2 or Line 3. The amounts reported should be consistent with those reported on Schedule T, Column 5. See the instructions to the Life, Health & Annuity Guaranty Association Model Act Assessment Base Reconciliation Exhibit and Adjustments to the Life, Health & Annuity Guaranty Association Model Act Assessment Base Reconciliation Exhibit for allocated and unallocated annuities. Report allocated annuities in Line 2.

Line 6.5 – Direct Refunds to Members Life Insurance Total and
Line 7.4 – Direct Refunds to Members Annuities Total

Report refunds paid or left on deposit, refunds applied to pay premiums or considerations, or applied to provide paid-up additions or annuities. Also report refunds used to shorten the endowment or premium paying period.

Line 13 – Aggregate Write-ins for Miscellaneous Direct Claims and Benefits Paid

Enter total of write-ins listed in schedule "Details of Write-ins Aggregated at Line 13 for Miscellaneous Direct Claims and Benefits Paid."

Lines 24 to 26 – Accident and Health Insurance

Amounts in Column 1 are to exclude reinsurance accepted and are to be included without the deduction for reinsurance ceded.

Report health premiums collected during the year.

For Line 25, the development of data into various health certificate categories should be done by inventory of the certificate records.

Line 25.5 – Medicare Title XVIII Exempt from State Taxes or Fees

Report Medicare Title XVIII premiums that are exempted from state taxes or other fees by Section 1854(g) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. This includes but is not limited to premiums written under a Medicare Advantage product, a Medicare PPO product, or a stand-alone Medicare part D product.

Details of Write-ins Aggregated at Line 13 for Miscellaneous Direct Claims and Benefits Paid

List separately each category of direct claims and benefits paid for which there is no pre-printed line on the state page.

EXHIBIT OF LIFE INSURANCE

Additional accidental death benefits provided in life certificates must not be included in this exhibit. This exhibit should be a correct statement of the business of the year as it stood at close of business December 31.

NOTE: Installment certificates and others involving supplementary contracts should be entered and deducted in this exhibit for the commuted value of installments only.

Line 2 – Issued During Year

Include: Permanent insurance issued as conversions of individual or family term insurance.

Exclude: New refund additions issued (reported on Line 7).

Line 3 – Reinsurance Assumed

Include: Reinsurance of the entire business of a company, including modified coinsurance, or of its business in a state or section of the country but is not to include reinsurance of individual risks. In the case of a society which has accepted such reinsurance, include the business assumed in Line 3, and in the case of a society that has ceded its business, include the business so ceded in Line 22.

Line 4 – Revived During Year

Report reinstatements of policies lapsed prior to the statement year.

Exclude: Reinstatement data for policies lapsed in the statement year (this information is part of net lapse data reported on Line 15).

Line 5 – Increased During Year (Net) and
Line 17 – Decreased (Net)

Enter as a positive figure in either Line 5 or Line 17, the net of increases and decreases for number of certificates and amount of insurance. This data is treated independently and it is possible for one or more of these figures to increase while the others decrease. The net figures for number of certificates and for amount of insurance may not necessarily be on the same line.

Line 7 – Additions by Refunds During Year

Report additions to life insurance in force as the result of application of refunds on participating policies to purchase paid-up additional insurance.

Line 8 – Aggregate Write-ins for Increases

Enter the total of the write-ins listed in schedule "Details of Write-ins Aggregated at Line 8 for Increases."

Line 10 – Death and
Line 11 – Maturity

These lines are self-explanatory. Amounts reported must be those that had been previously reported as being in force.

Line 12 – Disability

Report the full in force amounts as canceled for those certificates where approval and payment of disability benefits result in the automatic termination of the policy itself and any life insurance it was to provide.

Exclude: Disability benefits of any nature unless the certificate provision stipulates a reduction of the face amount of insurance on account of disability.

Line 13 – Expiry

Report those cancellations from in force where coverage was provided by term insurance (term certificates, extended insurance term riders) where the term has expired and the policy or rider is of no further value.

Line 14 – Surrender

Report the cancellation from in force of the face amounts (or adjusted amounts of insurance) for certificates which were surrendered by the owners for their cash value, or where a certificate loan indebtedness (loan principal plus accrued interest) reached or exceeded the reserve value causing termination of insurance coverage.

Line 15 – Lapse

Report cancellation from in force of insurance without nonforfeiture provisions as the result of nonpayment of premiums prior to the normal expiration date of such insurance coverage.

Line 16 – Conversion

Report only individual and family term insurance converted to permanent insurance.

Line 19 – Aggregate Write-ins for Decreases

Enter the total of the write-ins listed in schedule "Details of Write-ins Aggregated on Line 19 for Decreases."

Line 22 – Reinsurance Ceded, End of Year

Report all reinsurance ceded including modified coinsurance.

Details of Write-ins Aggregated on Line 8.

List separately each increase for which there is no pre-printed line on this exhibit.

Details of Write-ins Aggregated on Line 19.

List separately each decrease for which there is no pre-printed line on this exhibit.

IMR (Interest Maintenance Reserve)

INTEREST MAINTENANCE RESERVE

This exhibit is designed to capture the realized capital gains/(losses) that result from changes in the overall level of interest rates and amortize them into income over the approximate remaining life of the investment sold.

These instructions cover the Interest Maintenance Reserve (IMR) for both the General Account Statement and the Separate Accounts Statement. If an IMR is required for investments in the Separate Accounts Statement, it follows all rules applicable to the general account IMR and it is kept separate from the General Accounts IMR and accounted for in the Separate Accounts Statement. The criteria for determining when an IMR is required for separate accounts are described in the Separate Accounts IMR Worksheet Instructions.

Line 1 – Reserve as of December 31, Prior Year

Enter the amount from Line 6 of the prior year's schedule.

If the prior year's balance entered in Line 1 is negative, refer to the instructions for Line 6 to assure proper recording of the change in any nonadmitted or disallowed portion.

Line 2 – Current Year's Realized Pre-tax Capital Gains/(Losses) of $_________ Transferred into the Reserve Net of Taxes of $___________

Include interest-rate related realized capital gains/(losses), net of capital gains tax thereon. All realized capital gains/(losses) transferred to the IMR are net of capital gains taxes thereon. Exclude credit related (default) realized capital gains/(losses), realized capital gains/(losses) on equity investments, and unrealized capital gains/(losses).

All realized capital gains/(losses), due to interest rate changes on fixed income investments, net of related capital gains tax, should be captured in the IMR and amortized according to Table 1 or the seriatim method. Realized capital gains/(losses) must be classified, as either interest (IMR) of credit (AVR) related, not a combination except as specified in *SSAP No. 43R—Loan-Backed and Structured Securities*. Purchase lots with the same CUSIP are treated as individual assets for IMR and AVR purposes.

Exclude those capital gains and losses that, in accordance with contract terms have been used to directly increase or decrease contract benefit payments or reserves during the reporting period. The purpose of this exclusion is to avoid the duplicate utilization of such gains and losses.

Capital gains tax should be determined using the method developed by the company to allocate taxes used for statutory financial reporting purposes. By capturing the realized capital gains/(losses) net of tax, the capital gains tax associated with those capital gains/(losses) due to an interest rate change is charged or credited to the IMR and amortized in proportion to the before-tax amortization.

Include realized capital gains/(losses) on:

Debt securities (excluding loan-backed and structured securities) and preferred stocks whose National Association of Insurance Commissioners (NAIC)/Securities Valuation Office (SVO) designation at the end of the holding period is **NOT** different from its NAIC designation at the beginning of the holding period by more than one NAIC designation. Exclude any such gains/(losses) exempt from the IMR.

Bond Mutual Funds – as Identified by the SVO. Include any capital gains/(losses) realized by the Company, whether from sale of the Fund or capital gains distributions by the Fund. If, during the course of the year, the SVO removes the designation of "NAIC 1" from a Bond Mutual Fund – as Identified by the SVO, the company shall not report capital gains/(losses) in this schedule. Any such removal of the "NAIC 1" designation will cause the Fund to be reported as common stock on the applicable schedules.

SVO Identified Funds designated for systematic value

Called bonds, tendered bonds, and sinking fund payments.

Mortgage loans where:

- Interest is **NOT** more than 90 days past due, or
- The loan is **NOT** in process of foreclosure, or
- The loan is **NOT** in course of voluntary conveyance, or
- The terms of the loan have **NOT** been restructured during the prior two years.

Mortgage loan prepayment penalties are not included in IMR. Treat them as regular investment income.

Interest-related gains/(losses) realized on directly held capital and surplus notes reported on Schedule BA should be transferred to the IMR in the same manner as similar gains/(losses) on fixed income assets held on Schedule D. A capital gain/(loss) on such a note is classified as an interest rate gain if the note is eligible for amortized-value accounting at both the time of acquisition and the time of disposition.

Determination of IMR gain/(loss) on multiple lots of the same securities should follow the underlying accounting treatment in determining the gain or loss. Thus, the designation, on a purchase lot basis, should be compared to the designation at the end of the holding period to determine IMR or AVR gain or loss.

Realized capital gains/(losses) on any debt security (excluding loan-backed and structured securities) that has had an NAIC/SVO designation of "6" at any time during the holding period should be excluded from the IMR and included as a credit related gain/(loss) in the Asset Valuation Reserve (AVR).

Realized capital gains/(losses) on any preferred stock that had an NAIC/SVO designation of RP4, RP5 or RP6 or P4, P5 or P6 at any time during the holding period should be reported as credit related gains/(losses) in the AVR.

The holding period for debt securities (excluding loan-backed and structured securities) and preferred stock is defined as the period from the date of purchase to the date of sale. For the end of period classification, the most recent available designation should be used. For bonds acquired before January 1, 1991, the holding period is presumed to have begun on December 31, 1990. For preferred stocks acquired before January 1, 1993, the holding period is presumed to have begun on December 31, 1992. For Bond Mutual Fund – as Identified by the SVO, the holding period is defined as one calendar year to expected maturity. For SVO Identified Funds designated for systematic value, the holding period is the weighted-average life of the underlying bonds.

Where the gain on a convertible bond or preferred stock sold while "in the money" is included in the IMR, the expected maturity date is defined as the next conversion date. "In the money" is defined to mean that the number of shares available currently or at next conversion date, multiplied by their current market price, is greater than the book/adjusted carrying value of the convertible asset. However, for a convertible bond or convertible preferred stock purchased while its conversion value exceeds its par value, any gain or loss realized from its sale before conversion must be excluded from the IMR and included in the AVR. Conversion value is defined to mean the number of shares available currently or at next conversion date, multiplied by the stock's current market price.

Other-than-temporary impairments taken on "interest-related" declines in value that are only required to be impaired in accordance with INT 06-07: Definition of Phrase "Other-Than-Temporary" because management no longer has the intent and ability to retain the investment in the issuer for a period of time sufficient to allow for recovery in value. Credit-related other-than-temporary impairment losses shall be recorded through the Asset Valuation Reserve.

In accordance with *SSAP No. 43R—Loan-Backed and Structured Securities* for loan-backed and structured securities only, if the reporting entity wrote the loan-backed or structured security down to fair value due to the intent to sell or does not have the intent and ability to retain the investment in the security for a period of time sufficient to recover the amortized cost basis, the non-interest-related portion of the other-than-temporary impairment losses shall be recorded through the AVR; the interest-related other-than-temporary impairment losses shall be recorded through the IMR.

For derivative instruments used in hedging transactions, the determination of whether the capital gains/(losses) are allocable to the IMR or the AVR is based on how the underlying asset is treated. Realized gains/(losses) on portfolio or general hedging instruments should be included with the hedged asset. Gains/(losses) on hedges used, as specific hedges should be included only if the specific hedged asset is sold or disposed of.

For income generation derivative transactions, the determination of whether the capital gains/(losses) are allocable to the IMR or the AVR is based on how the underlying interest (for a put) or covering asset (for a call, cap or floor) is treated. Realized gains/(losses) should be included in the same sub-component where the realized gains/(losses) of the underlying interest (for a put) or covering asset (for a call, cap or floor) is reported. For a more complete and detailed explanation, refer to *SSAP No. 86—Derivatives* for accounting guidance.

Realized gains/(losses) on derivative transactions entered into solely for the purpose of altering the interest rate characteristics of the company's assets and/or liabilities (hedging transactions) should be allocated to the IMR and amortized over the life of the hedged assets. Realized gains/(losses) on income generation derivative transactions where the underlying interest (put) or covering asset (call, cap or floor) is subject to IMR, should be allocated to the IMR and amortized over the remaining life of the:

a. Underlying interest for a put
b. Covering asset for a call
c. Derivative contract for a cap or floor

Capital gains/(losses) associated with the cash components of a replication (synthetic asset) transaction should be categorized as interest-rate related or credit related and as to sub-component within the Asset Valuation Reserve as they would be in the absence of the replication (synthetic asset) transaction.

Capital gains/(losses), other than those arising at the time of counterparty default, on the derivative component of a replication (synthetic asset) transaction that is not a swap of prospectively-determined interest rates should be categorized as interest-rate related or credit related and as to sub-component within the Asset Valuation Reserve as if they were gains/(losses) on the replicated (synthetic) asset(s).

Capital gains/(losses) arising from counterparty default or the curing of a previous counterparty default should be separately identified and credited or charged to the bond and preferred stock component of the Asset Valuation Reserve.

Interest-rate related gains/(losses) associated with the cash component of a replication (synthetic asset) transaction should be amortized in the same manner as they would be in the absence of the replication (synthetic asset) transaction.

Interest-rate related gains/(losses) associated with the derivative component of a replication (synthetic asset) transaction that is not a swap of prospectively determined interest rates should be amortized as if they arose from the replicated asset.

Realized capital gains/(losses) arising from a swap of prospectively-determined interest rates constituting a component of a replication (synthetic asset) transaction should be credited or charged to the Interest Maintenance Reserve using the maturity bucket corresponding to the side of the transaction with the longest interest rate guarantee period.

Gains/(losses) on dollar repurchase agreements that are traded for the fee have no IMR (or AVR) impact because they are treated as financing.

The total dollar value of these IMR realized capital gains/(losses), net of capital gains tax, will be excluded from the realized gains/(losses) reported on Page 4, Line 30 in the general account.

In the Separate Accounts Statement, the total dollar value of these IMR realized capital gains/(losses), net of capital gains tax, will be excluded from the realized gains/(losses) reported on Page 4, Line 3.

By capturing the realized capital gains/(losses) net of tax, the capital gains tax associated with those capital gains/(losses) due to an interest rate change is charged or credited to the IMR and amortized in proportion to the before-tax amortization.

Line 3 – Adjustment for Current Year's Liability Gains/(Losses) Released from the Reserve

Reinsurance Ceded

"Ceding Company" means an insurer who has sold, transferred or reinsured a block of its in force liabilities under an agreement that qualifies for reinsurance accounting as described in *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance*.

The interest-related gain or loss (net of taxes) associated with the sale, transfer or reinsurance of a block of liabilities must be credited or charged to the ceding company's IMR and then amortized into income provided:

1. The portion of the block reinsured represents more than 1% of the ceding company's General Account Liabilities, Page 3, Line 23;

   and

2. The transaction was completed in the current year.

A company may elect to use a lower materiality threshold than the 1% specified in Item 1. Once a threshold is established, it can only be changed with the prior approval of the Insurance Department of the state of domicile.

The amount of the gain/(loss) that is interest-related and its IMR amortization should be determined using the following three step procedure for the portion of the block sold, transferred or reinsured.

1. Identify the IMR balance and future amortization arising from the past and present dispositions of the assets associated with the block of liabilities.

2. Identify the IMR balance and future amortization that would result if the remaining assets associated with the block of liabilities were to be sold.

3. Define the interest-related gain or loss (net of taxes) to be the negative of the sum of the IMR balances determined in steps 1 and 2. The future amortization of the gain or loss is the negative of the sum of the amortization determined in steps 1 and 2.

The associated assets are the assets allocable to the reinsured block of business for the purposes of investment income allocation. If the ceding company has not been tracking the investment income of the block, it should retrospectively identify the assets using procedures consistent with its usual investment income allocation procedures. The associated assets are not necessarily the same as the assets transferred as part of the transaction.

In certain circumstances, (e.g., non-economic transactions between affiliated insurers) assets are required to be transferred at book rather than market. In this case, Step 1 above for past and present realized gains/(losses) applies but Step 2 above for unrealized gains/(losses) is zero.

In certain circumstances, e.g., modified coinsurance and coinsurance with funds withheld, assets reside with the ceding company and the following requirements apply:

a. At treaty inception – If at treaty inception the assets residing with the ceding company cover IMR for the business reinsured and the investment income passed through each accounting period to the reinsurer is net of amortization of this IMR, no IMR liability adjustment shall be made. Otherwise, an IMR liability adjustment must be made (subject to the ceding company's reinsurance materiality threshold). In this case, step 1 above for past and present realized gains/(losses) applies but step 2 above for unrealized gains/(losses) is zero.

b. After inception, for treaties effective January 1, 1999 and later – If the ceding company passes through to the reinsurer the gains/(losses) each accounting period net of the change in IMR for these gains/(losses), no IMR liability adjustment shall be made. Otherwise (i.e., where the ceding company passes through to the reinsurer all gains/(losses) each accounting period without adjustment for IMR), an IMR liability adjustment must be made each accounting period, per step 3 above, for gains/(losses) realized in that accounting period. This is done regardless of the ceding company's reinsurance materiality threshold.

c. After inception, for treaties effective prior to January 1, 1999 – The ceding company may elect to follow Item b above, however, if this election is made it must be consistently followed for that treaty at all future valuation dates.

The following is an illustration of the application of the rules governing the IMR treatment of reinsurance transactions for the ceding company.

We will make the following assumptions:

- A company has a block of business that it completely reinsures during 1993.

- The assets currently allocable to the block for investment income allocation purposes have a book/adjusted carrying value of $100 million and a market value of $110 million.

- Some of the assets backing the block were sold during 1992 generating an interest-rate related gain of $2 million before taxes and $1.32 million after capital gains taxes for which the IMR amortization is:

IMR Amortization of 1992 Capital Gains	
Year	Amortization ($ millions)
1992	0.202
1993	0.383
1994	0.310
1995	0.231
1996	0.144
1997	0.050
TOTAL	1.320

A portion of the original gain, $.202 million, was amortized in 1992, leaving $1.118 million to be amortized in 1993 and later.

- The company pays a consideration to the reinsurer of $105 million.

- The company sells assets allocable to the block with a book/adjusted carrying value of $80 million and a market value of $89 million to partially fund the payment to the reinsurer. This sale generates a taxable gain of $9 million resulting in the payment of $3.06 million in capital gains taxes. The after-tax gain from these 1993 sales is amortized as follows:

IMR Amortization of 1993 Capital Gains	
Year	Amortization ($ millions)
1993	0.261
1994	0.570
1995	0.618
1996	0.677
1997	0.743
1998	0.808
1999	0.772
2000	0.630
2001	0.469
2002	0.291
2003	0.101
TOTAL	5.940

- The remaining $19.06 million paid to the reinsurer is borrowed from other lines of business.

- Assets with a book/adjusted carrying value of $20 million and a market value of $21 million from the original block of assets allocable to the line of business remain in the company's portfolio after the transaction is completed. If these assets were to be sold at the time of the reinsurance transaction, they would generate a before-tax capital gain of $1 million and an after-tax capital gain of $.66 million which would be amortized through the IMR as follows:

IMR Amortization of the Hypothetical Sale of the Remaining Assets Allocable to the Block	
Year	Amortization ($ millions)
1993	0.101
1994	0.191
1995	0.155
1996	0.116
1997	0.072
1998	0.025
TOTAL	0.660

Note that if these assets were actually sold at some point subsequent to the reinsurance transaction, the sale price would be different from the hypothetical price to the extent that interest rates had changed subsequent to the reinsurance transaction.

- The block is big enough to exceed the materiality threshold.

In order to calculate the IMR amortization associated with the reinsurance of the liability, it is first necessary to determine the IMR amortization from past, present and hypothetical asset sales of assets allocable to the block of business.

IMR Amortization					
	Asset ($ million)				Liability ($ million)
Year	Past (included in P26 C1)	Present (included in P26 C2)	Future	Total	Total (included in P26 C3)
1993	.383	.261	.101	0.745	-0.745
1994	.310	.570	.191	1.071	-1.071
1995	.231	.618	.155	1.004	-1.004
1996	.144	.677	.116	0.937	-0.937
1997	.050	.743	.072	0.865	-0.865
1998		.808	.025	0.833	-0.833
1999		.772		0.772	-0.772
2000		.630		0.630	-0.630
2001		.469		0.469	-0.469
2002		.291		0.291	-0.291
2003		.101		0.101	-0.101
TOTAL	1.118	5.940	0.660	7.718	-7.718

The IMR amortization associated with the liability is displayed in the last column of the above table and it is simply the complement of the IMR amortization associated with the past, present and hypothetical future assets sales. The liability amortization should be entered in Column 3 of the IMR amortization worksheet of the Annual Statement of the ceding company. By definition the size of the interest-rate related gain is the total transferred to the IMR, -$7.718 million, which should be included on Line 3 of the IMR worksheet of the ceding company as well as on Line 25 (Aggregate Write-ins for Deductions) on Page 4 (Summary of Operations) and Page 6 (Analysis of Operations by Lines of Business).

Reinsurance Assumed

“Assuming Company” means here the counterparty to the transactions described above for the ceding company.

The assuming company must set up an IMR liability adjustment of the same magnitude but complementary to the adjustment recorded by the ceding company, subject to the following requirements:

1. Where the assuming company is required to set up a deferred profit liability or deferred loss asset and reflects zero gain or loss at treaty date, e.g., as for assumption reinsurance, the assuming company must not set up an IMR liability adjustment. Regardless, for non-economic transactions with an affiliate, the assuming company must set up the IMR liability adjustment.

2. The assuming company may offset a positive IMR adjustment, but not below zero, with any excess of policyholder reserves initially established by the assuming company over their re-computed values using maximum valuation interest rates based on the original issue dates of the reinsured policies.

3. The assuming company must increase a negative IMR adjustment, but not above zero, with any shortfall of policyholder reserves initially established by the assuming company over their re-computed values using maximum valuation interest rates based on the original issue dates of the reinsured policies.

To determine the offset of Item 2 or 3 above, the company would need to calculate policyholder reserves on both the reported and minimum bases as of each valuation date. In lieu of this, a company may determine the offset as of the treaty effective date, express this offset as a percentage of the IMR adjustment and then apply this same percentage reduction or increase to the IMR adjustment at all subsequent valuation dates. However, whichever method is used for the particular treaty must be consistently applied at all valuation dates.

In the case of subsequent reinsurance, the retroceding company has an IMR adjustment net of the offset of Item 2 or 3 above, whereas, the IMR transferred over is gross of this offset. The new reinsurer would determine its own adjustment following Item 2 or 3 above.

Upon recapture or commutation of a reinsurance arrangement where the effective date of the original arrangement was January 1, 1999 or later, the reinsurer must follow the IMR rules for reinsurance ceded and the original insurer (company recapturing the business) must follow the IMR rules for reinsurance assumed, as set forth above, for the portion of business recaptured. Otherwise, no IMR adjustment is made.

Upon reinsurance assumed, recaptured or commuted from an alien insurer (i.e. not subject to IMR), an IMR liability adjustment is required only where the assuming company, or any of its affiliates, ever held the business and subsequently reinsured the business effective January 1, 1999 or later, and currently holds an unamortized IMR liability adjustment for the business. In this case, the new IMR liability adjustment must be set equal to the complement of the unamortized IMR liability adjustment(s) currently held for the business by the assuming company or by its affiliates. An affiliate may choose to hold the complementary offsetting amount that holds the applicable unamortized IMR liability adjustment, otherwise, the complementary offsetting amount must be held by the assuming company.

Market Value Adjustments

Material gains/(losses) resulting from market value adjustments on policies and contracts backed by assets that are valued at book/adjusted carrying, including the marginal tax impact, should be captured by the IMR and amortized in a manner consistent with the determination of the market value adjustment. A gain or loss is considered material if it is in excess of both 0.01% of liabilities and $1,000,000. The amortization schedules should be determined in a manner consistent with the determination of associated market value adjustment.

The amount recorded on Line 3 on account of reinsurance or market value adjustments should be reported on the Summary of Operations page and the Analysis of Operations by Lines of Business page, "Aggregate Write-ins for Deductions" line.

Line 5 – Current Year's Amortization Released to Summary of Operations

Report the amount from the Amortization Table page, Line 1, Column 4. This amount should agree with Pages 4 and 6, Line 4. This amount reflects only the current year amortization of current and prior year IMR gains/(losses).

Line 6 – Reserve as of December 31, Current Year

Record any positive or allowable negative balance in the liability line captioned "Interest Maintenance Reserve" on Page 3 Line 8.3 of the General Account Statement, Line 3 of the Separate Accounts Statement. A negative IMR balance may be recorded as a negative liability in either the General Account or the Separate Accounts Statement of a company only to the extent that it is covered or offset by a positive IMR liability in the other statement.

If there is any disallowed negative IMR balance in the General Account Statement, include the change in the disallowed portion in Page 4, Line 36 so that the change will be appropriately charged or credited to the Capital and Surplus Account on Page 4. If there is any disallowed negative IMR balance in the Separate Accounts Statement, determine the change in the disallowed portion (prior year less current year disallowed portions), and make a direct charge or credit to the surplus account for the "Change in Disallowed Interest Maintenance Reserve" in a write-in (Line 23) in the Surplus Account on Page 4 of the Separate Accounts Statement.

The following information is presented to assist in determining the proper accounting:

General Account IMR Balance	Separate Account IMR Balance	Net IMR Balance
Positive	Positive	Positive (See rule a)
Negative	Negative	Negative (See rule b)
Positive	Negative	Positive (See rule c)
Positive	Negative	Negative (See rule d)
Negative	Positive	Positive (See rule e)
Negative	Positive	Negative (See rule f)

Rules:

a. If both balances are positive, then report each as a liability in its respective statement.

b. If both balances are negative, then no portion of the negative balances is allowable as a negative liability in either statement. Report a zero for the IMR liability in each statement, and follow the above instructions for handling disallowed negative IMR balances in each statement.

c. If the general account balance is positive, the separate accounts balance is negative and the combined net balance is positive, then all of the negative IMR balance is allowable as a negative liability in the Separate Accounts Statement.

d. If the general account balance is positive, the separate account balance is negative, and the combined net balance is negative, then the negative amount not covered by the positive amount is not allowable. Report only the allowable portion as a negative liability in the Separate Accounts Statement, and follow the above instructions for handling the disallowed portion of negative IMR balances in the Separate Accounts Statement.

e. If the general account balance is negative, the separate account balance is positive, and the combined net balance is positive, then all of the negative IMR balance is allowable as a negative liability in the General Account Statement.

f. If the general account balance is negative, the separate account balance is positive, and the combined net balance is negative, then the negative amount not covered by the positive amount is not allowable. Report only the allowable portion as a negative liability in the General Account Statement, and follow the above instructions for handling the disallowed portion of negative IMR balances in the General Account Statement.

Items Exempt from IMR Treatment

All realized interest related gains/(losses) determined on an aggregate company basis which arise from the sale of investments required to provide cash flow to meet "excess withdrawal activity" as defined below will be excluded from the IMR and will be reflected in net income.

Withdrawable Reserves

Is the reserve or liability, net of any policy loans, associated with any policy or contract that might be subject to a withdrawal or surrender, without a market value adjustment at the discretion of either the contract holder or plan participant. Withdrawable reserves include the reserves associated with such things as:

- Ordinary and industrial life insurance,
- SPDAs and
- Benefit-sensitive GICs where the associated plan allows participant withdrawals or transfers.

Effective Withdrawals

Include withdrawals and surrenders that are unscheduled and calculated without market adjustment plus the net increase in policy loans. It also includes cash transfers to separate accounts other than transfers where premium, a deposit, or consideration is booked into the general account and immediately transferred into the separate account.

Withdrawable Reserves and Effective Withdrawals are both calculated net of reinsurance.

Withdrawal Rate

Is the ratio of the Effective Withdrawals for the calendar year to the Withdrawable Reserves at the beginning of the year.

Threshold Withdrawal Level

Is 150% of the product of the lower of the Withdrawal Rate in the preceding or in the next preceding calendar year times the Withdrawable Reserves at the beginning of the year.

Excess Withdrawal Activity

Is the amount by which Effective Withdrawals for the year exceeds the Threshold Withdrawal Level.

Only those investments required to provide cash flow to meet excess withdrawal conditions should be excluded from the IMR. It is conceivable that a company might be able to identify the specific sales that are associated with the excess withdrawal activity, in which case these sales would be excluded from the IMR. Alternatively, a pro rata portion of all sales during the year equal to the amount of excess withdrawal activity would be excluded from the IMR.

Example – Suppose a company has the following Withdrawable Reserves and Effective Withdrawals:

Year	Withdrawable Reserves Beginning of Year	Effective Withdrawals
t-2	1,000	100
t-1	1,200	108
T	1,300	195

The Withdrawal Rate is 10% for the year t-2 and 9% for year t-1. The Threshold Withdrawal Level of year t is 150% of 1,300 times 9% or 175.5, and the Excess Withdrawal Activity is 19.5. Thus, if the company had assets sales in excess of 19.5, that portion of the asset sales not in excess of 19.5 would be identified as Excessive Withdrawal Activity and the associated capital gains/(losses) should be excluded from the IMR. If the company had asset sales of less than 19.5, all of the associated gains/(losses) should be excluded.

AMORTIZATION

This supporting schedule calculates the amount of the Interest Maintenance Reserve to be amortized in each year.

Column 1 – Reserve as of December 31, Prior Year

Enter the amount from Column 4 of the prior year's schedule.

Column 2 – Current Year's Realized Capital Gains/(Losses) Transferred into the Reserve Net of Taxes

After a realized capital gain or (loss) has been identified as interest-related and an expected maturity date has been determined, the Table 1 amortization chart or seriatim method should be used.

There are two prescribed methods for calculating this amortization schedule. A company can select either the seriatim method or the grouped method for calculating IMR amortization. Although a company is not precluded from changing methods on a prospective basis, the overriding consideration is the reasonableness of the amortization. However, once a method is selected for a particular year's capital gains, the amortization is locked in and cannot be changed (at least not without the specific approval of the commissioner).

Seriatim Method

The amount of each capital gain or (loss), net of capital gains tax, amortized in a given year using the seriatim method is the excess of the amount of income which would have been reported in that year, had the asset not been disposed of, over the amount of income which would have been reported had the asset been repurchased at its sale price. The capital gains tax associated with each gain/(loss) should be amortized in proportion to the amortization of the gain/(loss).

For mortgage-backed/asset-backed securities, use an amortization schedule developed using the anticipated future cash flows of the security sold consistent with the prepayment assumptions that would have been used to value the security had the security been purchased at its sale price.

Grouped Method

The seriatim calculation (i.e., on an asset by asset basis) is the desired approach. However, the seriatim approach may impose an administrative burden on some companies, therefore, any company may use the method employed by that company to amortize interest-related capital gains/(losses) among lines of business and policyholders in accordance with the investment income allocation process as approved by the state insurance department. Alternatively, a company may use a standard "simplified" method by which the capital gains/(losses), net of capital gains tax, are grouped according to the number of calendar years to expected maturity. The groupings will be in bands of five (5) calendar years, except that investments with one (1) calendar year to expected maturity will be grouped separately from those with two (2) to five (5) calendar years to expected maturity.

Expected Maturity Date

The presence of sinking fund payments, amortization schedules, expected prepayments, and adjustable interest rates complicate the determination of the number of calendar years to expected maturity. The expected maturity date is:

- For fixed income instruments with fixed contractual repayment dates and amounts (including bonds, preferred stock, callable or convertible bonds and preferreds), the expected maturity is defined as the contractual retirement date which produces the lowest amortization value for annual statement purposes (lowest internal rate of return or "yield to worst"). Potential retirement dates include all possible call dates, and the contractual maturity date. However, where a convertible bond or convertible preferred stock is sold while its conversion value exceeds its book/adjusted carrying value and the gain is included in IMR, the expected maturity date is defined as the next conversion date. Conversion value is defined to mean the number of shares of common stock available currently or at next conversion date, multiplied by the stock's current market price. When the instrument's contractual terms include scheduled sinking fund payments of fixed amounts, an additional calculation of yield to average life should be included in the analysis where average life is defined as the date at which the instrument is 50% repaid. For puttable instruments, where the exercise option rests with the investor, expected maturity is the put or maturity date that produces the highest internal rate of return. For Bond Mutual Funds – as Identified by SVO, use one calendar year to expected maturity. For perpetual instruments, the expected maturity is 30 years from the current date.

However, where a callable bond purchased at a premium is called or sold after the expected maturity date, there should be no amortization of the call premium or interest-related gain/(loss). Similarly there should be no amortization of any interest-related gain/(loss) arising if a convertible bond or preferred stock is disposed of after the expected maturity date.

Using the grouped method, capital gains/(losses) net of capital gains tax are tabulated according to the number of calendar years to expected maturity. The groupings are:

0	calendar years to expected maturity,
1	calendar years to expected maturity,
2 to 5	calendar years to expected maturity,
6 to 10	calendar years to expected maturity,
11 to 15	calendar years to expected maturity,
16 to 20	calendar years to expected maturity,
21 to 25	calendar years to expected maturity,
over 25	calendar years to expected maturity.

"Calendar years to expected maturity" means the calendar year of maturity minus the calendar year of sale date (e.g., a bond sold in 2007 that would have matured in 2012 has five calendar years to expected maturity).

For purposes of the grouped method, the following additional assumptions are applicable:

- For fixed income investments, other than residential mortgages and residential mortgage pass-throughs, without a maturity date or sinking fund schedule, a maturity date 30 years from the current year should be used.

- For mortgage-backed/asset-backed securities, use the remaining weighted average life of principal and interest payments consistent with the prepayment assumptions that would have been used to value the security had the security been repurchased at its sale price.

- For Bond Mutual Funds – as Identified by the SVO, use one calendar year to expected maturity.

NOTE: Amortization of current year gains/(losses) should be based on prior year's amortization factors until the current year's table is published. Amortization of each year's gains/(losses) for future years must be based on the amortization table applicable to that year, i.e., 2006 gains/(losses) use the 2006 table, 2007 gains/(losses) use the 2007 table, etc. Refer to Grouped Amortization schedule included in this section.

Column 3 – Adjustment for Current Year's Liability Gains/(Losses) Released From the Reserve

Report the negative of realized capital gains/(losses) that have been identified as associated with the sale, transfer or reinsurance of a block of liabilities in accordance with the instructions for Line 3.

The current Grouped Amortization Schedule will be posted to the NAIC Web site in July of each year.

TABLE 1

Grouped Amortization Schedules
for the Interest Maintenance Reserve
for 2017 Gains/(Losses)
Interest Rate = 4.00%

Calendar Years to Maturity
(Residential Mortgages)

Year-end	over 25	21-25	16-20	11-15 (21-30)	6-10 (11-20)	2-5 (3-10)	1 (1-2)	0 (0)
2017	1.0%	1.3%	1.9%	3.0%	5.4%	13.5%	[illegible]	100.0%
2018	2.0%	2.8%	4.0%	6.1%	11.1%	[illegible]	50.5%	
2019	2.1%	2.9%	4.1%	6.4%	11.6%	35.2%		
2020	2.2%	3.0%	4.3%	6.7%	12.0%	[illegible]		
2021	2.3%	3.2%	4.5%	6.9%	12.5%	11.2%		
2022	2.4%	3.2%	4.7%	7.2%	13.1%	[illegible]		
2023	2.5%	3.4%	4.8%	7.5%	[illegible]			
2024	2.6%	3.5%	5.1%	7.8%	9.6%			
2025	2.7%	3.7%	5.2%	8.1%	[illegible]			
2026	2.7%	3.8%	5.5%	8.4%	4.3%			
2027	2.9%	4.0%	5.6%	8.8%	[illegible]			
2028	3.1%	4.1%	6.0%	8.1%				
2029	3.1%	4.3%	6.1%	6.5%				
2030	3.3%	4.5%	6.4%	4.7%				
2031	3.4%	4.6%	6.6%	[illegible]				
2032	3.5%	4.9%	7.0%	1.0%				
2033	3.7%	5.0%	6.4%					
2034	3.8%	5.2%	5.1%					
2035	4.0%	5.5%	3.7%					
2036	4.2%	5.7%	2.2%					
2037	4.3%	5.9%	[illegible]					
2038	4.5%	5.4%						
2039	4.7%	4.4%						
2040	4.8%	3.1%						
2041	5.1%	[illegible]						
2042	5.2%	0.7%						
2043	4.9%							
2044	3.9%							
2045	2.8%							
2046	1.7%							
2047	0.6%							
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note 1: "Calendar Years to Expected Maturity" is defined in the preceding text. In the case of residential mortgages, where one-half the number of years to final maturity should be used, the parenthetical headings apply.

AVR (Asset Valuation Reserve)

ASSET VALUATION RESERVE

This exhibit and its supporting calculations are designed to address the credit-related (default) and equity risks of the company's assets by calculating a basic contribution, a reserve objective, and a maximum reserve amount and controlling the flow of the reserve from/into surplus. These instructions cover the Asset Valuation Reserve (AVR) for both the General Account Statement and the Separate Accounts Statement. If an AVR is required for investments in the Separate Accounts Statement, it is combined with the General Accounts AVR and accounted for in the General Accounts statement. Worksheets supporting the separate accounts portion of the reserve are included with the Separate Accounts Statement. The criteria for determining when an AVR is required for separate accounts are described in the Separate Accounts AVR Worksheet instructions.

Line 1 – Reserve as of December 31, Prior Year

Enter amounts from Line 16 of the prior year's Reserve Calculation.

Line 2 – Realized Capital Gains/(Losses) Net of Taxes – General Account

Report all realized credit-related (default) and equity capital gains/(losses), net of capital gains tax, applicable to the assets in each component and sub-component. All realized capital gains/(losses) transferred to the AVR are net of capital gains taxes thereon. Exclude all interest rate-related capital gains/(losses) from the AVR.

Capital gains tax should be determined using the method developed by the company to allocate taxes used for statutory financial reporting purposes.

Report all realized capital gains/(losses), net of capital gains tax, on each debt security (excluding loan-backed and structured securities) whose NAIC/SVO designation at the end of the holding period is different from its NAIC/SVO designation at the beginning of the holding period by more than one NAIC/SVO designation. The holding period is defined as the period from the date of purchase to the date of sale. For end of period classification, the most recent available rating should be used. For bonds acquired before January 1, 1991, the holding period is presumed to have begun on December 31, 1990.

Determination of AVR gain or loss on multiple lots of the same fixed income securities should follow the underlying accounting treatment in determining gain or loss. Thus, the designation, on a purchase lot basis, should be compared to the designation at the end of the holding period to determine IMR or AVR gain or loss. Other-than-temporary impairment write-downs are treated as credit-related (losses) and recorded through the AVR, except for other-than-temporary impairments taken on interest-related declines in value, as described in INT 06-07: Definition of Phrase "Other-Than-Temporary." Interest-related other-than-temporary impairments are treated as interest-related losses and recorded through the IMR.

In accordance with *SSAP No. 43R—Loan-Backed and Structured Securities* for loan-backed and structured securities only, if the reporting entity wrote the security down to fair value due to the intent to sell or does not have the intent and ability to retain the investment in the security for a period of time sufficient to recover the amortized cost basis, the non-interest-related portion of the other-than-temporary impairment losses shall be recorded through the AVR; the interest-related other-than-temporary impairment losses shall be recorded through the IMR.

In addition, all gains/(losses), net of capital gains tax, would be classified as credit-related gains/(losses)on mortgage loans where:

- Interest is more than 90 days past due;
- The loan is in the process of foreclosure;
- The loan is in course of voluntary conveyance; or
- The terms of the loan have been restructured during the prior two years.

The gain/(loss), net of capital gains tax, on any debt security (excluding loan-backed and structured securities) that has had an NAIC/SVO designation of "6" at any time during the holding period should be reported as a credit related gain/(loss).

All capital gains/(losses), net of capital gains tax, from preferred stock that had an NAIC/SVO designation of RP4, RP5 or RP6 or P4, P5 or P6 at any time during the holding period should be reported as credit related gains/(losses) in the AVR.

However, for a convertible bond or preferred stock purchased while its conversion value exceeds its par value, any gain or loss realized from its sale before conversion must be included in the Equity Component of the AVR. Conversion Value is defined to mean the number of shares available currently or at next conversion date multiplied by the stock's current market price.

Report all realized equity capital gains/(losses), net of capital gains tax, in the appropriate sub-components.

For derivative instruments used in hedging transactions, the determination of whether the capital gains/(losses) are allocable to the IMR or the AVR is based on how the underlying asset is treated. Realized gains/(losses), net of capital gains tax, on portfolio or general hedging instruments should be included with the hedged asset. Gains/(losses), net of capital gains tax, on hedges used as specific hedges should be included only if the specific hedged asset is sold or disposed of.

For income generation derivative transactions, the determination of whether the capital gains/(losses) are allocable to the IMR or the AVR is based on how the underlying interest (for a put) or covering asset (for a call, cap or floor) is treated. Realized gains/(losses), net of capital gains tax should be included in the same sub-component where the realized gains/(losses) of the underlying interest (for a put) or covering asset (for a call, cap or floor) is reported. Refer to *SSAP No. 86—Derivatives* for accounting guidance.

Realized gains/(losses), net of capital gains tax resulting from the sale of U.S. government securities and the direct or guaranteed securities of agencies which are backed by the full faith and credit of the U.S. government are exempt from the AVR. This category is described in the Investment Schedules General Instructions.

Line 3 – Realized Capital Gains/(Losses) Net of Taxes – Separate Accounts

Report realized capital gains/(losses), net of tax that are incurred on separate accounts assets for which AVR treatment is required, on this line.

Capital gains tax should be determined using the method developed by the company to allocate taxes used for statutory financial reporting purposes.

Line 4 – Unrealized Capital Gains/(Losses) Net of Deferred Taxes – General Account

Unrealized gains/(losses), net of deferred taxes thereon, should be summarized by sub-component asset type and included in the reserve computations. Unrealized gains/(losses) for affiliated life and fraternal insurance companies that are maintaining their own AVR are excluded since the maximum reserve factor for such companies is 0%.

Deferred taxes on the unrealized capital gains/losses included in this line should be determined consistent with the provisions of *SSAP No. 101—Income Taxes*.

Unrealized gains/(losses) on hedging instruments should be included in the same sub-component as the hedged investment.

Unrealized gains/(losses) on income generation derivative transactions should be included in the same sub-component as the underlying interest (for a put) or covering asset (for a call, cap or floor). Report all unrealized capital gains/(losses) on assets covered by the AVR in the appropriate sub-components.

Line 5 – Unrealized Capital/(Losses) Net of Deferred Taxes – Separate Accounts

Report unrealized capital gains/(losses) that are incurred on separate accounts assets for which AVR treatment is required, net of deferred taxes thereon, on this line.

Deferred taxes on the unrealized capital gains/losses included in this line should be determined consistent with the provisions of *SSAP No. 101—Income Taxes.*

Line 6 – Capital Gains Credited/(Losses Charged) to Contract Benefits, Payments or Reserves

The purpose of this line is to avoid the duplicate utilization of capital gains and losses. Include only realized capital gains and losses, net of tax thereon that, in accordance with contract terms, have been used to directly increase or decrease contract benefit payments or reserves during the reporting period. Include only unrealized capital gains and losses that, in accordance with contract terms have been used to directly increase or decrease contract benefit payments or reserves during the reporting period. Where such capital gains and losses are not directly identifiable by component or sub-component of the AVR, allocate such capital gains and losses among the various components and sub-components of the AVR on a reasonable basis.

Line 7 – Basic Contribution (includes separate accounts assets, if applicable)

Report the basic contribution amount for each asset category as calculated on Pages 27 through and 32 (General Account) and Pages 15 through and 20 (Separate Accounts).

Column 1: Report the total bonds, preferred stock, short–term investments and derivative instruments from Page 27, Line 34, Column 6 (General Account) and Page 15, Line 34, Column 6 (Separate Accounts), if applicable; the total for replication (synthetic asset) transactions contained on Page 32, Line 0199999, Column 7 (General Account) and Page 20, Line 0199999, Column 7 (Separate Accounts).

Column 2: Report the total mortgage loans from Page 28, Line 60, Column 6 (General Account) and Page 16, Line 60, Column 6 (Separate Accounts), if applicable; the total for replication (synthetic asset) transactions contained on Page 32, Line 0299999, Column 7 (General Account) and Page 20, Line 0299999, Column 7 (Separate Accounts).

Column 4: Report the total common stock from Page 29, Line 17, Column 6 (General Account) and Page 17, Line 17, Column 6 (Separate Accounts), if applicable; the total for replication (synthetic asset) transactions contained on Page 32, Line 0399999, Column 7 (General Account) and Page 20, Line 0399999, Column 7 (Separate Accounts).

Column 5: Report the total real estate from Page 29, Line 21, Column 6 (General Account) and from Page 17, Line 21, Column 6 (Separate Accounts), if applicable; plus the total other invested assets from Page 31, Line 86, Column 6 (General Account) and from Page 19, Line 86, Column 6 (Separate Accounts), and if applicable; the total for replication (synthetic asset) transactions contained on Page 32, Line 0499999, Column 7 (General Account) and Page 20, Line 0499999, Column 7 (Separate Accounts).

Line 9 – Maximum Reserve (includes separate accounts assets, if applicable)

Report the maximum reserve for each asset category as calculated on Pages 27 through 32 (General Account) and Pages 15 through 20 (Separate Accounts).

Column 1: Report the total bonds, preferred stock, short–term investments and derivative instruments from Page 27, Line 34, Column 10 (General Account) and Page 15, Line 34, Col. 10 (Separate Accounts) and, if applicable), the total for replication (synthetic asset) transactions contained on Page 32, Line 0199999, Column 9 (General Account) and Page 20, Line 0199999, Column 9 (Separate Accounts).

Column 2: Report the total mortgage loans from Page 28, Line 60, Column 10 (General Account) and Page 16, Line 60, Column 10 (Separate Accounts), if applicable; the total for replication (synthetic asset) transactions contained on Page 32, Line 0299999, Column 9 (General Account) and Page 20, Line 0299999, Column 9 (Separate Accounts).

Column 4: Report the total common stock from Page 29, Line 17, Column 10 (General Account) and Page 17, Line 17, Column 10 (Separate Accounts), if applicable; the total for replication (synthetic asset) transactions contained on Page 32, Line 0399999, Column 9 (General Account) and Page 20, Line 0399999, Column 9 (Separate Accounts).

Column 5: Report the total real estate from Page 29, Line 21, Column 10 (General Account) and from Page 17, Line 21, Column 10 (Separate Accounts), and if applicable; plus the total other invested assets from Page 31, Line 86, Column 10 (General Account) and from Page 19, Line 86, Column 10 (Separate Accounts), and if applicable; the total for replication (synthetic asset) transactions contained on Page 32, Line 0499999, Column 9 (General Account) and Page 20, Line 0499999, Column 9 (Separate Accounts).

Line 10 – Reserve Objective (includes separate accounts assets, if applicable)

Report the reserve objective amount for each asset category as calculated on Pages 27 through 32 (General Account) and Pages 15 through 20 (Separate Accounts).

Column 1: Report the total bonds, preferred stock, short–term investments and derivative instruments from Page 27, Line 34, Column 8 (General Account) and Page 15, Line 34, Column 8 (Separate Accounts), if applicable; the total for replication (synthetic asset) transactions contained on Page 32, Line 0199999, Column 8 (General Account) and Page 20, Line 0199999, Column 8 (Separate Accounts).

Column 2: Report the total mortgage loans from Page 28, Line 60, Column 8 (General Account) and Page 16, Line 60, Column 8 (Separate Accounts), if applicable; the total for replication (synthetic asset) transactions contained on Page 32, Line 0299999, Column 8 (General Account) and Page 20, Line 0299999, Column 8 (Separate Accounts).

Column 4: Report the total common stock from Page 29, Line 17, Column 8 (General Account) and Page 17, Line 17, Column 8 (Separate Accounts), if applicable; the total for replication (synthetic asset) transactions contained on Page 32, Line 0399999, Column 8 (General Account) and Page 20, Line 0399999, Column 8 (Separate Accounts).

Column 5: Report the total real estate from Page 29, Line 21, Column 8 (General Account) and from Page 17, Line 21, Column 8 (Separate Accounts), if applicable; plus the total other invested assets from Page 31, Line 86, Column 8 (General Account) and from Page 19, Line 86, Column 8 (Separate Accounts), and if applicable; and the total for replication (synthetic asset) transactions contained on Page 32, Line 0499999, Column 8 (General Account) and Page 20, Line 0499999, Column 8 (Separate Accounts).

Line 11 – 20% of (Line 10 – Line 8)

Report 20% of the difference between Line 10 and Line 8. This number will be positive when the reserve objective exceeds the accumulated balance and negative when the accumulated balance is in excess of the reserve objective.

Line 13 – Transfers

If the amount, as reported on Line 12, Balance Before Transfers, of any one of the four sub-components exceeds the maximum reserve amount for that sub-component, as reported on Line 9, Maximum Reserve, and the balance of its "sister" sub-component, as reported on Line 12, is below its maximum reserve, as reported on Line 9, the excess must be transferred to the "sister" sub-component on Line 13 (e.g., an excess on the bond sub-component must be transferred to the mortgage sub-component if the mortgage sub-component is below its maximum reserve and vice versa. An excess in the common stock sub-component must be transferred to the real estate sub-component if the real estate sub-component is below its maximum reserve and vice versa).

If the combined amount, as reported on Line 12, of the sub-components in either the Default Component or the Equity Component exceeds its respective combined maximum reserve, as reported on Line 9, the excess may be transferred between components or released to surplus on Line 15 (e.g., excess reserves in the bond sub-component that are not required to bring the mortgage sub-component to its maximum reserve, may be used to bring the common stock or real estate reserve sub-component to its maximum reserve and vice versa).

If the amount, as reported on Line 12, of any of the four sub-components is negative, and the amount, as reported on Line 12, of its "sister" sub-component within the same component is positive, the negative amount should be transferred to the "sister" sub-component to the extent that the transfer does not reduce the positive balance of the "sister" sub-component to less than 50% of its balance prior to the transfer.

No other transfers within the AVR may be made without Commissioner approval. No transfers between the AVR and IMR are allowed.

Column 7 should equal zero. The amounts in Columns 3 and 6 should offset each other for Line 13.

Line 14 – Voluntary Contribution

Report in the appropriate reserve class, any voluntary additions to the AVR for the current year. The voluntary contribution may not force any sub-component to exceed the maximum without commissioner approval.

Once reserves are allocated to an individual sub-component of the AVR, they will be considered a permanent part of the reserve.

A company may also hold mortgage and real estate reserves outside the AVR, but these reserves will not have any effect on the AVR requirements.

Line 15 – Adjustment Down to Maximum/Up to Zero

Individual sub-component reserves may not exceed the maximum reserve amount reported on Line 9. They also may not be less than zero. Adjust the current reserve down or up accordingly.

Line 16 – Reserve as of December 31, Current Year

The total amount in Column 7 should agree with Page 3, Line 21.1.

The minimum reserve allowed in each sub-component is zero.

DEFAULT COMPONENT –
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS

This supporting form is used to calculate the basic contribution, reserve objective and maximum reserve amount for the bond, preferred stock, derivative instruments and mortgage loan sub-components of the default component of the AVR. Instructions apply to the general account and the separate accounts, if applicable.

Column 5 – Basic Contribution Factor

These factors, on average, will provide an amount that approximates expected annual losses.

Include: The reserve factor calculated for mortgage loans.

Column 7 – Reserve Objective Factor

These factors are set to provide an accumulation level estimated to cover, in the aggregate, about 85% of the distribution of losses for each asset category.

Include: The reserve factor calculated for mortgage loans.

Column 9 – Maximum Reserve Factor

These factors define the largest amount that may be accumulated in the AVR. They operate to limit the level of AVR in periods of unusual capital gains or when voluntary reserves are added to the AVR.

Include: The reserve factor calculated for mortgage loans.

Lines 1 through 7 – Long-Term Bonds

Report the book/adjusted carrying value of all bonds and other fixed income instruments owned in Columns 1 and 4. "Book/Adjusted Carrying Value," when applied to Bond Mutual Funds – as Identified by the SVO, equals the "Fair Value" shown in Column 9 of Schedule D, Part 1. "Bond Mutual Fund – as Identified by the SVO" shall have the same meaning as set forth in the instructions to Schedule D, Part 1. Categorize the bonds and other fixed income instruments into NAIC designations 1 through 6 as directed by the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, except that exempt obligations should be reported separately. Multiply the amount in Column 4 for each designation by the reserve factors provided in Columns 5, 7 and 9, and report the products by designation in Columns 6, 8 and 10, respectively.

Line 8 – Total Unrated Securities Acquired by Conversion

"Unrated Securities Acquired by Conversion" are securities acquired through the conversion of a portion of the company's assets, on or after January 1, 1993, into securities for which the company does not obtain a rating from an NAIC recognized rating agency and for which there is no recourse liability.

For instructions for completing this line, refer to "Basic Contribution, Reserve Objective and Maximum Reserve Calculation for Unrated Mortgage-Backed/Asset-Backed Securities Acquired by Conversion."

Line 9 – Total Long-Term Bonds

Column 1 should agree with Page 2, Line 1, Column 3 plus Schedule DL, Part 1, Column 6, Line 6699999.

Lines 10 through 15 – Preferred Stocks

Report the book/adjusted carrying value of all preferred stocks owned in Columns 1 and 4. Categorize the preferred stocks into NAIC designations one through six as directed by the NAIC Securities Valuation Office instructions. Multiply the amount in Column 4 for each designation by the reserve factors provided in Columns 5, 7 and 9, and report the products by designation in Columns 6, 8 and 10, respectively.

Line 16 – Affiliated Life Insurer with AVR

Report the book/adjusted carrying value of all preferred stocks owned in a controlled or affiliated company, or a subsidiary that is a life or fraternal insurance company that holds an AVR, in Columns 1 and 4. These companies are required to carry their own asset valuation reserve or an equivalent, and therefore the preferred stocks are not required to be included in the asset valuation reserve of an affiliated company.

Line 17 – Total Preferred Stocks

Column 1 should agree with Page 2, Line 2.1, Column 3 plus Schedule DL, Part 1, Column 6, Line 7099999.

Lines 18 through 24 – Short-Term Bonds

Report the book/adjusted carrying value of all short-term bonds and other short-term fixed-income investments, (Schedule DA, Part 1 (Lines 0599999, 1099999, 1799999, 2499999, 3199999, 3899999, 4899999, 5599999 and 6099999) and short-term bonds included on Schedule DL, Part 1, Line 8999999 owned in Columns 1 and 4. Categorize the short-term bonds and other fixed-income instruments listed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* into NAIC designations 1 through 6 as directed by the Securities Valuation Office instructions, except that exempt obligations listed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* should be reported separately. Multiply the amount in Column 4 for each designation by the reserve factors provided in Columns 5, 7 and 9, and report the products by designation in Columns 6, 8 and 10, respectively.

Lines 26 through 32 – Derivative Instruments

Report the book/adjusted carrying value exposure to counterparty credit risk associated with the use of derivative instruments, net of acceptable collateral, for all counterparties by each SVO designation, from Schedule DB, Part D, Section 1, Column 7. Multiply the amount in Column 4 for each designation by the reserve factors provided in Columns 5, 7 and 9, and report the products by designation in Columns 6, 8 and 10, respectively.

Line 34 – Total

Column 6 must be reported on Page 26, Line 7, Column 1.

Column 8 must be reported on Page 26, Line 10, Column 1.

Column 10 must be reported on Page 26, Line 9, Column 1.

Lines 35 through 57 – Mortgage Loans

The classification methodology for mortgages is outlined in the Fraternal Risk-Based Capital instructions. Report the book/adjusted carrying value of all Schedule B and Schedule DL, Part 1 mortgage loans owned in Column 1. Any related party encumbrances should be deducted in Column 2. Categorize the mortgage loans as indicated on Lines 35 through 57. Report the difference of Column 1 less Column 2 in Column 4. Multiply the amount in Column 4 for each category by the reserve factors in Columns 5, 7 and 9, and report the products by category in Columns 6, 8 and 10, respectively.

NOTE: Related party encumbrances are loans from the reporting entity and the amount deducted in Column 2 should be reflected in Column 2 in the corresponding section of the AVR worksheet. If the affiliated entity to which the loan was made is not wholly owned by the reporting entity, the related party encumbrance amount deducted in Column 2 should be based on the reporting entity's ownership percentage.

Line 58 – Total Schedule B Mortgage Loans on Real Estate

Column 1 should agree with Page 2, Line 3.1 + 3.2, Column 3 plus Schedule DL, Part 1, Column 6, Line 8799999.

Line 59 – Total Schedule DA Mortgages

Report the book/adjusted carrying value of all Schedule DA mortgage loans (Lines 8499999 and 8799999) and any applicable investments from Schedule DL, Part 1, Line 8999999 owned in Column 1. Any related encumbrances should be deducted in Column 2. Multiply the amount in Column 4 by the reserve factors for the Schedule B mortgages and report the products in Columns 6, 8 and 10.

Line 60 – Total Mortgage Loans on Real Estate

Column 6 must be reported on the Asset Valuation Reserve Page, Line 7, Column 2.

Column 8 must be reported on the Asset Valuation Reserve Page, Line 10, Column 2.

Column 10 must be reported on the Asset Valuation Reserve Page, Line 9, Column 2.

BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS FOR UNRATED MULTI-CLASS SECURITIES ACQUIRED BY CONVERSION

Assets may be converted into securities backed by the underlying assets. Rated bond classes of these multi-class mortgage-backed/asset-backed securities should be assigned Asset Valuation Reserve (AVR) factors consistent with comparably rated bonds.

A company may hold an "Unrated Multi-Class Security Acquired by Conversion" defined as a security acquired through the conversion of a portion of the company's assets, on or after January 1, 1993, into securities for which the company does not obtain a rating from an NAIC recognized rating agency and for which there is no recourse liability.

In such cases, the rating agency that rates a portion of the newly created security would establish the credit quality of the entire asset pool being securitized. The maximum reserve for the unrated security is the lesser of: (a) 100% of the maximum reserve for the entire pool associated with the unrated security as rated by an SVO approved rating agency, or (b) the book/adjusted carrying value of the unrated security. The reserve objective is equal to the maximum reserve. The basic contribution is equal to 33% of the maximum reserve.

This treatment does not occur when a reporting entity bears continuing actual or contingent liability arising from the securitization of any assets.

Any company which enters into such a transaction must prepare and include with its filed annual statement a schedule prepared in accordance with the following general guidelines to support the calculation of the reserve amounts to be reported on Page 26, Line 8.

EQUITY AND OTHER INVESTED ASSET COMPONENT – BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS

This supporting form is used to calculate the basic contribution, reserve objective and maximum reserve targets for the common stock, real estate and other invested assets sub-components of the equity component of the AVR. Instructions apply to the general account and to the separate accounts, if applicable.

Column 5 – Basic Contribution Factor

These factors, on average, will provide an amount that approximates expected annual losses.

Include: The reserve factor calculated for mortgage loans.

Column 7 – Reserve Objective Factor

These factors are set to provide an accumulation level estimated to cover, in the aggregate, about 85% of the distribution of losses for each asset category.

Include: The reserve factor calculated for mortgage loans.

Column 9 – Maximum Reserve Factor

These factors define the largest amount that may be accumulated in the AVR. They operate to limit the level of AVR in periods of unusual capital gains or when voluntary reserves are added to the AVR.

Include: The reserve factor calculated for mortgage loans.

Line 1 – Unaffiliated Common Stocks – Public

Report the book/adjusted carrying value of all of the publicly issued common stock, including mutual funds (except money market mutual funds appropriately reported on Schedule E, Part 2) in unaffiliated companies in Columns 1 and 4. Multiply Column 4 by the reserve factor calculated for Columns 5, 7 and 9, and report the product in Columns 6, 8 and 10, respectively.

The Line 1, Column 7 and 9 reserve factors must be at least 10% but not more than 20%.

The reserve factor is equal to 13% times the company's weighted average portfolio beta. The weighted average portfolio beta is the market value weighted average of four (4) portfolio betas, one from the end of the prior year and the remaining from the first three (3) quarters of the current year. Calculation of this weighted average portfolio beta is illustrated in the following worksheet:

Calculation of Weighted Average Portfolio Beta

		Column 1 Market Value @ Quarter End	Column 2 Portfolio Beta*	Column 3 Col 1 x Col 2
Line 1	12/31/prior year	$ __________		$ ________
Line 2	03/31/current year	__________		________
Line 3	06/30/current year	__________		________
Line 4	09/30/current year	__________		________
Line 5	Total	$ __________		$ ________

Line 6 Quarterly Portfolio Beta X.XX
(Line 5, Column 3 above, divided by Line 5, Column 1 above)

* Indicate whether the Individual or Aggregate Method is used.

The portfolio beta can be calculated using two methods; the Individual Method or the Aggregate Method.

Individual Method

The portfolio beta at the end of a quarter is the market value weighted average of the betas as calculated against a broad average of the U.S. Stock market (e.g., the Standard & Poor's Stock Index) for each individual stock in the portfolio. The beta should be a simple linear regression using 5 years of monthly time-weighted rates of return. For stock with less than 5 years of pricing history, or where no beta is available, use a beta of 1.50 in determining the portfolio beta. A company shall use an appropriate foreign index (TSE 300 index for Canadian stock portfolios, FT ALL SHARES index for U.K. stock portfolios, and the TOPIX index for Japanese stock portfolios) to calculate beta if it has identified common stock investments that support liabilities, both of which are in the same foreign currency.

Aggregate Method

The portfolio beta at the end of a quarter is determined by a simple linear regression using 52 weeks of time-weighted rates of return for the entire unaffiliated common stock portfolio and for the Standard & Poor's 500 Stock Index. For non-U.S. stock portfolios, a company shall use an appropriate foreign index (TSE 300 index for Canadian stock portfolios, FT ALL SHARES index for U.K. stock portfolios, and the TOPIX index for Japanese stock portfolios) to calculate beta if it has identified common stock investments that support liabilities, both of which are in the same foreign currency.

Companies that do not want the extra administrative complexity of calculating the beta factor may use the maximum AVR factor of 20%.

Line 2 – Unaffiliated Common Stocks – Private

Report the book/adjusted carrying value of all privately held common stocks owned in unaffiliated companies in Columns 1 and 4. Multiply Column 4 by the reserve factor provided in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.

Line 3 – Federal Home Loan Bank Common Stock

Report the book/adjusted carrying value of all Federal Home Loan Bank common stock owned in Columns 1 and 4. Multiply Column 4 by the reserve factor provided in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.

Line 4 – Subsidiary, Controlled or Affiliated Common Stocks – Life Insurer with an AVR

Report the book/adjusted carrying value of all of the common stocks owned in a controlled or affiliated company, or a subsidiary that is a life or fraternal insurance company that holds an AVR, in Columns 1 and 4. These companies are required to carry their own asset valuation reserve or an equivalent, and therefore the common stocks are not required to be included in the asset valuation reserve of an affiliated company.

Lines 5 through 14 – Subsidiary, Controlled or Affiliated Common Stock – Investment Subsidiaries

Report the book/adjusted carrying value of all common stocks owned in an investment subsidiary or that portion of the book/adjusted carrying value of holding company subsidiaries that represents investments in investment subsidiaries in Column 1, any related party encumbrances on these common stocks in Column 2, and any third party encumbrances on these common stocks in Column 3. If a portion of the book/adjusted carrying value of a holding company subsidiary is reflected in Column 1, the debt of that holding company subsidiary should be reflected in Columns 2 and 3. However, the total holding company debt to be reflected in Columns 2 and 3 should not exceed the aggregate book/adjusted carrying value of any investment subsidiaries on the holding company subsidiary books. (An investment subsidiary is any subsidiary, other than a holding company subsidiary, engaged or organized to engage primarily in the ownership and management of investments authorized as investments for the reporting entity. A broker-dealer or money management firm that manages outside funds is not an investment subsidiary. This definition is intended to be identical to the investment subsidiary definition for Risk-Based Capital (RBC) purposes and will be amended if the RBC definition is changed.) Allocate the common stock value in Column 1 and the encumbrances in Columns 2 and 3 among Lines 5 through 14 based on the nature of the underlying investment held by the investment subsidiary. Follow the Securities Valuation Office guidelines and categorize these assets as if the SVO had assigned a NAIC designation of 1 through 6, P1 through 6, or RP1 through RP6. Report the sum of Columns 1, 2, and 3 in Column 4.

For Lines 5 through 11, multiply the amount in Column 4 by the appropriate bond, preferred stock, or other fixed income instrument (excluding mortgage loans) reserve factors (as listed in Columns 5, 7 and 9 of the various sections of the Equity Component schedule) and report the products in Columns 6, 8 and 10, respectively.

For Line 12, multiply the amount in Column 4 by the reserve factors calculated for Columns 5, 7 and 9 (see instructions for Line 1 of this schedule) and report the products in Columns 6, 8 and 10, respectively.

For Line 13, multiply the amount in Column 4 by the reserve factors provided in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.

For Line 14, multiply the amounts included in Column 4 by the reserve factors and breakdowns used for directly owned real estate and report the products in Columns 6, 8 and 10, respectively.

Line 15 – Subsidiary, Controlled or Affiliated Common Stocks – Certain Other Subsidiaries

Report the book/adjusted carrying value of all of the common stocks owned in a controlled or affiliated company, or a subsidiary that have been valued according to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* in Columns 1 and 4. Multiply Column 4 by the reserve factors provided in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.

Line 16 – Subsidiary, Controlled or Affiliated Common Stocks – Other

Report the book/adjusted carrying value of all of the common stocks owned in all other controlled or affiliated companies, or subsidiaries not included on Lines 4 through 15, in Columns 1 and 4. Multiply Column 4 by the reserve factors provided in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.

Line 17 – Total Common Stocks

Column 1 should agree with Page 2, Line 2.2, Column 3 plus Schedule DL, Part 1, Column 6, Line 7599999. The Columns 6, 8 and 10 amounts, respectively, must be reported on the Asset Valuation Reserve Page, Lines 7, 10 and 9, respectively, Column 4.

Lines 18 through 20 – Real Estate

Categorize the real estate as indicated on Lines 18 through 20. Real estate reported in Schedule DL, Part 1, Line 8699999 would also be included in this section. Report the sum of Columns 1, 2 and 3 in Column 4. Multiply the amount in Column 4 by the reserve factors provided in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.

NOTE: Related party encumbrances are loans from the reporting entity and the amount reflected in Column 2 should be deducted in Column 2 in the corresponding section of the AVR worksheet. If the real estate entity to which the loan was made is not wholly owned by the reporting entity, the related party encumbrance amount reflected in Column 2 should be based on the reporting entity's ownership percentage. The amount of the third party encumbrances without recourse to be reflected in Column 3 is limited to the extent that the maximum reserve (Column 6) should not exceed the sum of the book/adjusted carrying value (Column 1) plus related party encumbrances (Column 2) and third party encumbrances with recourse which are included in Column 3.

Line 21 – Total Real Estate

The Columns 6, 8 and 10 amounts must be combined with Line 83 Columns 6, 8 and 10 amounts and reported on the Asset Valuation Reserve Page, Lines [illegible] Column 5.

Lines 22 through 28 – Other Invested Assets with Underlying Characteristics of Bonds

Report the book/adjusted carrying value of all Schedule BA assets owned where the characteristics of the underlying investment are similar to bonds (Lines 0799999 and 0899999 and the portion of Lines 1199999, 1299999, 1399999 and 1499999 that applies to fixed income instruments similar to bonds) that have been valued according to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* in Columns 1 and 4. Follow the SVO guidelines and categorize these assets into NAIC designations one through six as directed by the NAIC Securities Valuation Office instructions, except those exempt obligations (as listed in the AVR instructions for Line 2) which should be reported separately. Multiply the amount in Column 4 for each designation by the reserve factors provided in Columns 5, 7 and 9 and report the products by designation in Columns 6, 8 and 10, respectively.

Include: Any investments believed by the reporting entity to fit the category of "Fixed or Variable Interest Rate Investments that Have the Underlying Characteristics of a Bond, Mortgage Loan or Other Fixed Income Instrument," or "Joint Ventures or Partnership Interests for Which the Primary Underlying Investments are Considered to Be "Fixed Income Instruments" which qualify for Filing Exemption or have been reviewed by the SVO.

Exclude: Any investments believed by the reporting entity to possess the underlying characteristics of a bond, but for which the Securities Valuation Office (SVO) has not yet affirmed that the specific BA asset (identified by CUSIP) fits in this category (as identified in the Valuation of Securities product). Until affirmed by the SVO, these investments are to be reported in Line 83 (Other Invested Assets – Schedule BA) of this schedule.

Lines 30 through 35 – Other Invested Assets with Underlying Characteristics of Preferred Stocks

Report the book/adjusted carrying value of all Schedule BA assets owned where the characteristics of the underlying investment are similar to preferred stocks (the portion of Lines 1199999, 1299999, 1399999 and 1499999 that applies to fixed income instruments similar to preferred stocks) that have been valued according to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* and certain surplus debentures (included in Lines 2399999 and 2499999) and capital notes (included in Lines 2999999 and 3099999, respectively) in Columns 1 and 4. Follow the SVO guidelines and categorize these assets into classes P1 through P6 or RP1 through RP6 as directed by the NAIC Securities Valuation Office instructions. For surplus debentures and capital notes, use the Credit Rating Provider (CRP) rating to categorize these assets as if the SVO had assigned an NAIC designation of 1 through 6. ONLY those surplus debentures and capital notes with an CRP rating equivalent to an NAIC 1 or NAIC 2 designation may be included in this section (in Line 30 and 31). Multiply the amount in Column 4 for each designation by the reserve factors provided in Columns 5, 7 and 9, and report the products by designation in Columns 6, 8 and 10, respectively.

Include: Any investments believed by the reporting entity to fit the category of "Fixed or Variable Interest Rate Investments that Have the Underlying Characteristics of a Bond, Mortgage Loan or Other Fixed Income Instrument," or "Joint Ventures or Partnership Interests for Which the Primary Underlying Investments are Considered to Be Fixed Income Instruments" which qualify for Filing Exemption or have been reviewed by the SVO.

Surplus debentures and capital notes that possess a CRP rating equivalent to an NAIC 1 or NAIC 2 designation.

Exclude: Any investments believed by the reporting entity to possess the underlying characteristics of a preferred stock, but for which the Securities Valuation Office (SVO) has not yet affirmed that the specific BA asset (identified by CUSIP) fits in this category (as identified in the Valuation of Securities product). Until affirmed by the SVO, these investments are to be reported in Line 83 (Other Invested Assets – Schedule BA) of this schedule.

All surplus debentures and capital notes that do NOT possess a CRP rating equivalent to an NAIC 1 or NAIC 2 designation. These surplus debentures are to be reported in Line 83 (Other Invested Assets – Schedule BA) of this schedule.

Lines 38 through 63 – Other Invested Assets with Underlying Characteristics of Mortgage Loans

Report the book/adjusted carrying value of all Schedule BA assets owned where the characteristics of the underlying investment are similar to mortgage loans (Lines 0999999, 1099999, 1999999 and 2099999), excluding any mortgage-backed/asset-backed securities included in Lines 22 through 28 above, in Columns 1 and 4. Categorize the mortgage loans as indicated in Lines 38 through 63.

For Lines 38 through 63, the classification methodology for mortgages is outlined in the Life Risk-Based Capital instructions. Multiply the amount in Column 4 for each category by the reserve factors in Columns 5, 7 and 9, Lines 38 through 63. Report the products by category in Columns 6, 8 and 10, respectively. For 2015 reporting, unaffiliated, overdue and in process of foreclosure mortgages that are insured or guaranteed should be included in Lines 47, 49, 52 or 54.

Lines 65 through 69 – Other Invested Assets with Underlying Characteristics of Common Stocks

Report the book/adjusted carrying value of all Schedule BA assets owned where the characteristics of the underlying investments are similar to common stock (Lines 1599999 and 1699999) in Columns 1 and 4. Line 68 should show all Schedule BA assets owned where the characteristics of the underlying investments are similar to common stocks owned in a controlled or affiliated company, or a subsidiary, and these assets should be valued according to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*. Categorize these assets consistent with the directions for Pages 29 and 30, Lines 1, 2 and 4, 15 and 16. For Line 65, the reserve factor must be calculated on an individual company basis. It is equal to 13% times the beta factor as discussed in the Pages 29 and 30, Line 1 instructions, and must be at least 10% but not more than 20%. Multiply the amount in Column 4 by the calculated reserve factors in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively. For Lines 66 through 69, multiply the amounts in Column 4 by the reserve factors provided in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.

Line 74 – Total Other Invested Assets with Underlying Characteristics of Real Estate

Report the book/adjusted carrying value of all Schedule BA assets owned where the characteristics of the underlying investment are similar to real estate (Lines 1799999 and 1899999 items that are not reported in AVR category of Other Invested Assets with Underlying Characteristics of Mortgage Loans) in Column 1, any related encumbrances on these assets in Column 2, and any third party encumbrances on these assets in Column 3. Report the sum of Columns 1, 2, and 3 in Column 4. Column 4 may not be less than zero. Multiply the amount in Column 4 by the reserve factors provided in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.

NOTE: Related party encumbrances are loans from the reporting entity and the amount reflected in Column 2 should be deducted in Column 2 in the corresponding section of the AVR worksheet. If the real estate entity to which the loan was made is not wholly owned by the reporting entity, the related party encumbrance amount reflected in Column 2 should be based on the reporting entity's ownership percentage. The amount of the third party encumbrances without recourse to be reflected in Column 3 is limited to the extent that the maximum reserve (Column 10) should not exceed the sum of the book/adjusted carrying value (Column 1) plus related party encumbrances (Column 2) and third party encumbrances with recourse which are included in Column 3.

Lines 75 through 80 – Low-Income Housing Tax Credit Investments

Report Column 1 in accordance with *SSAP No. 93—Low Income Housing Tax Credit Property Investments.*

For Line 75, report guaranteed low-income housing tax credit (LIHTC) investments. There must be an all-inclusive guarantee from a CRP-rated entity that guarantees the yield on the investment. Line 75 should equal Schedule BA, Part 1, Column 12, Line 3199999 + Line 3299999.

For Line 76, report non-guaranteed LIHTC investments with the following risk mitigation factors:

I. A level of leverage below 50%. For LIHTC Fund, the level of leverage is measured at the fund level.

II. There is a Tax Credit Guarantee Agreement from General Partner or managing member. This agreement requires the General Partner or managing member to reimburse investors for any shortfalls in tax credits due to errors of compliance, for the life of the partnership. For an LIHTC Fund, a Tax Credit Guarantee is required from the developers of the lower tier LIHTC properties to the upper tier partnership.

III. There are sufficient operating reserves, capital replacement reserves and/or operating deficit guarantees present to mitigate foreseeable foreclosure risk at the time of the investment.

Line 76 should equal Schedule BA, Part 1, Column 12, Line 3399999 + Line 3499999.

Only federal low-income housing tax credit investments can be reported on Lines 75 and 76. State low-income housing tax credit investments that meet the requirements of SSAP No. 93 and that, at a minimum, meet the requirements for federal guaranteed programs should be reported on Line 77. Line 77 should equal Schedule BA, Part 1, Column 12, Line 3599999 + Line 3699999.

State low-income housing tax credit investments that do not meet the requirements of SSAP No. 93 and that do not, at a minimum, meet the requirements for federal non-guaranteed programs should be reported on Line 78. Line 78 should equal Schedule BA, Part 1, Column 12, Line 3799999 + Line 3899999.

Any other low-income housing tax credit investments that meet the requirements of SSAP No. 93 and cannot be reported on Lines 75 through 78 should be reported on Line 79. Line 79 should equal Schedule BA, Part 1, Column 12, Line 3999999 + Line 4099999.

Multiply the amount in Column 4 for each category by the reserve factors for Page 32, Columns 5, 7 and 9, Lines 75 through 79. Report the products by category in Columns 6, 8 and 10, respectively.

Line 81 & 82 – Working Capital Finance Investments

Report the book/adjusted carrying value of all working capital finance investments owned (Schedule BA, Part 1, Line 4199999) in Columns 1 and 4. Categorize the working capital finance investments into NAIC designations 1 or 2 as directed by the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*. Multiply the amount in Column 4 for each designation by the reserve factors provided in Columns 5, 7 and 9, and report the products by designation in Columns 6, 8 and 10, respectively.

Line 83 – Other Invested Assets – Schedule BA

Report the book/adjusted carrying value of all other Schedule BA investments owned that cannot be classified into one of the above categories (Lines 0199999, 0299999, 0399999, 0499999, 0599999, 0699999, 2199999, 2299999, 2399999, 2499999, 2999999, 3099999, 4299999 and 4399999) in Column 1 and any encumbrances on these assets in Column 3. Schedule DL, Part 1 investments reported on Line 8899999 would be included in this total if not classified in one of the above categories. Collateral loans (Line 2599999 and 2699999) have been intentionally excluded from this total. For surplus debentures and capital notes, the amount to report in Column 1 is to be calculated based upon the accounting prescribed in *SSAP No. 41—Surplus Notes*. Report the sum of Columns 1 and 3 in Column 4. Column 4 may not be less than zero. Note that ALL surplus debentures and capital notes should be included here in Line 83, EXCEPT those with a CRP rating equivalent to an NAIC 1 or NAIC 2 designation (which are reported in Line 30 and 31 of this schedule). Multiply the amount in Column 4 by the reserve factors provided in Columns 5, 7 and 9, and report the products in Columns 6, 8 and 10, respectively.

Include: Any investments believed by the reporting entity to fit the category of "Fixed or Variable Interest Rate Investments that Have the Underlying Characteristics of a Bond, Mortgage Loan or Other Fixed Income Instrument," or "Joint Ventures or Partnership Interests for which the Primary Underlying Investments are considered to be Fixed Income Instruments" but which do not qualify for Filing Exemption and have not been reviewed by the SVO. In addition, include those investments that have been reviewed by the SVO and were determined to have the underlying characteristics of "Other" instruments (joint venture, partnership and LLC investments) or to be "Any Other Class of Assets".

Exclude: All surplus debentures and capital notes that possess a CRP rating equivalent to an NAIC 1 or NAIC 2 designation. These surplus debentures are to be reported in Line 30 and 31 (Other Invested Assets with Underlying Characteristics of Preferred Stocks) of this schedule.

Line 84 – Other Short-Term Invested Assets – Schedule DA

Report the book/adjusted carrying value of all other Schedule DA (Lines 8599999 and 9099999) and Schedule DL, Part 1 (Line 8999999) assets owned that cannot be classified into one of the above categories in Column 1 and any encumbrances on these assets in Column 3. Report the sum of Columns 1 and 3 in Column 4. Multiply the amount in Column 4 by the reserve factors provided in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.

Line 86 – Total Other Invested Assets – Schedules BA & DA

The Columns 6, 8 and 10 amounts must be combined with Columns 6, 8 and 10, Line 21 amounts and reported on the Asset Valuation Reserve Page, Column 5, Lines 7, 10 and 9, respectively.

NOTE: Other invested asset reserves will be calculated based on the nature of the underlying investments related to the Schedule BA and Schedule DA assets. Assets should be categorized as if the company owned the underlying investment. For example:

- Mortgage participation certificates and similar holdings should be classified as fixed income assets.

- Gas and oil production and mineral rights have potential variability of return and should be categorized as equity investments.

- Partnership investments should be classified as fixed or equity investments or as equity real estate, depending on the purpose of the partnership. The maximum AVR factor would be that appropriate for the asset classification.

- A "look through" approach should be taken for any Schedule BA and Schedule DA assets not specifically listed, so as to reflect in the AVR calculation the essential nature of the investments.

REPLICATION (SYNTHETIC ASSETS) – BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS

This worksheet should contain a line for each replicated (synthetic) asset and each cash instrument component of all replication (synthetic asset) transactions undertaken by the reporting entity. The assets should be sorted first by RSAT number, next by type (replicated assets first then cash instruments) and finally by CUSIP.

Column 1 – RSAT Number

The RSAT number for each transaction should be that used in Schedule DB, Part C, Section 1.

Column 2 – Type

Enter:

“R” For replicated asset, if the line describes one of the replicated (synthetic) assets,

“CW” For cash instrument with credit, if the line describes one of the cash instruments constituting the transaction and the transaction either:

(1) Is a swap of prospectively determined interest rates or

(2) Eliminates the asset risk associated with the cash instrument

“CN” For cash instrument with no credit, if the line describes one of the cash instruments constituting the transaction and the transaction does not eliminate the reporting entity’s exposure to the asset risk associated with the instrument.

Column 3 – CUSIP

Show the CUSIP for all cash instruments that are securities.

Column 4 – Description of Assets(s)

Give the description of the replicated (synthetic) asset(s) of cash instruments as found on Schedule DB, Part C, Section 1.

Column 5 – NAIC Designation or Other Description of Asset

Give the NAIC designation or other description that will best identify the Asset Valuation Reserve class of the asset as contained in Columns 3 or 14 of Schedule DB, Part C, Section 1.

Column 6 – Value of Asset

Give the book/adjusted carrying value of the asset as contained in Columns 5 or 15 of Schedule DB, Part C, Section 1.

Column 7 – AVR Basic Contribution

For replicated (synthetic) assets, multiply the Basic Contribution Factor appropriate to the asset class of the replicated (synthetic) asset times the book/adjusted carrying value contained in Column 6. For cash instrument components that qualify for a credit (see instructions for Column 2), the amount contained in the column is the product of

a. The Basic Contribution Factor appropriate to the asset class of the cash instrument, but not higher than the average Basic Contribution Factor for the replicated (synthetic) asset(s), times

b. The book/adjusted carrying value contained in Column 6, times

c. −1.

For other cash instrument components this column should contain 0.

Column 8 – AVR Reserve Objective

For replicated (synthetic) assets, multiply the Reserve Objective Factor appropriate to the asset class of the replicated (synthetic) asset times the book/adjusted carrying value contained in Column 6. For cash instrument components that qualify for a credit, the amount contained in this column is the product of

a. The Reserve Objective Factor appropriate to the asset class of the cash instrument, but not higher than the average Reserve Objective Factor for the replicated (synthetic) asset(s), times,

b. The book/adjusted carrying value contained in Column 6, times,

c. −1.

For other cash instrument components this column should contain 0.

Column 9 – AVR Maximum Reserve

For replicated (synthetic) assets, multiply the Maximum Reserve Factor appropriate to the asset class of the replicated (synthetic) asset times the book/adjusted carrying value contained in Column 6. For cash instrument components that qualify for a credit, the amount in this column in the product of

a. The Maximum Reserve Factor appropriate to the asset class of the cash instrument, but not higher than the average Maximum Reserve Factor for the replicated (synthetic) asset(s), times,

b. The book/adjusted carrying value contained in Column 6, times,

c. −1.

For other cash instrument components this column should contain 0.

Determine the appropriate Asset Valuation Reserve sub-component for each line based on the classification contained in Column 5 and show the subtotals for each sub-component on Lines 0199999, 0299999, 0399999, and 0499999.

AVR treatment for Separate Accounts

Whether or not an AVR is required for separate account assets depends primarily on whether the reporting entity or policyholder/contract holder suffers the loss in the event of asset default or market value loss. An important exception to this is when specific state regulation provides an alternative to the AVR. (See the chart on the last page of instructions for this schedule.)

An AVR is required for separate account investments unless:

1. The asset default or market value risk is essentially borne directly by the policyholders, or

2. The regulatory authority for such separate accounts already explicitly provides for establishment of a reserve for asset default risk where such reserves are essentially equivalent to the AVR.

For example, assets supporting traditional variable annuities and variable life insurance do not require AVR because the policyholders/contract holders bear the risk of change in the value of assets. However, an AVR is required for that portion representing the company's equity interest in the investments of such a separate account, (seed money interest, for example). Assets supporting typical modified guaranteed contracts or market value adjusted contracts do require AVR because the company is responsible for credit-related asset loss. Another category of contracts requiring AVR is contracts with book value guarantees similar to contracts generally found in the general account.

Examples of the exception referred to in (2) above are contracts with market value separate accounts funding guaranteed benefits where state regulation provides alternatives to the AVR.

An AVR supporting the separate accounts assets must be combined with the General Account AVR. Default and Equity Component worksheets have been added and must be included in the Separate Accounts Statement.

The AVR's contributions and maximum values are based on book/adjusted carrying values. After completion of the calculation for Separate Accounts Default and Equity Components, the basic contribution, reserve objective and maximum reserve amounts reported on Page 26, Lines 7, 10 and 9 should be the sum of the total calculated on Pages 27, 28, 29 and 32 (General Account) and Pages 15, 16, 17 and 20 (Separate Account) as follows:

Basic Contribution:

G/A Page 26, Line 7, Column 1	= G/A	[278, L34, C6]	+ G/A	[P32, L0199999, C7]
	+ S/A	[P15, L34, C6]	+ S/A	[P20, L0199999, C7]
G/A Page 26, Line 7, Column 2	= G/A	[P28, L60, C6]	+ G/A	[P32, L0299999, C7]
	+ S/A	[P16, L60, C6]	+ S/A	[P20, L0299999, C7]
G/A Page 26, Line 7, Column 4	= G/A	[P29, L17, C6]	+ G/A	[P32, L0399999, C7]
	+ S/A	[P17, L17, C6]	+ S/A	[P20, L0399999, C7]
G/A Page 26, Line 7, Column 5	= G/A	[P29, L21, C6 + P31, L86, C6]	+ G/A	[P32, L0499999, C7]
	+ S/A	[P17, L21, C6 + P19, L86, C6]	+ S/A	[P20, L0499999, C7]

Reserve Objective:

G/A Page 26, Line 10, Column 1	=G/A	[278, L34, C8]	+ G/A	[P32, L0199999, C8]
	+ S/A	[P15, L34, C8]	+ S/A	[P20, L0199999, C8]
G/A Page 26, Line 10, Column 2	= G/A	[P28, L60, C8]	+ G/A	[P32, L0299999, C8]
	+ S/A	[P16, L60, C8]	+ S/A	[P20, L0299999, C8]
G/A Page 26, Line 10, Column 4	=G/A	[P29, L17, C8]	+ G/A	[P32, L0399999, C8]
	+ S/A	[P17, L17, C8]	+ S/A	[P20, L0399999, C8]
G/A Page 26, Line 10, Column 5	=G/A	[P29, L21, C8 + P31, L86, C8]	+ G/A	[P32, L0499999, C8]
	+ S/A	[P17, L21, C8 + P19, L86, C8]	+ S/A	[P20, L0499999, C8]

Maximum Reserve:

G/A Page 26, Line 9, Column 1	= G/A	[278, L34,C10]	+ G/A	[P32, L0199999, C9]
	+ S/A	[P15, L34, C10]	+ S/A	[P20, L0199999, C9]
G/A Page 26, Line 9, Column 2	=G/A	[P28, L60, C10]	+ G/A	[P32, L0299999, C9]
	+ S/A	[P16, L60, C10]	+ S/A	[P20, L0299999, C9]
G/A Page 26, Line 9, Column 4	= G/A	[P29, L17, C10]	+ G/A	[P32, L0399999, C9]
	+ S/A	[P17, L17, C10]	+ S/A	[P20, L0399999, C9]
G/A Page 26, Line 9, Column 5	= G/A	[P29, L21, C10 + P31, L86, C10]	+ G/A	[P32, L0499999, C9]
	+ S/A	[P17, L21, C10 + P19, L86, C10]	+ S/A	[P20, L0499999, C9]

Where the AVR Default Component supports assets valued at market, gains/(losses), net of capital gains tax, charges to the AVR are determined using one of the following two methods (applied consistently by separate account):

1. A gain/(loss) is recorded as for the general account rules, i.e., upon sale of an asset that has changed more than one designation category or upon asset default. Once an asset is in default, all subsequent market value changes are reflected in the AVR, or

2. A similar procedure to Method 1 above is followed but, additionally, a gain/(loss) is recorded whenever an asset held changes by more than one designation category. As there might be more than one such event for a particular asset, e.g., a two designation downgrade followed by subsequent sale of the asset, the amount charged the AVR is net of any prior amounts charged for that asset.

<u>SEPARATE ACCOUNTS</u>
<u>AVR/IMR CRITERIA</u>
<u>Asset Loss</u>

Assets	Liabilities	Does Co. Suffer Asset Loss?	If Yes, Any Other Provision?	AVR(1)	IMR	Example Product
Market	Market	No	---	No	No	Variable Annuity
Market	Market(2)	Yes	No	Yes	No	Modified Gtd. Annuity
Market	Market	Yes	Yes	No (3)	No	MV S/A Funding Gtd. Benefits
Book	Book	No	---	No	No	---
Book	Book	Yes	No	Yes	Yes	GIC in Sep. Account
Book	Book	Yes	Yes	No (3)	Yes	---

1. However, an AVR is required for that portion representing the company’s equity interest in the investments of such a separate account, (seed money interest, for example).

2. But not less than adjusted cash surrender value.

3. An AVR reserve must be established unless there is a statutory requirement for the equivalent of an AVR reserve for this product.

This page intentionally left blank.

SCHEDULE F

DEATH CLAIMS RESISTED OR COMPROMISED

If a reporting entity has any detail lines reported for any of the following required groups, categories, or subcategories, it shall report the subtotal amount of the corresponding group, category, or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number.

Group or Category	Line Number
Claims Disposed of During Current Year:	
Subtotals – Disposed – Death Claims	0599999
Subtotals – Disposed – Add'l Acc. Death Benefit	1099999
Subtotals – Disposed – Disability Benefit Claims	1599999
Subtotals – Disposed – Matured Endowment Claims	2099999
Subtotals – Disposed – Annuities with Life Contin.	2599999
Subtotals – Disposed – Claims Disposed of During Current Year	2699999

Activity for resisted claims incurred on direct business should be classified in the following categories.

Group or Category	Line Number
Claims Resisted During Current Year:	
Subtotals – Resisted – Death Claims	3199999
Subtotals – Resisted – Add'l Acc. Death Benefit	3699999
Subtotals – Resisted – Disability Benefit Claims	4199999
Subtotals – Resisted – Matured Endowment Claims	4699999
Subtotals – Resisted – Annuities with Life Contin.	5199999
Subtotals – Claims Resisted During Current Year	5299999
Totals	5399999

This exhibit provides a summary of resisted claims on life insurance contracts. Claims under accident and health policies need not be reported in this schedule.

A claim is considered resisted when it is in dispute and not resolved on the statement date. Where the company is holding up payment for sufficient evidence or where a beneficiary has made a claim and then withdraws it, such item should be considered as in the course of settlement.

Column 4 – Year of Claim for Death or Disability

Claims resisted and not settled or dismissed by a competent court at the end of the statement year should be carried forward to the next year.

Column 5 – Amount Claimed

The amount claimed (not the amount paid) on resisted claims that have been settled during the current year.

Column 7 – Amount Resisted December 31 of Current Year

Statement year liability should agree with Exhibit 8, Part 1, Line 2.11, Column 1.

This page intentionally left blank.

Schedule H

SCHEDULE H

ACCIDENT AND HEALTH EXHIBIT

"Appropriately" where used in the instructions for Schedule H means the appropriate accident and health portions of referenced data. Reconciliation with figures drawn from other parts of the statement may, in some cases, only be possible with respect to Total Accident and Health (Column 1) of Schedule H – Accident and Health Exhibit.

All amounts reportable in Parts 1 through 3 are net of reinsurance ceded, i.e., reinsurance assumed should be included, reinsurance ceded should be deducted, and net figures entered in the statement. Part 4, "Reinsurance," displays the reinsurance assumed and ceded components.

Column 3 – Collectively Renewable

Include: Amounts pertaining to certificates which are made available to groups of persons under a plan sponsored by an employer, or an association or a union of affiliated associations or unions, or a group of individuals supplying materials to a central point of collection or handling a common product or commodity, under which the society has agreed with respect to such certificates that renewal will not be refused, subject to any specified age limit, while the insured remains a member of the group specified in the agreement unless the company simultaneously refuses renewal to all other certificates in the same group. A sponsored plan shall not include any arrangement where a company's customary individual certificates are made available without special underwriting considerations, and where the employer's participation is limited to arranging for salary allotment premium payments with or without contribution by the employer. Such plans are sometimes referred to as payroll budget or salary allotment plans. A sponsored plan may be administered by an agent or trustee.

Amounts pertaining to certificates issued by a company or group of companies under a plan, other than a group insurance plan, authorized by special legislation for the exclusive benefit of the aged through mass enrollment.

Amounts pertaining to certificates issued under mass enrollment procedures to older people, such as those age 65 and over, in some geographic region or regions under which the company has agreed with respect to such certificates that renewal will not be refused unless the company simultaneously refuses renewal to all other certificates specified in the agreement.

Column 5 – Non-Cancelable

Include: Amounts pertaining to certificates that are guaranteed renewable for life or to a specified age, such as 60 or 65, at guaranteed premium rates.

Column 7 – Guaranteed Renewable

Include: Amounts pertaining to certificates that are guaranteed renewable for life or to a specified age, such as 60 or 65, but under which the company reserves the right to change the scale of premium rates.

Column 9 – Non-Renewable for Stated Reasons Only

Include: Amounts pertaining to certificates in which the company has reserved the right to cancel or refuse renewal for one or more stated reasons, but has agreed implicitly or explicitly that, prior to a specified time or age, it will not cancel or decline renewal solely because of deterioration of health after issue.

Column 13 – All Other

Include: Any other accident and health coverage not specifically required in other columns. All Medicare Part D Prescription Drug Coverage, whether sold on a stand-alone basis or through a Medicare Advantage product and whether sold directly to an individual or through a group.

PART 1 – ANALYSIS OF UNDERWRITING OPERATIONS

In each % column of Part 1, show the percentage of Line 2 for Lines 3 through 14 inclusive.

Line 1 – Premiums Written

Should agree with "Total (All Business) minus Reinsurance Ceded" Line of Column 4, Schedule T, if prepared on a written basis.

Line 2 – Premiums Earned

Refer to *SSAP No. 54R—Individual and Group Accident and Health Contracts* for accounting guidance.

Should agree with Line 1 plus the change in unearned premiums and reserve for rate credits included in Part 2, Section A.

Line 3 – Incurred Claims

Report cash settlements during the year plus the change in claim liabilities, reserves, and amounts recoverable from reinsurers.

Should agree appropriately with Exhibit 8, Part 2, Line 6.4 and also Analysis of Operations, Line 13, in each case adjusted for the change in Exhibit 6 of Aggregate Accident and Health Reserves, Line 15 reserves.

Should agree with Part 2, Section C, Line 3; plus Part 3, Line 1.1; plus Part 3, Line 1.2.

Line 4 – Cost Containment Expenses

Report cost containment expenses in accordance with *SSAP No. 55— Unpaid Claims, Losses and Loss Adjustment Expenses*.

Should agree with Exhibit 2, Column 2, Line 10.

Line 5 – Incurred Claims and Cost Containment Expenses

Should agree with the sum of Lines 3 and 4.

Line 6 – Increase in Contract Reserves

Should agree with Part 2, Section B, Line 5.

Line 7 – Commissions

Report incurred commissions and expense allowances on reinsurance.

Should agree appropriately with the net of Exhibit 1, Part 2, Line 31 minus Line 26.3 and also with the net of Analysis of Operations, Line 19 plus Line 20, minus Line 6, Column 5.

Line 8 – Other General Insurance Expenses

Report general insurance expenses incurred and provision for claim expenses incurred in connection with pending and incurred but unreported claims not included in Cost Containment Expenses on Line 4 above.

Should agree appropriately with Exhibit 2, Column 3, Line 10.

Line 9 – Taxes, Licenses and Fees

Report total taxes plus state insurance department licenses and fees.

Should agree appropriately with Exhibit 3, Line 6, Column 2, and also with Analysis of Operations, Line 22, Column 5.

Line 10 – Total Other Expenses Incurred

Sum of Lines 7, 8 and 9.

Line 11 – Aggregate Write-ins for Deductions

Enter the total of the write-ins listed in schedule "Details of Write-ins Aggregated at Line 11 for Deductions."

Line 12 – Gain From Underwriting Before Dividends or Refunds

Report premiums earned less incurred claims, minus increase in policy reserves and minus total expenses incurred. Line 2 minus the sum of Lines 5, 6, 10 and 11.

Line 13 – Dividends or Refunds

Should agree appropriately with Analysis of Operations, Line 28, Column 5, and also with Exhibit 4, Dividends or Refunds, Line 17, Column 2.

Line 14 – Gain From Underwriting After Dividends or Refunds

Line 12 minus Line 13.

Details of Write-ins Aggregated at Line 11 for Deductions

List separately all deductions for which there is no pre-printed line on Schedule H, Part 1.

PART 2 – RESERVES AND LIABILITIES

SECTION A – PREMIUM RESERVES

Line 1 – Unearned Premiums

Should agree appropriately with Exhibit 6, Line 1, net of applicable reinsurance ceded.

Line 2 – Advance Premiums

Should agree appropriately with Exhibit 1, Part 1, Lines 4 and 14.

Line 3 – Reserve for Rate Credits

Not applicable to Fraternals.

Line 4 – Total Premium Reserves, Current Year

Sum of Lines 1, 2 and 3.

Line 5 – Total Premium Reserves, Prior Year

Line 4 from prior year.

Line 6 – Increase in Total Premium Reserves

Line 4 minus Line 5.

SECTION B – CONTRACT RESERVES

Line 1 – Additional Reserves

Refer to *SSAP No. 54R—Individual and Group Accident and Health Contracts* for accounting guidance.

Include: Premium deficiency reserve.

Companies must carry a reserve in this line for any policy or block of policies:

(i) With which level premiums are used, or

(ii) With respect to which, due to the gross premium structure at issue, the value of future benefits exceeds the value of appropriate future valuation net premiums.

Companies must carry a reserve for any block of contracts for which future gross premiums when reduced by expenses for administration, commissions, and taxes will be insufficient to cover future claims or services.

Line 2 – Reserve for Future Contingent Benefits

Companies must carry a reserve on this line for any policy that provides for the extension of benefits after termination of the policy or of any insurance thereunder. Such benefits that actually accrue and are payable at some future date, are predicated on a condition or actual disability that exists at the termination of the insurance and that is usually not known to the insurance company. These benefits are normally provided by contract provision but may be payable because of court decisions or of departmental rulings.

An example of the type of benefit for which a reserve must be carried is the coverage for hospital confinement after the termination of an employee's certificate but prior to the expiration of a stated period. This example is illustrative only and is not intended to limit the reserve to the benefits described. Some individual Accident and Health policies may also provide benefits similar to those under the "Extension of Benefits" section of a group policy.

Line 3 – Total Contract Reserves, Current Year

Sum of Lines 1 and 2.

Line 4 – Total Contract Reserves, Prior Year

Line 3 from prior year.

Line 5 – Increase in Contract Reserves

Line 3 minus Line 4.

SECTION C – CLAIM RESERVES AND LIABILITIES

Line 1 – Total Current Year

Should agree with the sum of Exhibit 6, Line 15 and Exhibit 8, Part 1, Line 4.4.

Also should agree with Part 3, Line 2.1 plus Part 3, Line 2.2 below.

Line 2 – Total Prior Year

Line 1 from prior year.

Should agree with Part 3, Line 3.2 below.

Line 3 – Increase

Line 1 minus Line 2.

PART 3 – TEST OF PRIOR YEAR'S CLAIM RESERVES AND LIABILITIES

Lines 1.1 and 1.2 – Claims Paid During the Year on Claims Incurred Prior to and During Current Year

Represents net payments made during the year less the change in amounts still recoverable from reinsurance.

The sum of Lines 1.1 and 1.2 should agree appropriately with Exhibit 8, Part 2, Line 1.4 minus Line 3 plus Line 5.

Lines 2.1, 2.2 and 3.2 – Claim Reserves and Liabilities, December 31 on Claims Incurred Prior to and During Current Year

The sum of Lines 2.1 and 2.2 should equal Line C1 of Part 2 of this schedule and Line 3.2 should equal Line C2 of Part 2 of this schedule. Line 3.3 represents the result of the test for adequacy of claim provisions. A negative figure will normally indicate a favorable reserve development.

PART 4 – REINSURANCE

Represents the reinsurance assumed and ceded components of Part 1, Lines 1, 2, 3 and 7 of this schedule.

SECTIONS A AND B

Line 2 – Premiums Earned

Premiums earned are before adjustment for the increase in certificate reserves, which has been treated as a separate deduction.

PART 5 – HEALTH CLAIMS

Column 3 – Other

Include: All Medicare Part D Prescription Drug Coverage, whether sold on a stand-alone basis or through a Medicare Advantage product and whether sold directly to an individual or through a group.

A. DIRECT

Line 1 – Incurred Claims

Should agree with Line 3 plus Line 4 minus Line 2.

Line 2 – Beginning Claim Reserves and Liabilities

Should agree with Exhibit 8, Part 2, Line 4.1, Columns 9, 10 and 11, plus direct portion of Exhibit 6, Line 13, Column 1, Prior Year.

Line 3 – Ending Claim Reserves and Liabilities

Should agree with Exhibit 8, Part 2, Line 2.1, sum of Columns 9, 10 and 11, plus direct portion of Exhibit 6, Line 13, Column 1.

Line 4 – Claims Paid

Should agree with Exhibit 8, Part 2, Line 1.1, sum of Columns 9, 10 and 11.

B. ASSUMED REINSURANCE

Line 5 – Incurred Claims

Should agree with Schedule H, Part 4, Line A3, Column 1. Should also agree with Line 7 plus Line 8, minus Line 6.

Line 6 – Beginning Claim Reserves and Liabilities

Should agree with Exhibit 8, Part 2, Line 4.2, sum of Columns 9, 10 and 11, plus assumed portion of Exhibit 6, Line 13, Column 1, Prior Year.

Line 7 – Ending Claim Reserves and Liabilities

Should agree with Exhibit 8, Part 2, Line 2.2, sum of Columns 9, 10 and 11, plus assumed portion of Exhibit 6, Line 13, Column 1.

Line 8 – Claims Paid

Should agree with Exhibit 8, Part 2, Line 1.2, sum of Columns 9, 10 and 11.

C. <u>CEDED REINSURANCE</u>

Line 9 – Incurred Claims

Should agree with Schedule H, Part 4, Line B3, Column 1. Should also agree with Line 11, plus Line 12, minus Line 10.

Line 10 – Beginning Claim Reserves and Liabilities

Include: Amounts recoverable from reinsurers.

Should agree with Exhibit 8, Part 2, Line 4.3 plus Line 5, sum of Columns 9, 10 and 11, plus Exhibit 6, Line 14, Column 1, prior year.

Line 11 – Ending Claim Reserves and Liabilities

Should agree with Exhibit 8, Part 2, Line 2.3 plus line 3, sum of Columns 9, 10 and 11, plus Exhibit 6, Line 14, Column 1.

Line 12 – Claims Paid

Should agree with Exhibit 8, Part 2, Line 1.3, sum of Columns 9, 10 and 11.

D. <u>NET</u>

Line 13 – Incurred Claims

Should agree with Schedule H, Part 1, Line 3, Column 1. Should also agree with Line 15, plus Line 16, minus Line 14.

Line 14 – Beginning Claim Reserve and Liabilities

Exclude: Amount recoverable from reinsurers.

Should agree with Schedule H, Part 2, Line C2, Column 1 minus Exhibit. 8, Part 2, Line 5, sum of Columns 9, 10 and 11.

Line 15 – Ending Claim Reserve and Liabilities

Exclude: Amounts recoverable from reinsurers.

Should agree with Schedule H, Part 2, Line C1, Column 1, minus Exhibit 8, Part 2, Line 3, sum of Columns 9, 10 and 11.

Line 16 – Claims Paid

Should agree with Exhibit 8, Part 2, Line 1.4, sum of Columns 9, 10 and 11.

E. NET INCURRED CLAIMS AND COST CONTAINMENT EXPENSES

Line 17 – Incurred Claims and Cost Containment Expenses

Should agree with Schedule H, Part 1, Line 5, Column 1.

Line 18 – Beginning Reserves and Liabilities

Should agree with Exhibit 2, Column 2, Line 11 plus Line 14 above.

Line 19 – Ending Reserves and Liabilities

Should agree with Exhibit 2, Column 2, Line 12 plus Line 15 above.

Line 20 – Paid Claims and Cost Containment Expenses

Line 17 plus Line 18 minus Line 19.

SCHEDULE S – REINSURANCE

These parts (except Part 1, which shows reinsurance assumed) provide an analysis by reinsurance carrier of reinsurance ceded data shown in total in various parts of the statement. Information is included on all reinsurance ceded to other entities authorized as well as unauthorized or certified in the state of domicile of the reporting entity. Additional data for unauthorized companies is displayed in Part 4; additional data for certified reinsurers is displayed in Part 5.

NOTE: Certified reinsurer status applies on a prospective basis, and is determined by the state of domicile of the ceding insurer. As such, it is possible that a ceding insurer will report reinsurance balances applicable to a single assuming insurer under multiple classifications within Schedule S. For example, with respect to a certified reinsurer that was considered unauthorized prior to certification, balances attributable to contracts entered into prior to the assuming insurer's certification would be reported in the unauthorized classification, while balances attributable to contracts entered into or renewed on or after the assuming insurer's certification would be reported in the certified classification. Proper classification of such balances is essential to ensure accurate reporting of collateral requirements applicable to specific balances and the corresponding calculation of the liability for unauthorized and/or certified reinsurance.

Effective date as used in this schedule is the date the contract originally went into effect.

Where name of company is specified, show the full corporate name of the company to which reinsurance is ceded.

The reinsurance type should be entered in all capital letters, and all reinsurance types must be followed by /G (for Group) or /I (for Individual).

Index to Schedule S

Part 1, Section 1	–	Reinsurance Assumed Life Insurance, Annuities, Deposit Funds and Other Liabilities Without Life or Disability Contingencies, and Related Benefits
Part 1, Section 2	–	Reinsurance Assumed Accident and Health Insurance
Part 2	–	Reinsurance Recoverable on Paid and Unpaid Losses
Part 3, Section 1	–	Reinsurance Ceded Life Insurance, Annuities, Deposit Funds and Other Liabilities Without Life or Disability Contingencies, and Related Benefits
Part 3, Section 2	–	Reinsurance Ceded Accident and Health Insurance
Part 4	–	Reinsurance Ceded to Unauthorized Companies
Part 5	–	Reinsurance Ceded to Certified Reinsurers
Part 6	–	Five-Year Exhibit of Reinsurance Ceded Business
Part 7	–	Restatement of Balance Sheet to Identify Net Credit for Ceded Reinsurance

Illustration for reporting MODCO activity

From time to time, an entity that assumes the risk on a block of business may cede that same block to another entity. This type of transaction is often called a "retrocession." The following example illustrates the reporting. Entity A enters into a modified coinsurance arrangement with Entity B for new individual life insurance policies. At year-end the "modco" reserves held by Entity A totaled $1,000. Concurrent with the agreement, Entity B enters into a similar arrangement with Entity C covering the same block of business. Entity A would list Entity B on Schedule S, Part 3 Section 1, with a type code of MCO/I and report $1,000 in Column 14 along with the other relevant information. Entity B would list Entity A in Schedule S, Part 1, Section 1, with a type code of MCO/I and report $1,000 in Column 8 and 11 along with the other relevant information. Entity B would also list Entity C in Schedule S, Part 3 Section 1, reporting $1,000 in Column 14 along with the other relevant information. Entity C would list Entity B in Schedule S, Part 1, Section 1, reporting $1,000 in Column 8 and 11 along with the other relevant information.

ID Number

Most parts of Schedule S require that the "ID Number" be reported for assuming or ceding entities.

Reinsurance intermediaries should not to be listed, because Schedule S is intended to identify only risk-bearing entities.

Use of Federal Employer Identification Number

The Federal Employer Identification Number (FEIN) must be reported for each U.S.-domiciled insurer and U.S. branch of an alien insurer. The FEIN should not be reported as the "ID Number" for other alien insurers even if the federal government has issued such a number.

Alien Insurer Identification Number (AIIN)

In order to report transactions involving alien companies correctly, the appropriate Alien Insurer Identification Number (AIIN) must be included on Schedule S instead of the FEIN. The AIIN number is assigned by the NAIC and is listed in the NAIC *Listing of Companies*. If an alien company does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at *FDRCCREQ@NAIC.ORG* for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC *Listing of Companies*, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

Pool and Association Numbers

In order to report transactions involving non-risk bearing pools or associations consisting of non-affiliated companies correctly, the company must include on Schedule S the appropriate Pool/Association Identification Number. These numbers are listed in the NAIC *Listing of Companies*. The Pool/Association Identification Number should be used instead of any FEIN that may have been assigned. If a pool or association does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at *FDRCCREQ@NAIC.ORG* for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC *Listing of Companies*, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

Certified Reinsurer Identification Number (CRIN)

In order to report transactions involving certified reinsurers correctly, the appropriate Certified Reinsurer Identification Number (CRIN) must be included on Schedule S instead of the FEIN or Alien Insurer Identification Number (AIIN). The CRIN is assigned by the NAIC and is listed in the NAIC *Listing of Companies*. If a certified reinsurer does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at *FDRCCREQ@NAIC.ORG* for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC *Listing of Companies*, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

NAIC Company Code

Company codes are assigned by the NAIC and are listed in the NAIC *Listing of Companies*. The NAIC does not assign a company code to insurers domiciled outside of the U.S. or to non-risk bearing pools or associations. The "NAIC Company Code" field should be zero-filled for those organizations. Non-risk bearing pools or associations are assigned a Pool/Association Identification Number. See the "Pool and Association Numbers" section above for details on assignment of Pool/Association Identification Numbers. Risk-bearing pools or associations are assigned a company code. If a reinsurer or reinsured has merged with another entity, report the company code of the surviving entity.

If a risk-bearing entity (e.g., risk-bearing pools or associations) does not appear in the NAIC *Listing of Companies*, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at *FDRCCREQ@NAIC.ORG* for numbers assigned since the last publication or for information on having a number assigned. Newly assigned company codes are incorporated in revised editions of the NAIC *Listing of Companies*, which are available semi-annually. The NAIC provides this information to annual statement software vendors for incorporation into the software.

Domiciliary Jurisdiction

In those parts of Schedule S requiring disclosure of the "Domiciliary Jurisdiction," for each domestic reinsurer or U.S. branch listed, the column should be completed with the state where the reinsurer maintains its statutory home office. For pools and associations, enter the state where the administrative office of such pool or association is located. For alien reinsurers, this column should be completed with the country where the alien is domiciled. Enter the two-character U.S. postal code abbreviation for the domiciliary jurisdiction for U.S. states, territories and possessions. A comprehensive listing of three-character (ISO Alpha-3) abbreviations for foreign countries is available in the appendix of these instructions.

Lloyd's of London

The following procedure will apply as respects annual statement filings for 1995 and subsequent years:

Cessions to Lloyd's under reinsurance agreements having an inception date on or before July 31, 1995, and which are not amended or renewed thereafter should continue to be reported using the collective Lloyd's number, AA-1122000, on an aggregated basis, under "Authorized – Other Non-U.S. Insurers." As respects continuous reinsurance agreements, the anniversary date shall be deemed to be the renewal date of the agreement. Any revision of terms and conditions shall be deemed to be an amendment of the reinsurance agreement.

Cessions to Lloyd's under reinsurance agreements having an inception, amendment or renewal date on or after August 1, 1995 must be reported using the specific number of each subscribing syndicate, as listed in the alien section of the NAIC *Listing of Companies*. Such syndicates should be listed individually, under "Authorized – Other Non-U.S. Insurers."

Syndicates for which an identification number does not appear in the NAIC *Listing of Companies* must be treated as unauthorized as respects cessions under reinsurance agreements having an inception, amendment or renewal date on or after August 1, 1995, and should be reported, on an aggregated basis, under "Unauthorized – Other Non-U.S. Insurers," using a new collective number, AA-1123000.

Reinsurance assumed from syndicates at Lloyd's should continue to be reported on Schedule S, Part 1 using the original collective Lloyd's number, AA-1122000.

Dates

All dates reported in Schedule S must be in the format MM/DD/YYYY. For example, the date December 13, 2011 should be reported as 12/13/2011.

Determination of Authorized Status

The determination of the authorized, unauthorized or certified status of an insurer or reinsurer listed in any part of Schedule S shall be based on the status of that insurer or reinsurer in the reporting entity's state of domicile.

Captive Affiliate Line Category

For the purpose of reporting a reinsurer as captive affiliate on Schedule S, the captive affiliate line categories shall include affiliated non-traditional insurers/reinsurers.

Definition of Affiliated Non-Traditional Insurer/Reinsurer

This disclosure is intended to capture cessions to affiliated insurance/reinsurance entities that are subject to a financial solvency regulatory system separate from that generally applicable to traditional insurers and/or reinsurers in the ceding entity's domestic jurisdiction. The definition of "Affiliate" is established in the NAIC Model Holding Company Act. An affiliated non-traditional insurer/reinsurer is an insurance or reinsurance company that reinsures risks only from its parent or affiliates, and is subject to a financial solvency regulatory system separate from that generally applicable to traditional insurers and/or reinsurers in the ceding entity's domestic jurisdiction. For the purpose of annual statement reporting, this definition shall be presumed to include the following, subject to the cedant's rebuttal to its domicile:

1. An affiliated insurance or reinsurance company licensed, authorized or otherwise granted the authority to operate in a single United States jurisdiction under any captive insurer law, special purpose insurer law, or other similar law separate from those applicable to traditional insurers and/or reinsurers.

2. An affiliated insurance or reinsurance company licensed, authorized or otherwise granted the authority to operate in any jurisdiction outside the United States under any captive insurer law, special purpose insurer law, or other similar law separate from those applicable to traditional insurers and/or reinsurers in that non-United States jurisdiction.

3. Any other affiliated insurance or reinsurance company that by law, regulation, or order, or contract is authorized to insure or reinsure only risks from its parent or affiliate.

SCHEDULE S – PART 1 – SECTION 1

REINSURANCE ASSUMED LIFE INSURANCE, ANNUITIES, DEPOSIT FUNDS AND OTHER LIABILITIES WITHOUT LIFE OR DISABILITY CONTINGENCIES, AND RELATED BENEFITS LISTED BY REINSURED COMPANY AS OF DECEMBER 31, CURRENT YEAR

This section should include data on all reinsurance assumed for life insurance, annuities, deposit fund and other liabilities without life or disability contingencies, and related benefits by reinsured company as of December 31, current year.

If a reporting entity has any detail lines reported for any of the following required groups, categories, or subcategories it shall report the subtotal amount of the corresponding group, category, or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number:

Group or Category	Line Number
General Account	
Affiliates	
U.S.	
Captive	0199999
Other	0299999
Total	0399999
Non-U.S.	
Captive	0499999
Other	0599999
Total	0699999
Total Affiliates	0799999
Non-Affiliates	
U.S. Non-Affiliates	0899999
Non-U.S. Non-Affiliates	0999999
Total Non-Affiliates	1099999
Total General Account	1199999
Separate Accounts	
Affiliates	
U.S.	
Captive	1299999
Other	1399999
Total	1499999
Non-U.S.	
Captive	1599999
Other	1699999
Total	1799999
Total Affiliates	1899999
Non-Affiliates	
U.S. Non-Affiliates	1999999
Non-U.S. Non-Affiliates	2099999
Total Non-Affiliates	2199999
Total Separate Accounts	2299999
Total U.S. (Sum of 0399999, 0899999, 1499999 and 1999999)	2399999
Total Non-U.S. (Sum of 0699999, 0999999, 1799999 and 2099999)	2499999
Total (Sum of 1199999 and 2299999)	9999999

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)
Alien Insurer Identification Number	(AIIN)
Certified Reinsurer Identification Number	(CRIN)
Pool/Association Identification Number	

Column 5 – Domiciliary Jurisdiction

Report the two-character U.S. postal code abbreviation for the domiciliary jurisdiction for U.S. states, territories and possessions. A comprehensive listing of three-character (ISO Alpha 3) abbreviations for foreign countries is available in the appendix of these instructions.

If a reinsurer has merged with another entity, report the domiciliary jurisdiction of the surviving entity.

Column 6 – Type of Reinsurance Assumed

Use the following abbreviations to identify the plan and type of reinsurance. For example, group coinsurance with funds withheld should be identified as COFW/G. (If there is more than one type of reinsurance in the same reinsurance company, show each type on a separate line.) NOTE: The type should be entered in all capital letters, and ALL reinsurance types must be followed by /G (for Group) or /I (for Individual).

Abbreviations:

I	Individual
G	Group

{ All Reinsurance Types should be followed by /I or /G.

REINSURANCE TYPES

CO	Coinsurance	ACO	Annuity coinsurance
COFW	Coinsurance with funds withheld	ACOFW	Annuity coinsurance with funds withheld
MCO	Modified coinsurance	AMCO	Annuity modified coinsurance
MCOFW	Modified coinsurance with funds withheld	AMCOFW	Annuity modified coinsurance with funds withheld
COMB	Combination coinsurance/modified coinsurance	ACOMB	Annuity combination coinsurance/modified coinsurance
COMBW	Combination coinsurance/modified coinsurance with funds withheld	ACOMBW	Annuity combination coinsurance/modified coinsurance with funds withheld
YRT	Yearly renewable term	GMDB	Guaranteed minimum death benefit
YRTFW	Yearly renewable term with funds withheld	GMDBFW	Guaranteed minimum death benefit funds withheld
CAT	Catastrophe	ADB	Accidental death benefit
OTH	Other reinsurance	DIS	Disability benefits

NOTE: The insurance type should be entered in all capital letters.

Column 7 – Amount in Force at End of Year

For catastrophe-reinsurance (CAT), disability reinsurance (DIS), accidental death benefit reinsurance (ADB) and annuity reinsurance (ACO and AMCO), leave this column blank.

Column 9 – Premiums

To agree with Exhibit 1, Part 1, Line 20.2, Columns 2 and 3.

For deposit funds and other liabilities without life or disability contingencies, leave this column blank.

Column 10 – Reinsurance Payable on Paid and Unpaid Losses

To agree with Exhibit 8, Part 1, Line 4.2, Columns 2 through 4. For deposit funds and other liabilities without life or disability contingencies, leave this column blank.

Column 11 – Modified Coinsurance Reserve

Report the amount of reserves held by the ceding company under modified coinsurance contracts. Include separate accounts modified coinsurance reserves. See examples for MODCO transactions contained in the general instructions for Schedule S.

Column 12 – Funds Withheld Under Coinsurance

Report the amount of funds withheld by the ceding company on coinsurance contracts.

SCHEDULE S – PART 1 – SECTION 2

REINSURANCE ASSUMED ACCIDENT AND HEALTH INSURANCE LISTED BY REINSURED COMPANY AS OF DECEMBER 31, CURRENT YEAR

If a reporting entity has any detail lines reported for any of the following required groups, categories, or subcategories it shall report the subtotal amount of the corresponding group, category, or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number:

Group or Category	Line Number
Affiliates	
U.S.	
Captive	0199999
Other	0299999
Total	0399999
Non-U.S.	
Captive	0499999
Other	0599999
Total	0699999
Total Affiliates	0799999
Non-Affiliates	
U.S. Non-Affiliates	0899999
Non-U.S. Non-Affiliates	0999999
Total Non-Affiliates	1099999
Total U.S. (Sum of 0399999 and 0899999)	1199999
Total Non-U.S. (Sum of 0699999 and 0999999)	1299999
Total (Sum of 0799999 and 1099999)	9999999

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)
Alien Insurer Identification Number	(AIIN)
Certified Reinsurer Identification Number	(CRIN)
Pool/Association Identification Number	

Column 5 – Domiciliary Jurisdiction

Report the two-character U.S. postal code abbreviation for the domiciliary jurisdiction for U.S. states, territories and possessions. A comprehensive listing of three-character (ISO Alpha 3) abbreviations for foreign countries is available in the appendix of these instructions.

If a reinsurer has merged with another entity, report the domiciliary jurisdiction of the surviving entity.

Column 6 – Type of Reinsurance Assumed

Use the following abbreviations to identify the plan and type of reinsurance. For example, group coinsurance with funds withheld should be identified as COFW/G. (If there is more than one type of reinsurance in the same reinsurance company, show each type on a separate line.) NOTE: The type should be entered in all capital letters, and ALL reinsurance types must be followed by /G (for Group) or /I (for Individual).

Abbreviations:

I	Individual
G	Group

All Reinsurance Types should be followed by /I or /G.

REINSURANCE TYPES

CO	Coinsurance	COFW	Coinsurance with funds withheld
MCO	Modified coinsurance	MCOFW	Modified coinsurance with funds withheld
COMB	Combination coinsurance/modified coinsurance	COMBW	Combination coinsurance/modified coinsurance with funds withheld
LTC	Long-Term Care	CAT	Catastrophe
YRT	Yearly renewable term	OTH	Other reinsurance
YRTFW	Yearly renewable term with funds withheld		

NOTE: The insurance type should be entered in all capital letters.

Column 7 – Premiums

To agree with Exhibit 1, Part 1, Line 20.2, Column 4.

Column 10 – Reinsurance Payable on Paid and Unpaid Losses

To agree with Exhibit 8, Part 1, Line 4.2, Column 9 through 11.

Column 11 – Modified Coinsurance Reserve

Report the amount of the reserves held by the ceding company under modified coinsurance contracts.

Column 12 – Funds Withheld Under Coinsurance

Report the amount of funds withheld by the ceding company on coinsurance contracts.

SCHEDULE S – PART 2

REINSURANCE RECOVERABLE ON PAID AND UNPAID LOSSES LISTED BY REINSURING COMPANY AS OF DECEMBER 31, CURRENT YEAR

If a reporting entity has any detail lines reported for any of the following required groups, categories, or subcategories, it shall report the subtotal amount of the corresponding group, category, or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number:

Group or Category	Line Number
Life and Annuity	
Affiliates	
U.S.	
Captive	0199999
Other	0299999
Total	0399999
Non-U.S.	
Captive	0499999
Other	0599999
Total	0699999
Total Affiliates	0799999
Non-Affiliates	
U.S. Non-Affiliates	0899999
Non-U.S. Non-Affiliates	0999999
Total Non-Affiliates	1099999
Total Life and Annuity	1199999
Accident and Health	
Affiliates	
U.S.	
Captive	1299999
Other	1399999
Total	1499999
Non-U.S.	
Captive	1599999
Other	1699999
Total	1799999
Total Affiliates	1899999
Non-Affiliates	
U.S. Non-Affiliates	1999999
Non-U.S. Non-Affiliates	2099999
Total Non-Affiliates	2199999
Total Accident and Health	2299999
Total U.S. (Sum of 0399999, 0899999, 1499999 and 1999999)	2399999
Total Non-U.S. (Sum of 0699999, 0999999, 1799999 and 2099999)	2499999
Total (Sum of 1199999 and 2299999)	9999999

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)
Alien Insurer Identification Number	(AIIN)
Certified Reinsurer Identification Number	(CRIN)
Pool/Association Identification Number	

Column 5 – Domiciliary Jurisdiction

Report the two-character U.S. postal code abbreviation for the domiciliary jurisdiction for U.S. states, territories and possessions. A comprehensive listing of three-character (ISO Alpha 3) abbreviations for foreign countries is available in the appendix of these instructions.

If a reinsurer has merged with another entity, report the domiciliary jurisdiction of the surviving entity.

Column 6 – Paid Losses

Report reinsured claim amounts paid by the reporting company but not yet reimbursed by the reinsurer. The Total Line 0799999 of this column represents claim amounts receivable from reinsurers included in Page 2, Line 16.1, Column 3. The amounts reported in Column 6 represent, by company, the amounts recoverable from reinsurers included in the development of Exhibit 8, Part 2.

Column 7 – Unpaid Losses

Include the reinsured amounts for claims that are in course of settlement and will become recoverable from reinsurers following payment. Such amounts are treated as reductions to the "in course of settlement" claim liabilities and are included in the development of Exhibit 8, Part 1.

SCHEDULE S – PART 3 – SECTION 1

REINSURANCE CEDED LIFE INSURANCE, ANNUITIES, DEPOSIT FUNDS AND OTHER LIABILITIES WITHOUT LIFE OR DISABILITY CONTINGENCIES, AND RELATED BENEFITS LISTED BY REINSURING COMPANY AS OF DECEMBER 31, CURRENT YEAR

NOTE: This schedule is to include Exhibit 7 cessions.

If a reporting entity has any detail lines reported for any of the following required groups, categories, or subcategories, it shall report the subtotal amount of the corresponding group, category, or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number:

Group or Category	Line Number
General Account	
Authorized	
Affiliates	
U.S.	
Captive	0199999
Other	0299999
Total	0399999
Non-U.S.	
Captive	0499999
Other	0599999
Total	0699999
Total Authorized Affiliates	0499999
Non-Affiliates	
U.S. Non-Affiliates	0899999
Non-U.S. Non-Affiliates	0999999
Total Authorized Non-Affiliates	1099999
Total General Account Authorized	1199999
Unauthorized	
Affiliates	
U.S.	
Captive	1299999
Other	1399999
Total	1499999
Non-U.S.	
Captive	1599999
Other	1699999
Total	1799999
Total Unauthorized Affiliates	1899999
Non-Affiliates	
U.S. Non-Affiliates	1999999
Non-U.S. Non-Affiliates	2099999
Total Unauthorized Non-Affiliates	2199999
Total General Account Unauthorized	2299999

- Certified
  - Affiliates
    - U.S.
      - Captive 2399999
      - Other 2499999
      - Total 2599999
    - Non-U.S.
      - Captive 2699999
      - Other 2799999
      - Total 2899999
    - Total Certified Affiliates 2999999
  - Non-Affiliates
    - U.S. Non-Affiliates 3099999
    - Non-U.S. Non-Affiliates 3199999
    - Total Certified Non-Affiliates 3299999
- Total General Account Certified 3399999
- Total General Account Authorized, Unauthorized and Certified 3499999

Separate Accounts

- Authorized
  - Affiliates
    - U.S.
      - Captive 3599999
      - Other 3699999
      - Total 3799999
    - Non-U.S.
      - Captive 3899999
      - Other 3999999
      - Total 4099999
    - Total Authorized Affiliates 4199999
  - Non-Affiliates
    - U.S. Non-Affiliates 4299999
    - Non-U.S. Non-Affiliates 4399999
    - Total Authorized Non-Affiliates 4499999
  - Total Separate Accounts Authorized 4599999
- Unauthorized
  - Affiliates
    - U.S.
      - Captive 4699999
      - Other 4799999
      - Total 4899999
    - Non-U.S.
      - Captive 4999999
      - Other 5099999
      - Total 5199999
    - Total Unauthorized Affiliates 5299999
  - Non-Affiliates
    - U.S. Non-Affiliates 5399999
    - Non-U.S. Non-Affiliates 5499999
    - Total Unauthorized Non-Affiliates 5599999
  - Total Separate Accounts Unauthorized 5699999

Certified

Affiliates

U.S.

Captive.. 5799999
Other 5899999
Total.. 5999999

Non-U.S.

Captive.. 6099999
Other 6199999
Total.. 6299999

Total Certified Affiliates..6399999

Non-Affiliates

U.S. Non-Affiliates 6499999
Non-U.S. Non-Affiliates..6599999
Total Certified Non-Affiliates...6699999

Total Separate Accounts Certified...6799999

Total Separate Accounts Authorized, Unauthorized and Certified..6899999

Total U.S. (Sum of 0399999, 0899999, 1499999, 1999999, 2599999, 3099999, 3799999, 4299999, 4899999, 5399999, 5999999 and 6499999) 6999999

Total Non-U.S. (Sum of 0699999, 0999999, 1799999, 2099999, 2899999, 3199999, 4099999, 4399999, 5199999, 5499999, 6299999 and 6599999) 7099999

Total (Sum of 3499999 and 6899999) 9999999

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)
Alien Insurer Identification Number	(AIIN)
Certified Reinsurer Identification Number	(CRIN)
Pool/Association Identification Number	

Column 5 – Domiciliary Jurisdiction

Report the two-character U.S. postal code abbreviation for the domiciliary jurisdiction for U.S. states, territories and possessions. A comprehensive listing of three-character (ISO Alpha 3) abbreviations for foreign countries is available in the appendix of these instructions.

If the reinsurer has merged with another entity, report the domiciliary jurisdiction of the surviving entity.

Column 6 – Type of Reinsurance Ceded

Use the following abbreviations to identify the plan and type of reinsurance. For example, group coinsurance with funds withheld should be identified as COFW/G. (If there is more than one type of reinsurance in the same reinsurance company, show each type on a separate line.) NOTE: The type should be entered in all capital letters, and ALL reinsurance types must be followed by /G (for Group) or /I (for Individual).

Abbreviations:

I	Individual
G	Group

{ All Reinsurance Types should be followed by /I or /G.

REINSURANCE TYPES

CO	Coinsurance	ACO	Annuity coinsurance
COFW	Coinsurance with funds withheld	ACOFW	Annuity coinsurance with funds withheld
MCO	Modified coinsurance	AMCO	Annuity modified coinsurance
MCOFW	Modified coinsurance with funds withheld	AMCOFW	Annuity modified coinsurance with funds withheld
COMB	Combination coinsurance/modified coinsurance	ACOMB	Annuity combination coinsurance/modified coinsurance
COMBW	Combination coinsurance/modified coinsurance with funds withheld	ACOMBW	Annuity combination coinsurance/modified coinsurance with funds withheld
YRT	Yearly renewable term	GMDB	Guaranteed minimum death benefit
YRTFW	Yearly renewable term with funds withheld	GMDBFW	Guaranteed minimum death benefit funds withheld
CAT	Catastrophe	ADB	Accidental death benefit
OTH	Other reinsurance	DIS	Disability benefits

NOTE: The insurance type should be entered in all capital letters.

Column 7 – Type of Business Ceded

Use only one of the following codes per line to identify the type of business ceded. If there is more than one type of business ceded to the same reinsurance company, show each type on a separate line.

Abbreviations:

IL	Industrial Life	FL	Fixed Annuities
XXXL	XXX Life	IA	Indexed Annuities
XXXLO	XXX Life Other	VGAA	Variable General Account Annuities
AXXX	AXXX Life	VSAA	Variable Separate Account Annuities
CL	Credit Life	OA	Other Annuities
SC	Supplementary Contracts	OL	Other Life

NOTE: The Type of Business Ceded code should be entered in all capital letters.

All types of business shown above are as reported in the Analysis of Operations by Lines of Business and the Analysis of Annuity Operations by Lines of Business except as noted below:

XXX Life: Used to describe the actuarial reserves required to be held under Section 6 of the NAIC *Valuation of Life Insurance Policies Model Regulation* (#830) (other than risk ceded to an assuming insurer for policies eligible for exemption under Section 6F, Section 6G, Section 6H or to the portion of the reserve pursuant to YRT Reinsurance under Section 6E), which is commonly referred to as Regulation XXX (or, more simply, XXX).

XXX Life Other: Used to describe the actuarial reserves required to be held under Section 6 of the NAIC *Valuation of Life Insurance Policies Model Regulation* (#830) for risk ceded to an assuming insurer for policies described under Section 6F, Section 6G, Section 6H or to the portion of the reserve pursuant to YRT Reinsurance under Section 6E, which is commonly referred to as Regulation XXX (or, more simply, XXX).

AXXX Life: Used to describe the actuarial reserves required to be held under Section 7 of Regulation XXX as further clarified by the NAIC *Actuarial Guideline XXXVIII—The Application of the Valuation of Life Insurance Policies Model Regulation* (AG 38), which is commonly referred to as AXXX.

OL Other Life: Used for ceded life business not appropriately included in one of the other life categories in the table above.

If the reporting entity uses the codes XXXL (XXX Life) or AXXX (AXXX Life) as the type of business ceded for any reinsurer reported on this schedule, the Supplemental XXX/AXXX Reinsurance Exhibit must be completed.

Column 8 – Amount in Force at End of Year

Report the ceded amount of the basic life insurance certificate only.

Total Line 2299999 should agree with Line 22 of the Exhibit of Life Insurance x 1000.

For catastrophe reinsurance (CAT), disability reinsurance (DIS), accidental death benefit reinsurance (ADB), and annuity reinsurance leave this column blank.

Column 9	–	Reserve Credit Taken – Current Year

Amounts to agree with appropriate lines in Exhibit 5 and Exhibit 7. See examples for MODCO transactions contained in the general instructions for Schedule S.

Column 11	–	Premiums

Amounts included in this column should represent reinsurance ceded premiums on an incurred basis to agree with Line 20.3 of Exhibit 1, Part 1, Column 1 less Column 4.

For deposit funds and other liabilities without life or disability contingencies, leave this column blank.

Columns 12	–	Outstanding Surplus Relief – Current Year and
Columns 13	–	Outstanding Surplus Relief – Prior Year

Outstanding surplus relief means the amount of surplus not yet reported as income on the "Commissions and expense allowance on reinsurance ceded" line of the Summary of Operations, attributable to reinsurance agreements described in *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance*.

Report the amount of initial commissions and expense allowance not yet recovered by the reinsurer for the following types of treaties: CO, ACO, MCO, AMCO, COFW, ACOFW, MCOFW, AMCOFW, COMB, ACOMB, ACOMBW and COMBW. This column does not apply to CAT, DIS, ADB, YRT or other nonproportional reinsurance treaties.

Include: Outstanding surplus resulting from reinsurance of separate accounts business.

Column 14	–	Modified Coinsurance Reserve

Report the amount of reserves held under modified coinsurance contracts. Include separate accounts modified coinsurance reserves. The General Account total for Column 13 must agree with the parenthetical amount on Page 3, Line 1.

Column 15	–	Funds Withheld Under Coinsurance

Report the amount of funds withheld on coinsurance contracts.

SCHEDULE S – PART 3 – SECTION 2

REINSURANCE CEDED ACCIDENT AND HEALTH INSURANCE LISTED BY REINSURING COMPANY AS OF DECEMBER 31, CURRENT YEAR

If a reporting entity has any detail lines reported for any of the following required groups, categories, or subcategories, it shall report the subtotal amount of the corresponding group, category, or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number:

Group or Category	Line Number
General Account	
Authorized	
Affiliates	
U.S.	
Captive	0199999
Other	0299999
Total	0399999
Non-U.S.	
Captive	0499999
Other	0599999
Total	0699999
Total Authorized Affiliates	0799999
Non-Affiliates	
U.S. Non-Affiliates	0899999
Non-U.S. Non-Affiliates	0999999
Total Authorized Non-Affiliates	1099999
Total General Account Authorized	1199999
Unauthorized	
Affiliates	
U.S.	
Captive	1299999
Other	1399999
Total	1499999
Non-U.S.	
Captive	1599999
Other	1699999
Total	1799999
Total Unauthorized Affiliates	1899999
Non-Affiliates	
U.S. Non-Affiliates	1999999
Non-U.S. Non-Affiliates	2099999
Total Unauthorized Non-Affiliates	2199999
Total General Account Unauthorized	2299999

- Certified
  - Affiliates
    - U.S.
      - Captive — 2399999
      - Other — 2499999
      - Total — 2599999
    - Non-U.S.
      - Captive — 2699999
      - Other — 2799999
      - Total — 2899999
    - Total Certified Affiliates — 2999999
  - Non-Affiliates
    - U.S. Non-Affiliates — 3099999
    - Non-U.S. Non-Affiliates — 3199999
    - Total Certified Non-Affiliates — 3299999
  - Total General Account Certified — 3399999
  - Total General Account Authorized, Unauthorized and Certified — 3499999
- Separate Accounts
  - Authorized
    - Affiliates
      - U.S.
        - Captive — 3599999
        - Other — 3699999
        - Total — 3799999
      - Non-U.S.
        - Captive — 3899999
        - Other — 3999999
        - Total — 4099999
      - Total Authorized Affiliates — 4199999
    - Non-Affiliates
      - U.S. Non-Affiliates — 4299999
      - Non-U.S. Non-Affiliates — 4399999
      - Total Authorized Non-Affiliates — 4499999
    - Total Separate Accounts Authorized — 4599999
  - Unauthorized
    - Affiliates
      - U.S.
        - Captive — 4699999
        - Other — 4799999
        - Total — 4899999
      - Non-U.S.
        - Captive — 4999999
        - Other — 5099999
        - Total — 5199999
      - Total Unauthorized Affiliates — 5299999
    - Non-Affiliates
      - U.S. Non-Affiliates — 5399999
      - Non-U.S. Non-Affiliates — 5499999
      - Total Unauthorized Non-Affiliates — 5599999
    - Total Separate Accounts Unauthorized — 5699999

Certified

Affiliates

U.S.

Captive.. 5799999
Other 5899999
Total.. 5999999

Non-U.S.

Captive.. 6099999
Other 6199999
Total.. 6299999

Total Certified Affiliates...6399999

Non-Affiliates

U.S. Non-Affiliates 6499999
Non-U.S. Non-Affiliates 6599999
Total Certified Non-Affiliates..6699999

Total Separate Accounts Certified...6499999

Total Separate Accounts Authorized, Unauthorized and Certified..6899999

Total U.S. (Sum of 0399999, 0899999, 1499999, 1999999, 2599999, 3099999, 3799999, 4299999, 4899999, 5399999, 5999999 and 6499999) 6999999

Total Non-U.S. (Sum of 0699999, 0999999, 1799999, 2099999, 2899999, 3199999, 4099999, 4399999, 5199999, 5499999, 6299999 and 6599999) 7099999

Total (Sum of 3499999 and 6899999) 9999999

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)
Alien Insurer Identification Number	(AIIN)
Certified Reinsurer Identification Number	(CRIN)
Pool/Association Identification Number	

Column 5 – Domiciliary Jurisdiction

Report the two-character U.S. postal code abbreviation for the domiciliary jurisdiction for U.S. states, territories and possessions. A comprehensive listing of three-character (ISO Alpha 3) abbreviations for foreign countries is available in the appendix of these instructions.

If a reinsurer has merged with another entity, report the domiciliary jurisdiction of the surviving entity.

Column 6 – Type of Reinsurance Ceded

Use the following abbreviations to identify the plan and type of reinsurance. For example, group coinsurance with funds withheld should be identified as COFW/G. (If there is more than one type of reinsurance in the same reinsurance company, show each type on a separate line.) NOTE: The type should be entered in all capital letters, and ALL reinsurance types must be followed by /G (for Group) or /I (for Individual).

Abbreviations:

I	Individual
G	Group

{ All Reinsurance Types should be followed by /I or /G.

REINSURANCE TYPES

CO	Coinsurance	COFW	Coinsurance with funds withheld
MCO	Modified coinsurance	MCOFW	Modified coinsurance with funds withheld
COMB	Combination coinsurance/modified coinsurance	COMBFW	Combination coinsurance/modified coinsurance with funds withheld
LTC	Long-Term Care	CAT	Catastrophe
YRT	Yearly renewable term	OTH	Other reinsurance
YRTFW	Yearly renewable term with funds withheld		

NOTE: The insurance type should be entered in all capital letters.

Column 7 – Type of Business Ceded

Use the following codes to identify the type of business ceded. If there is more than one type of business ceded to the same reinsurance company, show each type.

Abbreviations:

CMM	Comprehensive Major Medical	STM	Short-Term Medical
OM	Other Medical (Non-Comprehensive)	LB	Limited Benefit
SD	Specified/Named Disease	S	Student
A	Accident Only or AD&D	LTC	Long-Term Care
STDI	Disability Income – Short-erm	D	Dental
LTDI	Disability Income – Long-Term	MR	Medicare
MS	Medicare Supplement (Medigap)	MC	Medicaid
MD	Medicare Part D – Stand-Alone	TRI	Tricare
FEHBP	Federal Employees Health Benefit Plan	CAH	Credit A&H
SCHIP	State Children's Health Insurance Program	OH	Other Health
SLEL	Stop Loss/Excess Loss		

NOTE: The Type of Business Ceded code should be entered in all capital letters.

All types of business shown above are as reported in the Accident and Health Policy Experience Exhibit.

Column 8 – Premiums

Amounts included in this column should represent reinsurance ceded premiums on an incurred basis. Total Line 2299999 should agree with Exhibit 1, Part 1, Line 20.3, Column 4.

Column 9 – Unearned Premiums (Estimated)

Amounts represent, by company, the ceded part of the unearned premium reserve included in the Active Life Reserve in Exhibit 6, Line 7.

Column 10 – Reserve Credit Taken Other Than For Unearned Premiums

This column represents the reinsurance ceded portion of the remaining Active Life Reserve (excluding unearned premiums) and the Claim Reserve reported in Exhibit 6. The sum of the totals for Columns 9 and 10 must agree with the sum of the appropriate lines in Exhibit 6, (Line 7, Column 1 and Line 14, Column 1).

Columns 11 – Outstanding Surplus Relief – Current Year and
Columns 12 – Outstanding Surplus Relief – Prior Year

Outstanding surplus relief means the amount of surplus not yet reported as income in Line 6, commissions and expense allowance on reinsurance ceded, of the Summary of Operations, attributable to reinsurance agreements described in *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance*.

Report the amount of initial commissions and expense allowance not yet recovered by the reinsurer for the following types of treaties: CO, MCO, COFW, MCOFW, COMB or COMBW. This column does not apply to YRT or other nonproportional reinsurance treaties.

Column 13 – Modified Coinsurance Reserve

Report the amount of reserves held under modified coinsurance contracts. The sum of the total for Column 13 must agree with the parenthetical amount on Page 3, Line 2.

Column 14 – Funds Withheld Under Coinsurance

Report the amount of funds withheld on coinsurance contracts.

SCHEDULE S – PART 4

REINSURANCE CEDED TO UNAUTHORIZED COMPANIES

Contains data on Life and Accident and Health insurance in force that is reinsured with companies not authorized in the state of domicile of the reporting company. The purpose of this schedule is to display reinsurance ceded data used in the development of the liability for reinsurance in unauthorized companies. This liability serves to offset those assets and liability reductions that reflect the result of reinsurance ceded with unauthorized companies.

NOTE: This schedule includes Exhibit 7 cessions.

Securities held on deposit or held in a trust account should be valued at their fair market value. NAIC published market values must be used when available.

Letters of credit and trust agreements are not to be included in assets or liabilities on Pages 2 or 3 or supporting pages and exhibits.

If a reporting entity has any detail lines reported for any of the following required groups, categories, or subcategories, it shall report the subtotal amount of the corresponding group, category, or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number:

Group or Category	Line Number
General Account	
Life and Annuity	
Affiliates	
U.S.	
Captive	0199999
Other	0299999
Total	0399999
Non-U.S.	
Captive	0499999
Other	0599999
Total	0699999
Total Affiliates	0799999
Non-Affiliates	
U.S. Non-Affiliates	0899999
Non-U.S. Non-Affiliates	0999999
Total Non-Affiliates	1099999
Total Life and Annuity	1199999
Accident and Health	
Affiliates	
U.S.	
Captive	1299999
Other	1399999
Total	1499999
Non-U.S.	
Captive	1599999
Other	1699999
Total	1799999
Total Affiliates	1899999

Non-Affiliates	
U.S. Non-Affiliates	1999999
Non-U.S. Non-Affiliates	2099999
Total Non-Affiliates	2199999
Total Accident and Health	2299999
Total General Account	2399999
Separate Accounts	
Affiliates	
U.S.	
Captive	2499999
Other	2599999
Total	2699999
Non-U.S.	
Captive	2799999
Other	2899999
Total	2999999
Total Separate Accounts Affiliates	3099999
Non-Affiliates	
U.S. Non-Affiliates	3199999
Non-U.S. Non-Affiliates	3299999
Total Separate Accounts Non-Affiliates	3399999
Total Separate Accounts	3499999
Total U.S. (Sum of 0399999, 0899999, 1499999, 1999999, 2699999 and 3199999)	3599999
Total Non-U.S. (Sum of 0699999, 0999999, 1799999, 2099999, 2999999 and 3299999)	3699999
Total (Sum of 2399999 and 3499999)	9999999

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)
Alien Insurer Identification Number	(AIIN)
Certified Reinsurer Identification Number	(CRIN)
Pool/Association Identification Number	

Column 5 – Reserve Credit Taken

Report the amount by which the aggregate reserve for Life certificates and contracts (Exhibit 5), deposit funds and other liabilities without life or disability contingencies (Exhibit 7), and Accident and Health certificates (Exhibit 6) has been reduced on account of reinsurance with unauthorized companies. The amounts by company should be the same as those shown for life reinsurance ceded in Schedule S – Part 3 Section 1, Column 9 and for Accident and Health reinsurance ceded in Schedule S – Part 3 Section 2, Columns 9 and 10.

Column 6 – Paid and Unpaid Losses Recoverable (Debit)

Report all paid and unpaid losses recoverable, including reduction in claim liability on account of reinsurance on incurred but not reported claims (estimated).

Column 7 – Other Debits

Report all asset and liability reductions resulting from reinsurance ceded to unauthorized reinsurers not included in Columns 5 and 6. Examples of items included in this column are:

- Unamortized Interest Maintenance Reserve (IMR) liability adjustment, if any, of the ceding company.
- Commissions and expense allowances due the ceding company.
- Modified coinsurance reserve adjustments due.
- Experience rating refunds due.

Column 10 – Issuing or Confirming Bank Name Reference Number

Enter a reference number in this column (e.g., 0001, 0002, etc.) for each reinsurer that provided a letter(s) of credit to the reporting entity. This reference number will be used in the footnote table to provide more detail of the letter(s) of credit provided by the reinsurer.

If no letter of credit has been provided, leave blank.

Column 12 – Funds Deposited By and Withheld From Reinsurers

Include: Amounts deposited by the reinsurer with, or for, the reporting society for surety purposes. This would include letters of credit, and such other securities deposited which are permissible to be taken as credit against the loss and reserve liabilities in Column 8. Securities held on deposit or held in a trust fund should be valued at fair market value.

NAIC-published market values must be used when available. Letters of credit and trust agreements are not to be included in assets or liabilities on Pages 2 or 3 or supporting pages and exhibits.

Column 14 – Miscellaneous Balance (Credit)

Report amounts due the reinsurer, as a result of day-to-day transaction activity, held by the reporting society.

Include: Paid premiums due reinsurers, deferred premiums and any similar amounts that would be credited as returnable to the reinsurer should the contract terminate as of the statement date.

Column 15 – Sum of Items in Column 9 + Column 11 + Column 12 + Column 13 + Column 14 But Not in Excess of Column 8.

Amounts are calculated individually by company and represent the maximum allowable credit that may be taken for each.

The Total of Column 15 subtracted from the Total of Column 8 equals the liability for reinsurance in unauthorized companies included on Page 3, Line 21.2.

Issuing or Confirming Bank Detail Table

Issuing or Confirming Bank Name Reference Number:

Enter a reference number in this column (e.g., 0001, 0002, etc.) that corresponds to the reinsurer providing the letter(s) of credit from the issuing or confirming bank. The reference number may be used multiple times if the letter(s) of credit provided by the reinsurer are from more than one bank or as part of a Syndicated Letter of Credit.

Letter of Credit Code:

Enter "1" for single letter of credit that is not a syndicated letter of credit.

Enter "2" for syndicated letter of credit.

Enter "3" for multiple letters of credit.

Letter of Credit Issuing or Confirming Bank's American Bankers Association (ABA) Routing Number:

Provide for each issuing or confirming bank its nine-digit American Bankers Association (ABA) routing number.

For **Fronted Letters of Credit**, where a single bank issues a letter of credit as the fronting bank and sells to other banks undivided interests in its obligations under the credit, provide the ABA routing number for the fronting bank but not the other banks participating.

For **Syndicated Letters of Credit**, where one bank acts as agent for a group of banks issuing the letter of credit but each participating bank is severally, not jointly, liable provide the ABA routing number for all banks in the syndicate.

For reinsurers providing letters of credit from multiple banks that are not part of a syndicated letter of credit, provide the ABA routing number for all of the banks.

Letter of Credit Issuing or Confirming Bank Name:

Provide the name of each issuing or confirming banks.

For **Fronted Letters of Credit**, where a single bank issues a letter of credit as the fronting bank and sells to other banks undivided interests in its obligations under the credit, provide the name of the fronting bank but not the other banks participating.

For **Syndicated Letters of Credit**, where one bank acts as agent for a group of banks issuing the letter of credit but each participating bank is severally, not jointly, liable, provide the name of each bank in the syndicate.

For reinsurers providing letters of credit from multiple banks that are not part of a syndicated letter of credit, provide the name of each bank.

Letters of Credit Amount:

Enter the amount for the letter of credit issued or confirmed by the bank.

The sum of the amounts by reference number should equal the amount reported for that reference number in Schedule S, Part 4, Column 9.

The total for this column should also equal the total of Schedule S, Part 4, Column 9.

SCHEDULE S – PART 5

REINSURANCE CEDED TO CERTIFIED REINSURERS

NOTE: This schedule is to be completed by those reporting entities whose domiciliary state has enacted the *Credit for Reinsurance Model Law (#785)* and/or *Credit for Reinsurance Model Regulation (#786)* with the defined certified reinsurer provisions.

Contains data on life and accident and health insurance in force that is reinsured with companies that have been certified in the state of domicile of the reporting insurance company. The purpose of this schedule is to display reinsurance ceded data used in the development of the liability for reinsurance with certified reinsurers. This liability serves to offset those assets and liability reductions that reflect the result of reinsurance ceded with certified reinsurers that is not properly collateralized in accordance with the rating assigned to the certified reinsurer by the commissioner of the reporting company's state of domicile.

A reporting entity should refer to information published by its domestic state with respect to the rating and collateral requirements applicable to a certified reinsurer. Ratings may vary from state to state; however, the rating assigned by the ceding insurer's domestic state is authoritative.

NOTE: Rating upgrades apply on a prospective basis only; i.e., the lower collateral level associated with the upgrade applies only to reinsurance contracts entered into or renewed on or after the date of the upgrade. Rating downgrades apply to all reinsurance contracts entered into or renewed under certified status. As such, it is possible that a reporting entity might have multiple contracts with a single certified reinsurer under different rating/collateral requirements, and should report the amounts attributable to the contracts separately based on the rating/collateral requirements applicable to such balances.

NOTE: Section 8B(8)(d) of Model #786 allows a ceding insurer a three-month grace period for obtaining additional collateral, in the event that a certified reinsurer's rating is downgraded or its certification is revoked, before incurring a provision for reinsurance based on the additional collateral requirement. When the reporting date falls within such three-month grace period, with respect to such certified reinsurer, the ceding insurer may report collateral required and calculate the provision for reinsurance applicable to collateral deficiency based on the certified reinsurer's rating prior to the downgrade or revocation, unless otherwise instructed by the state of domicile.

NOTE: This schedule includes Exhibit 7 cessions.

Securities held on deposit or held in a trust account should be valued at their fair market value. NAIC-published market values must be used when available.

Letters of credit and trust agreements are not to be included in assets or liabilities on Pages 2 or 3 or supporting pages and exhibits.

If a reporting entity has any detail lines reported for any of the following required groups, categories or subcategories, it shall report the subtotal amount of the corresponding group, category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number:

Group or Category	Line Number
General Account	
Life and Annuity	
Affiliates	
U.S.	
Captive	0199999
Other	0299999
Total	0399999

Non-U.S.

- Captive ... 0499999
- Other ... 0599999
- Total ... 0699999

Total Affiliates ... 0799999

Non-Affiliates

- U.S. Non-Affiliates ... 0899999
- Non-U.S. Non-Affiliates ... 0999999
- Total Non-Affiliates ... 1099999

Total Life and Annuity ... 1199999

Accident and Health

Affiliates

U.S.

- Captive ... 1299999
- Other ... 1399999
- Total ... 1499999

Non-U.S.

- Captive ... 1599999
- Other ... 1699999
- Total ... 1799999

Total Affiliates ... 1899999

Non-Affiliates

- U.S. Non-Affiliates ... 1999999
- Non-U.S. Non-Affiliates ... 2099999
- Total Non-Affiliates ... 2199999

Total Accident and Health ... 2299999

Total General Account ... 2399999

Separate Accounts

Affiliates

U.S.

- Captive ... 2499999
- Other ... 2599999
- Total ... 2699999

Non-U.S.

- Captive ... 2799999
- Other ... 2899999
- Total ... 2999999

Total Separate Accounts Affiliates ... 3099999

Non-Affiliates

- U.S. Non-Affiliates ... 3199999
- Non-U.S. Non-Affiliates ... 3299999
- Total Separate Accounts Non-Affiliates ... 3399999

Total Separate Accounts ... 3499999

Total U.S. (Sum of 0399999, 0899999, 1499999, 1999999, 2699999 and 3199999) ... 3599999

Total Non-U.S. (Sum of 0699999, 0999999, 1499999, 2099999, 2999999 and 3299999) ... 3699999

Total (Sum of 2399999 and 3499999) ... 9999999

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)
Alien Insurer Identification Number	(AIIN)
Certified Reinsurer Identification Number	(CRIN)
Pool/Association Identification Number	

Column 6 Certified Reinsurer Rating (1 through 6)

Report the certified reinsurer's rating as assigned by the reporting company's domiciliary state.

Column 7 Effective Date of Certified Reinsurer Rating

Report the effective date of the certified reinsurer's rating that is applicable to the reinsurance recoverable and/or reserve credit taken reported on the individual line.

Column 8 Percent Collateral Required for Full Credit (0% – 100%)

Report the percentage of collateral that is required to be provided by the certified reinsurer, in accordance with the rating assigned by the ceding insurer's domiciliary state in order for a domestic ceding insurer to receive full financial statement credit for the reinsurance ceded to the certified reinsurer, that is applicable to the net obligation subject to collateral reported on the individual line.

Column 9 – Reserve Credit Taken

Report the amount by which the aggregate reserve for life contracts (Exhibit 5), deposit-type contracts (Exhibit 7) and accident and health contracts (Exhibit 6) has been reduced on account of reinsurance with certified reinsurers. The amounts by company should be the same as those shown for life reinsurance ceded in Schedule S, Part 3, Section 1, Column 9 and for accident and health reinsurance ceded in Schedule S, Part 3, Section 2, Columns 9 and 10.

Column 10 – Paid and Unpaid Losses Recoverable (Debit)

Report all paid and unpaid losses recoverable, including IBNR.

Include: Reduction in claim liability on account of reinsurance on incurred but not reported claims (estimated).

Column 11 – Other Debits

Report all asset and liability reductions resulting from reinsurance ceded to certified reinsurers not included in Columns 9 and 10. Examples of items included in this column are:

- Unamortized Interest Maintenance Reserve (IMR) liability adjustment, if any, of the ceding company.
- Commissions and expense allowances due the ceding company.
- Modified coinsurance reserve adjustments due.
- Experience rating refunds due.

Column 13 – Miscellaneous Balances (Credit)

Report amounts due the reinsurer, as a result of day-to-day transaction activity, held by the reporting insurance company.

Include: Paid premiums due reinsurers, deferred premiums and any similar amounts that would be credited as returnable to the reinsurer should the contract terminate as of the statement date.

Column 14 – Net Obligation Subject to Collateral

Column 12 minus Column 13

Column 15 – Dollar Amount of Collateral Required for Full Credit

Report the amount of collateral that is required in order for the reporting company to receive full financial statement credit for reinsurance (Column 14 times Column [illegible]).

Column 16 – Multiple Beneficiary Trust

If the certified reinsurer utilizes a multiple beneficiary trust account for the purposes of meeting its collateral requirements as a certified reinsurer to U.S. ceding insurers, report the amounts within such trust that are applicable to the reporting entity's reinsurance ceded to the certified reinsurer.

Column 17 – Letters of Credit

Report the dollar amount of letters of credit provided by the certified reinsurer and held by or on behalf of the reporting entity as security for the certified reinsurer's reinsurance obligations.

Column 18 – Issuing or Confirming Bank Name Reference Number

Enter a reference number in this column (e.g., 0001, 0002, etc.) for each reinsurer that provided a letter(s) of credit to the reporting entity. This reference number will be used in the footnote table to provide more detail of the letter(s) of credit provided by the reinsurer.

If no letter of credit has been provided, leave blank.

Column 19 – Trust Agreements

Report trust funds, other than those held in a multiple beneficiary trust that are reported in Column 16,

Column 20 – Funds Deposited by and Withheld from Reinsurers

Include: Where permissible to be taken as credit against the loss and reserve liabilities in Column 14, amounts deposited by the reinsurer with or for the reporting insurance company, letters of credit and trust agreements. Securities held on deposit or held in a trust fund should be valued at fair market value.

NAIC-published market values must be used when available. Letters of credit and trust agreements are not to be included in assets or liabilities on Pages 2 or 3 or supporting pages and exhibits.

Column 21 – Other

Report other acceptable security held by or on behalf of the reporting company.

Column 23 – Percent of Collateral Provided for Net Obligation Subject to Collateral

Report the percentage of collateral provided by the certified reinsurer for obligations subject to collateral requirements (Column 22 divided by Column 14).

Column 24 – Percent Credit Allowed on Net Obligation Subject to Collateral

Report the proportion of collateral provided by the certified reinsurer as compared to the amount of collateral that is required based on its assigned rating (Column 23 divided by Column 8, not to exceed 100%).

Column 25 – Amount of Credit Allowed for Net Obligation Subject to Collateral

(Column 14 times Column 24).

<u>Issuing or Confirming Bank Detail Table</u>

Issuing or Confirming Bank Name Reference Number:

Enter a reference number in this column (e.g., 0001, 0002, etc.) that corresponds to the reinsurer providing the letter(s) of credit from the issuing or confirming bank. The reference number may be used multiple times if the letter(s) of credit provided by the reinsurer are from more than one bank or as part of a Syndicated Letter of Credit.

Letter of Credit Code:

Enter "1" for single letter of credit that is not a syndicated letter of credit.

Enter "2" for syndicated letter of credit.

Enter "3" for multiple letters of credit.

Letter of Credit Issuing or Confirming Bank's American Bankers Association (ABA) Routing Number:

Provide for each issuing or confirming bank its nine-digit American Bankers Association (ABA) routing number.

For **Fronted Letters of Credit**, where a single bank issues a letter of credit as the fronting bank and sells to other banks undivided interests in its obligations under the credit, provide the ABA routing number for the fronting bank but not the other banks participating.

For **Syndicated Letters of Credit**, where one bank acts as agent for a group of banks issuing the letter of credit but each participating bank is severally, not jointly, liable provide the ABA routing number for all banks in the syndicate.

For reinsurers providing letters of credit from multiple banks that are not part of a syndicated letter of credit, provide the ABA routing number for all of the banks.

Letter of Credit Issuing or Confirming Bank Name:

Provide the name of each issuing or confirming banks.

For **Fronted Letters of Credit**, where a single bank issues a letter of credit as the fronting bank and sells to other banks undivided interests in its obligations under the credit, provide the name of the fronting bank but not the other banks participating.

For **Syndicated Letters of Credit**, where one bank acts as agent for a group of banks issuing the letter of credit but each participating bank is severally, not jointly, liable, provide the name of each bank in the syndicate.

For reinsurers providing letters of credit from multiple banks that are not part of a syndicated letter of credit, provide the name of each bank.

Letters of Credit Amount:

Enter the amount for the letter of credit issued or confirmed by the bank.

The sum of the amounts by reference number should equal the amount reported for that reference number in Schedule S, Part 5, Column 17.

The total for this column should also equal the total of Schedule S, Part 5, Column 17.

SCHEDULE S – PART 6

FIVE-YEAR EXHIBIT OF REINSURANCE CEDED BUSINESS

A. Operations Items:

Line 1 – Premiums and Annuity Considerations for Life and Accident and Health Contracts

Exhibit 1, Part 1, Line 20.3.

Line 2 – Commissions and Reinsurance Expense Allowances

Page 4, Line 6.

Line 3 – Contract Claims

Exhibit 8, Part 2, Line 6.3.

Line 4 – Surrender Benefits and Withdrawals for Life Contracts

Reinsurance ceded portion of Page 4, Line 14.

Line 5 – Refunds to Members

Reinsurance ceded portion of Page 4, Line 28.

Line 6 – Reserve Adjustments on Reinsurance Ceded

Page 4, Line 7.

Line 7 – Increase in Aggregate Reserves for Life and Accident and Health Contracts

Schedule S, Part 3, Section 2, Column 9, Current Year,
(+) Schedule S, Part 3, Section 2, Column 10, Current Year,
(–) Schedule S, Part 3, Section 2, Column 9, Prior Year,
(–) Schedule S, Part 3, Section 2, Column 10, Prior Year,
(+) Schedule S, Part 3, Section 1, Column 9,
(–) Schedule S, Part 3, Section 1, Column 10,
(–) Reinsurance ceded portion of Exhibit 5A, Lines 0199999 and 0299999, Column 4.

B. Balance Sheet Items:

Line 8 – Premiums and Annuity Considerations for Life and Accident and Health Contracts Deferred and Uncollected

Exhibit 1, Part 1, Lines 3.3 plus 13.3.

Line 9 – Aggregate Reserves for Life and Accident and Health Contracts

Exhibit 5, life Insurance and Annuities, Lines 0199998 and 0299998, Column 2,
(+) Exhibit 5, Lines 0399998, 0499998, 0599998, 0699998 and 0799998, Column 2,
(+) Exhibit 6, Line 7, Column 1,
(+) Exhibit 6, Line 14, Column 1.

OR

Schedule S, Part 3 Section 2, Column 9,
(+) Schedule S, Part 3 Section 2, Column 10,
(+) Schedule S, Part 3 Section 1, Column 9.

Line 11 – Contract Claims Unpaid

Exhibit 8, Part 1, Line 4.3.

Line 12 – Amounts Recoverable on Reinsurance

Page 2, Line 16.1, Column 3.

Line 13 – Experience Rating Refunds Due or Unpaid

Included on Page 2, Line 16.3, Column 3.

Line 14 – Refunds to Members (Not Included in Line 10)

Reinsurance ceded portion of Page 3, Lines 5 and 6.

Line 15 – Commissions and Reinsurance Expense Allowances Due

Amount included on Page 2, Line 16.3, Column 3.

Line 16 – Unauthorized Reinsurance Offset

Page 3, Line 21.2 less inset amount.

Line 17 – Offset for Reinsurance with Certified Reinsurers

Page 3, Line 21.2 inset amount.

C. Unauthorized Reinsurance (Deposits by and Funds Withheld from):

Line 18 – Funds Deposited by and Withheld from (F)

Schedule S, Part 4, Column 12.

Line 19 – Letters of Credit (L)

Schedule S, Part 4, Column 9.

Line 20 – Trust Agreements (T)

Schedule S, Part 4, Column 11.

Line 21 – Other (O)

Schedule S, Part 4, Column 13

D. Reinsurance with Certified Reinsurers (Deposits by and Funds Withheld from):

Line 22 – Multiple Beneficiary Trusts (M)

Schedule S, Part 5, Column 16.

Line 23 – Funds Deposited by and Withheld From (F)

Schedule S, Part 5, Column 20.

Line 24 – Letters of Credit (L)

Schedule S, Part 5, Column 17.

Line 25 – Trust Agreements (T)

Schedule S, Part 5, Column 19.

Line26 – Other (O)

Schedule S, Part 5, Column 21.

SCHEDULE S – PART 7

RESTATEMENT OF BALANCE SHEET TO IDENTIFY NET CREDIT FOR CEDED REINSURANCE

Column 1 – As Reported (Net of Ceded)

Complete data consistent with the data reported for the current year on Page 2, Column 3 and Page 3 of the annual statement.

Column 2 – Restatement Adjustments

Enter adjustments to remove the financial statement impact of the ceded reinsurance amounts from those assets and liabilities in which they are incorporated and to place all of the net balance sheet impact in a single "Net Credit for Ceded Reinsurance" asset. In most instances, the adjustment will increase the asset or liability item for the amount of ceded reinsurance that has been deducted from that item. Two notable exceptions are the reinsurance ceded asset(s), (Page 2, Lines 16.1 through 16.3, Column 3) and the Liability for Reinsurance in Unauthorized Companies (Page 3, Line 21.2) where the adjustment moves the item to the (Net Credit for Ceded Reinsurance) asset and zeros out the original item. Total Surplus of the company should remain unchanged by the restatement adjustments.

Column 3 – Restated (Gross of Ceded)

Sum of Column 1 plus Column 2. Balance sheet restated to show gross assets and liabilities before netting of ceded reinsurance and total "Net Credit for Ceded Reinsurance."

Liabilities (Page 3)

Line 16 – Funds held under reinsurance treaties with unauthorized reinsurers

These amounts should be applied in Column 2 as an offset to the credit taken for ceded reinsurance recoverable.

Line 18 – Funds held under reinsurance treaties with certified reinsurers

These amounts should be applied in Column 2 as an offset to the credit taken for ceded reinsurance recoverable.

Net Credit for Ceded Reinsurance

Column 1 – As Reported (Net of Ceded)

Analysis of credit for ceded reinsurance, total net (Line 41) to agree with restated asset, Line 4, Column 3, of this schedule.

This page intentionally left blank.

SCHEDULE T – PREMIUMS AND ANNUITY CONSIDERATIONS

ALLOCATED BY STATES AND TERRITORIES

This schedule is intended to exhibit the amount of premium and annuity considerations and deposit-type contracts allocated to each state. For Life Companies only, this Schedule also provides: (a) the starting point for the calculation of state premium taxes, and (b) the starting point for the calculation of premium-based, state guaranty association assessments. (The basis for such assessments is developed in the Life, Health & Annuity Guaranty Association Model Act Assessment Base Reconciliation Exhibit, not in Schedule T.) See the instructions to the Life, Health & Annuity Guaranty Association Model Act Assessment Base Reconciliation Exhibit and Adjustments to the Life, Health, & Annuity Guaranty Association Model Act Assessment Base Reconciliation Exhibit for allocated and unallocated annuities reported in Columns 3, 5, and 7.

Report premiums and annuity considerations for life and accident and health contracts and deposit-type contracts for direct business. Exclude contract proceeds left with the reporting entity, such as amounts for supplemental contracts, dividend or refund accumulations and other similar items. Dividends or refunds on contracts that are used to pay renewal life and accident and health insurance premiums or annuity consideration should be included in the amount allocated to the states and territories in Columns 2, 3, 4 and 5.

Refer to *SSAP No. 50—Classifications of Insurance or Managed Care Contracts* for life, accident and health and deposit-type contract definitions, *SSAP No. 51R—Life Contracts* and *SSAP No. 52—Deposit-Type Contracts* for accounting guidance.

Column 1 – Active Status

Use the following codes to identify the Reporting Entity's status for each state or territory reported in the schedule as of the end of the reporting period. Enter the code that applies to the Reporting Entity's status in the state or territory.

L	–	Licensed or Chartered	(Licensed Carrier and Domiciled Risk Retention Groups referred to in some states as admitted.)
R	–	Registered	(Non-domiciled Risk Retention Groups)
E	–	Eligible	(Reporting Entities eligible or approved to write Surplus Lines in the state. In some states referred to as nonadmitted.)
Q	–	Qualified	(Qualified or Accredited Reinsurer)
N	–	None of the above	(Not allowed to write business in the state)

Column 2 – Life Contracts - Life Insurance Premiums

Report premiums received for life insurance and for all supplemental benefits attached to life insurance contracts.

Column 3 – Life Contracts - Annuity Considerations

Report allocated annuity considerations received for contracts that incorporate any mortality or morbidity risk.

Column 4 – Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees

Accident and health insurance premiums may be reported either on a cash basis or on a written basis. In the latter case, cash basis ledger amounts must be adjusted by due and unpaid premium amounts for each state and territory to which they are allocated.

Include: All Medicare Part D Prescription Drug Coverage, whether sold on a stand-alone basis or through a Medicare Advantage product and whether sold directly to an individual or through a group.

Column 4 should balance with either Exhibit 1, Lines 6.4, 10.4, 16.4, Column 4 or Schedule H, Part 1, Line 1, Column 1.

Column 5 – Other Considerations

Include: Unallocated annuity considerations and other unallocated deposits which incorporate any mortality or morbidity risk and are not reported in Columns 2, 3 or 4.

Column 7 – Deposit-Type Contract Funds

Report deposits and other amounts received for contracts without any mortality or morbidity risk.

Include: Deposits for Guaranteed Investment Contracts and Immediate Annuities without life contingencies reported in the Deposit-type Contract Exhibit.

**** Column 8 will be electronic only ****

Column 8 – Branch Operations Indicator

Include the indicator "B" if any direct premium in the alien jurisdiction is written via branch operations. If the premium in the jurisdiction represents both branch operations and other direct business (e.g., the policyholder or group member residence changed to that jurisdiction), then indicate "B." If there are no branch operations in the jurisdiction, then leave blank. The definition of "branch operations" is the definition used by the reporting entity's state of domicile.

<u>Definitions for the following section Lines 1 – 58 Allocation by state/jurisdiction</u>

<u>Resident</u>

A member who occupies a dwelling within a state with indications that the state is their primary domicile by payment of taxes, voting registration, and other indicators.

<u>Residence</u>

The domicile location of a member as shown by his or her determination as a resident. In the context of Schedule T, the residence of the policyowner or group member would equate to the location that the member uses for official documents; information maintained by an employer as the home address of the employee would be accepted as a member's residence for allocation purposes.

<u>Situs of the Contract</u>

The jurisdiction in which the contract is issued or delivered as stated in the contract.

<u>Rule of 500</u>

For individual and group life insurance shall be defined as a premium allocation method for group policies that 1) permits a reporting entity to allocate premiums and other considerations from a group policy covering fewer than 500 members to the state or territory in which the majority of covered members reside or to the situs of the contract; 2) requires a reporting entity to allocate premiums and other considerations from a non-employer group policy covering 500 or more members to the state or territory where each member resides; and 3) requires a reporting entity to allocate premiums and other considerations from an employer group policy covering 500 or more members to the state or territory where each member resides or is employed.

For individual and group health insurance shall be defined as a premium allocation method for group policies that 1) permits a reporting entity to allocate premiums and other considerations from a non-employer group policy covering fewer than 500 members to the jurisdiction in which the majority of covered members reside or to the situs of the contract; 2) permits a reporting entity to allocate premiums and other considerations from an employer group policy covering fewer than 500 members to the jurisdiction in which the majority of covered members reside or are employed or to the situs of the contract; 3) requires a reporting entity to allocate premiums and other considerations from a non-employer group policy covering 500 or more members to the jurisdiction where each member resides; and 4) requires a reporting entity to allocate premiums and other considerations from an employer group policy covering 500 or more members to the jurisdiction where each member resides or is employed.

Members

A person, employee, retiree, etc., that qualifies for and is covered under a group insurance policy. No consideration should be given to a member's dependents for counting the number of members in a group or in allocating premium and other considerations to the various state and territories.

Lines 1 – 58 Allocation by states and territories **for individual and group life insurance**

The instructions are minimum allocation standards. More detailed methods of allocation are acceptable, as long as they still encompass the minimum allocation instructions. Methods of allocation that better reflect the actual risk location by state are encouraged.

For individual policies, allocate and report premium and other considerations to a state or territory based on the residence of the policyowner, insured or payer. Use of policyowner, insured or payer residence should be established by company policy and must be consistently applied to all individual policies and reporting periods.

For group policies not provided by an employer, allocate and report premium and other considerations to a state or territory based on the residence of each group member. A group policy covering less than 500 members may allocate all group premiums to the state or territory where the greatest number of members reside or to the situs of the contract (Rule of 500).

For group policies provided by an employer, allocate and report premium and other considerations based on the residence or the employment location of each covered group member. For group insurance provided by an employer covering fewer than 500 members, the premium may be allocated to one state or territory based on the residence or employment location of the greatest number of covered members or to the situs of the contract (Rule of 500).

For group insurance sold through associations or trusts, allocate and report premium and other considerations on a basis similar to group policies. Apply the Rule of 500 to the association or trust policy first. An association or trust policy covering fewer than 500 members may allocate all premiums to the state or territory where the greatest number of members reside or work or to the situs of the contract. Regardless of the number of groups or employers under the association or trust policy, if the association or trust policy has more than 500 covered members, apply the Rule of 500 at the level of each group and employer in determining the allocation of the premium. The determination of state and territory allocation by group or employer should be added to the determination of state and territory allocation of each group or employer under the association or trust policy to come up with the total allocation of premium. Do not report all association or trust business in one state or territory unless all covered members of the association or trust reside in one state, in fact or by operation of the Rule of 500. If the group is a collection of employers, do not report all premiums in one state or territory unless all of the covered employees reside or work in one state, in fact or by operation of the Rule of 500.

> Example of an association policy that covers a group of employers: If the association policy covers more than 500 members, each employer would be reviewed to determine if coverage is provided through the association policy for more than 500 members. If an employer has fewer than 500 covered members, the premium for that employer may be reported in one state or territory based on the residence or work location of the most employees or to the situs of the contract. If an employer covers more than 500 members through the association policy, the premium would be reported based on the residence or employment location of each member. The determination for each employer would be added to the determinations for all the other employers that provide coverage to employees through the association policy.

Reporting entities must have procedures to capture and maintain changes in a member's residence and/or employment location and/or policyowner location when notified through renewals or other procedures and must use the changes to allocate premium and other considerations. It is not necessary to anticipate unreported changes in allocation at any specific reporting date.

For all group policies, the premium and other considerations associated with a member should be the basis of determining the amount of premium to report in a jurisdiction. If information is not available to associate a specific premium to each member, an allocation can be made based on the number of covered persons in a state or territory compared to the total number of the group's covered members and apply that ratio to the total group premium and other considerations.

Lines 1 – 58 Allocation by jurisdictions **for individual and group health insurance**

The instructions are minimum allocation standards. More detailed methods of allocation are acceptable, as long as they still encompass the minimum allocation instructions. Methods of allocation that better reflect the actual risk location by jurisdiction are encouraged. The method should be established by company policy and must be consistently applied to all policies within each type and for all reporting periods.

For individual policies, allocate and report premium and other considerations to the jurisdiction based on the residence of the policyowner, insured or payer or on the situs of the contract.

For group policies not provided by an employer, allocate and report premiums and other considerations to the jurisdiction based on the Rule of 500, or on the situs of the contract.

For group policies provided by an employer, allocate and report premiums and other considerations to the jurisdiction based on the Rule of 500, location of employer or on the situs of the contract.

If using the Rule of 500 for group insurance sold through an association or trust, the following instructions apply:

Apply the Rule of 500 to the association or trust policy first. If the association or trust policy has more than 500 covered members, apply the Rule of 500 at the level of each group or employer in determining the allocation of the premium. The determination of jurisdiction allocation by group or employer should be added to the determination of jurisdiction allocation of each group or employer under the association or trust policy to come up with the total allocation of premium. Do not report all association or trust business in one state unless all covered members of the association or trust reside in one state, in fact or by operation of the Rule of 500. If the group is a collection of employers, do not report all premiums in one jurisdiction unless all of the covered employees reside or work in one state, in fact or by operation of the Rule of 500.

Example of an association policy that covers a group of employers: If the association policy covers more than 500 members, each employer would be reviewed to determine if coverage is provided through the association policy for more than 500 members. If an employer has less than 500 covered members, the premium for that employer may be reported in one state based on the Rule of 500. If an employer covers more than 500 members through the association policy, the premiums would be reported based on the residence or employment location of each member. The determination for each employer would be added to the determinations for all the other employers that provide coverage to employees through the association policy.

Where applicable, reporting entities must have procedures to capture and maintain changes in allocation when notified through renewals or other procedures and must use the changes to adjust the allocation of premiums and other considerations in subsequent financial statements. It is not necessary to anticipate unreported changes in allocation at any specific reporting date.

If allocating premiums to multiple jurisdictions under group policies, the premiums and other considerations associated with a member should be the basis of determining the amount of premium to report in a jurisdiction. If information is not available to associate a specific premium to each member, an allocation can be made based on the number of covered persons in a jurisdiction compared to the total number of the group's covered members and apply that ratio to the total group premiums and other considerations.

The allocation method established by the reporting entity in compliance with these instructions and the instructions of the domiciliary state should be consistently applied to all policies and reporting periods.

The data reported in Schedule T of the annual statement may or may not be used for the calculation of the amount of premium tax due to a state/jurisdiction. Individual states/jurisdictions may require a separate schedule to support premium tax calculations.

NOTE: Existing state laws and regulations need to be considered when applying these instructions.

Line 58 – Aggregate Other Alien

Enter the total of write-ins listed in schedule "Details of Write-ins Aggregated at Line 58 for Other Alien." All U.S. business must be allocated by state regardless of license status.

Line 90 – Reporting Entity Contributions for Employee Benefit Plans

Report the reporting entity's share of costs for employee benefit plans. Exclude any premiums paid by employees; these should be allocated to the states as above.

Line 91 – Dividends or Refunds Applied to Purchase Paid-Up Additions and Annuities

Report dividends or refunds and benefit payments applied to purchase additional amounts of paid-up insurance or annuities. Dividends or refunds and benefit payments, initially left on deposit to accumulate at interest, but later used to provide paid-up additions or annuities or to shorten endowment or premium-paying period, should not be included here, but should be included in Columns 2 and 3 and distributed by states for those states which allowed the dividends or refunds to be deducted in calculating premium taxes. For other states, separate totals similar to those for dividends or refunds so applied may be shown.

Line 92 – Dividends or Refunds Applied to Shorten Endowment or Premium-Paying Period

Entries should be calculated on the same basis as for Line 91. Dividends or refunds applied to pay renewal premiums and consideration for annuities must also be included in Columns 2 and 3 and distributed by states. Any reinsurance amounts should be excluded (included in Line 96 or Line 98 below).

Line 93 – Premium or Annuity Considerations Waived Under Disability or Other Contract Provisions

Premium or annuity considerations waived under disability or other contract provisions should be shown here in one sum and not included in the distribution by states.

Line 94 – Aggregate Other Amounts Not Allocable By State

Enter the total of the write-ins listed in schedule "Details of Write-ins Aggregated at Line 94 for Other Amounts Not Allocable By State."

Reinsurance amounts should be excluded.

Line 95 – Totals (Direct Business)

Total of Lines 59 through 94.

Line 96 – Plus Reinsurance Assumed

Premiums for reinsurance assumed, including any premium considerations waived under disability contract provisions or reinsurance assumed, and any dividends applied to purchase paid-up additions or to shorten the premium-paying period on reinsurance assumed.

The reporting entity's share of reinsurance for the Federal Employees' Group Life Insurance Plan and the Servicemen's Group Life Insurance Plan may be included here, or may be included in the amounts for the individual states if such a breakdown is available, or in Line 58.

Line 98 – Less Reinsurance Ceded

Premiums paid for reinsurance ceded, including any premium considerations waived under disability contract provisions on reinsurance ceded, and any dividends applied to purchase paid-up additions or to shorten the premium-paying period on reinsurance ceded.

Line 99 – Totals (All Business) Less Reinsurance Ceded

Line 97 minus Line 98.

The sum of Columns 2 and 3 should agree with Exhibit 1, Lines 6.4 plus 10.4 plus 16.4, Column 1 minus Column 4 minus Column 5.

Details of Write-ins Aggregated at Line 58 for Other Alien

List separately each alien jurisdiction for which there is no pre-printed line on Schedule T.

If the premium from an alien jurisdiction is due to relocation of current policyholders, the amount may be aggregated and reported as “Other Alien.” Premiums from jurisdictions in which there is active writing must be reported by jurisdiction and include premium from relocated policyholders residing in the respective jurisdiction.

Identify each alien jurisdiction by using a **three-character (ISO Alpha 3) country code followed by the name of the country (e.g., DEU Germany)**. For premium that can be aggregated and reported as “Other Alien” as stated in the previous paragraph, use “ZZZ” for the country code and “Other Alien” for the country name. A comprehensive listing of country codes is available in the appendix of these instructions.

Include summary of remaining write-ins for Line 58 from the Overflow page on the separate line indicated.

Details of Write-ins Aggregated on Line 94 for Other Amounts Not Allocable By State

List separately items that have been credited to the premium account which are properly not allocable to a specific state or states, and which do not fit the descriptions on Lines 90 to 93. Descriptions must be sufficient to clearly disclose the nature of the items listed. Descriptions such as “Miscellaneous” are not permitted.

Include summary of remaining write-ins for Line 94 from the Overflow page on the separate line indicated.

Explanation of basis of allocation by states, etc., of premiums and annuity considerations

Provide a detailed explanation of the by-state and by-territory allocation of premium and other considerations used by the reporting entity. The explanation should be detailed enough to determine compliance with state laws and regulations.

SCHEDULE T – PART 2

INTERSTATE COMPACT –EXHIBIT OF PREMIUMS WRITTEN ALLOCATED BY STATES AND TERRITORIES

This exhibit is to be completed by all reporting entities. The purpose of the Interstate Compact is to promote and protect the interest of consumers of individual and group annuity, life insurance, disability income and long-term care insurance products through establishing a central clearinghouse to receive and provide prompt review of insurance products covered under the Compact pursuant to adopted uniform product standards. The Interstate Compact uses premium volume information statutorily reported to the NAIC for several purposes including the composition of the Compact Commission Management Committee. Data to be reported on this schedule should include all premiums for that line of business, not just for those policies that apply to the Compact.

Report direct business only.

Report premiums based on the instructions for allocating premiums between lines of business and jurisdictions for Schedule T.

Column 1 – Life Insurance

Life insurance is insurance primarily for the purpose of coverage on human lives, including incidental benefits. The primary purpose of life insurance is to provide financial assistance to a beneficiary at the insured's death.

Column 2 – Annuities

An annuity is a contract the primary purpose of which is to obligate a reporting entity to make periodic payments, including incidental benefits. An annuity contract is an arrangement whereby an annuitant is guaranteed to receive a series of stipulated amounts commencing either immediately or at some future date.

Report only annuities with mortality and/or morbidity risk.

Column 3 – Disability Income

Disability income insurance is insurance primarily for the purpose of coverage that provides payments when an insured is disabled or unable to work because of illness, disease or injury, including incidental benefits. Policies may provide monthly benefits for loss of income from disability, either on a short-term or a long-term basis.

Column 4 – Long-Term Care

Long-term care insurance is insurance primarily for the purpose of providing coverage when the insured is unable to perform specified activities of daily living or related functions, or have a cognitive impairment, including incidental benefits. Long-term care contracts represent any contract or policy rider providing coverage for not less than 12 consecutive months for each covered person for one or more necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance or personal care services, provided in a setting other than an acute care unit of a hospital. Under long-term care contracts, the insured event is generally the inability of the contract holder to perform certain activities of daily living.

Column 5 – Deposit-Type Contracts

A deposit-type contract is one that does not subject the reporting entity to any risks arising from policyholder mortality or morbidity. A mortality or morbidity risk is present if, under the terms of the contract, the reporting entity is required to make payments or forego required premiums contingent upon the death or disability (in the case of life and disability insurance contracts) or the continued survival (in the case of annuity contracts) of a specific individual or group of individuals. As such, deposit-type contracts are more comparable to financial or investment instruments, rather than insurance contracts.

Refer to *SSAP No. 50—Classifications of Insurance or Managed Care Contracts* and *SSAP No. 52—Deposit-Type Contracts* for accounting guidance.

Line 58 – Aggregate Other Alien

Enter the total of all alien business in the appropriate columns. Details by countries are not required.

Life and Fraternal

Line 59 – Totals

Column 1 amount should equal Schedule T, Line 59, Column 2.

Column 2 amount should equal Schedule T, Line 59, Column 3.

Column 5 amount should equal Schedule T, Line 59, Column 7.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART

The term "holding company group" includes members of a holding company system and controlled groups.

All insurer and reporting entity members of a holding company group shall prepare a common schedule for inclusion in each of the individual annual statements. If the company is required to file a registration statement under the provisions of the domiciliary state's Insurance Holding Company System Regulatory Act, then Schedule Y, Part 1, Organizational Chart must be included in the annual statement. See *SSAP No. 25—Affiliates and Other Related Parties* for further information

NOTE: If the reporting entity completes this schedule, it should have answered "YES" to General Interrogatories, Part 1, Question 1.1.

Attach a chart or listing presenting the identities of and interrelationships between the parent, all affiliated insurers and reporting entities; and other affiliates, identifying all insurers and reporting entities as such and listing the Federal Employer's Identification Number for each. The NAIC company code and two-character state abbreviation of the state of domicile should be included for all domestic insurers. The relationships of the holding company group to the ultimate controlling person (if such person is outside the reported holding company) should be shown. Only those companies that were a member of a holding company group at the end of the reporting period should be shown on Schedule Y, Part 1, Organizational Chart.

Where interrelationships are a 50%/50% ownership, footnote any voting rights preferences that one of the entities may have.

However, any person(s) (that includes natural person) deemed to be an ultimate controlling person, must be included in the organizational chart. The Social Security number for individual persons should not be included on this schedule.

SCHEDULE Y

PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

All insurer and reporting entity members of the holding company system shall prepare a schedule for inclusion in each of the individual annual statements that is common for the group with the exception of Column 10, Relationship to Reporting Entity.

NOTE: If the reporting entity completes this schedule, it should have answered "YES" to General Interrogatories, Part 1, Question 1.1.

Column 1 – Group Code

If not applicable for the entity in Column 8, leave blank.

Column 2 – Group Name

If not applicable for the entity in Column 8, leave blank.

Column 3 – NAIC Company Code

If not applicable, the NAIC Company Code field should be zero filled.

Column 4 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F (Property and Title) or Schedule S (Life, Health and Fraternal) General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)	
Alien Insurer Identification Number	(AIIN)	*
Certified Reinsurer Identification Number	(CRIN)	*

* AIINs or CRINs are only reported if the entity in Column 8 is a reinsurer that has had an AIIN or CRIN number assigned or should have one assigned due to transactions being reported on Schedule F (Property and Title) or Schedule S (Life, Health and Fraternal) of another entity regardless of whether the entity in Column 8 is part of reporting entity's group.

If not applicable for the entity in Column 8, leave blank.

Column 5 – Federal RSSD

RSSD is the primary identifier for the Federal Reserve's National Information Center (NIC) of the entity in Column 8, if applicable.

Column 6 – CIK

Central Index Key (CIK) (for example the U. S. Securities and Exchange Commission (SEC) or any other exchange) of the entity in Column 8, if applicable.

Column 7 – Name of Securities Exchange if Publicly Traded (U.S. or International)

If the entity in Column 8 is publicly traded either in the U.S. or internationally, list the name of the securities exchange (e.g., New York Stock Exchange).

For companies traded on more than one exchange, show the U.S. exchange if traded both in the U.S. and internationally; otherwise show the primary exchange.

The listing of most stock exchanges can be found in the Investment Schedules General Instructions or at the following Web address:

www.fixprotocol.org/specifications/exchanges.shtml

Column 8 – Name of Parent, Subsidiaries or Affiliates

Names of all insurers and parent, subsidiaries or affiliates, insurance and non-insurance, in the insurance holding company system.

Each company within the group may be listed more than once if control is not 100%.

For example, if Company A is 50% controlled by Company B and 50% controlled by Company C, Company A would be listed twice with detail about Company B's control in Columns 10–15 on the first line and detail about Company C's control in Columns 10–15 on the second line.

Column 9 – Domiciliary Location

Report the two-character U.S. postal code abbreviation for the domiciliary jurisdiction for U.S. states, territories and possessions. A comprehensive listing of three-character (ISO Alpha 3) abbreviations for foreign countries is available in the appendix of these instructions.

Column 10 – Relationship to Reporting Entity

Use the most applicable of the following codes to describe the relationship of the entity in Column 8 to the reporting entity for which the filing is made.

Relationship Codes:

UDP	=	Upstream Direct Parent
UIP	=	Upstream Indirect Parent
DS	=	Downstream Subsidiary
IA	=	Insurance Affiliate
NIA	=	Non-Insurance Affiliate
OTH	=	Other (explain relationship in the footnote line)
RE	=	Reporting Entity

Column 11 – Directly Controlled by (Name of Entity/Person)

Name of the person/entity that directly controls the entity listed in Column 8.

As defined in the *Insurance Holding Company System Regulatory Act* (#440), the term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or nonmanagement services, or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control shall be presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, ten percent (10%) or more of the voting securities of any other person. This presumption may be rebutted by a showing made in the manner provided by Section 4K that control does not exist in fact. The commissioner may determine, after furnishing all persons in interest notice and opportunity to be heard and making specific findings of fact to support the determination that control exists in fact, notwithstanding the absence of a presumption to that effect.

Refer to *SSAP 25—Affiliates and Other Related Parties*.

Column 12 – Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence)

Type of control the entity in Column 11 has over the entity in Column 8.

- Ownership
- Board of Directors
- Management
- Attorney In-Fact
- Influence
- Other

Column 13 – If Control is Ownership, Provide Percentage

If the control the entity in Column 11 has over the entity in Column 8 is ownership, then provide the percentage of ownership. If control is not ownership, report zero. (Format such that 100.0% is shown as 100.0.)

Column 14 – Ultimate Controlling Entity(ies)/Person(s)

Name of the Ultimate Controlling Entity(ies)/Person(s).

As defined in the *Insurance Holding Company System Model Regulation* (#450), the "ultimate controlling person" is defined as that person which is not controlled by any other person.

Column 15 – Is an SCA Filing Required? (Y/N)

Answer yes (Y) or no (N) if a SCA (Subsidiary, Controlled and Affiliated) SUB 1 (initial) or SUB 2 (annual) filing with the NAIC is required per *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*; and *Purposes and Procedures Manual of the NAIC Investment Analysis Office* Part Five, Section 2 for the entity in Column 8

Column 16 – *

Using the footnote lines at the bottom of the schedule, provide any footnotes or explanations of intercompany relationships. Insert the footnote line number in Column 16.

Where interrelationships are a 50%/50% ownership, footnote any voting rights preferences that one of the entities may have.

**** Column 17 will be electronic only. ****

Column 17 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

SCHEDULE Y

PART 2 – SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

This schedule was designed to provide an overview of transactions among insurance holding company system members. It is intended to demonstrate the scope and direction of major fund and/or surplus flows throughout the system. This schedule should be prepared on an accrual basis.

All insurer and reporting entity members of the holding company system shall prepare a common schedule for inclusion in each of the individual annual statements.

NOTE: If the reporting entity completes this schedule, it should have answered "YES" to General Interrogatories, Part 1, Question 1.1.

Include transactions between insurers; and between insurers and non-insurers within the holding company system. Exclude transactions between non-insurers that do not involve an affiliated insurer. Include all shareholder dividends, capital contributions and reinsurance recoverable (payable), Columns 4, 5 and 13, respectively, and transactions involving one-half of one percent or more of the largest insurer's admitted assets as of December 31. Exclude transactions of a non-insurer with an affiliated insurance company that are of a routine nature (e.g., the purchase of insurance coverage).

Transactions among holding company system members should only be reported for the portion of the year in which each company to the transaction was a member of the holding company system. For example, if a member of a holding company system is sold to a party who is not a member of the system on June 30, transactions that occur prior to June 30 between that company and members of the holding company system should be included on Schedule Y, Part 2, Summary of Insurer's Transactions With Any Affiliates. Those transactions that occur on or after June 30 should be reported on Schedule Y, Part 2 of the holding company system that acquired the insurer.

Report the aggregate amount of transactions for the reporting period within each category for both the payor and recipient of each transaction. If the insurer is both a payor and a recipient of amounts in any category, the net of these amounts should be reported on one line. Amounts of transactions that result in an increase in surplus should be shown as positive figures; and, transactions that result in a decrease in surplus should be reported enclosed in parentheses as negative figures. The total of each column is expected to be zero.

Refer to *SSAP No. 25—Affiliates and Other Related Parties* for accounting guidance.

If the nature of the transactions reported in Schedule Y, Part 2 requires explanation, report such in an explanatory note immediately following Schedule Y, Part 2.

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F (Property and Title) or Schedule S (Life, Health and Fraternal) General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)	
Alien Insurer Identification Number	(AIIN)	*
Certified Reinsurer Identification Number	(CRIN)	*

* AIIN or CRIN numbers are only reported if the entity in Column 3 is a reinsurer that has had an AIIN or CRIN number assigned or should have one assigned due to transactions being reported on Schedule F (Property and Title) or Schedule S (Life, Health and Fraternal) of another entity regardless of whether the entity in Column 3 is part of reporting entity's group or not.

If not applicable for the entity in Column 3, leave blank.

Column 3 – Names of Insurers and Parent, Subsidiaries or Affiliates

Each company will be represented by a single line containing the net amount of all transactions.

Column 5 – Capital Contributions

Include: Surplus notes.

Column 7 – Income/(Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)

Exclude: Contingent liabilities. Contingent liabilities should be disclosed in the Notes to the Financial Statements.

Column 8 – Management Agreements and Service Contracts

Include: All revenues/expenditures under management agreements, service contracts, etc.

Contracts for services provided by the insurer or purchased by the insurer from other affiliates.

All income tax amounts resulting from intercompany tax-sharing arrangements.

All compensation under agreements with affiliated brokers and reinsurance intermediaries.

Exclude: Any amounts reportable under Column 9.

Column 9 – Income/(Disbursements) Incurred Under Reinsurance Agreements

Include: Experience rating refunds.

Exclude: Pooling agreement amounts.

List the pooling percentage and the name of each insurer in each pool in an explanatory note in the space following Schedule Y, Part 2.

Column 10 – * Column

Place an "*" in this column to indicate insurers that participate in a pooling agreement with affiliated insurers.

Column 11 – Any Other Material Activity not in the Ordinary Course of the Insurer's Business

Include: Intercompany loans, to the extent that these loans are not repaid at year-end.

Exclude: Those transactions that are of a routine nature (e.g., the purchase of insurance coverage and cost allocation transactions that are based upon Generally Accepted Accounting Principles).

Column 13 – Reinsurance Recoverable/(Payable) on Losses and/or Reserve Credit Taken/(Liability)

The purpose of this column is to show the net effect on surplus of reinsurance transactions with affiliates, and should represent the net (ceded less assumed) of the following amounts from Schedule F (P&C, Title) or Schedule S (Life, Health and other reporting entity), as appropriate:

Property/Casualty – Schedule F, Parts 1, 3 and 4, affiliated amounts only

Reinsurance Recoverable (Payable) on Paid Losses –

Should agree with net of Schedule F, Part 4, Column 11 and Schedule F, Part 1, Column 6 multiplied by 1000 (Affiliates Only).

Reinsurance Recoverable (Payable) on Unpaid Losses –

Should agree with net of Schedule F, Part 3, Columns 9 through 12 and Schedule F, Part 1, Column 7 multiplied by 1000 (Affiliates Only).

Unearned Premiums –

Should agree with net of Schedule F, Part 3, Column 13 multiplied by 1000 plus Schedule F, Part 1, Column 11 multiplied by 1000 (Affiliates Only).

Title – Schedule F, Parts 1 and 2, affiliated amounts only

Reinsurance Recoverable (Payable) on Paid Losses –

Should agree with net of Schedule F, Part 1, Column 7 and Schedule F, Part 2, Column 8 (Affiliates only).

Reinsurance Recoverable (Payable) on Unpaid Losses –

Should agree with net of Schedule F, Part 1, Column 8 and Schedule F, Part 2, Column 9 (Affiliates only).

Life, Health and Fraternal – Schedule S, Part 1, Section 1; Part 1, Section 2; Part 2; Part 3, Section 1 and Part 3, Section 2; affiliated amounts only

Reinsurance Recoverable (Payable) on Paid and Unpaid Losses –

Should agree with Schedule S, Part 2, Columns 6 and 7 minus the sum of Schedule S, Part 1, Section 1, Column 10 and Schedule S, Part 1, Section 2, Column 10 (Affiliates only).

Reserve Credit Taken (Liability) –

Should agree with Schedule S, Part 3, Section 1, Column 9 minus Schedule S, Part 1, Section 1, Column 8 (Affiliates only).

Unearned Premiums –

Should agree with Schedule S, Part 3, Section 2, Column 9 minus Schedule S, Part 1, Section 2, Column 8 (Affiliates only).

Reserve Credit Taken (Liability) Other Than for Unearned Premiums –

Should agree with Schedule S, Part 3, Section 2, Column 10 minus Schedule S, Part 1, Section 2, Column 9 (Affiliates only).

INVESTMENT SCHEDULES GENERAL INSTRUCTIONS
(Applies to all investment schedules)

The following definitions apply to the investment schedules.

SAP Book Value (Defined in Glossary of *Accounting Practices and Procedures Manual*):

> Original Cost, including capitalized acquisition costs and accumulated depreciation, unamortized premium and discount, deferred origination and commitment fees, direct write-downs, and increase/decrease by adjustment.

SAP Carrying Value (Defined in Glossary of *Accounting Practices and Procedures Manual)*:

> The SAP Book Value plus accrued interest and reduced by any valuation allowance (IF APPLICABLE) and any nonadmitted adjustment applied to the individual investment. Carrying Value is used in the determination of impairment.

Adjusted Carrying Value:

> Carrying Value amount adjusted to remove any accrued interest and to add back any of the following amounts: individual nonadmitted amounts, individual valuation allowances (IF APPLICABLE), and aggregate valuation allowance (IF APPLICABLE). In effect, this is equivalent to the definition of SAP Book Value (not to be confused with the old "Book Value" reported in the annual statement blanks for data years 2000 and prior).

Recorded Investment:

> The SAP Book Value (Adjusted Carrying Value) plus accrued interest.

The information included in the investment schedules shall be broken down to the level of detail as required when all columns and rows are considered together unless otherwise addressed in specific instructions. For example, on Schedule D Part 4, a reporting entity is required to list the CUSIP book adjusted carrying value, among other things. The reporting entity would only be required to break this information down to a lower level of detail if the information was inaccurate if reported in the aggregate. Thus, the reporting entity would not be required to break the information down by lot (information for each individual purchase) and could utilize the information for book/adjusted carrying value using an average cost basis, or some other method, provided the underlying data reported in that cell was calculated in accordance with the *Accounting Practices and Procedures Manual*. However, reporting entities are not precluded from reporting the information at a more detailed level (by lot) if not opposed by their domiciliary commissioner.

"To Be Announced" securities (commonly referred to as TBAs) are to be reported in Schedule D unless the structure of the security more closely resembles a derivative, as defined within *SSAP No. 86—Derivatives*, in which case the security should be reported on Schedule DB. The exact placement of TBAs in the investment schedules depends upon how a company uses TBA.

For Rabbi Trusts, refer to *SSAP No. 104R—Share-Based Payments* for accounting guidance.

For the Foreign Code columns in Schedules D and DA, the following codes should be used:

“A”	For Canadian securities issued in Canada and denominated in U.S. dollars.
“B”	For those securities that meet the definition of foreign provided in the Supplement Investment Risk Interrogatories and pay in a currency OTHER THAN U.S. dollars.
“C”	For foreign securities issued in the U.S. and denominated in U.S. dollars.
“D”	For those securities that meet the definition of a foreign as provided in the Supplement Investment Risk Interrogatories and denominated in U.S. dollars (e.g., Yankee Bonds or Eurodollar bonds).

Leave blank for those securities that do not meet the criteria for the use of “A”, “B”, “C” or “D”.

Derivatives (Schedule DB); repurchase and reverse repurchase agreements (Schedule DA); and securities borrowing and securities lending transactions (Schedule DL) shall be shown gross when reported in the investment schedules. If these transactions are permitted to be reported net in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*, the investment schedule shall continue to provide detail of all transactions (gross), with the net amount from the valid right to offset reflected in the financial statements (pages 2 and 3 of the statutory financial statements). Disclosures for items reported net when a valid right to offset exists including the gross amount, the amount offset and the net amount reported in the financial statements are required per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*.

For the columns that disclose information regarding investments that are not under the exclusive control of the reporting entity, and also including assets loaned to others, the following codes should be used:

LS	–	Loaned or leased to others
RA	–	Subject to repurchase agreement
RR	–	Subject to reverse repurchase agreement
DR	–	Subject to dollar repurchase agreement
DRR	–	Subject to dollar reverse repurchase agreement
C	–	Pledged as collateral – excluding collateral pledged to FHLB
CF	–	Pledged as collateral to FHLB (including assets backing funding agreements)
DB	–	Pledged under an option agreement
DBP	–	Pledged under an option agreement involving “asset transfers with put options”
R	–	Letter stock or otherwise restricted as to sale – excluding FHLB capital stock (Note: Private placements are not to be included unless specific restrictions as to sale are included as part of the security agreement.)
RF	–	FHLB capital stock
SD	–	Pledged on deposit with state or other regulatory body
M	–	Not under the exclusive control of the reporting entity for multiple reasons
SS	–	Short sale of a security
O	–	Other

The following is the description of the General and Specific Classifications used for reporting the detail lines for bonds and stocks.

General Classifications Bonds Only:

Refer to *SSAP No. 26R—Bonds, SSAP No. 43R—Loan-Backed and Structured Securities* and *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* for additional guidance.

U.S. Government:

U.S. Government shall be defined as U.S. Government Obligations as defined per the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* Part Two, Section 4:

(i) Filing Exemption for Direct Claims on, or Backed Full Faith and Credit of the United States

"U.S. Government Obligations" means all direct claims (including securities, loans, and leases) on, and the portions of claims that are directly and unconditionally guaranteed by the United States Government or its agencies.

"U.S. Government agency" means an instrumentality of the U.S. Government the debt obligations of which are fully guaranteed as to the timely payment of principal and interest by the full faith and credit of the U.S. Government. This category includes in addition to direct claims on, and the portions of claims that are directly and unconditionally guaranteed by, the United States Government agencies listed below, claims collateralized by securities issued or guaranteed by the U.S. government agencies listed below for which a positive margin of collateral is maintained on a daily basis, fully taking into account any change in the insurance company's exposure to the obligor or counterparty under a claim in relation to the market value of the collateral held in support of that claim.

All Other Governments:

This includes bond investments issued by non-U.S. governments, including bonds of political subdivisions and special revenue. This includes bonds issued by utilities owned by non-U.S. governments and bonds fully guaranteed by non-U.S. governments.

U.S. States, Territories and Possessions (Direct and Guaranteed):

General obligations of these entities (NAIC members), as well as bonds issued by utility companies owned by these entities. NAIC membership is composed of the 50 states, the District of Columbia, American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed):

General obligations of cities, counties, townships, etc., as well as bonds issued by utility companies owned by these entities.

U.S. Special Revenue and Special Assessment Obligations and All Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions:

Those U.S. government issues not listed in Part Six, Section 2(e) of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office,* yet included in Part Two, Section 4(c)(ii). This category also includes bonds that are issued by states, territories, possessions and other political subdivisions that are issued for a specific financing project rather than as general obligation bonds.

Industrial and Miscellaneous (Unaffiliated):

This category includes all non-governmental issues that do not qualify for some other category in Schedule D, Part 1, including privatized (non-government ownership) utility companies. Include Public Utilities.

SVO Identified Funds:

This category includes all Bond Mutual Funds as listed in Part Six, Section 2(h) of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* and Exchange Traded Funds listed in Part Six, Section 2(i) of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office.*

Hybrid Securities:

Securities whose proceeds are accorded some degree of equity treatment by one or more of the nationally recognized statistical rating organizations and/or which are recognized as regulatory capital by the issuer's primary regulatory authority. Hybrid securities are designed with characteristics of debt and of equity and are intended to provide protection to the issuer's senior note holders. Hybrid securities products are sometimes referred to as capital securities. Examples of hybrid securities include Trust Preferreds, Yankee Tier 1s (with and without coupon step-ups) and debt-equity hybrids (with and without mandatory triggers).

This specifically excludes surplus notes, which are reported in Schedule BA; subordinated debt issues, which have no coupon deferral features; and "Traditional" preferred stocks, which are reported in Schedule D, Part 2, Section 1. With respect to preferred stock, traditional preferred stocks include, but are not limited to a) U.S. issuers that do not allow tax deductibility for dividends; and b) those issued as preferred stock of the entity or an operating subsidiary, not through a trust or a special purpose vehicle.

Parent, Subsidiaries and Affiliates:

Defined by *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

General Classifications Preferred Stock Only:

Refer to *SSAP No. 32—Preferred Stock* and *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities.*

Industrial and Miscellaneous (Unaffiliated):

All unaffiliated preferred stocks. Include Public Utilities, Banks, Trusts and Insurance Companies. This category includes Exchange Traded Funds listed in Part Six, Section 2 of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office.*

Parent, Subsidiaries and Affiliates:

Defined by *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities.*

General Classifications Common Stock Only:

Refer to *SSAP No. 30—Unaffiliated Common Stock* and *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

Industrial and Miscellaneous (Unaffiliated):

All unaffiliated common stocks that are not mutual funds or money market mutual funds. Include Public Utilities, Banks, Trusts and Insurance Companies.

Mutual Funds:

All investments in shares of funds regulated as mutual funds by the Securities and Exchange Commission. This definition does not include closed funds or hedge funds.

Parent, Subsidiaries and Affiliates:

Defined by *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities.*

General Classifications Cash Equivalents Only:

Refer to *SSAP No. 2R— Cash ,Cash Equivalents, Drafts and Short-Term Investments*.

Money Market Mutual Funds:

All investment in shares of funds regulated as money market mutual funds by the Securities and Exchange Commission.

Specific Classifications:

Issuer Obligations:

All bonds not backed by other loans and other assets. Those securities subject to the guidance in *SSAP No. 26R—Bonds*.

Residential Mortgage-Backed Securities:

Those securities directly or indirectly secured by liens on one- to four-family residential properties and subject to the guidance in *SSAP No. 43R—Loan-Backed and Structured Securities*. Includes prime, subprime, Alt-A mortgages, as well as home equity loans and home equity lines of credit.

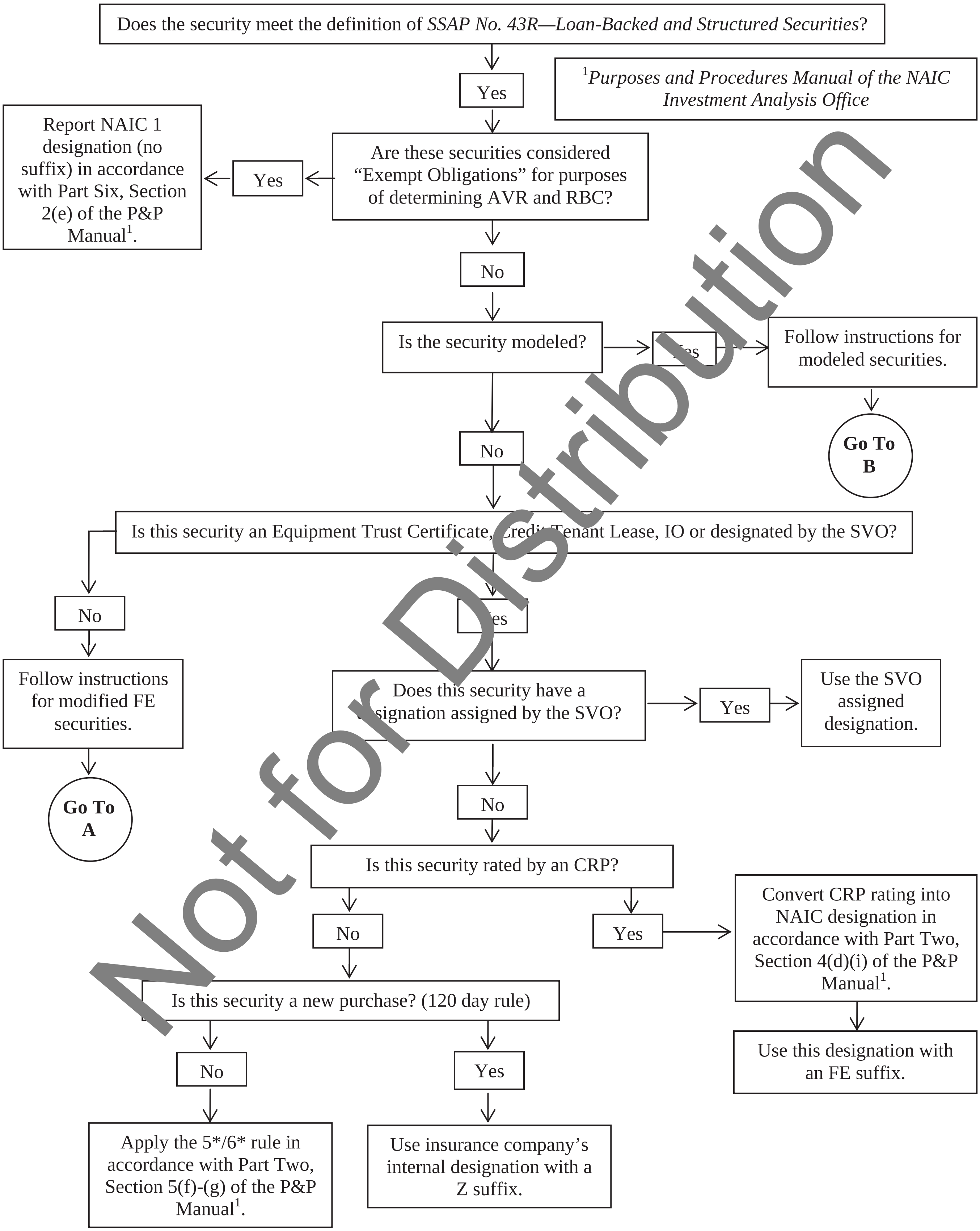
Commercial Mortgage-Backed Securities:

Those securities directly or indirectly secured by a lien on one or more parcels of commercial real estate with one or more structures located on the real estate and subject to the guidance in *SSAP No. 43R—Loan-Backed and Structured Securities*. Does not include those securities secured by liens on one- to four-family residential properties.

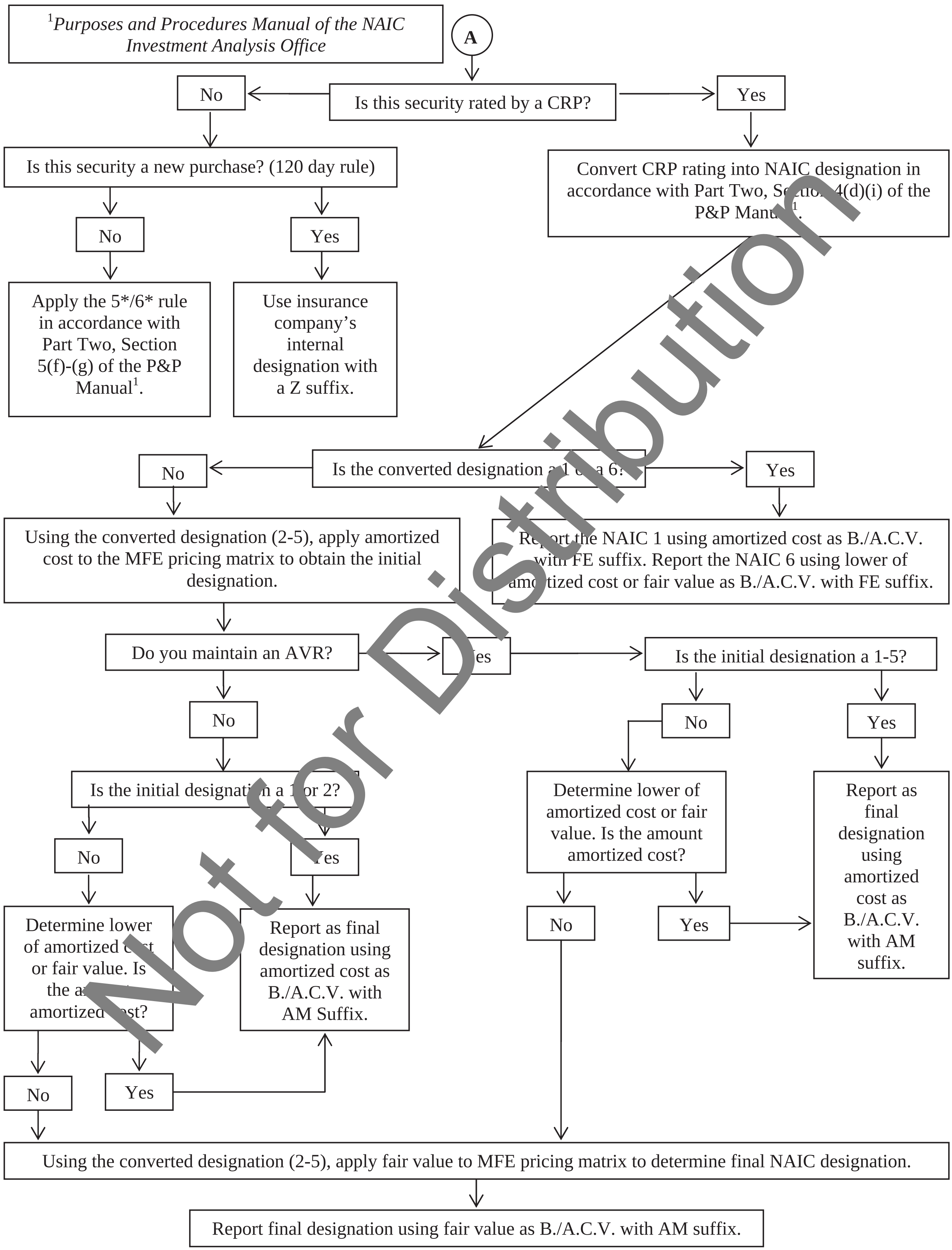
Other Loan-Backed and Structured Securities:

Those securities subject to the guidance in *SSAP No. 43R—Loan-Backed and Structured Securities* not included in the definition of Residential Mortgage-Backed Securities or Commercial Mortgage-Backed Securities.

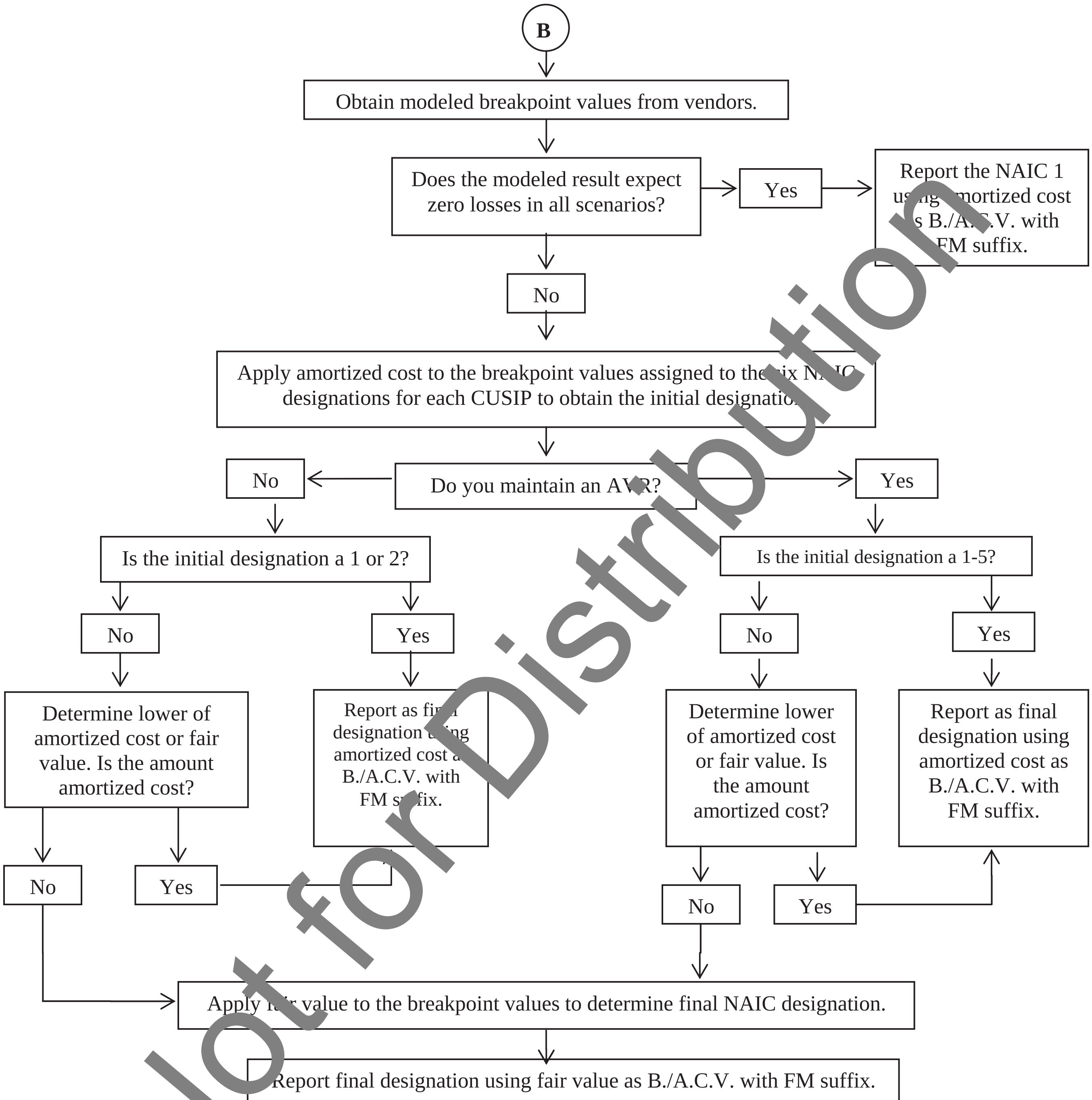
STRUCTURED SECURITIES (*SSAP No. 43R—LOAN-BACKED AND STRUCTURED SECURITIES*) FLOW CHART



SECURITIES SUBJECT TO MODIFIED FILING EXEMPT PROCESS



SECURITIES SUBJECT TO MODELING



STOCK EXCHANGE LIST

This is not a comprehensive list of stock exchanges. If a stock exchange is not listed, refer to *www.fixprotocol.org/specifications/exchanges.shtml*. If a stock exchange is not found in one of the sources above, use a description or abbreviation that accurately identifies the exchange.

Abidjan Stock Exchange	CI
AEX Options and Futures Exchange	E
AEX Stock Exchange	AS
Alpha Trading Sytems	AL
American Stock Exchange	A
Amman Stock Exchange	AM
Australian Stock Exchange	AX
Bahrain Stock Exchange	BH
Barcelona Stock Exchange - CATS Feed	MC
Barcelona Stock Exchange - Floor Trading	BC
Beirut Stock Exchange	BY
Belfox	b
Berlin Stock Exchange	BE
Berne Stock Exchange	BN
Bilbao Stock Exchange	BI
BlockBook ATS	BBK
Bombay Stock Exchange	BO
Boston Stock Exchange	B
Botswana Share Market	BT
Bremen Stock Exchange	BM
Brussels Stock Exchange	BR
Cairo and Alexandria Stock Exchange	CA
Calcutta Stock Exchange	CL
Canadian Ventures Exchange	V
Channel Islands	CH
Chicago Board Options Exchange	W
Chicago Stock Exchange	MW
Chile Electronic Exchange	CE
CHI-X Exchange	INS
Cincinnati Stock Exchange	C
Colombo Stock Exchange	CM
Copenhagen Stock Exchange	CO
Dehli Stock Exchange	DL
Doha Securities Market	QA
Dubai Financial Market	DU
Dubai International Financial Exchange	DI
Dusseldorf Stock Exchange	D
Electronic Stock Exchange of Venezuela	EB
Frankfurt Stock Exchange	F
Fukuoka Stock Exchange	FU
Ghana Stock Exchange	GH
Hamburg Stock Exchange	H
Hanover Stock Exchange	HA
Helsinki Stock Exchange	HE
Hong Kong Stock Exchange	HK
Iceland Stock Exchange	IC
Interbolsa (Portugal)	IN
International Securities Exchange (ISE)	Y
Irish Stock Exchange	I
Istanbul Stock Exchange	IS
Jakarta Stock Exchange	JK

Japanese Securities Dealers Association (JASDAQ)	Q
Johannesburg Stock Exchange	J
Kabu.com PTS	KAB
Karachi Stock Exchange	KA
Kazakhstan Stock Exchange	KZ
Korea Stock Exchange	KS
Korean Futures Exchange	KFE
KOSDAQ (Korea)	KQ
Kuala Lumpur Stock Exchange	KL
Kuwait Stock Exchange	KW
Kyoto Stock Exchange	KY
Lagos Stock Exchange	LG
Latin American Market in Spain (LATIBEX)	LA
Le Nouveau Marche	LN
Lima Stock Exchange	LM
Lisbon Stock Exchange (Portugal)	LS
London Stock Exchange	L
Lusaka Stock Exchange	LZ
Luxembourg Stock Exchange	LU
Madras Stock Exchange	MD
Madrid Stock Exchange - Floor Trading	MA
Malta Stock Exchange	MT
Mauritius Stock Exchange	MZ
Medellin Stock Excahnge	ML
Mexican Stock Exchange	MX
Milan Stock Exchange	MI
MONEP Paris Stock Options	p
Montreal Exchange	M
Moscow Inter Bank Currency Exchange	MM
Moscow Stock Exchange	MO
Munich Stock Exchange	MU
Muscat Stock Exchange	OM
Nagoya Stock Exchange	NG
Nairobi Stock Exchange	NR
Namibia Stock Exchange	NM
NASDAQ	OQ
NASDAQ Dealers - Bulletin Board	OB
NASDAQ Japan	OJ
National Stock Exchange of India	NS
NewEx (Austria)	NW
New York Stock Exchange	N
New Zealand Stock Exchange	NZ
NYSE Match Point	MP
Occidente Stock Exchange	OD
Osaka Stock Exchange	OS
Oslo Stock Exchange	OL
Pacific Stock Exchange	P
Paris Stock Exchange	PA
Philadelphia Stock Exchange	PH
Philadelphia Stock Exchange Options	X
Phillipine Stock Exchange	PS

Pink Sheets (National Quotation Bureau)	PNK
Prague Stock Exchange	PR
Pure Trading	PT
RASDAQ (Romania)	RQ
Riga Stock Exchange	RI
Rio de Janeiro OTC Stock Exchange (SOMA)	SO
Russian Trading System	RTS
Santiago Stock Exchange	SN
Sao Paulo Stock Exchange	SA
Sapporo Stock Exchange	SP
Saudi Stock Exchange	SE
SBI Japannext	JNX
SBI Stock Exchange (Sweden)	SBI
Shanghai Stock Exchange	SS
Shenzhen Stock Exchange	SZ
Singapore Exchange - Derivatives	SIM
Singapore Stock Exchange	SI
St. Petersburg Stock Exchange	PE
Stockholm Stock Exchange	ST
Stuttgart Stock Exchange	SG
Surabaya Stock Exchange	SU
SWX Quotematch AG	QMH
SWX Swiss Exchange	S
Sydney Futures Exchange	SFE
Taiwan OTC Securities Exchange	TWO
Taiwan Stock Exchange	TW
Tallinn Stock Exchange	TL
Tel Aviv Stock Exchange	TA
Thailand Stock Exchange	BK
Third Market	TH
Tokyo Commodity Exchange	TCE
Tokyo Financial Futures Exchange	TFF
Tokyo Stock Exchange	T
Toronto Options Exchange	K
Toronto Stock Exchange	TO
Tradepoint Stock Exchange	TP
Tunis Stock Exchange	TN
Turqoise	TQ
Ukraine PFTS	PFT
Valencia Stock Exchange	VA
Vienna Stock Exchange	VI
Vilnus Stock Exchange	VL
virt-x	VX
Xetra	DE
Zagreb Stock Exchange	ZA
Zimbabwe Stock Exchange	ZI

SUMMARY INVESTMENT SCHEDULE

This schedule was developed to assist regulators in identifying and analyzing the risks inherent in a portfolio of securities as well as identifying the differences in valuation and admission between those practices prescribed or permitted by the state of domicile and those set forth in the NAIC *Accounting Practices and Procedures Manual*. This schedule includes only those assets from the general account. The line captions were developed with the intention of grouping securities with common risk characteristics together. These groupings were determined based upon a review of schedules within the NAIC Annual Statement and the Federal Financial Institutions Examination Council Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices (FFIEC 031, also known as the "Call Report").

Column 1 – Gross Investment Holdings – Amount

This column represents the admitted value of an asset determined by applying the valuation procedures and admission criteria of the NAIC *Accounting Practices and Procedures Manual*.

Column 2 – Gross Investment Holdings – Percentage

Amount represents the percentage of the individual Column 1 line item to the Total Invested Assets amount presented in Column 1, Line 12.

Column 3 – Admitted Assets as Reported in the Annual Statement – Amount

This column represents the admitted value of an asset determined by applying the valuation procedures and admission criteria prescribed or permitted by the state of domicile (i.e., the basis of admitted assets reported in the Annual Statement). A variation between the amounts in Column 1 and Column 3 would indicate that a reporting entity valued or admitted an asset differently under its state law than it would have under the NAIC *Accounting Practices and Procedures Manual*. An example includes a case where an entity was required to nonadmit an asset under its state investment law but was not required to nonadmit under the NAIC *Accounting Practices and Procedures Manual* because there are no investment limits within the Manual. Another example includes a case where an entity was not able to admit an asset under the NAIC *Accounting Practices and Procedures Manual* (i.e., it did not meet the requirements of *SSAP No. 4—Assets and Nonadmitted Assets*) but was able to admit the asset under the basket clause within the state investment law.

Column 4 – Admitted Assets as Reported in the Annual Statement – Securities Lending Reinvested Collateral Amount

This column represents Schedule DL, Part 1 (Page 2, Line 10) reflected in their respective investment categories.

Line 12, Total Invested Assets should equal Column 3, Line 9, Securities Lending.

Column 5 – Admitted Assets as Reported in the Annual Statement – Total Amount

For Lines 1 through 8, Line 10 and Line 11, Column 5 should equal Column 3 plus Column 4.

For Line 12, Column 5 should equal Column 3, Line 12 plus Column 4, Line 12 minus Column 3, Line 9.

Column 6 – Admitted Assets as Reported in the Annual Statement – Percentage

Amount represents the percentage of the individual Column 5 line item to the Total Invested Assets amount presented in Column 5, Line 12.

Line 1.1 – U.S. Treasury Securities

Include: The value of all U.S. Treasury securities.

All bills, certificates of indebtedness, notes, and bonds, including those issued under the Separate Trading of Registered Interest and Principal of Securities (STRIPS) program and those that are "inflation-indexed."

Exclude: All obligations of U.S. Government agencies.

Detached Treasury security coupons and ex-coupon Treasury securities held as the result of either their purchase or stripping of such securities and variations of coupon stripping that have been marketed with names such as CATS (Certificates of Accrual on Treasury Securities), TIGR (Treasury Investment Growth Receipts), COUGAR (Certificates on Government Receipts), LION (Lehman Investment Opportunity Notes), and ETR (East Treasury Receipts).

Line 1.2 – U.S. Government Agency Obligations (Excluding Mortgage-Backed Securities)

Include: The value of all U.S. Government agency obligations (excluding mortgage-backed securities).

Exclude: All holdings of U.S. Government-issued or -guaranteed mortgage pass-through securities.

Collateralized mortgage obligations (CMOs), real estate mortgage investments conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments) issued by U.S. Government agencies and corporations.

Participations in pools of Federal Housing Administration (FHA) Title I loans, which generally consist of junior lien home improvement loans.

Line 1.21 – Issued by U.S. Government Agencies

Include: The value of all obligations (excluding mortgage-backed securities) that have been issued by U.S. Government agencies. For purposes of this schedule, a U.S. Government agency is defined as an instrumentality of the U.S. Government whose debt obligations are fully and explicitly guaranteed as to the timely payment of principal and interest by the full faith and credit of the U.S. Government. Include, among others, debt securities (but not mortgage-backed securities) of the following U.S. Government agencies:

- Export-Import Bank (Ex-Im Bank)
- Federal Housing Administration (FHA)
- Government National Mortgage Association (GNMA)
- Maritime Administration
- Small Business Administration (SBA)
- Small Business Administration (SBA) "Guaranteed Loan Pool Certificates," which represent an undivided interest in a pool of SBA-guaranteed portions of loans for which the SBA has further guaranteed the timely payment of scheduled principal and interest payments
- Participation certificates issued by the Export-Import Bank and the General Services Administration

Line 1.22 – Issued by U.S. Government-sponsored Agencies

Include: The value of all obligations (excluding mortgage-backed securities) that have been issued by U.S. Government-sponsored agencies. For purposes of this schedule, U.S. Government-sponsored agencies are defined as agencies originally established or chartered by the U.S. Government to serve public purposes specified by the U.S. Congress but whose debt obligations are not explicitly guaranteed by the full faith and credit of the U.S. Government. Include, among others, debt securities and mortgage-backed bonds (i.e., bonds that are collateralized by mortgages) of the following government-sponsored agencies:

Federal Agricultural Mortgage Corporation (Farmer Mac)

Federal Farm Credit Banks

Federal Home Loan Banks (FHLBs)

Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)

Federal Land Banks (FLBs)

Federal National Mortgage Association (FNMA or Fannie Mae)

Financing Corporation (FICO)

Resolution Funding Corporation (REFCORP)

Tennessee Valley Authority (TVA)

U.S. Postal Service

Line 1.3 – Non-U.S. Government (Including Canada, Excluding Mortgage-Backed Securities)

Include: The value of all obligations (excluding mortgage-backed securities) that have been issued by Foreign Governments (including Canadian obligations). Also included are debt securities issued by foreign governmental units and debt securities issued by international organizations such as the International Bank for Reconstruction and Development (World Bank), Inter-American Development Bank, and Asian Development Bank.

Line 1.4 – Securities Issued by States, Territories and Possessions and Political Subdivisions in the U.S

Include: The value of all securities issued by states and political subdivisions in the United States.

Exclude: All mortgage-backed securities issued by state and local housing authorities in the U.S. Collateralized mortgage obligations (CMOs), real estate mortgage investments conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments) issued by state and local housing authorities in the U.S.

Line 1.41 – States, Territories and Possessions General Obligations

Include: The value of all obligations (excluding mortgage-backed securities) that have been issued by U.S. States and Territories. U.S. States and Territories, for purposes of this schedule, include general obligations that are securities whose principal and interest will be paid from the general tax receipts of the NAIC members. NAIC members are composed of the 50 states, the District of Columbia, American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

Line 1.42 – Political Subdivisions of States, Territories and Possessions and Political Subdivisions General Obligations

Include: The value of all obligations (excluding mortgage-backed securities) that have been issued by Political Subdivisions of U.S. States, Territories and Political Subdivisions. Political Subdivisions of U.S. States, Territories and Possessions, for purposes of this schedule, include general obligations that are securities whose principal and interest will be paid from the general tax receipts of the Political Subdivision (the counties, municipalities, school districts, irrigation districts, and drainage and sewer districts) of the NAIC members. NAIC members are composed of the 50 states, the District of Columbia, American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

Line 1.43 – Revenue and Assessment Obligations

Include: The value of all revenue and assessment obligations that are securities whose debt service is paid solely from the revenues of the projects financed by the securities rather than from general tax funds.

Line 1.44 – Industrial Development and Similar Obligations

Include: The value of all industrial development bonds (IDB) and similar obligations. IDBs and similar obligations are issued under the auspices of states or political subdivisions for the benefit of a private party or enterprise where that party or enterprise, rather than the government entity, is obligated to pay the principal and interest on the obligation.

Line 1.5 – Mortgage-backed Securities (Includes Residential and Commercial MBS)

Include: The value of all residential and commercial mortgage-backed securities, including mortgage pass-through securities, collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments).

Exclude: Securities backed by loans extended under home equity lines, (i.e., revolving open-end lines of credit secured by 1-4 family residential properties).

Bonds issued by the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC) that are collateralized by mortgages, (i.e., mortgage-backed bonds, and mortgage-backed bonds issued by non-U.S. Government issuers).

Participation certificates issued by the Export-Import Bank and the General Services Administration.

Participation certificates issued by a Federal Intermediate Credit Bank.

Line 1.51 – Pass-through Securities

Include: The value of all holdings of mortgage pass-through securities. In general, a mortgage pass-through security represents an undivided interest in a pool that provides the holder with a pro rata share of all principal and interest payments on the residential mortgages in the pool, and includes certificates of participation in pools of residential mortgages. U.S. Government-issued participation certificates (PCs) that represent a pro rata share of all principal and interest payments on a pool of resecuritized participation certificates that, in turn, are backed by residential mortgages, (e.g., FHLMC Giant PCs).

Exclude: All collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments).

Line 1.511 – Issued or Guaranteed by GNMA

Include: The value of all holdings of mortgage pass-through securities guaranteed by the Government National Mortgage Association (GNMA).

Exclude: Mortgage pass-through securities issued by FNMA and FHLMC.

Line 1.512 – Issued or Guaranteed by FNMA and FHLMC

Include: The value of all holdings of mortgage pass-through securities issued by the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC).

Exclude: Mortgage pass-through securities that are guaranteed by the Government National Mortgage Association (GNMA).

Line 1.513 – All Other

Include: The value of all holdings of mortgage pass-through securities issued by others (e.g., other depository institutions, insurance companies, state and local housing authorities in the U.S.) that are not guaranteed by the U.S. Government.

Line 1.52 – CMOs and REMICs

Include: The value of all mortgage-backed securities other than pass-through securities. Other mortgage-backed securities include all classes of collateralized mortgage obligations (CMOs) and real estate mortgage investments conduits (REMICs), CMO and REMIC residuals and similar interests, stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments).

Line 1.521 – Issued or Guaranteed by GNMA, FNMA, FHLMC, or VA

Include: The value of all classes of CMOs and REMICs, CMO and REMIC residuals, and stripped mortgage-backed securities issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC) or guaranteed by the Government National Mortgage Association (GNMA). For purposes of this schedule, also include REMICs issued by the U.S. Department of Veterans Affairs (VA) in this item.

Line 1.522 – Issued by Non-U.S. Government Issuers and Collateralized by Mortgage Backed Securities Issued or Guaranteed by Agencies Shown in Line 1.521

Include: The value of all classes of CMOs, REMICs, CMO and REMIC residuals, and stripped mortgage backed securities issued by non-U.S. Government issuers (e.g., other depository institutions, insurance companies, state and local housing authorities in the U.S.) for which the collateral consists of GNMA (Ginnie Mae) pass-throughs, FNMA (Fannie Mae) pass-throughs, FHLMC (Freddie Mac) participation certificates, or other mortgage-backed securities (i.e., classes of CMOs or REMICs, CMO or REMIC residuals, and stripped mortgage-backed securities) issued or guaranteed by FNMA, FHLMC, GNMA, or VA.

Line 1.523 – All Other

Include: The value of all CMOs, REMICs, CMO and REMIC residuals, and stripped mortgage-backed securities issued by non-U.S. Government issuers (e.g., other depository institutions, insurance companies, state and local housing authorities in the U.S.) for which the collateral does not consist of GNMA (Ginnie Mae) pass-throughs, FNMA (Fannie Mae) pass-throughs, FHLMC (Freddie Mac) participation certificates, or other mortgage-backed securities (i.e., classes of CMOs or REMICs, CMO or REMIC residuals, and stripped mortgage-backed securities) issued or guaranteed by FNMA, FHLMC, GNMA, or VA.

Line 2 – Other Debt and Other Fixed Income Securities (Excluding Short-term)

Include: The value of all debt securities that cannot properly be reported within Line 1, above.

Bond Mutual Funds – as identified by the SVO as listed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, Part Six, Section 2(h) and Exchange Traded Funds listed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, Part Six, Section 2(i).

Line 2.1 – Unaffiliated Domestic Securities (Includes Credit Tenant Loans and Hybrid Securities)

Include: The value of all unaffiliated domestic debt securities. Unaffiliated domestic debt securities includes but is not limited to bonds, notes, debentures, equipment trust certificates, and commercial paper issued by unaffiliated U.S.-chartered corporations, detached U.S. Government security coupons and ex-coupon U.S. Government securities held as the result of either their purchase or the stripping of such securities, and treasury receipts such as CATS, TIGRs, COUGARs, LIONs, and ETRs.

Other U.S. issuers not reportable elsewhere within Line 1.

Line 2.2 – Unaffiliated Non-U.S. Securities (Including Canada)

Include: The value of all unaffiliated foreign debt securities. Unaffiliated foreign debt securities include bonds, notes, debentures, equipment trust certificates, and commercial paper issued by unaffiliated non-U.S.-chartered corporations.

Line 2.3 – Affiliated Securities

Include: The value of all affiliated debt securities. Affiliated debt securities include bonds, notes, debentures, equipment trust certificates, and commercial paper issued by affiliated non-U.S.-chartered corporations.

Line 3 – Equity Interests

Include: The value of all investments in mutual funds and other equity securities. Such securities include, but are not limited to, mutual funds that invest solely in U.S. Government securities, common stock of the Federal National Mortgage Association (Fannie Mae), preferred stock and unrestricted voting common stock of the Student Loan Marketing Association (Sallie Mae), and common stock of the Federal Home Loan Mortgage Corporation (Freddie Mac).

Line 3.1 – Investments in Mutual Funds

Include: Include only mutual funds reported in Schedule D, Part 2, Section 2.

Line 3.2 – Preferred Stocks

Include: The value of all investments in the preferred stock of affiliated and unaffiliated entities. Preferred stock which may or may not be publicly traded and may include shares against which exchange traded call options are outstanding include redeemable preferred stock, mandatory sinking fund preferred stock, perpetual preferred stock, including nonredeemable preferred stock and preferred stock redeemable at the option of the issuer. Redeemable preferred stock is defined as preferred stock that must be redeemed by the issuing enterprise or is redeemable at the option of the reporting entity. It includes mandatory sinking fund preferred stock and payment-in-kind (PIK) preferred stock.

Exchange Traded Funds listed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, Part Six, Section 2.

Line 3.3 – Publicly Traded Equity Securities (Excluding Preferred Stocks)

Include: The value of all investments in the equity securities of affiliated and unaffiliated entities. Publicly traded equity securities includes but is not limited to equity securities traded on a public exchange, master limited partnerships trading as common stock and American deposit receipts only if the security is traded on the New York, American, or NASDAQ exchanges, and publicly traded common stock warrants.

Line 3.4 – Other Equity Securities

Include: The value of all equity securities of affiliated and unaffiliated entities not reported in Lines 3.1, 3.2, 3.3 and 3.5. Other equity securities includes but is not limited to:

(1) Equity securities not traded on a public exchange (e.g., private equities).

(2) Master limited partnership common stock not traded on the New York, American, or NASDAQ exchanges.

Line 3.5 – Other Equity Interests Including Tangible Personal Property under Lease

Include: The value of all investments in tangible property under lease.

Line 4 – Mortgage Loans

Include: The value of all loans secured by real estate. This includes loans secured by residential properties that are guaranteed by the Farmers Home Administration (FmHA) and extended, collected, and serviced by a party other than the FmHA, loans secured by properties and guaranteed by governmental entities in foreign countries, participations in pools of Federal Housing Administration (FHA) Title I home improvement loans that are secured by liens (generally, junior liens) on residential properties, and mezzanine real estate loans (as defined in *SSAP No. 83—Mezzanine Real Estate Loans*).

Exclude: From loans secured by real estate:

> Obligations (other than securities and leases) of states and political subdivisions in the U.S. that are secured by real estate.
>
> All loans and sales contracts indirectly representing other real estate.
>
> Loans to real estate companies, real estate investment trusts, mortgage lenders, and foreign non-governmental entities that specialize in mortgage loan originations and that service mortgages for other lending institutions when the real estate mortgages or similar liens on real estate are not sold to the bank but are merely pledged as collateral.
>
> Bonds issued by the Federal National Mortgage Association or by the Federal Home Loan Mortgage Corporation that are collateralized by residential mortgages.
>
> Pooled residential mortgages for which participation certificates have been issued or guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation.

Line 4.1 – Construction and Land Development

Include: The value of loans secured by real estate made to finance land development (i.e., the process of improving land – laying sewers, water pipes, etc.) preparatory to erecting new structures or the on-site construction of industrial, commercial, residential, or farm buildings. For this item, "construction" includes not only construction of new structures, but also additions or alterations to existing structures and the demolition of existing structures to make way for new structures.

Loans secured by vacant land, except land known to be used or usable for agricultural purposes, such as crop and livestock production.

Loans secured by real estate the proceeds of which are to be used to acquire and improve developed and undeveloped property.

Loans made under Title I or Title X of the National Housing Act that conform to the definition of construction stated above and that are secured by real estate.

Exclude: Loans to finance construction and land development that are not secured by real estate.

Line 4.2 – Agricultural

Include: The value of loans secured by farmland and improvements thereon, as evidenced by mortgages or other liens. Farmland includes all land known to be used or usable for agricultural purposes, such as crop and livestock production. Farmland includes grazing or pastureland, whether tillable or not and whether wooded or not. Include loans secured by farmland that are guaranteed by the Farmers Home Administration (FmHA) or by the Small Business Administration (SBA) and that are extended, serviced, and collected by any party other than FmHA or SBA.

Exclude: Loans for farm property construction and land development purposes.

Line 4.3 – Single Family Residential Properties

Include: The value of loans secured by real estate as evidenced by mortgages (FHA, FmHA, VA, or conventional) or other liens on nonfarm property containing one to four dwelling units (including vacation homes) or more than four dwelling units if each is separated from other units by dividing walls that extend from ground to roof (e.g., row houses, townhouses, or the like), mobile homes where (a) state laws define the purchase or holding of a mobile home as the purchase or holding of real property and where (b) the loan to purchase the mobile home is secured by that mobile home as evidenced by a mortgage or other instrument on real property, individual condominium dwelling units and loans secured by an interest in individual cooperative housing units, even if in a building with five or more dwelling units and housekeeping dwellings with commercial units combined where use is primarily residential and where only one to four family dwelling units are involved.

Exclude: Loans for one to four family residential property construction and land development purposes. Also exclude loans secured by vacant lots in established single family residential sections or in areas set aside primarily for one to four family homes.

Line 4.4 – Multifamily Residential Properties

Include: The value of all other nonfarm residential loans secured by real estate as evidenced by mortgages (FHA and conventional) or other liens that are not reportable in Line 4.3.

Nonfarm properties with five or more dwelling units in structures (including apartment buildings and apartment hotels) used primarily to accommodate households on a more or less permanent basis.

Five or more unit housekeeping dwellings with commercial units combined where use is primarily residential.

Cooperative-type apartment buildings containing five or more dwelling units.

Exclude: Loans for multifamily residential property construction and land development purposes. Loans secured by nonfarm nonresidential properties.

Line 4.5 – Commercial Loans

Include: The value of loans secured by real estate as evidenced by mortgages or other liens on business and industrial properties, hotels, motels, churches, hospitals, educational and charitable institutions, dormitories, clubs, lodges, association buildings, "homes" for aged persons and orphans, golf courses, recreational facilities, and similar properties.

Exclude: Loans for nonfarm nonresidential property construction and land development.

Line 5 – Real Estate Investments

Include: Property occupied by the company. (Line 4.1, Column 3, Page 2, Assets)

Property held for the production of income. (Line 4.2, Column 3, Page 2, Assets)

Property held for sale. (Line 4.3 Column 3, Page 2, Assets)

Line 5.1, Column 3 should equal the amount reported in Line 4.1, Column 3, Page 2, Assets.

Line 5.2, Column 3 should equal the amount reported in Line 4.2, Column 3, Page 2, Assets.

Line 5.3, Column 3 should equal the amount reported in Line 4.3, Column 3, Page 2, Assets.

Line 6 – Contract Loans

Include: The value of all contract loans.

Column 3 should equal the amount reported in Line 6, Column 3, Page 2, Assets.

Line 7 – Derivatives

Include: The value of derivatives.

Column 3 should equal the amount reported in Line 7, Column 3, Page 2, Assets.

Line 8 – Receivable for Securities

Include: The value of receivable for securities.

Column 3 should equal the amount reported in Line 9, Column 3, Page 2, Assets.

Line 9 – Securities Lending (Reinvested Collateral Line 10, Asset Page)

Include: The value of securities lending.

Column 3 should equal the amount reported in Line 10, Column 3, Page 2, Assets.

Line 10 – Cash, Cash Equivalents and Short-term Investments

Include: The value of cash (Schedule E, Part 1), cash equivalents (Schedule E, Part 2 including money market mutual funds) and short-term investments (Schedule DA, Part 1).

Line 11 – Other Invested Assets

Include: The value of all other invested assets that have not been included in Lines 1 to 10 above.

Line 12 – Total Invested Assets

Sum of Lines 1 to 11. The amount reported in Column 3 should equal the amount of total invested assets reported in Line 12 Column 3, Page 2, Assets.

SCHEDULE A – VERIFICATION BETWEEN YEARS

REAL ESTATE

Line 1 – Book/Adjusted Carrying Value, December 31 of Prior Year

Report the book/adjusted carrying value excluding accrued interest of real estate owned as of December 31, of the prior year's statement.

Line 2.1 – Actual Cost at Time of Acquisitions

Report the actual cost at the time the asset was originally acquired. Do not include additional expenditures after the time of initial acquisition. These amounts are reported on Line 2.2.

Line 2.2 – Additional Investment Made After Acquisition

On a year-to-date basis, report additions and improvements that increased the investment subsequent to the time the asset was originally acquired.

Line 3 – Current Year Change in Encumbrances

Report as a positive number any decreases in encumbrances reported on real estate for the year.
Report as a negative number any increases in encumbrances reported on real estate for the year.

Line 4 – Total Gain (Loss) on Disposals

Report the total gain (loss) on disposal of real estate for the year.

Line 5 – Deduct Amounts Received on Disposals

This is the consideration received on the disposal and should include not only real estate fully disposed but also real estate partially disposed.

Line 6 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

Report the unrealized foreign exchange gain or loss for the year.

Line 7 – Deduct Current Year's Other-Than-Temporary Impairment Recognized

Report the other-than-temporary impairments for the year.

Line 8 – Deduct Current Year's Depreciation

Report the total depreciation for the entire year.

Include: Depreciation that was recorded on property during the current year that was later classified as property held for sale.

Include the unrealized valuation gain/loss for separate account only

Line 9 – Book/Adjusted Carrying Value at End of Current Period

The amount in Line 9 should tie to the Assets Page, Column 1, the sum of all types of real estate included in Lines 4.1, 4.2 and 4.3.

Line 10 – Deduct Total Nonadmitted Amounts

Report the adjustment for nonadmitted amounts related to real estate loans.

Include: The amount of the portfolio that is in excess of any investment limitation.

Line 11 – Statement Value at End of Current Period

Report the statement value of real estate owned as of December 31, current year. This should agree with Page 2, Column 3, of the current year's statement.

SCHEDULE B – VERIFICATION BETWEEN YEARS

MORTGAGE LOANS

Line 1 – Book Value/Recorded Investment excluding Accrued Interest on December 31 of Prior Year

Report the book value/recorded investment (excluding accrued interest) of mortgages owned as of December 31 of the prior year's statement.

Line 2.1 – Actual Cost at Time of Acquisitions

Report the actual amount loaned for the mortgages at the time the asset was originally acquired. The cost of acquiring the assets includes any additional amounts that are to be capitalized. Accordingly, there may be a premium or discount on such loans resulting from a difference between the amount paid and the principal amount. Do not include additional expenditures after the time of initial acquisition. These amounts are reported on Line 2.2.

Line 2.2 – Additional Investments Made After Acquisitions

Report additional amounts that increased the mortgage during the year subsequent to the time the asset was originally acquired, e.g., increases in the loan. Include additional loans on mortgages that were subsequently disposed during the year.

Line 3 – Capitalized Deferred Interest and Other

Report the other capitalized past due interest and other items for the year.

Line 4 – Accrual of Discount

Report the total amount of discount accrued for the year as included in Schedule B, Part 1, Column 10 and Schedule B, Part 3, Column 9. Refer to *SSAP No. 37—Mortgage Loans* for accounting guidance.

Line 5 – Unrealized Valuation Increase (Decrease)

Report the total amount of noncash increases and decreases in the book value/recorded investment (excluding accrued interest) for the year.

Include: The amount on mortgage loans still owned as of the reporting date and the amount on mortgage loans disposed and reported on Schedule B, Part 3, Column 8.

Line 6 – Total Gain (Loss) on Disposal

Report the gain (loss) on disposal of mortgages for the year.

Line 7 – Deduct Amounts Received On Disposals

Considerations received on mortgages disposed during the year.

Line 8 – Deduct Amortization of Premium and Mortgage Interest Points and Commitment Fees

Report the total amount of premium, mortgage interest points, and commitment fees amortized for the year as included in Schedule B, Part 1, Column 10 and Schedule B, Part 3, Column 9. Refer to *SSAP No. 37—Mortgage Loans* for accounting guidance.

Line 9 – Total Foreign Exchange Change In Book Value/Recorded Investment Excluding Accrued Interest

Report the unrealized foreign exchange gain or loss for the year.

Line 10 – Deduct current Year's Other-Than-Temporary Impairment Recognized

Report the other-than-temporary impairments for the year.

Line 11 – Book Value/Recorded Investment Excluding Accrued Interest at End of Current Period

Report the book value/recorded investment (excluding accrued interest) of mortgages owned as of the end of the year.

Line 12 – Total Valuation Allowance

Report as a negative number the aggregate outstanding valuation allowance related to impaired loans as set forth in *SSAP No. 37—Mortgage Loans*.

Line 14 – Deduct Total Nonadmitted Amounts

Report the adjustment for nonadmitted amounts related to mortgage loans.

Include: The amount of the portfolio that is in excess of any investment limitation.

Line 15 – Statement Value at End of Current Period

Report the statement value of mortgages owned as of December 31, current year. This should agree with Page 2, Column 3, of the current year's statement.

SCHEDULE BA – VERIFICATION BETWEEN YEARS

LONG-TERM INVESTED ASSETS

Line 1 – Book/Adjusted Carrying Value of Long-Term Invested Assets Owned, December 31 of Prior Year

Report the book/adjusted carrying value of other long-term invested assets and collateral loans owned as of December 31 prior year shown on Page 2, Column 1 of the prior year's statement.

Line 2.1 – Actual Cost at Time of Acquisition

Include: The actual cost at the time the asset was originally acquired.

The cost of acquiring the assets including broker's commission and incidental expenses of effecting delivery.

Exclude: Additional expenditures after the time of the initial acquisition or encumbrances or impairments.

Line 2.2 – Additional Investment Made After Acquisition

Include: The actual cost (including Broker's commissions and incidental expenses of affecting delivery) to increase investments in the original assets.

Improvements to the assets subsequent to acquisition.

Activity on investments sold during the year.

Line 3 – Capitalized Deferred Interest and Other

Report the other capitalized past due interest and other items for the year.

Line 4 – Accrual of Discount

Report the total amount of discount accrued for the year as included in Schedule BA, Part 1, Column 14 and Schedule BA, Part 3, Column 10.

Line 5 – Unrealized Valuation Increase (Decrease)

Report the total amount of noncash increases and decreases to the book/adjusted carrying value, except for amounts reported on Lines 4, 8 and 9. This includes a valuation allowance as allowed under *SSAP No. 37—Mortgage Loans*.

Line 6 – Total Gain (Loss) on Disposal

Report the gain (loss) on disposal of other long-term invested assets for the year.

Line 7 – Deduct Amounts Received on Disposal

Include: Portions of investments repaid during the year.

Considerations received on investments disposed during the year are to be included.

Line 8 – Deduct Amortization of Premium and Depreciation

Report the total amount of premium amortized during the year and amount of depreciation on any assets that are considered real estate on a look-through basis, as included in Schedule BA, Part 1, Column 14 and Schedule BA, Part 3, Column 10.

Report the amount of depreciation on any assets that are considered real estate on a look-through basis.

Line 9 – Total Foreign Exchange Change in Book Value/Adjusted Carrying Value

Report the unrealized foreign exchange gain or loss for the year.

Line 10 – Deduct Current Year's Other-Than-Temporary Impairment Recognized

Report the other-than-temporary impairments for the year.

Line 11 – Book/Adjusted Carrying Value at End of Current Period

Report the book/adjusted carrying value of other long-term invested assets owned as of the end of the year.

Line 12 – Deduct Total Nonadmitted Amounts

Report the adjustment for nonadmitted amounts related to long-term invested assets.

Include: The amount of the portfolio that is in excess of any investment limitation.

The amount of any goodwill that exceeds the surplus limitation as described in *SSAP No. 68—Business Combinations and Goodwill*.

Line 13 – Statement Value at End of Current Period

Report the statement value of other long-term invested assets owned as of December 31, current year, shown on Page 2, Column 3 of the current year's statement.

SCHEDULE D – VERIFICATION BETWEEN YEARS

BONDS AND STOCKS

Line 1 – Book/Adjusted Carrying Value of Bonds and Stocks, December 31 of Prior Year

Report the book/adjusted carrying value of Bonds and Stocks owned as of December 31 on Schedule D, Verification Between Years, of the prior year's annual statement.

Line 2 – Cost of Bonds and Stocks Acquired

Report the actual cost to acquire bonds and stocks for the year. The cost of acquiring the investment should be consistent with the accounting guidance contained in the *Accounting Practices and Procedures Manual*.

Line 3 – Accrual of Discount

Report the total amount of discount accrued for the year, including the amount on bonds and stocks still owned as of the reporting date and reported on Schedule D, Part 1, Column 13 and Schedule D, Part 2, Section 1, Column 16, and the amount on bonds and stocks disposed in the current year and reported on Schedule D, Part 4, Column 12.

Line 4 – Unrealized Valuation Increase (Decrease)

Report the total unrealized valuation increase (decrease) for the year.

Line 5 – Total Gain (Loss) on Disposals

Report the profit (loss) on sales of bonds and stocks for the year.

Line 6 – Deduct Consideration for Bonds and Stocks Disposed of During the Year

Report the total consideration received on bonds and stocks for the year.

Line 7 – Deduct Amortization of Premium

Report the total amount of premium amortized for the year, including the amount on bonds and stocks still owned as of the reporting date and reported on Schedule D, Part 1, Column 13 and Schedule D, Part 2, Section 1, Column 16, and the amount on bonds and stocks disposed in the current year and reported on Schedule D, Part 4, Column 12.

Line 8 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

Report the unrealized foreign exchange gain or loss for the year.

Line 9 – Deduct Current Year's Other-Than-Temporary Impairment Recognized

Report the other-than-temporary impairments for the year.

Line 10 – Book/Adjusted Carrying Value at End of Current Period

The amount in Line 10 should tie to the Assets Page, Column 1, the sum of the lines for Bonds, Line 1, Preferred Stocks, Line 2.1 and Common Stocks, Line 2.2.

Line 11 – Deduct Total Nonadmitted Amounts

Include: The amount of the portfolio that is in excess of any investment limitation.

The amount of any goodwill that exceeds the surplus limitation as described in *SSAP No. 68—Business Combinations and Goodwill*.

The amount to be reported here should tie to the Assets Page, Column 2, the sum of the lines for Bonds, Line 1, Preferred Stocks, Line 2.1, and Common Stocks, Line 2.2.

Line 12 – Statement Value of Bonds and Stocks, Current Period

This amount should tie to the Assets Page, Column 3, the sum of the lines for Bonds, Line 1, Preferred Stocks, Line 2.1, and Common Stocks, Line 2.2.

SCHEDULE D – SUMMARY BY COUNTRY

LONG-TERM BONDS AND STOCKS OWNED DECEMBER 31 OF CURRENT YEAR

Enter summarized amounts in the appropriate columns by the specified major classifications, subdividing into United States, Canada, and Other Countries where applicable. For purposes of this schedule, investments in Other Countries are considered Foreign Investments. For the definition of Foreign Investment, and Domestic Investment, see instructions to the Supplemental Investment Risk Interrogatories.

Column 2 – Fair Value

For certain bonds, values other than actual market may appear in this column. (See Schedule D, Part 1 instructions for details.)

Exclude: Accrued interest.

Column 3 – Actual Cost

Include: Brokerage and other related fees, to the extent they do not exceed the fair market value at the date of acquisition.

Exclude: Accrued interest.

Lines 8 through 11 – Bonds – Industrial and Miscellaneous, SVO Identified Funds and Hybrid Securities (Unaffiliated)

Include: Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO reported in Schedule D, Part 1.

Line 13 – Total Bonds

Columns 1, 2, 3, and 4, should agree with Columns 11, 9, 7 and 10, respectively, in Schedule D, Part 1.

Column 1 should equal Column 1, Line 1 of the assets page.

Lines 14 through 17 – Preferred Stocks – Industrial and Miscellaneous (Unaffiliated)

Include: Exchange Traded Funds (ETFs) reported in Schedule D, Part 2, Section 1.

Line 19 – Total Preferred Stocks

Columns 1, 2 and 3 should agree with Columns 8, 10 and 11, respectively, in Schedule D, Part 2, Section 1.

Column 1 should equal Column 1, Line 2.1 of the assets page.

Lines 20 through 23 – Common Stocks – Industrial and Miscellaneous (Unaffiliated)

Include: Mutual funds reported in Schedule D, Part 2, Section 2.

Line 25 – Total Common Stocks

Columns 1, 2 and 3 should agree with Columns 6, 8 and 9, respectively, in Schedule D, Part 2, Section 2.

Column 1 should equal Column 1, Line 2.2 of the assets page.

SCHEDULE D – PART 1A – SECTION 1

QUALITY AND MATURITY DISTRIBUTION OF ALL BONDS OWNED DECEMBER 31 BY MAJOR TYPE AND NAIC DESIGNATION

The schedule summarizes the aggregate book/adjusted carrying value of all bond holdings, including those in Schedule DA and Schedule E, Part 2 by quality, designation, maturity and bond categories. Include short-term and cash equivalent bonds in the category that most closely resembles their credit risk.

The maturity category for a particular holding is determined by the following criteria:

a. Serial issues and mandatory fixed prepayment obligations valued on an amortizable basis may be distributed based on the par value of each scheduled repayment date and the final installment and adjusted for any discount or premium. Such holdings reported at market may be distributed based on market value by applying market rate to each scheduled repayment.

b. (i) Mortgage-backed/loan-backed and structured securities (these securities are considered loan-backed securities and subject to the guidance in *SSAP No. 43R—Loan-Backed and Structured Securities*) should be distributed based on the anticipated future prepayment cash flows used to value the security.

(ii) Other bonds with optional prepayment provisions should be distributed based on the expected future prepayments used to value the security.

(iii) Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO (as described in the Investment Schedules General Instructions) should be reported in Column 6, “No Maturity Date” in Section 9 “SVO Identified Funds.” Only funds reported in Section 9 would be reported in Column 6.

c. Place all holdings in default as to principal or interest in the “Over 20 years” category in the absence of definitive information as to final settlement. Perpetual bonds should also be included in this category.

d. Consider obligations without maturity date and payable on demand to be due within one year if in good standing. Otherwise, include in the “Over 20 years” category, or earlier if justifiable.

There are 13 sections to this schedule: Sections 1 through 9 for each of the nine bond categories, Section 10 for total bonds current year, Section 11 for total bonds prior year, Section 12 for total bonds publicly traded and Section 13 for total bonds privately placed. The nine bond categories combine corresponding subtotals from Schedule D, Part 1; Schedule DA, Part 1; and Schedule E, Part 2 as follows and for each of those nine bond categories the total line for Column 7 of each section should equal the sum of the subtotal lines shown below:

Section 1. U.S. Governments

Line 0599999 from Schedule D, Part 1, Column 11; Line 0599999 from Schedule DA, Part 1, Column 7; and Line 0599999 from Schedule E, Part 2, Column 7.

Section 2. All Other Governments

Lines 1099999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 3. U.S. States, Territories and Possessions, Guaranteed

Lines 1799999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed

Lines 2499999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed

Lines 3199999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and in Schedule E, Part 2, Column 7.

Section 6. Industrial & Miscellaneous (Unaffiliated)

Line 3899999 from Schedule D, Part 1, Column 11; Line 3899999 from Schedule DA, Part 1, Column 7; and Line 3899999 from Schedule E, Part 2, Column 7.

Section 7. Hybrid Securities

Lines 4899999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 8. Parent, Subsidiaries and Affiliates

Lines 5599999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 9. SVO Identified Funds

Lines 6099999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

The quality designation used is the "NAIC Designation" that appears with each bond as listed in the *Valuations of Securities*. Include short-term and cash equivalent bonds in the category that most closely resembles their credit risk. For each Section 1 through 13, seven lines of information are shown, which are numbered in a format "X.Y" where the number "X" is the number of the section and the number "Y" is the order of the line within the section. The lines within each section are categorized as follows for Section "X".

X.1	Highest Quality	(NAIC 1)
X.2	High Quality	(NAIC 2)
X.3	Medium Quality	(NAIC 3)
X.4	Low Quality	(NAIC 4)
X.5	Lower Quality	(NAIC 5)
X.6	In or near default	(NAIC 6)
X.7	Total for section	

Column 11 is to contain publicly traded securities; i.e., those securities that have been assigned a CUSIP/CINS number in the *Valuations of Securities*. Any securities outside the CUSIP/PPN/CINS coding system will be considered to be publicly traded for Annual Statement purposes (e.g., short-term investments). Exclude bonds that are qualified for resale under SEC Rule 144A or freely tradable under SEC Rule 144.

Column 12 is to contain privately placed securities as identified with Private Placement Numbers (PPN) in the *Valuations of Securities*. A PPN can be differentiated by the presence of a *, #, or @ sign appearing in either the sixth, seventh or eighth digit of the nine-digit CUSIP-like number. Include bonds that are qualified for resale under SEC Rule 144A or freely tradable under SEC Rule 144 that have been assigned a CUSIP/CINS number in the *Valuations of Securities*.

Column 12 Footnote

Include bonds that are qualified for resale under SEC Rule 144A.

Include bonds that are freely tradable under SEC Rule 144 (e.g., that are presently held by, and for the immediately preceding three year period have been held by, persons unrelated to the issuer); however, there shall be excluded any such security containing a contractual restriction against resale (a “right of first refusal” provision is not considered a restriction against resale).

Footnote (d)

Provide the total book/adjusted carrying value amount reported in Section 10, Column 1 by NAIC designation that represents the amount of securities reported in Schedule DA and Schedule E, Part 2.

The sum of the amounts by NAIC designation (NAIC 1, NAIC 2, NAIC 3, NAIC 4, NAIC 5 and NAIC 6) reported in the footnote should equal the sum of Schedule DA, Part 1, Column 7, Lines 8399999 plus Schedule E, Part 2, Column 7, Line 8399999.

SCHEDULE D – PART 1A – SECTION 2

MATURITY DISTRIBUTION OF ALL BONDS OWNED DECEMBER 31 BY MAJOR TYPE AND SUBTYPE

The schedule summarizes the aggregate book/adjusted carrying value of all bond holdings, including those in Schedule DA and Schedule E, Part 2 by maturity, major bond categories and the subcategories of issuer obligations, and mortgage-backed/loan-backed and structured securities.

The maturity category for a particular holding is determined by the following criteria:

a. Serial issues and mandatory fixed prepayment obligations valued on an amortizable basis may be distributed based on the par value of each scheduled repayment date and the final installment and adjusted for any discount or premium. Such holdings reported at market may be distributed based on market value by applying market rate to each scheduled repayment.

b. (i) Mortgage-backed/loan-backed and structured securities (these securities are considered loan-backed securities and subject to the guidance in *SSAP No. 43R—Loan-Backed and Structured Securities*) should be distributed based on the anticipated future prepayment cash flows used to value the security.

   (ii) Other bonds with optional prepayment provisions should be distributed based on the expected future prepayments used to value the security.

   (iii) Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO (as described in the Investment Schedules General Instructions) should be reported in Column 6, "No Maturity Date" in Section 9 "SVO Identified Funds." Only funds reported in Section 9 would be reported in Column 6.

c. Place all holdings in default as to principal or interest in the "Over 20 years" category in the absence of definitive information as to final settlement. Perpetual bonds should also be included in this category.

d. Consider obligations without maturity date and payable on demand to be due within one year if in good standing. Otherwise, include in the "Over 20 years" category, or earlier if justifiable.

There are 13 sections to this schedule: Sections 1 through 9 for each of the nine bond categories, Section 10 for total bonds current year, Section 11 for total bonds prior year, Section 12 for total bonds publicly traded and Section 13 for total bonds privately placed. The nine bond categories combine corresponding subtotals from Schedule D, Part 1; Schedule DA, Part 1; and Schedule E, Part 2 as follows and for each of those nine bond categories the total line for Column 7 of each section should equal the sum of the subtotal lines shown below:

Section 1. U.S. Governments

Line 0599999 from Schedule D, Part 1, Column 11; Line 0599999 from Schedule DA, Part 1, Column 7; and Line 0599999 from Schedule E, Part 2, Column 7.

Section 2. All Other Governments

Lines 1099999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 3. U.S. States, Territories and Possessions, Guaranteed

Lines 1799999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed

Lines 2499999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 5. U.S. Special Revenue & Special Assessment Obligations, etc. Non-guaranteed

Lines 3199999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 6. Industrial & Miscellaneous (Unaffiliated)

Line 3899999 from Schedule D, Part 1, Column 11; Line 3899999 from Schedule DA, Part 1, Column 7; and Line 3899999 from Schedule E, Part 2, Column 7.

Section 7. Hybrid Securities

Lines 4899999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 8. Parent, Subsidiaries and Affiliates

Lines 5599999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 9. SVO Identified Funds

Lines 6099999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

For each major section the following subgroups, which are described in the Investment Schedules General Instructions, shall be presented by maturity category:

Sections 1 through 8:

- Issuer Obligations
- Residential Mortgage-Backed Securities
- Commercial Mortgage-Backed Securities
- Other Loan-Backed and Structured Securities

Section 9:

- Exchange Traded Funds – as Identified by the SVO
- Bond Mutual Funds – as Identified by the SVO

Sections 10 through 13:

- Issuer Obligations
- Residential Mortgage-Backed Securities
- Commercial Mortgage-Backed Securities
- Other Loan-Backed and Structured Securities
- SVO Identified Funds

Column 11 is to contain publicly traded securities; i.e., those securities that have been assigned a CUSIP/CINS number in the *Valuations of Securities*. Any securities outside the CUSIP/PPN/CINS coding system will be considered to be publicly traded for annual statement purposes (e.g., short-term investments). Exclude bonds that are qualified for resale under SEC Rule 144A or freely tradable under SEC Rule 144.

Column 12 is to contain privately placed securities as identified with Private Placement Numbers (PPN) in the *Valuations of Securities*. A PPN can be differentiated by the presence of a *, #, or @ sign appearing in either the sixth, seventh or eighth digit of the nine-digit CUSIP-like number. Include bonds that are qualified for resale under SEC Rule 144A or freely tradable under SEC Rule 144 that have been assigned a CUSIP/CINS number in the *Valuations of Securities*.

SCHEDULE DA – VERIFICATION BETWEEN YEARS

SHORT-TERM INVESTMENTS

Report the aggregate amounts required by type of short-term investment asset. The categories of assets to be reported are: bonds, mortgage loans, other short-term investment assets, and investments in parent, subsidiaries and affiliates. A grand total of all activity is also required.

Column 1 – Total

Equals the sum of Columns 2 through 5.

Line 1 – Book/Adjusted Carrying Value, December 31 of Prior Year

In Column 1, report the book/adjusted carrying value per Schedule DA, Part 1, Column 8 of the prior year's annual statement.

Line 2 – Cost of Short-Term Investments Acquired

Report the aggregate cost of short-term investments acquired during the year. A reporting entity may summarize all "overnight" transactions and report the net amount as an increase in short-term investments on this line; all other transactions shall be recorded gross.

Line 3 – Accrual of Discount

In Column 1, report the total amount of accrual of discount during the year. The accrual of discount should be consistent with the accounting guidance contained in the *Accounting Practices and Procedures Manual*.

Line 4 – Unrealized Valuation Increase (Decrease)

Report the total unrealized valuation increase (decrease) for the year.

Line 5 – Total Gain (Loss) on Disposals

In Column 1, report the profit (loss) on disposal of short-term investments.

Line 6 – Deduct Consideration Received on Disposals of Short-Term Investments

Report the proceeds received on disposal of short-term investments. A reporting entity may summarize all "overnight" transactions and report the net amount as a decrease in short-term investments on this line; all other transactions shall be recorded gross.

Line 7 – Deduct Amortization of Premium

In Column 1, report the total amount of amortization of premium during the year. The amortization of premium should be consistent with the accounting guidance contained in the *Accounting Practices and Procedures Manual*.

Line 8 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

In Column 1, report the unrealized foreign exchange gain or loss for the year.

Line 9 – Deduct Current Year's Other-Than-Temporary Impairment Recognized

Report the other-than-temporary impairments for the year.

Line 10 – Book/Adjusted Carrying Value, Current Year

Column 1 equals Schedule DA, Part 1, Column 7, Total.

Line 11 – Deduct Total Nonadmitted Amounts

In Column 1, report the adjustment for nonadmitted amounts as of the end of the current period.

Include: The amount of the portfolio that is in excess of any investment limitation.

Line 12 – Statement Value at End of Current Period

In Column 1, report the statement value of as of the end of the current period. This amount should tie to the Assets Page, Line 5, inset for short-term investments.

SCHEDULE DB – PART A VERIFICATION BETWEEN YEARS

OPTIONS, CAPS, FLOORS, COLLARS, SWAPS and FORWARDS

The purpose of this schedule is to roll the information reported on Schedule DB, Part A, Sections 1 and 2 from the prior year to the end of the current reporting year.

Line 1 – Book/Adjusted Carrying Value, December 31 of Prior Year

Line 2 – Cost Paid/(Consideration Received) on Additions

- Line 2.1 – Current Year Paid/(Consideration Received) at Time of Acquisition, Still Open, Section 1 Column 12
- Line 2.2 – Current Year Paid/(Consideration Received) at Time of Acquisition, Terminated, Section 2 Column 14

Line 3 – Unrealized Valuation Increase/(Decrease)

- Line 3.1 – Section 1, Column 17
- Line 3.2 – Section 2, Column 19

Line 4 – Total Gain (Loss) on Termination Recognized, Section 2, Column 22

Line 5 – Considerations Received/(Paid) on Terminations, Section 2, Column 15

Line 6 – Amortization

- Line 6.1 – Section 1, Column 19
- Line 6.2 – Section 2, Column 21

Line 7 – Adjustment to Book/Adjusted Carrying Value of Hedged Item

- Line 7.1 – Section 1, Column 20
- Line 7.2 – Section 2, Column 23

Line 8 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

- Line 8.1 – Section 1, Column 18
- Line 8.2 – Section 2, Column 20

Line 9 – Book/Adjusted Carrying Value at End of Current Period (1 + 2 + 3 + 4 – 5 + 6 + 7 + 8)

Line 10 – Deduct Nonadmitted Assets

Line 11 – Statement Value at End of Current Period (9 - 10)

SCHEDULE DB – PART B – VERIFICATION BETWEEN YEARS

FUTURES CONTRACTS

Line 1 – Book/Adjusted Carrying Value, December 31 of Prior Year

Show the total from the prior year. For purposes of this schedule, positive amounts should be reported for assets, and negative amounts should be reported for liabilities.

Line 2 – Cumulative Cash Change

Show the cash that the company received (paid) as initial margin for entering the futures contracts (Section 1, Broker Name/Net Cash Deposits Footnote – Cumulative Cash Change Column).

Line 3.11 & 3.12 – Change in the Variation Margin on Open Contracts – Highly Effective Hedges

Report the change in the variation margin on open contracts between years. Report separately the change in variation margin on futures contracts open in the prior year from futures contracts open in the current year.

Line 3.13 & 3.14 – Change in the Variation Margin on Open Contracts – All Other

Report the change in the variation margin on open contracts between years. Report separately the change in variation margin on futures contracts open in the prior year from futures contracts open in the current year.

Line 3.21 & 3.22 – Change in adjustment to basis of hedged item

Report the change in variation margin on open contracts between years that were adjusted into the hedged item(s). Report separately the change in variation margin on futures contracts open in the prior year from futures contracts open in the current year.

Line 3.23 & 3.24 – Change in amount recognized

Report the change in variation margin on open contracts between years that were recognized. Report separately the change in variation margin on futures contracts open in the prior year from futures contracts open in the current year.

Line 3.3 – Subtotal the change in variation margin on open contracts used to adjust hedged item(s) and recognized less the total change in variation margin on open contracts.

Line 4.1 – Report the cumulative variation margin on contracts terminated during the year.

Line 4.21 – Report the amount of gain (loss) adjusted into the hedged item(s) from terminated contracts during the year.

Line 4.22 – Report the amount of gain (loss) recognized from terminated contracts during the year.

Line 4.3 – Subtotal the total gain (loss) on terminated contracts during the year less the total gain (loss) on contracts terminated during the year that were recognized or basis adjusted into the hedged item(s).

Line 5 – Dispositions of gains (losses) on contracts terminations in the prior years

Line 5.1 – Total gain (loss) recognized in current year for terminations in the prior year

Line 5.2 – Total gain (loss) adjusted into the hedged item(s) current year for terminations in the prior year.

Report the gain (loss) on disposal of the specified derivatives for the current year.

Line 6 – Book/Adjusted Carrying Value at End of Current Period

Report the book/adjusted carrying value as of the end of the current period reflecting other-than-temporary impairments, if any.

Line 7 – Deduct Total Nonadmitted Amounts

Report the adjustment for nonadmitted amounts related to the specified derivatives as of the end of the current period.

Include: The amount of the portfolio that is in excess of any investment limitation.

Line 8 – Statement Value at End of Current Period (Line 6 minus Line 7)

Report the statement value of the specified derivatives as of the end of the current period.

SCHEDULE DB – PART C – SECTION 1

REPLICATION (SYNTHETIC ASSET) TRANSACTIONS (RSATs) OPEN ON DECEMBER 31 OF CURRENT YEAR

Include all RSATs owned December 31 of current year, including those open on December 31 of the previous year, and those acquired during the current year.

Column 1 – RSAT Number

Enter the RSAT Number as administered by the CUSIP Division of Standard & Poor's.

Column 2 – Description of the RSAT

Enter a complete and accurate description of the RSAT, including a description of the relationship of the Cash Instrument(s) and the Derivative(s) used to produce the replication.

Column 3 – NAIC Designation or Other Description of the RSAT

Enter the NAIC Designation or, when the NAIC Designation is not applicable, other description that will best identify the Risk-Based Capital and Asset Valuation Reserve (if applicable) class of the RSAT, as if the RSAT was recorded on the appropriate investment schedule.

Column 4 – Notional Amount of the RSAT

Enter the Notional Amount of the RSAT; e.g., the amount on which the interest/coupon accrues.

Column 5 – Book/Adjusted Carrying Value of the RSAT

Enter the Book/Adjusted Carrying Value of the RSAT as if the reporting entity had purchased and accounted for the specified asset. Reporting entities should document the determination of this value. For each individual RSAT indicated in Column 1, report a total of all Book/Adjusted Carrying Value of Derivative Instrument plus a total of all Book /Adjusted Carrying Value of the Cash Investment(s). Use formula below for reference:

Column 10 + Column 15

Column 6 – Fair Value of the RSAT

Enter the fair value of the RSAT. Amortized or the Book/Adjusted Carrying values should not be substituted for fair value. For each individual RSAT indicated in Column 1, report a total of all Fair Value of Derivative Instruments Open plus a total of all Fair Value of the Cash Investment(s) Held. Use the formula below for reference:

Column 11 + Column 16

Column 7 – Effective Date of the RSAT

Show the start date of the RSAT.

Column 8 – Maturity Date of the RSAT

Show the maturity date of the RSAT.

Column 9 – Description of Derivative Instruments Open

Identify the derivative(s) used in the RSAT (e.g., swap, call option, etc.)

Column 10 – Book/Adjusted Carrying Value of Derivative Instrument Open

Represents the statement value, with any nonadmitted assets added back. Refer to *SSAP No. 86—Derivatives* for further discussion.

Column 11 – Fair Value of Derivative Instrument(s) Open

Enter the fair value of derivative instrument(s) open at the end of the period.

Column 12 – CUSIP of Cash Instrument(s) Held

Enter the CUSIP or Investment Number of the Cash Instrument(s) used in the RSAT as the instrument appears on the appropriate investment schedule.

(a) CUSIP digits 1-6: Issuer number
(b) CUSIP digits 7-8: Exact issue sequence
(c) CUSIP digit 9: check digit

Column 13 – Description of Cash Instrument(s) Held

Enter description of the cash instruments used in the RSAT. This description is for reference purposes only, and is not intended to replace the appropriate reporting on other investment schedules. List each cash instrument separately (i.e., do not aggregate cash instruments having the same NAIC Designation).

Column 14 – NAIC Designation or Other Description of Cash Instrument(s) Held

Enter the NAIC Designation or, when the NAIC Designation is not applicable, other description that will best identify the Risk-Based Capital and Asset Valuation Reserve (if applicable) class of the cash instrument(s) used in the RSAT.

Column 15 – Book/Adjusted Carrying Value of Cash Investment(s) Held

Represents the statement value, with any nonadmitted assets added back. Refer to *SSAP No. 86—Derivatives* for further discussion.

Column 16 – Fair Value of Cash Instrument(s) Held

Enter the fair value of cash instrument(s) used in the RSAT.

SCHEDULE DB – PART C – SECTION 2

RECONCILIATION OF REPLICATION (SYNTHETIC ASSET) TRANSACTIONS OPEN

Use this schedule in both the quarterly and annual statements. Companies that are not required to file quarterly statement should leave those columns blank.

Number of Positions

Enter the number of transactions that have unique RSAT numbers.

Replication (Synthetic Asset) Transactions Statement Values

Enter "Statement Value" of the RSAT, as if the reporting entity had purchased and accounted for the specific asset. Companies should document the determination of this value. The values indicated should be the aggregate of the values for all open replication (synthetic asset) transactions.

Line 1 – Beginning Inventory

The number of positions and total replication (synthetic asset) transactions statement value should agree with the previous period's (quarterly or annual) ending inventory, Schedule DB, Part C, Section 2. Line 1 of each quarter should be the same as Line 7 of the previous quarter.

Line 2 – Opened or Acquired Transactions

Provide the number of positions opened or acquired and the aggregated replication (synthetic asset) transactions statement values as of the acquisition dates.

Line 3 – Increases in Replication (Synthetic Asset) Transaction Statement Value

Enter the aggregate increases in the statement value of replication (synthetic asset) transactions held at any time during the period.

Line 4 – Closed or Disposed of Transactions

Enter the number of positions that were disposed of during the period, with the aggregated replication (synthetic asset) transactions statement values as of the disposition dates.

Line 5 – Positions Disposed of for Failing Effectiveness Criteria

Enter the number of positions that were disposed of during the period because the position was no longer effective. Aggregate the replication (synthetic asset) transactions statement values as of the disposition dates.

Line 6 – Decreases in Replication (Synthetic Asset) Transaction Statement Value

Aggregated decreases in the statement value of the replication (synthetic asset) transactions held at any time during the period.

Line 7 – Ending Inventory

Show the net of Line 1 + Line 2 + Line 3 – Line 4 – Line 5 – Line 6.

Year to Date Columns

Line 1 should be the same as the first quarter Line 1. Lines 2 through 6 should be the sum of the quarters, through the end of the quarter being reported. Line 7 – Ending Inventory should be the same as Line 7 of the most recently completed quarter. Number of Positions and Total Replication (Synthetic Asset) Transaction Statement Value should agree with the current period's (quarterly or annual) Schedule DB, Part C, Section 2 totals.

SCHEDULE DB – VERIFICATION

BOOK/ADJUSTED CARRYING VALUE, FAIR VALUE AND POTENTIAL EXPOSURE OF DERIVATIVES

The purpose of this schedule is to verify the amounts reported in each individual derivative schedule (Schedule DB, Part A, Section 1 and Schedule DB, Part B, Section 1) against those reported in the Counterparty Exposure schedule (Schedule DB, Part D).

BOOK/ADJUSTED CARRYING VALUE CHECK

Line 1 – Total Book/Adjusted Carrying Value of all derivatives found on Schedule DB, Part A, Section 1, Column 14.

Line 2 – Cumulative Variation Margin of highly effective derivatives found on Schedule DB, Part B, Section 1, Column 15 plus Total Ending Cash Balance found on Schedule DB, Part B, Section 1, Broker Name/Net Cash Deposits Footnote.

Line 3 – Grand Total of Book/Adjusted Carrying Value from individual schedules (Lines 1 + 2).

Line 4 – Total of all positive Book/Adjusted Carrying Value found on Schedule DB, Part D, Section 1, Column 5.

Line 5 – Total of all negative Book/Adjusted Carrying Value found on Schedule DB, Part D, Section 1, Column 6.

Line 6 – Grand Total Check for Book/Adjusted Carrying Value (Lines 3 – 4 – 5).

FAIR VALUE CHECK

Line 7 – Total Fair Value of all derivatives found on Schedule DB, Part A, Section 1, Column 16.

Line 8 – Total Fair Value of futures contracts found on Schedule DB, Part B, Section 1 Column 13.

Line 9 – Grand Total of Fair Value from individual schedules (Lines 7 + 8).

Line 10 – Total of all positive Fair Value found on Schedule DB, Part D, Section 1, Column 8.

Line 11 – Total of all negative Fair Value found on Schedule DB, Part D, Section 1, Column 9.

Line 12 – Grand Total Check for Fair Value (Lines 9 – 10 – 11).

POTENTIAL EXPOSURE CHECK

Line 13 – Total Potential Exposure of all derivatives found on Schedule DB, Part A, Section 1, Column 21.

Line 14 – Total Potential Exposure of all futures found on Schedule DB, Part B, Section 1, Column 20.

Line 15 – Total Potential Exposure of all derivatives found on Schedule DB, Part D, Section 1, Column 11.

Line 16 – Grand Total Check for Potential Exposure (Lines 13 + 14 – 15).

SCHEDULE E – PART 2 –VERIFICATION BETWEEN YEARS

CASH EQUIVALENTS

Column 1 – Total

Equals the sum of Columns 2, 3 and 4.

Line 1 – Book/Adjusted Carrying Value, December 31 of Prior Year

In Column 1, report the book/adjusted carrying value per Schedule E, Part 2, Column 6 of the prior year's annual statement.

Line 2 – Cost of Cash Equivalents Acquired

Report the aggregate cost of cash equivalents acquired during the year.

Line 3 – Accrual of Discount

In Column 1, report the total amount of accrual of discount during the year. The accrual of discount should be consistent with the accounting guidance contained in the *Accounting Practices and Procedures Manual*.

Line 4 – Unrealized Valuation Increase (Decrease)

Report the total unrealized valuation increase (decrease) for the year.

Line 5 – Total Gain (Loss) on Disposals

In Column 1, report the gain (loss) on disposal of cash equivalents.

Line 6 – Deduct Consideration Received on Disposals

Report the proceeds received on disposal of cash equivalents.

Line 7 – Deduct Amortization of Premium

In Column 1, report the total amount of amortization of premium during the year. The amortization of premium should be consistent with the accounting guidance contained in the *Accounting Practices and Procedures Manual*.

Line 8 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

In Column 1, report the unrealized foreign exchange gain or loss for the year.

Line 9 – Deduct Current Year's Other-Than-Temporary Impairment Recognized

Report the other-than-temporary impairments for the year.

Line 10 – Book/Adjusted Carrying Value at end of Current Period

Column 1 equals Schedule E, Part 2, Column 7, Total.

Line 11 – Deduct Total Nonadmitted Amounts

In Column 1, report the adjustment for nonadmitted amounts as of the end of the current period.

Include: The amount of the portfolio that is in excess of any investment limitation.

Line 12 – Statement Value at End of Current Period

In Column 1, report the statement value of as of the end of the current period. This amount should tie to the Assets Page, Line 5, inset for cash equivalents.

SCHEDULE A – PART 1

REAL ESTATE OWNED DECEMBER 31 OF CURRENT YEAR

Real estate includes land, buildings and permanent improvements (includes real estate owned under contract of sale). Also include single real estate property wholly owned by an LLC that meets the criteria set forth in *SSAP No. 40R—Real Estate Investments*. All other real estate owned indirectly (such as through joint ventures) should be included in Schedule BA. The purpose for this schedule is to report individually each property owned, classified into categories that separately identify properties occupied by the reporting entity, properties held for the production of income, and properties held for sale. Report each Real Estate project under development in the category where it will ultimately reside, (e.g., a project under development that will be owned for the production of income should be reported in properties held for the production of income category). Refer to *SSAP No. 40R—Real Estate Investments* and *SSAP No. 90—Impairment or Disposal of Real Estate Investments* for accounting guidance.

If the reporting entity has any detail lines reported for any of the following required groups, it must report the subtotal amount of the corresponding group with the specified subtotal line number appearing in the same manner and location as the pre-printed total.

Properties Occupied by the Reporting Entity – Health Care Delivery	0199999
Properties Occupied by the Reporting Entity – Administrative*	0299999
Total Properties Occupied by the Reporting Entity	0399999
Properties Held for the Production of Income	0499999
Properties Held for Sale	0599999
Totals	0699999

* Companies not holding health care delivery assets should enter the total for property occupied by the reporting entity on Line 0299999. Exclude all leasehold improvements paid by the reporting entity from Schedule A, including Health Care leasehold improvements.

For accounting guidance related to foreign currency transactions and translations, refer to *SSAP No. 23—Foreign Currency Transactions and Translations*.

A description of the information required by the columnar headings is as follows:

Column 1 – Description of Property

Show description of property, (e.g., apartment complex, land, shopping center, warehouse, etc).

Column 2 – Code

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

Enter "!" in this column for all single real estate property wholly owned by an LLC that meets the criteria set forth in *SSAP No. 40R—Real Estate Investments*. For LLCs that do not meet criteria set forth in *SSAP No. 40R—Real Estate Investments*, report on Schedule BA.

If real estate is not under the exclusive control of the company as shown in the General Interrogatories, it is to be identified by placing one of the **symbols identified in the Investment Schedules General Instructions** in this column.

If the real estate is a single real estate property wholly-owned by an LLC that meets the criteria set forth in *SSAP No. 40R—Real Estate Investments* and is not under the exclusive control of the company, the "!" should appear first, immediately followed by the appropriate code (identified in the Investment Schedules General Instructions).

<u>Separate Account Filing Only:</u>

If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

Column 3 – City

For properties located in the U.S., list the city. If the city is unknown indicate the county. If the property is located outside the U.S., indicate city or province.

Column 4 – State

For properties located in U.S. states, territories and possessions, report the two-character U.S. postal abbreviation for U.S. states, territories and possessions. If the property is located outside the U.S. states, territories and possessions, report the three-character (ISO Alpha 3) country abbreviations available in the listing in the appendix of these instructions.

Column 5 – Date Acquired

For individual properties, state date property was acquired.

Column 6 – Date of Last Appraisal

State date of last appraisal.

Column 7 – Actual Cost

Include: The amount expended to purchase the property along with the costs associated with acquiring title and other amounts such as additions and improvements (at the time of purchase or subsequent) that have been capitalized, less all amounts received for sales of rights or privileges in connection with the property or by any cash recoveries received after acquiring title to the property.

For foreclosed properties or voluntary conveyances, include amounts transferred from the Mortgage Loan Account along with other costs that have been capitalized (at the time of purchase or subsequent). Include all amounts expended for taxes, repairs and improvements in excess of the income of the property other than interest, prior to the date of acquiring title.

The Actual Cost recorded in this column shall ALWAYS be adjusted for other-than-temporary impairment. Refer to *SSAP No. 90—Impairment or Disposal of Real Estate Investments*, for the effects of impairments on the presentation of cost.

Column 8 – Amount of Encumbrances

Properties may be mortgaged and the outstanding principal balance, excluding accrued interest, of all liens at December 31 of the current year should be reported in this column.

Column 9 – Book/Adjusted Carrying Value Less Encumbrances

Include: The actual cost plus capitalized improvements, less depreciation, less encumbrances and net adjustments. For properties held for sale, the net adjustment to book value shall include the estimated costs to sell the property, in accordance with *SSAP No. 90—Impairment or Disposal of Real Estate Investments*.

Deduct: The amount of other-than-temporary impairment write-downs required under *SSAP No. 90—Impairment or Disposal of Real Estate Investments*.

Exclude: Valuation allowance.

Column 10 – Fair Value Less Encumbrances

Report the fair value of the property less encumbrances. Discuss in Notes to Financial Statements, Summary of Significant Accounting Policies, the basis on which fair value was determined.

Column 11 – Current Year's Depreciation

This amount should represent the depreciation expense for the period and shall include any depreciation recorded on a property held for sale.

Include: Depreciation that was recorded on property during the current year that was later classified as property held for sale.

The unrealized valuation gain/loss for separate account only.

Column 12 – Current Year's Other-Than-Temporary Impairment Recognized

If the real estate has suffered an "other-than-temporary impairment," this column should contain the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains (Losses) and in the calculation of Net Income.

Include: Reductions to fair value on property newly classified as held for sale, in accordance with *SSAP No. 90—Impairment or Disposal of Real Estate Investments*.

Column 13 – Current Year's Change in Encumbrances

Report as a positive number any decreases in encumbrances reported on real estate for the year.
Report as a negative number any increases in encumbrances reported on real estate for the year.

Column 15 – Total Foreign Exchange Change in Book Adjusted Carrying Value

Enter the unrealized foreign exchange gain or loss for the year.

Column 16 – Gross Income Earned Less Interest Incurred on Encumbrances

Include: Rental income on Home Office property.

Column 17 – Taxes, Repairs and Expenses Incurred

Include: Amounts paid or accrued for taxes, repairs and other related expenses.

Exclude: Interest incurred on encumbrances.

**** Columns 18 through 22 will be electronic only. ****

Column 18 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code

Whenever possible, fair value should represent the price, at which the real estate could be sold, based on market information. Fair value should only be determined analytically when the market-based value cannot be obtained.

The following is a listing of valid fair value level indicators to show the fair value hierarchy level.

“1” for Level 1

“2” for Level 2

“3” for Level 3

The following is a listing of the valid method indicators for real estate to show the method used by the reporting entity to determine the Rate Used to Obtain Fair Value.

“a” for securities where the rate is determined by a pricing service.

“b” for securities where the rate is determined by a stock exchange.

“c” for securities where the rate is determined by a broker or custodian. The reporting entity should obtain and maintain the pricing policy for any broker or custodian used as a pricing source. In addition, the broker must either be approved by the reporting entity as a counterparty for buying and selling securities or be an underwriter of the security being valued. (Reporting entities shall utilize source “c” to capture any other method used by the reporting entity to obtain observable inputs resulting in a hierarchy Level 1 or Level 2. Documentation of this source shall then be included in Column 19.)

“d” for securities where the rate is determined by the reporting entity. The reporting entity is required to maintain a record of the pricing methodology used.

“e” for securities where the rate is determined by the unit price provided in the NAIC *Valuation of Securities*.

Enter a combination of hierarchy and method indicator. The fair value hierarchy level indicator would be listed first and the method used to determine fair value indicator would be listed next. For example, use “1b” to report Level 1 for the fair value hierarchy level and stock exchange for the method used to determine fair value.

Column 19 – Source Used to Obtain Fair Value

For Method Code "a," identify the specific pricing service used.

For Method Code "b," identify the specific stock exchange used.

The listing of most **stock exchange codes can be found in the Investment Schedules General Instructions or the following Web address**:

www.fixprotocol.org/specifications/exchanges.shtml

For Method Code "c," identify the specific broker or custodian used.

For Method Code "d," leave blank.

For Method Code "e," leave blank.

Column 20 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Column 21 – Postal Code

The postal code(s) reported in this column should reflect the location of the underlying property. For properties located in U.S. states, territories and possessions, use the five-digit ZIP code and not the ZIP+4 code. If the property is located outside the U.S. states, territories and possessions, use that country's equivalent to the ZIP code. Multiple postal codes should be entered if the underlying properties are located in more than one postal code and listed from highest to lowest value associated with the underlying properties separated by commas.

Example two U.S. postal codes and one United Kingdom postal code (51501,68104,E4 7SD).

Column 22 – Property Type

For property type, use one of the following codes to indicate the primary use of the property:

OF	Office
RT	Retail
MU	Apartment/Multifamily
IN	Industrial
HC	Medical/Health Care
MX	Mixed Use
LO	Lodging
OT	Other

SCHEDULE A – PART 2

REAL ESTATE ACQUIRED AND ADDITIONS MADE DURING THE YEAR

This schedule should reflect not only those new real estate investments and their encumbrances, but also any additions and permanent improvements to existing properties acquired in the current and prior periods and their encumbrances. Report individually each property acquired or transferred from another category (e.g., joint ventures, Schedule BA). Property acquired and sold during the same year should be reported in both Part 2 and Part 3.

If a reporting entity has any detail lines reported for any of the following required groups, it shall report the subtotal amount of the corresponding group with the specified subtotal line number appearing in the same manner and location as the pre-printed total.

Acquired by purchase	0199999
Acquired by internal transfer	0299999
Totals	0399999

Column 1 – Description of Property

Show description of property (e.g., apartment complex, land, shopping center, warehouse, etc).

Column 2 – City

For properties located in the U.S., list the city. If the city is unknown, indicate the county. If the property is located outside the U.S., indicate city or province.

Column 3 – State

For properties located in U.S. states, territories and possessions, report the two-character U.S. postal abbreviation for U.S. states, territories and possessions. If the property is located outside the U.S. states, territories and possessions, report the three-character (ISO Alpha 3) country abbreviations available in the listing in the appendix of these instructions.

Column 4 – Date Acquired

For individual properties, state date property was acquired.

Column 5 – Name of Vendor

Provide the name of the entity from which the property was acquired. For internal transfers, indicate "Internal Transfer" in lieu of a vendor name.

Column 6 – Actual Cost at Time of Acquisition

Include: This column should be utilized to report the cost of original purchases. The amount expended to purchase the property along with the costs associated with acquiring title.

For foreclosed properties or voluntary conveyances, include amounts transferred from the Mortgage Loan Account along with other costs that have been capitalized (at the time of purchase).

Exclude: Amounts expended for additions and permanent improvements that are reported in column 9.

The amount reported in the Actual Cost column included in Schedule A, Part 2 will never differ from the actual consideration paid to purchase the investment. Any appropriate adjustments to the Actual Cost will be made in Schedule A, Part 1 or in Schedule A, Part 3. Refer to *SSAP No. 90—Impairment or Disposal of Real Estate Investments*, for the effects of impairment on the presentation of cost.

Column 7 – Amount of Encumbrances

Properties may be mortgaged and the outstanding principal balance, excluding accrued interest, of all liens at December 31 of the current year should be reported in this column.

Column 8 – Book/Adjusted Carrying Value Less Encumbrances

Include: The actual cost plus capitalized improvements, less depreciation, less encumbrances and net adjustments.

Deduct: The amount of other-than-temporary impairment write-downs required under *SSAP No. 90—Impairment or Disposal of Real Estate Investments.*

Exclude: Valuation allowances.

Column 9 – Additional Investment Made After Acquisition

This column should be utilized to report the amount expended for additions and permanent improvement.

Exclude: Amounts expended for original acquisitions that are reported in column 6.

**** Columns 10 through 12 will be electronic only. ****

Column 10 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Column 11 – Postal Code

The postal code(s) reported in this column should reflect the location of the underlying property. For properties located in U.S. states, territories and possessions, use the five-digit ZIP code and not the ZIP+4 code. If the property is located outside the U.S. states, territories and possessions, use that country's equivalent to the ZIP code. Multiple postal codes should be entered if the underlying properties are located in more than one postal code and listed from highest to lowest value associated with the underlying properties separated by commas.

Example of two U.S. postal codes and one United Kingdom postal code (51501,68104,E4 7SD).

Column 12 – Property Type

For property type, use one of the following codes to indicate the primary use of the property:

OF	Office
RT	Retail
MU	Apartment/Multifamily
IN	Industrial
HC	Medical/Health Care
MX	Mixed Use
LO	Lodging
OT	Other

SCHEDULE A – PART 3

REAL ESTATE DISPOSED DURING THE YEAR

This schedule should reflect not only disposals of an entire real estate investment, but should also include partial disposals and amounts received during the year on properties still held. Report individually each property disposed or transferred to another category (e.g., joint ventures, Schedule BA). Properties acquired and disposed during the same year should be reported in both Part 2 and Part 3.

If a reporting entity has any detail lines reported for any of the following required groups, it shall report the subtotal amount of the corresponding group with the specified subtotal line number appearing in the same manner and location as the pre-printed total.

Property disposed.. 0199999
Property transferred 0299999
Totals 0399999

A description of the information required by the columnar headings is as follows:

Column 1 – Description of Property

Show description of property, (e.g., apartment complex, land, shopping center, warehouse, etc).

Column 2 – City

For properties located in the U.S., list the city. If the city is unknown, indicate the county. If the property is located outside the U.S., indicate city or province.

Column 3 – State

For properties located in U.S. states, territories and possessions, report the two-character U.S. postal abbreviation for U.S. states, territories and possessions. If the property is located outside the U.S. states, territories and possessions, report the three-character (ISO Alpha 3) country abbreviations available in the listing in the appendix of these instructions.

Column 4 – Disposal Date

For individual properties, state date property was sold using MM/DD/YYYY format. For properties transferred to another category, this column should not be completed.

Column 5 – Name of Purchaser

Provide the name of the entity to which the property was sold. For internal transfers, indicate “internal transfer” in lieu of purchaser name.

Column 6 – Actual Cost

Include: The amount expended to purchase the property along with the costs associated with acquiring title and other amounts such as additions and improvements (at the time of purchase or subsequent) which have been capitalized, less all amounts received for sales of rights or privileges in connection with the property or by any cash recoveries received after acquiring title to the property.

For foreclosed properties or voluntary conveyances, include amounts transferred from the Mortgage Loan Account along with other costs that have been capitalized (at the time of purchase or subsequent). Include all amounts expended for taxes, repairs and improvements in excess of the income of the property other than interest, prior to the date of acquiring title.

The Actual Cost recorded in this column shall ALWAYS be adjusted for other-than-temporary impairment. Refer to *SSAP No. 90—Impairment or Disposal of Real Estate Investments*, for the effect of impairments on the presentation of cost.

Column 7 – Expended for Additions, Permanent Improvements and Changes in Encumbrances

Include: Only those amounts expended after acquiring title, including increases or reductions in encumbrances.

Column 8 – Book Adjusted Carrying Value Less Encumbrances, Prior Year

This should equal the Book/Adjusted Carrying Value amount reported in the prior year annual statement for each specific security.

This amount, plus the Change in Book/Adjusted Carry Value columns should equal the Book/Adjusted Carrying Value at Disposal Date.

Column 9 – Current Year's Depreciation

This amount should represent the depreciation expense for the period and shall include any depreciation recorded on a property held for sale.

Include: Depreciation that was recorded on property during the current year that was later classified as property held for sale.

The unrealized valuation gain/loss for separate account only.

Column 10 – Current Year's Other-Than-Temporary Impairment Recognized

If the real estate has suffered an "other-than-temporary impairment," this column should contain the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains (Losses) and in the calculation of Net Income.

Include: Reductions to fair value on property newly classified as held for sale, in accordance with *SSAP No. 90—Impairment or Disposal of Real Estate Investments*.

Column 11 – Current Year's Change in Encumbrances

Report as a positive number any decreases in encumbrances reported on real estate for the year.
Report as a negative number any increases in encumbrances reported on real estate for the year.

Column 13 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

Enter the unrealized foreign exchange gain or loss for the year, including reversal of any unrealized foreign exchange gain or losses previously recorded.

Column 14 – Book/Adjusted Carrying Value Less Encumbrances on Disposal

Include: The actual cost plus capitalized improvements, less depreciation, less encumbrances, and net adjustments at the time of sale or transfer. For properties held for sale, the net adjustment to book value shall include the estimated costs to sell the property, in accordance with *SSAP No. 90—Impairment or Disposal of Real Estate Investments*.

Deduct: The amount of other-than-temporary impairment write-downs required under *SSAP No. 90—Impairment or Disposal of Real Estate Investments*.

Exclude: Valuation allowances.

Column 15 – Amounts Received During Year

Include: Amounts received on sale of rights and privileges, amounts from real estate sales including those amounts received in the year of disposal, and other cash receipts that reduced the book value.

Column 16 – Foreign Exchange Gain (Loss) on Disposal

Report the foreign currency exchange gain or loss from the disposal of the property.

Column 17 – Realized Gain (Loss) on Disposal

Report the market gain or loss from the disposal of the property.

Exclude: Foreign currency gain (loss) reported in Column 16.

Column 18 – Total Gain (Loss) on Disposal

Enter the sum of Column 16, foreign exchange gain (loss), and Column 17, realized gain (loss).

Column 19 – Gross Income Earned Less Interest Incurred on Encumbrances

Include: Rental income on property occupied by the company.

Column 20 – Taxes, Repairs and Expenses Incurred

Include: Amounts paid or accrued for taxes, repairs and other related expenses.

Exclude: Interest incurred on encumbrances.

**** Columns 21 through 23 will be electronic only. ****

Column 21 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Column 22 – Postal Code

The postal code(s) reported in this column should reflect the location of the underlying property. For properties located in U.S. states, territories and possessions, use the five-digit ZIP code and not the ZIP+4 code. If the property is located outside the U.S. states, territories and possessions, use that country's equivalent to the ZIP code. Multiple postal codes should be entered if the underlying properties are located in more than one postal code and listed from highest to lowest value associated with the underlying properties separated by commas.

Example two U.S. postal codes and one United Kingdom postal code (51501,68104,E4 7SD).

Column 23 – Property Type

For property type, use one of the following codes to indicate the primary use of the property:

OF	Office
RT	Retail
MU	Apartment/Multifamily
IN	Industrial
HC	Medical/Health Care
MX	Mixed Use
LO	Lodging
OT	Other

Schedule B

SCHEDULE B – PARTS 1 AND 2

MORTGAGE LOANS OWNED AND ACQUIRED – GENERAL INSTRUCTIONS

If a reporting entity has any detail lines reported for any of the following required groups, it shall report the subtotal amount of the corresponding group with the specified subtotal line number appearing in the same manner and location as the pre-printed total.

For accounting guidance related to foreign currency transactions and translations, refer to *SSAP No. 23—Foreign Currency Transactions and Translations*.

Life and Fraternal insurers should use the lines marked with an asterisk. Property, Health and Title insurers may choose to use the lines marked with an asterisk. If Property, Health and Title insurers do not use the lines marked with an asterisk, Lines 0799999, 1599999, 2399999 and 3199999 must be used. All subtotal lines (0899999, 1699999, 2499999, 3299999) and the grand total line 3399999 apply to all insurers.

<u>Mortgages in Good Standing:</u>

Farm Mortgages* 0199999
Residential Mortgages — Insured or Guaranteed*....................0299999
Residential Mortgages — All Other*....................0399999
Commercial Mortgages — Insured or Guaranteed*....................0499999
Commercial Mortgages — All Other*....................0599999
Mezzanine Loans*....................0699999
Mortgages in Good Standing Not Shown on Lines 0199999 through 0699999....................0799999
Total Mortgages in Good Standing (sum of 0199999 through 0799999)....................0899999

<u>Restructured Mortgages:</u>

Farm Mortgages* 0999999
Residential Mortgages — Insured or Guaranteed*....................1099999
Residential Mortgages — All Other*....................1199999
Commercial Mortgages — Insured or Guaranteed*....................1299999
Commercial Mortgages — All Other*....................1399999
Mezzanine Loans*....................1499999
Restructured Mortgages Not Shown on Lines 0999999 through 1499999....................1599999
Total Restructured Mortgages (sum of 0999999 through 1599999)....................1699999

<u>Mortgages with Overdue Interest Over 90 Days, Not in the Process of Foreclosure:</u>

Farm Mortgages* 1799999
Residential Mortgages — Insured or Guaranteed*....................1899999
Residential Mortgages — All Other*....................1999999
Commercial Mortgages — Insured or Guaranteed*....................2099999
Commercial Mortgages — All Other*....................2199999
Mezzanine Loans*....................2299999
Mortgages with Overdue Interest Over 90 Days, Not in the Process of Foreclosure Not Shown on Lines 1799999 through 2299999....................2399999
Total Mortgages with Overdue Interest Over 90 Days, Not in the Process of Foreclosure (sum of 1799999 through 2399999)....................2499999

Mortgages in the Process of Foreclosure:

Farm Mortgages* 2599999
Residential Mortgages — Insured or Guaranteed*..2699999
Residential Mortgages — All Other*..2799999
Commercial Mortgages — Insured or Guaranteed*..2899999
Commercial Mortgages — All Other* 2999999
Mezzanine Loans*..3099999
Mortgages in the Process of Foreclosure Not Shown on Lines 2599999 through 3099999 3199999
Total Mortgages in the Process of Foreclosure (sum of 2599999 through 3199999)....................................3299999

Total Mortgages
(sum of 0899999, 1699999, 2499999 and 3299999) 3399999

Mortgages in good standing:

This section applies to loans on which all the original basic terms of the loan are being met by the borrowers. It also includes loans on which all the basic terms of refinancing agreements at current market terms are being met by the borrowers. Insured or guaranteed loans are considered to be only those loans insured or guaranteed by the Federal Housing Administration, the National Housing Act of Canada or by the Veterans Administration. For loans subject to a participation agreement, include only the reporting entity's share of book value/recorded investment excluding accrued interest.

Mortgages with restructured terms:

Restructured loans include commercial mortgage loans on which the basic terms such as interest rate, maturity date, collateral or guaranty have been restructured in 1986 or later as a result of actual or anticipated delinquency. Include those loans whose basic terms are being met in accordance with the restructuring agreement. A maturing balloon mortgage that has been refinanced or extended at below current market terms should be classified as a restructured loan. (A maturing balloon mortgage that has been refinanced or extended at current market terms should be considered a performing loan.) Current market terms are loan terms where the borrower pays a current market interest rate consistent with the collateral, maturity date, and other terms of the mortgage.

A mortgage loan will no longer be considered in this category when one or more of the following events occur:

The loan is paid in full or otherwise retired.

The loan becomes delinquent under the terms of the restructure agreement.

The loan is in the process of foreclosure.

The borrower has resumed the original contractual terms on the current loan balance including payments, interest rate and loan duration. The borrower must have also made cash payments of any interest or principal foregone during the restructure.

If none of the above are met, a loan will no longer be considered as restructured when all of the following conditions exist:

The loan-to-value ratio based upon the current appraisal cannot be greater than 80%. Additionally, the loan-to-value ratio cannot be greater than the state of domicile's limits for first mortgages. An independent appraiser must perform the current appraisal. The appraisal requirement does not apply to individual loans the lesser of $1 million or 5% of capital and surplus. The aggregate of such exempted loans must not exceed 15% of total long-term mortgage holdings.

AND

The coupon rate after restructuring is a current market rate. Such coupon rates should be consistent with the coupon rate on new commercial mortgages of comparable terms made by the reporting entity in the quarter in which the restructure date occurred, or:

> On the restructure date, not be less than the quarterly average of new commercial mortgage loan rates of loans of comparable terms from the Survey of Mortgage Commitments of Commercial Properties by the American Council of Life Insurers (ACLI), by more than ½ of a percentage point difference.

AND

The restructured mortgage loan performs according to the new terms for at least two years.

<u>Mortgages with overdue interest over 90 days not in the process of foreclosure:</u>

Show individually mortgages upon which interest is overdue more than 90 days or upon which taxes or other liens are delinquent more than one year.

<u>Mortgages in process of foreclosure:</u>

This section applies to loans in the process of being foreclosed or voluntarily conveyed by the borrower to the lender. It also includes loans in which transfer of title is awaiting expiration of redemption or moratorium period.

SCHEDULE B – PART 1

MORTGAGE LOANS OWNED DECEMBER 31 OF CURRENT YEAR

Report separately all mortgage loans owned and backed by real estate. Include non-conventional mortgage loans (e.g., loans that can be increased to their maximum loan value without incurring the cost of writing a new mortgage). Also include mezzanine real estate loans. For accounting and admission guidance related to mezzanine real estate loans, refer to *SSAP No. 83—Mezzanine Real Estate Loans*. Collateralized Mortgage Obligations, (residential mortgage-backed securities), should be included in Schedule D.

A description of the information required by the columnar headings is as follows:

Column 1 – Loan Number

Report the mortgage loan number assigned by the reporting entity. For foreign denominated mortgages, indicate the principal indebtedness amount in its local currency.

Column 2 – Code

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

If mortgage loans are not under the exclusive control of the company as shown in the General Interrogatories, it is to be identified by placing one of the **symbols identified in the Investment Schedules General Instructions** in this column.

<u>Separate Account Filing Only:</u>

If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

Column 3 – City

For mortgages in the U.S., list city. If the city is unknown, indicate the county. If the mortgage is outside the U.S., indicate the city or province.

Column 4 – State

For mortgages in U.S. states, territories and possessions, report the two-character U.S. postal abbreviation for U.S. states, territories and possessions. If the mortgage is located outside the U.S. states, territories and possessions, report the three-character (ISO Alpha 3) country abbreviations available in the listing in the appendix of these instructions.

Column 5 – Loan Type

If the loan was made to an officer or director of the reporting entity/subsidiary/affiliate, enter "E". If the loan was made directly to a subsidiary or affiliate enter "S". Otherwise, leave the column blank.

Column 6 – Date Acquired

State date mortgage was acquired.

Column 7 – Rate of Interest

Report the effective annual interest rate of the mortgage.

Column 8 – Book Value/Recorded Investment Excluding Accrued Interest

Report the statutory book value/recorded investment excluding accrued interest of each loan.

Deduct: Direct write-down (charge-off) if the loss is other-than-temporary. Report as a realized loss.

Exclude: Valuation allowance.

Column 9 – Unrealized Valuation Increase (Decrease)

The difference between the Book Value/Recorded Investment at the previous year-end and the Book Value/Recorded Investment at the current year-end not related to the receipt of loan principal payments, other-than-temporary impairments and amortization.

These amounts are to be reported as unrealized capital gains (losses) in the Exhibit of Capital Gains (Losses) and in the Capital and Surplus Account (Page 4).

Column 10 – Current Year's (Amortization)/Accretion

This amount should equal the net of the reporting year's amortization of premium or accrual of discount. The accrual of discount amounts in this column are to be reported as increases to investment income in the Exhibit of Net Investment Income, while the amortization of premium amounts are to be reported as decreases to investment income.

Column 11 – Current Year's Other-Than-Temporary Impairment Recognized

If the mortgage loan has suffered an "other-than-temporary impairment," this column should contain the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains (Losses) and in the calculation of Net Income.

Column 12 – Capitalized Deferred Interest And Other

Include interest and other items that can be capitalized in accordance with *SSAP No. 37—Mortgage Loans*.

Column 13 – Total Foreign Exchange Change In Book Value

Enter the unrealized foreign exchange gain or loss for the year.

Column 14 – Value of Land and Buildings

Report the appraisal value of the property (for land and buildings). For loans subject to a participation agreement, include only the reporting entity's pro rata share of the appraised value as it relates to the reporting entity's interest in the mortgage loan.

Column 15 – Date of Last Appraisal or Valuation

State date of last appraisal or valuation of the collateral.

**** Columns 16 through 19 will be electronic only. ****

Column 16 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any mortgagor as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Column 17 – Postal Code

The postal code(s) reported in this column should reflect the location of the underlying property. For mortgages in U.S. states, territories and possessions, use the five-digit ZIP code and not the ZIP+4 code. If the mortgage is located outside the U.S. states, territories and possessions, use that country's equivalent to the ZIP code. Multiple postal codes should be entered if the underlying properties are located in more than one postal code and listed from highest to lowest value associated with the underlying properties separated by commas.

Example two U.S. postal codes and one United Kingdom postal code (51501,68104,E4 7SD).

Column 18 – Property Type

For property type, use one of the following codes to indicate the primary use of the property:

OF	Office
RT	Retail
MU	Apartment/Multifamily
IN	Industrial
HC	Medical/Health Care
MX	Mixed Use
LO	Lodging
OT	Other

Column 19 – Maturity Date

State the date the mortgage loan matures.

SCHEDULE B – PART 2

MORTGAGE LOANS ACQUIRED AND ADDITIONS MADE DURING YEAR

Report individually all mortgage loans acquired or transferred from another category (e.g., joint ventures, Schedule BA) but also any increases or additions to mortgage loans acquired or transferred in the current and prior periods. Mortgages acquired and disposed during the same year should be reported in both Part 2 and Part 3. Include non-conventional mortgage loans (e.g., loans that can be increased to their maximum loan value without incurring the cost of writing a new mortgage). Also include mezzanine real estate loans. For accounting and admission guidance related to mezzanine real estate loans, refer to *SSAP No. 83—Mezzanine Real Estate Loans*. Collateralized Mortgage Obligations (residential mortgage-backed securities) should be included in Schedule D.

A description of the information required by the columnar headings is as follows:

Column 1 – Loan Number

Report the mortgage loan number assigned by the reporting entity. For foreign denominated mortgages, indicate the principal indebtedness amount in its local currency.

Column 2 – City

For mortgages in the U.S., list city. If the city is unknown, indicate the county. If the mortgage is outside the U.S., indicate the city or province.

Column 3 – State

For mortgages in U.S. states, territories and possessions, report the two-character U.S. postal abbreviation for U.S. states, territories and possessions. If the mortgage is located outside the U.S. states, territories and possessions, report the three-character (ISO Alpha 3) country abbreviations available in the listing in the appendix of these instructions.

Column 4 – Loan Type

If the loan was made to an officer or director of the reporting entity/subsidiary/affiliate, enter “E”. If the loan was made directly to a subsidiary or affiliate, enter “S.” Otherwise, leave the column blank.

Column 5 – Date Acquired

State date mortgage was acquired.

Column 6 – Rate of Interest

Report the effective annual interest rate of the mortgage.

Column 7 – Actual Cost at Time of Acquisition

Report the actual amount loaned for the mortgages at the time the asset was originally acquired. The cost of acquiring the assets includes any additional amounts that are to be capitalized. Accordingly, there may be a premium or discount on such loans resulting from a difference between the amount paid and the principal amount. Do not include additional expenditures after the time of initial acquisition. These amounts are reported in Column 8.

Column 8 – Additional Investment Made after Acquisition

Report additional amounts that increased the mortgage during the year subsequent to the time the asset was originally acquired, e.g., increases in the loan. Include additional loans on mortgages that were subsequently disposed during the year.

Column 9 – Value of Land and Buildings

Report the appraisal value of the property (for land and buildings). For loans subject to a participation agreement, include only the reporting entity's pro rata share of the appraised value as it relates to the reporting entity's interest in the mortgage loan.

**** Columns 10 through 13 will be electronic only. ****

Column 10 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any mortgagor as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Column 11 – Postal Code

The postal code(s) reported in this column should reflect the location of the underlying property. For mortgages in U.S. states, territories and possessions, use the five-digit ZIP code and not the ZIP+4 code. If the mortgage is located outside the U.S. states, territories and possessions, use that country's equivalent to the ZIP code. Multiple postal codes should be entered if the underlying properties are located in more than one postal code and listed from highest to lowest value associated with the underlying properties separated by commas.

Example two U.S. postal codes and one United Kingdom postal code (51501,68104,E4 7SD).

Column 12 – Property Type

For property type, use one of the following codes to indicate the primary use of the property:

OF	Office
RT	Retail
MU	Apartment/Multifamily
IN	Industrial
HC	Medical/Health Care
MX	Mixed Use
LO	Lodging
OT	Other

Column 13 – Maturity Date

State the date the mortgage loan matures.

SCHEDULE B – PART 3

MORTGAGE LOANS DISPOSED, TRANSFERRED OR REPAID DURING THE YEAR

Report individually each mortgage that has had decreases in the balance as a result of being closed by repayment, partial repayment, disposed or transferred to another category (e.g., real estate, Schedule A). Do not report individual partial repayments, but aggregate all partial repayments by mortgage loan.

If a reporting entity has any detail lines reported for any of the following required groups, it shall report the subtotal amount of the corresponding group with the specified subtotal line number appearing in the same manner and location as the pre-printed total.

Mortgages closed by repayment	0199999
Mortgages with partial repayments	0299999
Mortgages disposed	0399999
Mortgages transferred	0499999
Total	0599999

A description of the information required by the columnar headings is as follows:

Column 1 – Loan Number

Report the mortgage number assigned by the reporting entity.

Column 2 – City

For mortgages in the U.S., list city. If the city is unknown, indicate the county. If the mortgage is outside the U.S., indicate the city or province.

Column 3 – State

For mortgages in U.S. states, territories and possessions, report the two-character U.S. postal abbreviation for U.S. states, territories and possessions. If the mortgage is located outside the U.S. states, territories and possessions, report the three-character (ISO Alpha 3) country abbreviations available in the listing in the appendix of these instructions.

Column 4 – Loan Type

If the loan was made to an officer or director of the reporting entity/subsidiary/affiliate, enter “E.” If the loan was made directly to a subsidiary or affiliate enter “S.” Otherwise, leave the column blank.

Column 5 – Date Acquired

State date mortgage was acquired.

Column 6 – Disposal Date

For individual properties, state date mortgage was disposed using MM/DD/YYYY format. For mortgages transferred to another category and mortgages with partial payments, this column should not be completed.

Column 7 – Book Value/Recorded Investment Excluding Accrued Interest Prior Year

Report the statutory book value/recorded investment excluding accrued interest at December 31 of the prior year.

Deduct: The amount of any write-downs. Report as a realized loss.

Exclude: Valuation allowance.

Column 8 – Unrealized Valuation Increase (Decrease)

The difference between the Book Value/Recorded Investment at the previous year-end and the Book Value/Recorded Investment at the current year-end not related to the receipt of loan principal payments, other-than-temporary impairments and amortization.

These amounts are to be reported as unrealized capital gains (losses) in the Exhibit of Capital Gains (Losses) and in the Capital and Surplus Account (Page 4).

Column 9 – Current Year's (Amortization)/Accretion

This amount should equal the net of the reporting year's amortization of premium or accrual of discount. The accrual of discount amounts in this column are to be reported as increases to investment income in the Exhibit of Net Investment Income, while the amortization of premium amounts are to be reported as decreases to investment income.

Column 10 – Current Year's Other-Than-Temporary Impairment Recognized

If the mortgage loan has suffered an "other-than-temporary impairment," this column should contain the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains (Losses) and in the calculation of Net Income.

Column 11 – Capitalized Deferred Interest and Other

Include interest and other items that can be capitalized in accordance with *SSAP No. 37—Mortgage Loans*.

Column 13 – Total Foreign Exchange Change in Book Value

Enter the unrealized foreign exchange gain or loss for the year, including reversal of foreign exchange gains or losses previously recorded.

Column 14 – Book Value/Recorded Investment Excluding Accrued Interest on Disposal

Report the statutory Book Value/Recorded Investment excluding accrued interest (including any capitalized amounts) at the time the loan was sold or transferred to another category, (e.g., real estate).

Deduct: The amount of any write-downs. Report as a realized loss.

Exclude: Valuation allowance.

Column 15 – Consideration

Report the amount received during the year on mortgages disposed, including partial pay-downs of mortgages, sale of the mortgage or through transfer to another category (e.g., Schedule A). For those mortgages transferred to another category, only report the amount received for the period up to the time the loan was transferred.

Column 16 – Foreign Exchange Gain (Loss) on Disposal

Enter the foreign currency exchange gain or loss.

Column 17 – Realized Gain (Loss) on Disposal

Report the amount of any market gain or loss realized from the transfer, sale or maturity.

Exclude: Foreign currency gain (loss) reported in Column 16.

Column 18 – Total Gain (Loss) on Disposal

Enter the sum of Column 16 foreign exchange gain or loss, and Column 17 realized gain or loss.

**** Columns 19 through 22 will be electronic only. ****

Column 19 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any mortgagor as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Column 20 – Postal Code

The postal code(s) reported in this column should reflect the location of the underlying property. For mortgages in U.S. states, territories and possessions, use the five-digit ZIP code and not the ZIP+4 code. If the mortgage is located outside the U.S. states, territories and possessions, use that country's equivalent to the ZIP code. Multiple postal codes should be entered if the underlying properties are located in more than one postal code and listed from highest to lowest value associated with the underlying properties separated by commas.

Example two U.S. postal codes and one United Kingdom postal code (51501,68104,E4 7SD).

Column 21 – Property Type

For property type, use one of the following codes to indicate the primary use of the property:

OF Office

RT Retail

MU Apartment/Multifamily

IN Industrial

HC Medical/Health Care

MX Mixed Use

LO Lodging

OT Other

Column 22 – Maturity Date

State the date the mortgage loan matures.

This page intentionally left blank.

SCHEDULE BA – PARTS 1, 2 AND 3

OTHER LONG-TERM INVESTED ASSETS – GENERAL INSTRUCTIONS

Include only those classes of invested assets not clearly or normally includable in any other invested asset schedule. Such assets should include any assets previously written off for book purposes, but which still have a market or investment value. Give a detailed description of each investment and the underlying security. If an asset is to be recorded in Schedule BA that is normally reported in one of the other invested asset schedules, make full disclosure in the Name or Description column of the reason for recording such an asset in Schedule BA.

For accounting guidance related to foreign currency transactions and translations, refer to *SSAP No. 23—Foreign Currency Transactions and Translations*.

If a reporting entity has any detail lines reported for any of the following required groups, categories, or subcategories, it shall report the subtotal amount of the corresponding group, category, or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

Group or Category	Line Number
Oil and Gas Production	
Unaffiliated	0199999
Affiliated	0299999
Transportation Equipment	
Unaffiliated	0399999
Affiliated	0499999
Mineral Rights	
Unaffiliated	0599999
Affiliated	0699999
Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of:	
Bonds	
Unaffiliated	0799999
Affiliated	0899999
Mortgage Loans	
Unaffiliated	0999999
Affiliated	1099999
Other Fixed Income Instruments	
Unaffiliated	1199999
Affiliated	1299999
Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of:	
Fixed Income Instruments	
Unaffiliated	1399999
Affiliated	1499999
Common Stock	
Unaffiliated	1599999
Affiliated	1699999
Real Estate	
Unaffiliated	1799999
Affiliated	1899999
Mortgage Loans	
Unaffiliated	1999999
Affiliated	2099999
Other	
Unaffiliated	2199999
Affiliated	2299999

Surplus Debentures, etc.

Unaffiliated 2399999
Affiliated 2499999

Collateral Loans

Unaffiliated 2599999
Affiliated 2699999

Non-collateral Loans

Unaffiliated 2799999
Affiliated 2899999

Capital Notes

Unaffiliated 2999999
Affiliated 3099999

Guaranteed Federal Low Income Housing Tax Credit

Unaffiliated 3199999
Affiliated 3299999

Non-Guaranteed Federal Low Income Housing Tax Credit

Unaffiliated 3399999
Affiliated 3499999

Guaranteed State Low Income Housing Tax Credit

Unaffiliated 3599999
Affiliated 3699999

Non-Guaranteed State Low Income Housing Tax Credit

Unaffiliated 3799999
Affiliated 3899999

All Other Low Income Housing Tax Credit

Unaffiliated 3999999
Affiliated 4099999

Working Capital Finance Investment

Unaffiliated 4199999

Any Other Class of Assets

Unaffiliated 4299999
Affiliated 4399999

Subtotals

Unaffiliated 4499999
Affiliated 4599999

TOTALS 4699999

The following listing is intended to give examples of investments to be included in each category; however the list should not be considered all inclusive, and it should not be implied that any invested asset currently being reported in Schedules A, B or D is to be reclassified to Schedule BA:

Oil and Gas Production

Include: Offshore oil and gas leases.

Transportation Equipment

Include: Aircraft owned under leveraged lease agreements.
Motor Vehicle Trust Certificates.

Mineral Rights

Include: Investments in extractive materials.

Timber Deeds.

Fixed or Variable Interest Rate Investments that Have the Underlying Characteristics of a Bond, Mortgage Loan or Other Fixed Income Instrument

Include: Fixed income instruments that are not corporate or governmental unit obligations (Schedule D) or secured by real property (Schedule B).

For Life and Fraternal Insurers:

Any investments deemed by the reporting entity to possess the underlying characteristics of a bond or other fixed income instrument which qualify for Filing Exemption or that have been reviewed and approved by the Securities Valuation Office (SVO) within this category.

Exclude: **For Life and Fraternal Insurers:**

Any investments deemed by the reporting entity to possess the underlying characteristics of a bond or other fixed income investment, but for which the Securities Valuation Office (SVO) has not yet affirmed that the specific BA investment (identified by CUSIP) fits in this category (as identified in the NAIC *Valuation of Securities*). Until affirmed by the SVO, report these BA investments in the category for "Any Other Class of Assets."

Joint Ventures or Partnership Interests for Which the Primary Underlying Investments are Considered to Be:

Fixed Income Instruments

Include: Leveraged Buy-out Fund.

A fund investing in the "Z" strip of Collateralized Mortgage Obligations.

For Life and Fraternal Insurers:

Any investments deemed by the reporting entity to possess the underlying characteristics of fixed income instruments which qualify for Filing Exemption or that have been reviewed and approved by the Securities Valuation Office (SVO) within this category.

Exclude: **For Life and Fraternal Insurers:**

Any investments deemed by the reporting entity to possess the underlying characteristics of fixed income instruments, but for which the Securities Valuation Office (SVO) has not affirmed that the specific BA investment (identified by CUSIP) fits in this subcategory. Until affirmed by the SVO, report these BA investments in the "Other" subcategory of this category.

Common Stocks

Include: Venture Capital Funds.

Real Estate

Include: Real estate development interest. Reporting should be consistent with the detailed property analysis appropriate for the corresponding risk-based capital factor for this investment category. If the requisite details are not available for reporting, report under "Other" subcategory.

Mortgage Loans

Include: Mortgage obligations. Reporting should be consistent with the detailed property analysis appropriate for the corresponding risk-based capital factor for this investment category. If the requisite details are not available for reporting, report under "Other" subcategory.

Other

Include: Limited partnership interests in oil and gas production.

Forest product partnerships.

Investments within the Joint Venture and Partnership Interests category that do not qualify for inclusion in the "Fixed Income Instruments," "Common Stocks," "Real Estate" or "Mortgage Loans" subcategories.

Reporting should be consistent with the corresponding risk-based capital factor for this investment category (i.e., Other Long-Term Assets).

For Life and Fraternal Insurers:

This includes investments believed by the reporting entity to have the underlying characteristics of "Fixed Income Instruments" but which do not qualify for Filing Exemption and have not been reviewed by the SVO, as well as those that have been reviewed by the SVO and were determined to have the underlying characteristics of "Other" instruments.

Surplus Debentures, etc.

Include: That portion of any subordinated indebtedness, surplus debenture, surplus note, debenture note, premium income note, bond, or other contingent evidence of indebtedness that is reported in the surplus of the issuer.

Collateral Loans

Include: Refer to *SSAP No. 21—Other Admitted Assets* for a definition of collateral loans. In the description column, the name of the actual borrower and state if the borrower is a parent, subsidiary, affiliate, officer or director. Also include the type of collateral held.

Non-collateral Loans

Include: For purposes of this section, non-collateral loans are considered the unpaid portion of loans previously made to another organization or individual in which the reporting entity has a right to receive money for the loan, but for which the reporting entity has not obtained collateral to secure the loan. Non-collateral loans shall not include those instruments that meet the definition of a bond, per *SSAP No. 26—Bonds*, a mortgage loan per *SSAP No. 37—Mortgage Loans*, loan-backed or structured securities per *SSAP No. 43R—Loan-Backed and Structured Securities*, or a policy or contract loan per *SSAP No. 49—Policy Loans*.

In the description column, provide the name of the actual borrower. For affiliated entities, state if the borrower is a parent, subsidiary, affiliate, officer or director. Refer to *SSAP No. 20—Nonadmitted Assets* and *SSAP No. 25—Affiliates and Other Related Parties* for accounting guidance.

Capital Notes

Include: The portion of any capital note that is reported on the line for capital notes of the issuing insurance reporting entity.

Low Income Housing Tax Credit

Include: All Low Income Housing Tax Credit Investments (LIHTC or affordable housing) that are in the form of a Limited Partnership or a Limited Liability Company including those investments that have the following risk mitigation factors:

A. Guaranteed Low Income Housing Tax Credit Investments. There must be an all-inclusive guarantee from a CRP-rated entity that guarantees the yield on the investment.

B. Non-guaranteed Low Income Housing Tax Credit Investments.

I. A level of leverage below 50%. For a LIHTC Fund, the level of leverage is measured at the fund level.

II. There is a Tax Credit Guarantee Agreement from General Partner or managing member. This agreement requires the General Partner or managing member to reimburse investors for any shortfalls in tax credits due to errors of compliance, for the life of the partnership. For a LIHTC Fund, a Tax Credit Guarantee is required from the developers of the lower tier LIHTC properties to the upper tier partnership and all other LIHTC investments.

III. There are sufficient operating reserves, capital replacement reserves and/or operating deficit guarantees present to mitigate foreseeable foreclosure risk at the time of the investment.

Non-qualifying LIHTCs should be reported in the all other category

Working Capital Finance Investment

Include: Investments in an interest in a Confirmed Supplier Receivables (CSR) under a Working Capital Finance Program (WCFP) that is designated by the SVO as meeting the criteria specified in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* for an NAIC "1" or "2."

Working Capital Finance Program (WCFP)

Open account program under which an Investor may purchase interests, or evidence thereof, in commercial non-insurance receivables. A WFCP is created for the benefit of a commercial investment grade obligor and its suppliers of goods or services and facilitated by a financial intermediary.

Confirmed Supplier Receivables (CSR)

A first priority perfected security interest claim or right to payment of a monetary obligation from the Obligor arising from the sale of goods or services from the Supplier to the Obligor the payment of which the Obligor has confirmed by representing and warranting that it will not protest, delay, or deny, nor offer nor assert any defenses against, payment to the supplier or any party taking claim or right to payment from the supplier.

See *SSAP No. 105—Working Capital Finance Investments* for accounting guidance.

Any Other Class of Assets

Include: Investments that do not fit into one of the other categories. An example of items that may be included are reverse mortgages.

For Life and Fraternal Insurers:

This includes investments believed by the reporting entity to fit the category of "Fixed or Variable Interest Rate Investments that Have the Underlying Characteristics of a Bond, Mortgage Loan or Other Fixed Income Instrument," but which do not qualify for Filing Exemption and have not been reviewed by the SVO, as well as those that have been reviewed by the SVO and were determined to be "Any Other Class of Assets."

SCHEDULE BA – PART 1

OTHER LONG-TERM INVESTED ASSETS OWNED DECEMBER 31 OF CURRENT YEAR

Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance.

Column 1 – CUSIP Identification

This column must be completed by **Life and Fraternal** insurers that file Schedule BA investments with the Securities Valuation Office.

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau. *www.cusip.com/cusip/index.htm*.

If no CUSIP number exists, the CUSIP field should be zero-filled.

Column 2 – Name or Description

Show name of the asset, such as the name of a limited partnership. If not applicable, show description of the asset.

Column 3 – Code

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

If long-term invested assets are not under the exclusive control of the company as shown in the General Interrogatories, it is to be identified by placing one of the **symbols identified in the Investment Schedules General Instructions** in this column.

Separate Account Filing Only:

> If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

Column 4 – City

For real estate partnerships or joint ventures located in the United States, list city. If the city is unknown, indicate the county. If the investment is outside the U.S., indicate city or province. For other BA asset types, use the city of incorporation. If no city of incorporation, use the city of administrative office.

Column 5 – State

For real estate partnerships or joint ventures located in U.S. states, territories and possessions report the two-character U.S. postal abbreviation for the U.S. states, territories and possessions. If the investment is outside the U.S. states, territories and possessions, report the three-character (ISO Alpha 3) country abbreviations available in the listing in the appendix of these instructions.

Column 6 – Name of Vendor or General Partner

Provide the name of the entity from which the property was acquired, or the name of the General Partner of the fund. For internal transfers, indicate "internal transfer" in lieu of a vendor name.

Column 7 – NAIC Designation

This column must be completed by **Life and Fraternal** insurers only. All other insurers may ignore this column and its instructions.

For Schedule BA investments with the underlying characteristics of a bond or a preferred stock instrument, insert the NAIC designation, valuation indicator or market indicator as reported in the NAIC *Valuation of Securities* or its *Supplement*.

Following is a matrix of the valid combinations of designations and suffixes for bonds.

1	2	3	4	5	6
	2S	3S	4S	5S	6S
				5*S	6*
				5*S	6*S
1FE	2FE	3FE	4FE	5FE	6FE

Following is a matrix of the valid combinations of designations and suffixes for preferred stock.

P1A	P2A	P3A	P4A	P5A	P6A
P1SA	P2SA	P3SA	P4SA	P5SA	P6SA
				P5*A	P6*A
				P5*SA	P6*SA
P1L	P2L	P3L	P4L	P5L	P6L
P1SL	P2SL	P3SL	P4SL	P5SL	P6SL
				P5*L	P6*L
				P5*SL	P6*SL
P1U	P2U	P3U	P4U	P5U	P6U
P1SU	P2SU	P3SU	P4SU	P5SU	P6US
				P5*U	P6*U
				P5*SU	P6*SU
P1V	P2V	P3V	P4V	P5V	P6V
P1SV	P2SV	P3SV	P4SV	P5SV	P6SV
				P5*V	P6*V
				P5*SV	P6*SV
P1LFE	P2LFE	P3LFE	P4LFE	P5LFE	P6LFE
P1UFE	P2UFE	P3UFE	P4UFE	P5UFE	P6UFE
P1VFE	P2VFE	P3VFE	P4VFE	P5VFE	P6VFE
RP1A	RP2A	RP3A	RP4A	RP5A	RP6A
RP1SA	RP2SA	RP3SA	RP4SA	RP5SA	RP6SA
				RP5*A	RP6*A
				RP5*SA	RP6*SA
RP1L	RP2L	RP3L	RP4L	RP5L	RP6L
RP1SL	RP2SL	RP3SL	RP4SL	RP5SL	RP6SL
				RP5*L	RP6*L
				RP5*SL	RP6*SL
RP1U	RP2U	RP3U	RP4U	RP5U	RP6U
RP1SU	RP2SU	RP3SU	RP4SU	RP5SU	RP6SU
				RP5*U	RP6*U
				RP5*SU	RP6*SU
RP1V	RP2V	RP3V	RP4V	RP5V	RP6V
RP1SV	RP2SV	RP3SV	RP4SV	RP5SV	RP6SV
				RP5*V	RP6*V
				RP5*SV	RP6*SV
RP1LFE	RP2LFE	RP3LFE	RP4LFE	RP5LFE	RP6LFE
RP1UFE	RP2UFE	RP3UFE	RP4UFE	RP5UFE	RP6UFE
RP1VFE	RP2VFE	RP3VFE	RP4VFE	RP5VFE	RP6VFE

If the VOS data file has a designation for a specific Schedule BA investment, that designation must be reported in this column. If the VOS data file does not provide a designation and the investment qualifies for filing exemption, an "FE" or an "S" must follow the designation reported in this column. For the meaning and applicability of suffixes and designations, please refer to the most recent version of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* Part Three, Section 1.

The NAIC designation field should be zero-filled for those Schedule BA investments with the underlying characteristics of a bond or a preferred stock instrument which have not been filed with the SVO and do not meet the requirements of Filing Exemption, as well for any other investments reported in the respective "Other" categories (non-fixed income-like BA investments).

Column 8 – Date Originally Acquired

State the date the investment was originally acquired.

Column 9 – Type and Strategy

Enter the number which best describes the investment (applies to investments such as limited partnerships and hedge funds. If none applies, leave blank):

1. Private equity: Venture capital
2. Private equity: Mezzanine financing
3. Private equity: LBOs
4. Hedge fund: Global macro
5. Hedge fund: Long/short equity
6. Hedge fund: Merger arbitrage
7. Hedge fund: Fixed income arbitrage
8. Hedge fund: Convertible arbitrage
9. Hedge fund: Futures/Options/foreign exchange arbitrage
10. Hedge fund: Sector investing
11. Hedge fund: Distressed securities
12. Hedge fund: Emerging markets
13. Hedge fund: Multi-strategy

Column 10 – Actual Cost

Include: The cost of acquiring the asset, including broker's commission and incidental expense of effecting delivery. Include all changes to cost subsequent to acquisition, such as additions to or reductions in investments.

Exclude: Amount of encumbrances.

Column 11 – Fair Value

Include: **For all statement types**: Use fair value received from a counter party when available. For example, for limited partnerships and hedge funds, the latest financial statement's fair value should be used. For other types of instruments, a quote from a broker, seller, or another counter party should be used. If such quote is not available, the reporting entity should make an estimate of fair value at which the investment could be sold to an unaffiliated third party. A record of the quote, or the methodology used to reach an estimate should be kept in file.

Life and Fraternal entities who have filed Schedule BA assets with the SVO must complete this column with the assigned value as reported in the NAIC *Valuation of Securities* or its *Supplement*.

Column 12 – Book/Adjusted Carrying Value Less Encumbrances

Report the balance at December 31, of the current year. It should contain the amounts included in Column 10 after any encumbrances have been subtracted. Include all changes in value during the year.

For surplus (and capital) notes, consider where appropriate the statement factor provided by the Securities Valuation Office and published on the Schedule BA Surplus Note List on the Securities Valuation Office website. (See accounting requirements for surplus notes held in the *Accounting Practices and Procedures Manual.*)

Deduct: Any write-downs for a decline in the fair value of a long-term invested asset that is other-than-temporary.

Exclude: Valuation allowance.

Column 13 – Unrealized Valuation Increase (Decrease)

The total unrealized valuation increase (decrease) for a specific security will be the change in Book/Adjusted Carrying Value that is due to carrying or having carried (in the previous year) the security at Fair Value. See *SSAP No. 48—Joint Ventures, Partnerships, and Limited Liability Companies* for accounting guidance.

These amounts are to be reported as unrealized capital gains (losses) in the Exhibit of Capital Gains (Losses) and in the Capital and Surplus Account (Page 4).

Include: The difference between the Fair Value in the previous year and the Fair Value in the current year's Book/Adjusted Carrying Value column. Calculate as **current year** Fair Value minus **prior year** Fair Value minus **current year Depreciation or Amortization/Accretion**.

Column 14 – Current Year's (Depreciation) or (Amortization)/Accretion

This amount represents depreciation expense for the period (where appropriate), amortization of premium and the accrual of discount. The accrual of discount amounts in this column are to be reported as increases to investment income in the Exhibit of Net Investment Income, while the amortization of premium amounts are to be reported as decreases to investment income. See Column 13 for discussion of an unrealized valuation increase (decrease) where the real estate is carried at fair value and (depreciation) and/or (amortization)/accretion has been recorded.

Column 15 – Current Year's Other-Than-Temporary Impairment Recognized

If the asset has suffered an "other-than-temporary impairment," this column should contain the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains (Losses) and in the calculation of Net Income.

Column 16 – Capitalized Deferred Interest and Other

Include interest and other items that can be capitalized in accordance with the applicable SSAP.

Column 17 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

Include: Enter the unrealized foreign exchange gain or loss for the current year.

Column 18 – Investment Income

Include: The proportionate share of interest, dividend, and other investment income received during the year on the investments reported in this schedule.

Exclude: Distributions excess of unrealized appreciation (return of capital).

Column 19 – Commitment for Additional Investment

Include: Total amount of additional investment commitment, not yet invested, where the decision as to timing and whether to invest is not made by the company, but by someone else, typically by the hedge fund or limited partnership.

Column 20 – Percentage of Ownership

Include: The share that the company's current investment represents of the total outstanding amount of this investment. Applies only to such investments as hedge funds and limited partnerships.

Exclude: Commitment for additional investment.

**** Columns 21 through 26 will be electronic only. ****

Column 21 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code

Whenever possible, fair value should represent the price at which the security could be sold, based on market information. Fair value should only be determined analytically when the market-based value cannot be obtained.

The following is a listing of valid fair value level indicators to show the fair value hierarchy level.

"1" for Level 1

"2" for Level 2

"3" for Level 3

The following is a listing of the valid method indicators to show the method used by the reporting entity to determine the Rate Used to Obtain Fair Value.

"a" for securities where the rate is determined by a pricing service.

"b" for securities where the rate is determined by a stock exchange.

"c" for securities where the rate is determined by a broker or custodian. The reporting entity should obtain and maintain the pricing policy for any broker or custodian used as a pricing source. In addition, the broker must either be approved by the reporting entity as a counterparty for buying and selling securities or be an underwriter of the security being valued. (Reporting entities shall utilize source "c" to capture any other method used by the reporting entity to obtain observable inputs resulting in a hierarchy Level 1 or Level 2. Documentation of this source shall then be included in Column 22.)

"d" for securities where the rate is determined by the reporting entity. The reporting entity is required to maintain a record of the pricing methodology used.

"e" for securities where the rate is determined by the unit price published in the NAIC *Valuation of Securities*.

Enter a combination of hierarchy and method indicator. The fair value hierarchy level indicator would be listed first and the method used to determine fair value indicator would be listed next. For example, use "1b" to report Level 1 for the fair value hierarchy level and stock exchange for the method used to determine fair value.

Column 22 – Source Used to Obtain Fair Value

For Method Code “a,” identify the specific pricing service used.

For Method Code “b,” identify the specific stock exchange used.

The listing of most **stock exchange codes can be found in the Investment Schedules General Instructions or the following Web address**:

www.fixprotocol.org/specifications/exchanges.shtml

For Method Code “c,” identify the specific broker or custodian used.

For Method Code “d,” leave blank.

For Method Code “e,” leave blank.

Column 23 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Column 24 – Postal Code

Use only for securities included in the following subtotal lines.

Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of:

Mortgage Loans

Unaffiliated 0999999

Affiliated 1099999

Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of:

Real Estate

Unaffiliated 1799999

Affiliated 1899999

Mortgage Loans

Unaffiliated 1999999

Affiliated 2099999

The postal code(s) reported in this column should reflect the location of the underlying property. For U.S. states, territories and possessions, use the five-digit ZIP code and not the ZIP+4 code. Outside the U.S. states, territories and possessions, use that country’s equivalent to the ZIP code. Multiple postal codes should be entered if the underlying properties are located in more than one postal code and listed from highest to lowest value associated with the underlying properties separated by commas.

Example two U.S. postal codes and one United Kingdom postal code (51501,68104,E4 7SD).

Column 25 – Property Type

Use only for securities included in the following subtotal lines.

Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of:

Mortgage Loans

Unaffiliated.. 0999999

Affiliated.. 1099999

Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of:

Real Estate

Unaffiliated.. 1799999

Affiliated.. 1899999

Mortgage Loans

Unaffiliated.. 1999999

Affiliated.. 2099999

For property type, use one of the following codes to indicate the primary use of the property:

OF	Office
RT	Retail
MU	Apartment/Multifamily
IN	Industrial
HC	Medical/Health Care
MX	Mixed Use
LO	Lodging
OT	Other

Column 26 – Maturity Date

Use only for securities included in the following subtotal lines.

Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of:

Mortgage Loans

Unaffiliated.. 0999999

Affiliated.. 1099999

State the date the mortgage loan matures.

SCHEDULE BA – PART 2

OTHER LONG-TERM INVESTED ASSETS ACQUIRED AND ADDITIONS MADE DURING THE YEAR

This schedule should reflect not only those newly acquired long-term invested assets, but also any increases or additions to long-term invested assets acquired in the current and prior periods, including, for example, capital calls from existing limited partnerships.

Column 1 – CUSIP Identification

This column must be completed by **Life and Fraternal** insurers that file Schedule BA investments with the Securities Valuation Office.

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau, *www.cusip.com/cusip/index.htm*.

If no CUSIP number exists, the CUSIP field should be zero-filled.

Column 2 – Name or Description

Show name of the asset, such as the name of a limited partnership. If not applicable, show description of the asset.

Column 3 – City

For real estate partnerships or joint ventures located in the United States, list city. If the city is unknown, indicate the county. If the investment is outside the U.S., indicate city or province. For other BA asset types, use the city of incorporation. If no city of incorporation, use the city of administrative office.

Column 4 – State

Report the two-character U.S. postal abbreviation for state for U.S. states, territories and possessions. For foreign countries, report the three-character (ISO Alpha 3) country abbreviations available in the listing in the appendix of these instructions.

Column 5 – Name of Vendor or General Partner

Provide the name of the entity from which the property was acquired, or the name of the General Partner of the fund. For internal transfers, indicate "internal transfer" in lieu of a vendor name.

Column 6 – Date Originally Acquired

State the date the investment was originally acquired.

Column 7 – Type and Strategy

Enter the number that best describes the investment (applied to investments such as limited partnerships and hedge funds. If none applies, leave blank):

1. Private equity: Venture capital
2. Private equity: Mezzanine financing
3. Private equity: LBOs
4. Hedge fund: Global macro
5. Hedge fund: Long/short equity
6. Hedge fund: Merger arbitrage
7. Hedge fund: Fixed income arbitrage
8. Hedge fund: Convertible arbitrage
9. Hedge fund: Futures/Options/foreign exchange arbitrage
10. Hedge fund: Sector investing
11. Hedge fund: Distressed securities
12. Hedge fund: Emerging markets
13. Hedge fund: Multi-strategy

Column 8 – Actual Cost at Time of Acquisition

Include: The actual cost at the time the asset was originally acquired.

The cost of acquiring the assets, including broker's commission and incidental expenses of effecting delivery.

Exclude: Additional expenditures after the time of the initial acquisition or encumbrances or impairment.

Column 9 – Additional Investment Made After Acquisition

Include: The actual cost (including broker's commissions and incidental expenses of effecting delivery) to increase investments in the original assets.

Improvements to the assets subsequent to acquisition.

Activity on investments disposed during the year.

Column 10 – Amount of Encumbrances

Include: The reporting entity's contractual share of all encumbrances on underlying real estate held in a partnership or venture reported in this schedule. All encumbrances incurred by the partnership or venture should be included.

Column 11 – Percentage of Ownership

Include: The share that the company's current investment represents of the total outstanding amount of this investment at the date of purchase. Applies only to such investments as hedge funds and limited partnerships.

Exclude: Commitment for additional investment.

**** Columns 12 through 15 will be electronic only. ****

Column 12 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Column 13 – Postal Code

Use only for securities included in the following subtotal lines.

Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of:

Mortgage Loans

Unaffiliated.. 0999999

Affiliated.. 1099999

Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of:

Real Estate

Unaffiliated.. 1799999

Affiliated.. 1899999

Mortgage Loans

Unaffiliated.. 1999999

Affiliated.. 2099999

The postal code(s) reported in this column should reflect the location of the underlying property. For U.S. states, territories and possessions, use the five-digit ZIP code and not the ZIP+4 code. Outside the U.S. states, territories and possessions, use that country's equivalent to the ZIP code. Multiple postal codes should be entered if the underlying properties are located in more than one postal code and listed from highest to lowest value associated with the underlying properties separated by commas.

Example two U.S. postal codes and one United Kingdom postal code (51501,68104,E4 7SD).

Column 14 – Property Type

Use only for securities included in the following subtotal lines.

Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of:

Mortgage Loans

Unaffiliated 0999999

Affiliated 1099999

Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of:

Real Estate

Unaffiliated 1799999

Affiliated 1899999

Mortgage Loans

Unaffiliated 1999999

Affiliated 2099999

For property type, use one of the following codes to indicate the primary use of the property:

OF	Office
RT	Retail
MU	Apartment/Multifamily
IN	Industrial
HC	Medical/Health Care
MX	Mixed Use
LO	Lodging
OT	Other

Column 15 – Maturity Date

Use only for securities included in the following subtotal lines.

Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of:

Mortgage Loans

Unaffiliated 0999999

Affiliated 1099999

State the date the mortgage loan matures.

SCHEDULE BA – PART 3

OTHER LONG-TERM INVESTED ASSETS DISPOSED, TRANSFERRED OR REPAID DURING THE YEAR

This schedule should reflect not only disposals of an entire "other invested asset", but should also include partial disposals and amounts received during the year on investments still held, including, for example, return of capital distributions from limited partnerships.

Column 1 – CUSIP Identification

This column must be completed by **Life and Fraternal** insurers that file Schedule BA investments with the Securities Valuation Office.

All CUSIP/PPN/CINS numbers entered in this column must conform to those as published by the Securities Valuation Office (SVO). CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate and will be identical to those used by the SVO. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau: *www.cusip.com/cusip/index.htm*.

If no CUSIP number exists, the CUSIP field should be zero-filled.

Column 2 – Name or Description

Show name of the asset, such as the name of a limited partnership. If not applicable, show description of the asset.

Column 3 – City

For real estate partnerships or joint ventures located in the U.S., list city. If the city is unknown, indicate the county. If the investment is outside the U.S., indicate city or province. For other BA asset types, use the city of incorporation. If no city of incorporation, use the city of administrative office.

Column 4 – State

Report the two-character U.S. postal abbreviation for state for U.S. states, territories and possessions. For foreign countries, report the three-character (ISO Alpha 3) country abbreviations available in the listing in the appendix of these instructions.

Column 5 – Name of Purchaser or Nature of Disposal

Provide the name of the entity or vendor to whom the investment was sold or describe how the investment was otherwise disposed of.

Column 6 – Date Originally Acquired

State the date the asset was originally acquired.

Column 7 – Disposal Date

State the date the investment was sold or otherwise transferred or repaid. Reporting entities may total on one line if the investment is repaid on more than one date, and should utilize the date of last repayment in those cases.

Column 8 – Book/Adjusted Carrying Value Less Encumbrances, Prior Year

Report the balance at December 31 of the prior year.

Deduct: Any write-downs for a decline in the fair value of a long-term invested asset that is other-than-temporary.

Exclude: Valuation allowance.

Column 9 – Unrealized Valuation Increase (decrease)

The total unrealized valuation increase (decrease) for a specific investment security will be the change in Book/Adjusted Carrying Value that is due to carrying or having carried (in the previous year) the security at Fair Value. This includes a reversal of the full unrealized amount at the date of disposal. See *SSAP No. 48—Joint Ventures, Partnerships, and Limited Liability Companies* for accounting guidance.

These amounts are to be reported as unrealized capital gains (losses) in the Exhibit of Capital Gains (Losses) and in the Capital and Surplus Account (Page 4).

Include: The difference between the Fair Value in the previous year and the Fair Value in the current year's Book/Adjusted Carrying Value column. Calculate as **current year** Fair Value minus **prior year** Fair Value minus **current year** (**Depreciation) or (Amortization)/Accretion**.

Column 10 – Current Year's (Depreciation) or (Amortization)/Accretion

This amount represents depreciation expense for the period (where appropriate), amortization of premium and the accrual of discount. The accrual of discount amounts in this column are to be reported as increases to investment income in the Exhibit of Net Investment Income, while the amortization of premium amounts are to be reported as decreases to investment income. See column 9 for discussion of an unrealized valuation increase (decrease) where the real estate is carried at fair value and (depreciation) and/or (amortization)/accretion has been recorded.

Column 11 – Current Year's Other-Than-Temporary Impairment Recognized

If the asset has suffered an "other-than-temporary impairment," this column should contain the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains (Losses) and in the calculation of Net Income.

Column 12 – Capitalized Deferred Interest and Other

Include interest and other items that can be capitalized in accordance with the applicable SSAP.

Column 14 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

Enter the unrealized foreign exchange gain or loss during the year including the reversal of unrealized foreign exchange gains or losses previously recorded.

Column 15 – Book /Adjusted Carrying Value Less Encumbrances on Disposal

Include: Amount reported in Column 8 and all year-to-date changes in value to the time of disposal.

Exclude: Valuation allowance.

Column 16 – Consideration

Include: Amounts received on disposal of investment.

Column 17 – Foreign Exchange Gain (Loss) on Disposal

Enter the foreign currency exchange gain or loss on disposal.

Column 18 – Realized Gain (Loss) on Disposal

Report the amount of any market gain (loss) realized from the disposal of the investment.

Exclude: Foreign currency gain (loss) reported in Column 17.

Column 19 – Total Gain (Loss) on Disposal

Enter the sum of Column 17, foreign exchange gain (loss) on disposal and Column 18, realized gain (loss) on disposal.

Column 20 – Investment Income

Include: The proportionate share of interest, dividends and other investment income received during year on the investments reported in this schedule.

Exclude: Distributions in excess of unrealized appreciation (return of capital).

**** Columns 21 through 24 will be electronic only. ****

Column 21 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Column 22 – Postal Code

Use only for securities included in the following subtotal lines.

Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of:

Mortgage Loans

Unaffiliated	0999999
Affiliated	1099999

Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of:

Real Estate

Unaffiliated	1799999
Affiliated	1899999

Mortgage Loans

Unaffiliated	1999999
Affiliated	2099999

The postal code(s) reported in this column should reflect the location of the underlying property. For U.S. states, territories and possessions, use the five-digit ZIP code and not the ZIP+4 code. Outside the U.S. states, territories and possessions, use that country's equivalent to the ZIP code. Multiple postal codes should be entered if the underlying properties are located in more than one postal code and listed from highest to lowest value associated with the underlying properties separated by commas.

Example of two U.S. postal codes and one United Kingdom postal code (51501,68104,E4 7SD).

Column 23 – Property Type

Use only for securities included in the following subtotal lines.

Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of:

Mortgage Loans

Unaffiliated 0999999

Affiliated 1099999

Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of:

Real Estate

Unaffiliated 1799999

Affiliated 1899999

Mortgage Loans

Unaffiliated 1999999

Affiliated 2099999

For property type, use one of the following codes to indicate the primary use of the property:

OF	Office
RT	Retail
MU	Apartment/Multifamily
IN	Industrial
HC	Medical/Health Care
MX	Mixed Use
LO	Lodging
OT	Other

Column 24 – Maturity Date

Use only for securities included in the following subtotal lines.

Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of:

Mortgage Loans

Unaffiliated 0999999

Affiliated 1099999

State the date the mortgage loan matures.

SCHEDULE D – PART 1

LONG-TERM BONDS OWNED DECEMBER 31 OF CURRENT YEAR

Bonds are to be grouped as listed below and each category arranged alphabetically (securities included in U.S. States, Territories and Possessions; U.S. Political Subdivisions of States, Territories and Possessions; and U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions should be listed with a state abbreviation in the column provided for electronic data capture).

Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance related to foreign currency transactions and translations.

Short Sales:

> Selling a security short is an action by a reporting entity that results with the reporting entity recognizing proceeds from the sale and an obligation to deliver the sold security. For statutory accounting purposes, obligations to deliver securities resulting from short sales shall be reported as contra-assets (negative assets) in the investment schedule, with an investment code in the code column detailing the item as a short sale. The obligation (negative asset) shall be initially reflected at fair value, with changes in fair value recognized as unrealized gains and losses. These unrealized gains and losses shall be realized upon settlement of the short sale obligation. Interest on short sale positions shall be accrued periodically and reported as interest expense.

If a reporting entity has any detail lines reported for any of the following required **categories or subcategories described in the Investment Schedules General Instructions**, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

NOTE: **See the Investment Schedules General Instructions for the following:**

- **Category definitions for bonds and stocks.**
- **Foreign column code list.**
- **Code column list of codes and definitions for securities not under the exclusive control of the reporting entity.**
- **Flow chart for determining the NAIC designation for structured securities.**
- **List of stock exchange names and abbreviations.**

Category	Line Number
Bonds:	
U.S. Governments	
Issuer Obligations	0199999
Residential Mortgage-Backed Securities	0299999
Commercial Mortgage-Backed Securities	0399999
Other Loan-Backed and Structured Securities	0499999
Subtotals – U.S. Governments	0599999
All Other Governments	
Issuer Obligations	0699999
Residential Mortgage-Backed Securities	0799999
Commercial Mortgage-Backed Securities	0899999
Other Loan-Backed and Structured Securities	0999999
Subtotals – All Other Governments	1099999
U.S. States, Territories and Possessions (Direct and Guaranteed)	
Issuer Obligations	1199999
Residential Mortgage-Backed Securities	1299999
Commercial Mortgage-Backed Securities	1399999
Other Loan-Backed and Structured Securities	1499999
Subtotals – U.S. States, Territories and Possessions (Direct and Guaranteed)	1799999

U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)

- Issuer Obligations 1899999
- Residential Mortgage-Backed Securities 1999999
- Commercial Mortgage-Backed Securities 2099999
- Other Loan-Backed and Structured Securities 2199999
- Subtotals – U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) 2499999

U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions

- Issuer Obligations 2599999
- Residential Mortgage-Backed Securities 2699999
- Commercial Mortgage-Backed Securities 2799999
- Other Loan-Backed and Structured Securities 2899999
- Subtotals – U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions 3199999

Industrial and Miscellaneous (Unaffiliated)

- Issuer Obligations 3299999
- Residential Mortgage-Backed Securities 3399999
- Commercial Mortgage-Backed Securities 3499999
- Other Loan-Backed and Structured Securities 3599999
- Subtotals – Industrial and Miscellaneous (Unaffiliated) 3899999

Hybrid Securities

- Issuer Obligations 4299999
- Residential Mortgage-Backed Securities 4399999
- Commercial Mortgage-Backed Securities 4499999
- Other Loan-Backed and Structured Securities 4599999
- Subtotals – Hybrid Securities 4899999

Parent, Subsidiaries and Affiliates

- Issuer Obligations 4999999
- Residential Mortgage-Backed Securities 5099999
- Commercial Mortgage-Backed Securities 5199999
- Other Loan-Backed and Structured Securities 5299999
- Subtotals – Parent, Subsidiaries and Affiliates 5599999

SVO Identified Funds

- Exchange Traded Funds – as Identified by the SVO 5899999
- Bond Mutual Funds – as Identified by the SVO 5999999
- Subtotals – SVO Identified Funds 6099999

Total Bonds

- Subtotals – Issuer Obligations 7799999
- Subtotals – Residential Mortgage-Backed Securities 7899999
- Subtotals – Commercial Mortgage-Backed Securities 7999999
- Subtotals – Other Loan-Backed and Structured Securities 8099999
- Subtotal – SVO Identified Funds 8199999
- Subtotals – Total Bonds 8399999

List all bonds and certificates of deposit owned December 31, of current year, except bonds and certificates of deposit in banks or other similar financial institutions with maturity dates or repurchase dates under repurchase agreements of one year or less from the acquisition date. Exclude cash equivalents as described in *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments* with original maturities of three months or less.

The security identifier reported (Column 1 for CUSIP, CINS, PPN or Column 33 for ISIN) must be the same as the identifier used when filing securities with the NAIC pursuant to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* instructions.

Column 1 – CUSIP Identification

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau: *www.cusip.com/cusip/index.htm*.

If no valid CUSIP, CINS or PPN number exists then report a valid ISIN (Column 33) security number. The CUSIP field should be zero-filled.

Column 2 – Description

Give a description of all bonds owned. As appropriate, the reporting entity is encouraged to include data consistent with that reported in Column 31, Issuer and Column 32, Issue. This does not preclude the company from including additional detail to provide a complete and accurate description. Abbreviations may be used as needed.

For Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO, enter the complete name of the fund. As appropriate, the reporting entity is encouraged to include data consistent with that reported.

For Certificate of Deposit Account Registry Service (CDARs) or other similar services that have a maturity of greater than one year, individually list the various banking institutions that are financially responsible for honoring certificates of deposit. As appropriate, the name of the name of the banking institutions should follow from the registry of the Federal Financial Institutions Examination Council (FFIEC) (*www.ffiec.gov/nicpubweb/nicweb/SearchForm.aspx*).

For CDOs (Collateralized Debt Obligations) or CLOs (Collateralized Loan Obligations), indicate what the CDO/CLO collateral is, such as high-yield bonds, corporate loans, etc. If the collateral is of mixed type, indicate "Mix," in addition to the largest type of collateral in the mix. If the collateral is derived synthetically, indicate "synthetic."

Column 3 – Code

Enter "*" in this column for all SVO Identified Funds designated for systematic value.

Enter "@" in this column for all Principal STRIP Bonds or other zero coupon bonds.

Enter "$" in this column for Certificates of Deposit under the FDIC limit.

Enter "&" in this column for TBA (To Be Announced) securities.

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

If bonds are not under the exclusive control of the company as shown in the General Interrogatories, they are to be identified by placing one of the codes **identified in the Investment Schedules General Instructions** in this column.

If the security is an SVO Identified Fund designated for systematic value, Principal STRIP bond or other zero coupon bond, Certificates of Deposit under the FDIC limit or a TBA (To Be Announced) security and is not under the exclusive control of the company, the "*", "@", "$" or "&" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

<u>Separate Account Filing Only:</u>

If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first and may be used simultaneously with the"*", "@", "$" or "&" with the "^" preceding the other characters ("*", "@", "$" or "&") depending on the asset being reported, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

Column 4 – Foreign

Insert the appropriate code in the column based on the matrix provided in the Investment Schedules General Instructions.

Column 5 – Bond Characteristics

If bonds have one or more of the following characteristics, then list the appropriate number(s) separated by commas. If none of the characteristics apply, then leave the column blank.

1. Bonds that are callable at the discretion of the issuer, provided that in no instance will the call price be below par, based on a specified formula for the payoff amount (generally discounting future cash flows at then current interest rates which is generally referred to as a "make whole call provision").

2. Bonds that are callable at the discretion of the issuer, provided that in no instance will the call price be below par with a specified payoff amount based on a fixed schedule.

3. Bonds that are callable at the discretion of the issuer at a price that can be less than par.

4. Bonds in which the timing of payments of principal, as well as the amounts and timing of payments of interest, can vary based on a pool of underlying assets or an index. This should include agency and non-agency residential mortgage-backed securities (RMBS); some commercial mortgage-backed securities (CMBS), as well as similar loan-backed or structured securities. This excludes those flagged with #1, 2 or 3.

5. Variable coupon bonds where the interest payments vary during the life of the transaction, but NOT as is typical based on a fixed spread over a well-established interest rate index (such as LIBOR, prime rate or a government bond yield). (This includes coupons that vary based on the performance of indices that are not interest rate related, such as equity indices, commodity prices or foreign exchange rates. This also includes coupons where the spread to the index is not fixed for the entire life of the transaction. This excludes basic floating rate and adjustable rate notes with fixed spreads over an interest rate index.)

6. Terms that may result in principal (or initial investment) not being repaid in full for reasons other than a payment default by the issuer or defaults within a pool of assets underlying a loan-backed or structured security. (This includes insurance-linked securities, such as catastrophe bonds, interest-only strips (IOs), mortgage-referenced transactions or other issuer obligations that are not actually backed by a pool of assets but where the obligation to pay is tied to an index or performance or a pool of assets.)

7. Bonds where the issuer's obligation to make payments is determined by the performance of a different credit other than that of the issuer, which could be either affiliated or unaffiliated. (These securities are often referred to as credit-linked notes. This does not include loan-backed or structured securities.)

8. Mandatory convertible bonds. Bonds that are mandatorily convertible into equity, or, at the option of issuer, convertible into equity, or whose terms provide for payment in the form of equity instead of cash.

9. Other types of options solely at the discretion of the issuer that could affect the timing or amount of payments of principal or interest, not otherwise reported in 1-8.

Column 6 – NAIC Designation

Insert the NAIC designation for such security provided in the *Valuation of Securities*. Any NAIC Designation that is not obtained from the current edition of the *Valuation of Securities* or its *Supplement* and that is entered by the reporting entity under its own judgment shall have the letter "Z" appended to the designation. For the meaning and applicability of suffixes and designations, please refer to the most recent version of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* Part One, Section 3.

For Bond Mutual Funds – as Identified by the SVO, enter 1.

For Exchange Traded Funds – as Identified by the SVO, please refer to the most recent version of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*.

Following is a matrix of the valid combinations of designations and suffixes for bonds.

1	2	3	4	5	6
1S	2S	3S	4S	5S	6S
				5*	6*
				5*S	6*S
				5*GI	
1F	2F	3F	4F	5F	6F
1FE	2FE	3FE	4FE	5FE	6FE
1AM	2AM	3AM	4AM	5AM	6AM
1FM	2FM	3FM	4FM	5FM	6FM
1Z	2Z	3Z	4Z	5Z	6Z
1Z*	2Z*	3Z*	4Z*	5Z*	6Z*

If the VOS data file does not provide a designation for a specific security, an "FE," "AM," "FM," "Z," "S" or "F" must follow the designation reported in this column.

Refer to the flow chart in the Investment Schedules General Instructions for instruction on how to determine the NAIC designation for structured securities.

Column 7 – Actual Cost

This column should contain the actual consideration paid to purchase the security. The Actual Cost column amount should be adjusted for: pay downs and partial sales (both reported in Schedule D, Part 4) and subsequent acquisitions of the same issue (reported in Schedule D, Part 3). Actual cost will need to be adjusted due to "other-than-temporary impairments" recognized, for use when determining realized gain/(loss) at disposition.

Include: Brokerage and other related fees, to the extent they do not exceed the fair value at the date of acquisition.

Cost of acquiring the bond or stock including broker's commission and incidental expenses of effecting delivery, transaction fees on re-pooling of securities, and reductions for origination fees intended to compensate the reporting entity for interest rate risks (i.e., points).

Exclude: Accrued interest.

All other costs, including internal costs or costs paid to an affiliated reporting entity related to origination, purchase or commitment to purchase bonds, are charged to expense when incurred.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter the original cost of the shares purchased, including brokerage and other related fees.

Column 8 – Rate Used to Obtain Fair Value

Report rate used for determining fair value.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter the per share fair value or net asset value as of the reporting date.

For U.S. Treasury Inflation-Indexed Securities enter the VOS rate (provided in the *Valuation of Securities*) multiplied by the inflation ratio.

Column 9 – Fair Value

The fair value should be the price which, when multiplied by the notional amount (Column 10, Par Value) results in the dollar amount that would be received (excluding accrued interest) if the security was sold at fair value.

The fair value included in this column (calculated from the Rate Used to Obtain Fair Value column) should be the amount used in any comparison of fair value to another valuation method (e.g., book value or amortized cost) that is prescribed by the accounting/valuation rules.

For loan-backed securities, the prospective or retrospective methods are used in determining amortized value.

Exclude: Accrued interest.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter the amount representing the number of shares owned at year end times the rate specified in Column 8.

For U.S. Treasury Inflation-Indexed Securities, Fair Value should utilize the VOS rate multiplied by the inflation ratio.

Column 10 – Par Value

Enter the par value of the bonds owned adjusted for repayment of principal. For mortgage-backed/loan-backed and structured securities, enter the par amount of principal to which the reporting entity has a claim. For interest only bonds without a principal amount on which the reporting entity has a claim, use a zero value. Enter the statement date par value for bonds with adjustable principal. An interest only bond with a small par amount of principal would use that amount.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter Zero (0).

Column 11 – Book/Adjusted Carrying Value

Securities excluding SVO Identified fund and mandatory convertible bonds:

This should be the amortized value or the lower of amortized value or fair value, depending upon the designation of the bond (and adjusted for any other-than-temporary impairment), as of the end of the current reporting year.

Include: The original cost of acquiring the bond, including brokerage and other related fees.

Amortization of premium or accrual of discount, but not including any accrued interest paid thereon.

Amortization of deferred origination and commitment fees.

Deduct: A direct write-down for a decline in the fair value of a bond that is other-than-temporary.

Exclude: All other costs, including internal costs or costs paid to an affiliated reporting entity related to origination, purchase or commitment to purchase bonds, are charged to expense when incurred. Cost should also be reduced by payments attributed to the recovery of cost.

Accrued interest.

Refer to *SSAP No. 26R—Bonds*.

For reporting entities maintaining an AVR:

NAIC Designation 1 – 5*	Enter amortized cost
NAIC Designation 6	Enter the lower of fair value or amortized cost

For reporting entities not maintaining an AVR:

NAIC Designations 1 – 2*	Enter amortized cost
NAIC Designations 3 – 6	Enter the lower of fair value or amortized cost

*NOTE: An exception exists for Treasury Inflation Adjusted Securities under INT 01-25, where the book/adjusted carrying value may include an unrealized gain. See INT 01-25, Accounting for U.S. Treasury Inflation-Indexed Securities, for accounting guidance.

Mandatory Convertible Bonds:

The amount should be the lower of amortized cost or fair value during the period prior to conversion.

SVO Identified Funds:

The amount should be fair value unless the reporting entity has designated a qualifying security for systematic value. The election of using systematic value is irrevocable.

NOTE: Use of systematic value is effective Dec. 31, 2017. This effective date requires entities to either report SVO-Identified investments at fair value on the effective date, or to identify the SVO-Identified investments with a code to identify use of systematic value. If the investment is coded for systematic value, the investment will be reported in the 2017 annual financial statements using the measurement method utilized throughout 2017. For these investments, beginning Jan. 1, 2018, the reporting entity shall report the investment using the calculated systematic value method detailed in *SSAP No. 26R—Bonds*.

Refer to *SSAP No. 26R—Bonds*.

For reporting entities maintaining an AVR:

NAIC Designation 1 – 5	Enter fair value or systematic value
NAIC Designation 6	Enter fair value

For reporting entities not maintaining an AVR:

NAIC Designations 1 – 2	Enter fair value or systematic value
NAIC Designations 3 – 6	Enter fair value

The amount reported in this column should equal:

	Book/Adjusted Carrying Value reported in the Prior Year statement (or Actual Cost for newly acquired securities)
plus	"Unrealized Valuation Increase/(Decrease)Total in Book/Adjusted Carrying Value"
plus	"Current Year's (Amortization)/Accretion"
minus	"Current Year's Other-Than-Temporary Impairment Recognized"
plus	"Total Foreign Exchange Change in Book/Adjusted Carrying Value"
plus	Changes due to amounts reported in Schedule D, Parts 3, 4 and 5

Column 12 – Unrealized Valuation Increase/(Decrease)

The total unrealized valuation increase/(decrease) for a specific security will be the change in Book/Adjusted Carrying Value that is due to carrying or having carried (in the previous year) the security at Fair Value. Thus this amount could be:

The difference due to changing from Amortized Cost in the previous year to Fair Value in the current year's Book/Adjusted Carrying Value column (calculated as **current year** Fair Value minus **current year** Amortized Value);

The difference of moving from Fair Value in the previous year to Amortized Cost in the current year's Book/Adjusted Carrying Value column (calculate as **prior year** Amortized Value minus **prior year** Fair Value); or

The difference between the Fair Value in the previous year and the Fair Value in the current year's Book/Adjusted Carrying Value column (calculate as **current year** Fair Value minus **prior year** Fair Value minus **current year** Accrual of Discount/(Amortization of Premium)).

Include For SVO-identified funds the change from the prior reported BACV to fair value/net asset value. If an SVO-identified fund no longer qualifies for systematic value, the difference from systematic value in prior year to fair value/net asset value in current year.

These amounts are to be reported as unrealized capital gains or (losses) in the Exhibit of Capital Gains/(Losses) and in the Capital and Surplus Account (Page 4).

Column 13 – Current Year's (Amortization)/Accretion

This amount should equal the current reporting year's amortization of premium or accrual of discount (regardless of whether or not the security is currently carried at Amortized Cost). The accrual of discount amounts in this column are to be reported as increases to investment income in the Exhibit of Net Investment Income, while the amortization of premium amounts are to be reported as decreases to investment income.

Include The (Amortization)/Accretion of SVO Identified Funds designated for reporting at systematic value.

Column 14 – Current Year's Other-Than-Temporary Impairment Recognized

If the security has suffered an "other-than-temporary impairment," this column should contain the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains/(Losses) and in the calculation of Net Income.

Column 15 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

This is a positive or negative amount that is defined as the portion of the total change in Book/Adjusted Carrying Value for the year that is attributable to foreign exchange differences for a particular security. The amounts reported in this column should be included as net unrealized foreign exchange capital gain/(loss) in the Capital and Surplus Account (Page 4).

Column 16 – Interest Rate

Show rate of interest as stated on the face of the bond. Where the original stated rate has been renegotiated, show the latest modified rate. For long-term bonds with a variable rate of interest, use the last rate of interest. For short-term bonds with various issues of the same issuer, use the last rate of interest. All information reported in this field must be a numeric value.

For SVO Identified Funds (Bond Mutual Funds Exchange Traded Funds) and Principal STRIP Bonds or other zero coupon bonds, enter numeric zero (0).

Column 17 – Effective Rate of Interest

For issuer obligations, include the effective rate at which the purchase was made. For mortgage-backed/loan-backed and structured securities, report the effective yield used to value the security at the reporting date. The Effective Yield calculation should be modified for other-than-temporary impairments recognized.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter Zero (0).

Column 18 – Interest – When Paid

For securities that pay interest annually, provide the first 3 letters of the month in which the interest is paid (e.g., JUN for June). For securities that pay interest semi-annually or quarterly, provide the first letter of each month in which interest is received (e.g., JD for June and December, and MJSD for March, June, September and December). For securities that pay interest on a monthly basis, include "MON" for monthly. Finally, for securities that pay interest at maturity, include "MAT" for maturity.

For SVO Identified Funds (Bond Mutual Funds Exchange Traded Funds) and Principal STRIP Bonds or other zero coupon bonds, enter N/A.

Column 19 – Admitted Interest Due and Accrued

This should equal the admitted amount of due and accrued interest for a specific security, based upon the assessment of collectability required by *SSAP No. 34—Investment Income Due and Accrued* and any other requirements for nonadmitting investment income due and accrued.

Column 20 – Amount Received During Year

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds) enter the amount of distributions received in cash or reinvested in additional shares.

Include: The proportionate share of interest directly related to the securities reported in this schedule.

Report amounts net of foreign withholding tax.

Column 21 – Acquired Date

For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of bonds or stocks acquired at public offerings on more than one date may be totaled on one line and the date of last acquisition inserted.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter date of last purchase.

Column 22 – Stated Contractual Maturity Date

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), leave blank.

For perpetual bonds, enter 01/01/9999.

For mandatory convertible bonds use the conversion date.

**** Columns 23 through 34 will be electronic only. ****

Column 23 – State Abbreviation

Applies to:

U.S. States, Territories and Possessions

Include appropriate state abbreviation for the state where the security is issued (e.g., "MO" for Missouri).

U.S. Political Subdivisions of States, Territories and Positions

Include appropriate state abbreviation for the state where the security is issued.

U.S. Special Revenue, Special Assessments Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions

Include appropriate state abbreviation for the state where the security is issued. Use "US" for federal agency issues.

Column 24 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code

Whenever possible, fair value should represent the price at which the security could be sold, based on market information. Fair value should only be determined analytically when the market-based value cannot be obtained.

The following is a listing of valid fair value level indicators to show the fair value hierarchy level.

"1" for Level 1

"2" for Level 2

"3" for Level 3

The following is a listing of the valid method indicators for bonds to show the method used by the reporting entity to determine the Rate Used to Obtain Fair Value.

> "a" for securities where the rate is determined by a pricing service.
>
> "b" for securities where the rate is determined by a stock exchange.
>
> "c" for securities where the rate is determined by a broker or custodian. The reporting entity should obtain and maintain the pricing policy for any broker or custodian used as a pricing source. In addition, the broker must either be approved by the reporting entity as a counterparty for buying and selling securities or be an underwriter of the security being valued.
>
> "d" for securities where the rate is determined by the reporting entity. The reporting entity is required to maintain a record of the pricing methodology used.
>
> "e" for securities where the rate is determined by the unit price published in the NAIC *Valuation of Securities*.

Enter a combination of hierarchy and method indicator. The fair value hierarchy level indicator would be listed first and the method used to determine fair value indicator would be listed next. For example, use "1b" to report Level 1 for the fair value hierarchy level and stock exchange for the method used to determine fair value.

Column 25 – Source Used to Obtain Fair Value

For Method Code "a," identify the specific pricing service used.

For Method Code "b," identify the specific stock exchange used.

> The listing of most **stock exchange codes can be found in the Investment Schedules General Instructions or the following Web address**:
>
> **www.fixprotocol.org/specifications/exchanges.shtml**

For Method Code "c," identify the specific broker or custodian used.

For Method Code "d," leave blank.

For Method Code "e," leave blank.

Column 26 – Collateral Type

Use only for securities included in the following subtotal lines.

Industrial and Miscellaneous (Unaffiliated)

Residential Mortgage-Backed/ Securities	3399999
Commercial Mortgage-Backed Securities	3499999
Other Loan-Backed and Structured Securities	3599999

Enter one of the following codes to indicate collateral type. Pick exactly one collateral type for each reported security. For securities that fit in more than one type, pick the predominant one. Judgment may need to be used when making selections involving prime, Alt-A and subprime, as there are no uniform definitions for these collateral types. In the description field, use abbreviations like ABS, CDO or CLO to disclose the type of the loan-backed/structured security.

1 Residential Mortgage Loans/RMBS

Include all types of residential first lien mortgage loans as collateral (e.g., prime, subprime, Alt-A).

2 Commercial Mortgage Loans/CMBS

Include all types of commercial mortgage loans as collateral (e.g., conduits, single name, etc.).

3 Home Equity

Include all home equity loans and/or home equity lines of credit as collateral. These are not first liens and are deemed loans to individuals. Bonds that are collateralized by home equity loans/lines of credit are considered asset-backed securities (ABS) rather than RMBS.

4 Individual Obligations – Credit Card, Auto, Student Loans and Recreational Vehicles

Include bonds collateralized by individual obligations. Do not include individual obligations that have a real-estate aspect.

5 Corporate/Industrial Obligations – Tax Receivables, Utility Receivables, Trade Receivables, Small Business Loans, Commercial Paper

Include bonds collateralized by corporate or industrial obligations (sometimes referred to as commercial obligations).

6 Lease Transactions – Aircraft Leases, Equipment Leases and Equipment Trust Certificates

Include bonds collateralized by leases. Equipment leases are loans on heavy equipment. Equipment trust certificates are certificates that entitle the holder to the lease payments on the underlying assets.

7 CLO/CBO/CDO

Include bank loans, which securitize CLOs; investment grade and high-yield corporate bonds, which securitize CBOs; and corporate bonds and structured securities, which securitize CDOs.

8 Manufactured Housing and Mobile Home Loans

Include manufactured housing loans and mobile home loans as collateral. These are not typical residential mortgage loans, and when they securitize bonds, they are considered ABS.

9 Credit Tenant Loans

Real estate loans secured by the obligation of a single (usually investment grade) company to pay debt service by means of rental payments under a lease, where real estate is pledged as collateral also referred to as credit tenant lease, sale-leaseback or CTL.

10 Other

Include other collateral types that do not fit into categories 1 through 9.

For Columns 27 through 29, make whole call information is not required.

Column 27 – Call Date

Report the call date used to calculate the Effective Date of Maturity. If call date does not affect the Effective Date of Maturity field but exists, report the call date. If there is no call date, leave blank.

Column 28 – Call Price

Report the call price used to calculate the Effective Date of Maturity. If call price does not affect the Effective Date of Maturity field but exists, report the call price. If there is no call price, leave blank.

Column 29 – Effective Date of Maturity

On bonds purchased at a premium, the maturity date producing the lowest amortized value should be used. See *SSAP No. 26R—Bonds*. For loaned-backed and structured securities, include the effective date of maturity that results from the estimated cash flows, incorporating appropriate prepayment assumptions. If call data does not affect the Effective Date of Maturity field, leave blank.

Column 30 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Column 31 – Issuer

Issuer Definition:

> The name of the legal entity that develops, registers and sells securities for the purpose of financing its operations and may be domestic or foreign governments, corporations or investment trusts. The issuer is legally responsible for the obligations of the issue and for reporting financial conditions, material developments and any other operational activities as required by the regulations of their jurisdictions.

The reporting entity is encouraged to use the following sources:

- Bloomberg
- Interactive Data Corporation (IDC)
- Thomson Reuters
- S&P/CUSIP
- Name used in either the relevant SEC filing or legal documentation for the transaction. Issuer is the name of the legal entity that can be found on documents such as SEC Form 424B2, Note Agreements, Prospectuses and Indentures, as appropriate. The name used should be as complete and detailed as possible to enable others to differentiate the legal entity issuing the security from another legal entity with a similar name.

Do not report ticker symbols, either internal or otherwise.

Column 32 – Issue

Issue information provides detailed data as to the type of security being reported (e.g., coupon, description of security, etc.). Below are examples of what could be provided, but additional information should be provided as appropriate for the security.

6% Senior 2018
7% Subordinated Debenture 03/15/2022
3% NY Housing Authority Debenture 2035

The reporting entity is encouraged to use the following sources:

- Bloomberg
- Interactive Data Corporation (IDC)
- Thomson Reuters
- S&P/CUSIP
- Descriptions used in either the relevant SEC filing or legal documentation for the transaction.

Do not report ticker symbols, either internal or otherwise. Include tranche information.

Column 33 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

Column 34 – Capital Structure Code

Please identify the capital structure of the security using the following codes consistent with the SVO Notching Guidelines in Part One, Section 3 of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*:

Capital structure is sometimes referred to as rank or payment priority and can be found in feeds from the sources listed in the Issue and Issuer column.

As a general rule, a security is senior unsecured debt unless legal terms of the security indicate another position in the capital structure. Securities are senior or subordinated, and are secured or unsecured. Municipal bonds, Federal National Mortgage Association securities (FNMA or Fannie Mae) and Federal Home Loan Mortgage Corporation securities (FHLMC or Freddie Mac) generally are senior debt, though there are examples of subordinated debt issued by Fannie and Freddie. 1st Lien is a type of security interest and not capital structure but could be used to determine which capital structure designation the security should be reported under. The capital structure of "Other" should rarely be used.

Capital structure includes securities subject to *SSAP No. 26R—Bonds* and *SSAP No. 43R—Loan-Backed and Structured Securities*.

1. Senior Secured Debt

   Senior secured is paid first in the event of a default and also has a priority above other senior debt with respect to pledged assets.

2. Senior Unsecured Debt

   Senior unsecured securities have priority ahead of subordinated debt for payment in the event of default.

3. Subordinated Debt

   Subordinated is secondary in its rights to receive its principal and interest payments from the borrower to the rights of the holders of senior debt (e.g., for loan-backed and structured securities, this would include mezzanine tranches).

   (Subordinated means noting or designating a debt obligation whose holder is placed in precedence below secured and general unsecured creditors (e.g., another debtholder could block payments to that holder or prevent that holder of that subordinated debt from taking any action.)

4. Not Applicable

   Securities where the capital structure 1 through 3 above do not apply (e.g., Line 5899999 Exchange Traded Funds – as Identified by the SVO and Line 5999999 Bond Mutual Funds – as Identified by the SVO).

SCHEDULE D – PART 2 – SECTION 1

PREFERRED STOCKS OWNED DECEMBER 31 OF CURRENT YEAR

Stocks are to be grouped as listed below and arranged alphabetically, showing a subtotal for each category.

Short Sales:

> Selling a security short is an action by a reporting entity that results with the reporting entity recognizing proceeds from the sale and an obligation to deliver the sold security. For statutory accounting purposes, obligations to deliver securities resulting from short sales shall be reported as contra-assets (negative assets) in the investment schedule, with an investment code in the code column detailing the item as a short sale. The obligation (negative asset) shall be initially reflected at fair value, with changes in fair value recognized as unrealized gains and losses. These unrealized gains and losses shall be realized upon settlement of the short sale obligation. Interest on short sale positions shall be accrued periodically and reported as interest expense.

If a reporting entity has any detail lines reported for any of the following required categories or subcategories, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

NOTE: **See the Investment Schedules General Instructions for the following:**

- **Category definitions for stocks.**
- **Foreign column code list.**
- **Code column list of codes and definitions for securities not under the exclusive control of the reporting entity.**
- **List of stock exchange names and abbreviations.**

Category	Line Number
Industrial and Miscellaneous (Unaffiliated)	8499999
Parent, Subsidiaries and Affiliates	8599999
Total Preferred Stocks	8999999

Only transferable shares (i.e., can be bought and sold) of savings and loan or building and loan associations are to be reported in this schedule.

Column 1 – CUSIP Identification

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau: *www.cusip.com/cusip/index.htm*.

If no valid CUSIP, CINS or PPN number exists then report a valid ISIN (Column 27) security number. The CUSIP field should be zero-filled.

Column 2 – Description

Give a description of all preferred stocks owned, including redeemable options, if any, and location of all banks, trust and miscellaneous companies. As appropriate, the reporting entity is encouraged to include data consistent with that reported in Column 25, Issuer and Column 26, Issue. This does not preclude the company from including additional detail to provide a complete and accurate description. Abbreviations may be used as needed.

For Exchange Traded Funds, enter complete name of the fund. As appropriate, the reporting entity is encouraged to include data consistent with that reported for Column 25, Issuer.

Column 3 – Code

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

If preferred stocks are not under the exclusive control of the company as shown in the General Interrogatories, they are to be identified by placing one of the codes **identified in the Investment Schedules General Instructions** in this column.

<u>Separate Account Filing Only:</u>

> If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

Column 4 – Foreign

Insert the appropriate code in the column based on the **matrix provided in the Investment Schedules General Instructions**.

Column 7 – Rate Per Share

Insert the market rate for preferred stocks not in good standing.

Column 8 – Book/Adjusted Carrying Value

The chart below details the appropriate valuation method for this column. The *Purposes & Procedures Manual of the NAIC Investment Analysis Office* may allow other valuation methods for preferred stock investments in Subsidiary, Controlled or Affiliated (SCA) companies.

Deduct:	Cash dividends paid on Payment In Kind stock during the stock dividend period.
	A direct write-down for a decline in the fair value of a stock that is other-than-temporary.

For reporting entities maintaining an AVR:

NAIC Designation RP1 – RP3	Enter book value
NAIC Designation RP4 – RP6	Enter the lower of book value or fair value
NAIC Designation P1 – P3	Enter book value
NAIC Designation P4 – P6	Enter the lower of book value or fair value

For reporting entities not maintaining an AVR:

NAIC Designation RP1 – RP2	Enter book value
NAIC Designation RP3 – RP6	Enter the lower of book value or fair value
NAIC Designations P1 – P2	Enter fair value
NAIC Designations P3 – P6	Enter the lower of book value or fair value

The amount reported in this column should equal:

	Book/Adjusted Carrying Value reported in the Prior Year statement (or Actual Cost for newly acquired securities)
plus	"Total Change in Book/Adjusted Carrying Value"
plus	"Total Foreign Exchange Change in Book/Adjusted Carrying Value"
plus	Changes due to amounts reported in Schedule D, Parts 3, 4 and 5

Column 9 – Rate Per Share Used to Obtain Fair Value

Report rate used for determining fair value.

Column 10 – Fair Value

The fair value should be the price which, when multiplied by the notional amount (Column 6, Par Value), or times the number of securities held if Column 6 contains no Par Value, results in the dollar amount that would be received (excluding accrued dividends) if the security was sold at fair value.

The fair value included in this column (calculated from the Rate Used to Obtain Fair Value column) should be the amount used in any comparison of fair value to another valuation method (e.g., book value or amortized cost) that is prescribed by the accounting/valuation rules.

Column 11 – Actual Cost

This amount should contain the actual consideration paid to purchase the security. The Actual Cost column amount should be adjusted for: partial sales of unaffiliated preferred stock and any return of capital for preferred stock in SCA companies (both reported in Schedule D, Part 4); and subsequent acquisitions of the same unaffiliated preferred stock and additional investments in the preferred stock in SCA companies (both reported in Schedule D, Part 3). The Actual Cost recorded in this column shall ALWAYS be adjusted for other-than-temporary impairments.

Include: Cost of acquiring the preferred stock, including broker's commission and incidental expenses of effecting delivery, but not including any accrued dividends paid thereon. Cost should be reduced by payments attributed to the recovery of cost.

Column 13 – Dividends – Amount Received During Year

Include: The proportionate share of investment income directly related to the securities reported in this schedule.

Report amounts net of foreign withholding tax.

Column 14 – Dividends - Nonadmitted Declared but Unpaid

This should equal the nonadmitted amount of dividends declared but unpaid for a specific security, based upon the assessment of collectability required by *SSAP No. 34—Investment Income Due and Accrued* and any other requirements for nonadmitting investment income due and accrued.

Column 15 – Unrealized Valuation Increase/(Decrease)

The total unrealized valuation increase/(decrease) for a specific security will be the change in Book/Adjusted Carrying Value that is due to carrying, or having carried (in the previous year), the security at Fair Value. Thus this amount could be:

The difference due to changing from Amortized Cost in the previous year to Fair Value in the current year's Book/Adjusted Carrying Value column (calculated as **current year** Fair Value minus **current year** Amortized Value);

The difference of moving from Fair Value in the previous year to Amortized Cost in the current year's Book/Adjusted Carrying Value column (calculate as **prior year** Amortized Value minus **prior year** Fair Value);

The difference between the Fair Value in the previous year and the Fair Value in the current year's Book/Adjusted Carrying Value column (calculate as **current year** Fair Value minus **prior year** Fair Value minus **current year** Accrual of Discount/(Amortization of Premium)) or

The increase/(decrease) for a specific investment in a Subsidiary, Controlled or Affiliated (SCA) company that results from the reporting entity's share of undistributed earnings and losses.

These amounts are to be reported as unrealized capital gains or (losses) in the Exhibit of Capital Gains/(Losses) and in the Capital and Surplus (Page 4).

Column 16 – Current Year's (Amortization)/Accretion

This amount should equal the current reporting year's amortization of premium or accrual of discount (regardless of whether or not the security is currently carried at Amortized Cost). The accrual of discount amounts in this column are to be reported as increases to investment income in the Exhibit of Net Investment Income, while the amortization of premium amounts are to be reported as decreases to investment income.

Column 17 – Current Year's Other-Than-Temporary Impairment Recognized

If the security has suffered an "other-than-temporary impairment," this column should contain the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains/(Losses) and in the calculation of Net Income.

Column 18 – Total Change in Book/Adjusted Carrying Value

This column should equal the net of: Unrealized Valuation Increase/(Decrease) plus
Current Year's (Amortization)/Accretion minus
Current Year's Other-Than-Temporary Impairment Recognized.

This amount, plus any foreign exchange adjustment related to these amounts (reported in the Total Foreign Exchange Change in Book/Adjusted Carrying Value column), should represent the difference between the current reporting year's Book/Adjusted Carrying Value and the prior year's Book/Adjusted Carrying Value (excluding changes due to amounts reported in Schedule D, Parts 3, 4 and 5).

Column 19 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

This is a positive or negative amount that is defined as the portion of the total change in Book/Adjusted Carrying Value for the current year that is attributable to foreign exchange differences for a particular security. The amounts reported in this column should be included as net unrealized foreign exchange capital gain/(loss) in the Capital and Surplus Account (Page 4).

Column 20 – NAIC Designation

Insert the NAIC designation for such security reported in the *Valuation of Securities*. Include the market indicator A, J, K, L, U or V at the end of the NAIC designation. Any NAIC Designation that is not obtained from the current edition of the *Valuation of Securities* or its *Supplement* and that is entered by the reporting entity under its own judgment shall have the letter "FE," "Z," "F" or "S" appended to the designation. For the meaning and applicability of suffixes and designations, please refer to the most recent version of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, Part Three, Section 1.

For Exchange Traded Funds, please refer to the most recent version of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office.*

Exchange Traded Funds should be reported as perpetual securities.

Following is a matrix of the valid combinations of codes for preferred stock.

P1A	P2A	P3A	P4A	P5A	P6A
P1SA	P2SA	P3SA	P4SA	P5SA	P6SA
				P5*A	P6*A
				P5*SA	P6*SA
P1J	P2J	P3J	P4J	P5J	P6J
P1SJ	P2SJ	P3SJ	P4SJ	P5SJ	P6SJ
				P5*J	P6*J
				P5*SJ	P6*SJ
P1K	P2K	P3K	P4K	P5K	P6K
P1SK	P2SK	P3SK	P4SK	P5SK	P6SK
				P5*K	P6*K
				P5*SK	P6*SK
P1L	P2L	P3L	P4L	P5L	P6L
P1SL	P2SL	P3SL	P4SL	P5SL	P6SL
				P5*L	P6*L
				P5*SL	P6*SL
P1U	P2U	P3U	P4U	P5U	P6U
P1SU	P2SU	P3SU	P4SU	P5SU	P6SU
				P5*U	P6*U
				P5*SU	P6*SU
P1V	P2V	P3V	P4V	P5V	P6V
P1SV	P2SV	P3SV	P4SV	P5SV	P6SV
				P5*V	P6*V
				P5*SV	P6*SV
P1AZ	P2AZ	P3AZ	P4AZ	P5AZ	P6AZ
P1AF	P2AF	P3AF	P4AF	P5AF	P6AF
P1AZ*	P2AZ*	P3AZ*	P4AZ*	P5AZ*	P6AZ*
P1JZ	P2JZ	P3JZ	P4JZ	P5JZ	P6JZ
P1JF	P2JF	P3JF	P4JF	P5JF	P6JF
P1JZ*	P2JZ*	P3JZ*	P4JZ*	P5JZ*	P6JZ*
P1KZ	P2KZ	P3KZ	P4KZ	P5KZ	P6KZ
P1KF	P2KF	P3KF	P4KF	P5KF	P6KF
P1KZ*	P2KZ*	P3KZ*	P4KZ*	P5KZ*	P6KZ*
P1LFE	P2LFE	P3LFE	P4LFE	P5LFE	P6LFE
P1LZ	P2LZ	P3LZ	P4LZ	P5LZ	P6LZ
P1LF	P2LF	P3LF	P4LF	P5LF	P6LF
P1LZ*	P2LZ*	P3LZ*	P4LZ*	P5LZ*	P6LZ*
P1UFE	P2UFE	P3UFE	P4UFE	P5UFE	P6UFE
P1UZ	P2UZ	P3UZ	P4UZ	P5UZ	P6UZ
P1UF	P2UF	P3UF	P4UF	P5UF	P6UF
P1UZ*	P2UZ*	P3UZ*	P4UZ*	P5UZ*	P6UZ*
P1VFE	P2VFE	P3VFE	P4VFE	P5VFE	P6VFE
P1VZ	P2VZ	P3VZ	P4VZ	P5VZ	P6VZ
P1VF	P2VF	P3VF	P4VF	P5VF	P6VF
P1VZ*	P2VZ*	P3VZ*	P4VZ*	P5VZ*	P6VZ*
RP1A	RP2A	RP3A	RP4A	RP5A	RP6A
RP1SA	RP2SA	RP3SA	RP4SA	RP5SA	RP6SA
				RP5*A	RP6*A
				RP5*SA	RP6*SA
RP1J	RP2J	RP3J	RP4J	RP5J	RP6J
RP1SJ	RP2SJ	RP3SJ	RP4SJ	RP5SJ	RP6SJ
				RP5*J	RP6*J
				RP5*SJ	RP6*SJ
RP1K	RP2K	RP3K	RP4K	RP5K	RP6K
RP1SK	RP2SK	RP3SK	RP4SK	RP5SK	RP6SK

				RP5*K	RP6*K
				RP5*SK	RP6*SK
RP1L	RP2L	RP3L	RP4L	RP5L	RP6L
RP1SL	RP2SL	RP3SL	RP4SL	RP5SL	RP6SL
				RP5*L	RP6*L
				RP5*SL	RP6*SL
RP1U	RP2U	RP3U	RP4U	RP5U	RP6U
RP1SU	RP2SU	RP3SU	RP4SU	RP5SU	RP6SU
				RP5*U	RP6*U
				RP5*SU	RP6*SU
RP1V	RP2V	RP3V	RP4V	RP5V	RP6V
RP1SV	RP2SV	RP3SV	RP4SV	RP5SV	RP6SV
				RP5*V	RP6*V
				RP5*SV	RP6*SV
RP1AZ	RP2AZ	RP3AZ	RP4AZ	RP5AZ	RP6AZ
RP1AF	RP2AF	RP3AF	RP4AF	RP5AF	RP6AF
RP1AZ*	RP2AZ*	RP3AZ*	RP4AZ*	RP5AZ*	RP6AZ*
RP1JZ	RP2JZ	RP3JZ	RP4JZ	RP5JZ	RP6JZ
RP1JF	RP2JF	RP3JF	RP4JF	RP5JF	RP6JF
RP1JZ*	RP2JZ*	RP3JZ*	RP4JZ*	RP5JZ*	RP6JZ*
RP1KZ	RP2KZ	RP3KZ	RP4KZ	RP5KZ	RP6KZ
RP1KF	RP2KF	RP3KF	RP4KF	RP5KF	RP6KF
RP1KZ*	RP2KZ*	RP3KZ*	RP4KZ*	RP5KZ*	RP6KZ*
RP1LFE	RP2LFE	RP3LFE	RP4LFE	RP5LFE	RP6LFE
RP1LZ	RP2LZ	RP3LZ	RP4LZ	RP5LZ	RP6LZ
RP1LF	RP2LF	RP3LF	RP4LF	RP5LF	RP6LF
RP1LZ*	RP2LZ*	RP3LZ*	RP4LZ*	RP5LZ*	RP6LZ*
RP1UFE	RP2UFE	RP3UFE	RP4UFE	RP5UFE	RP6UFE
RP1UZ	RP2UZ	RP3UZ	RP4UZ	RP5UZ	RP6UZ
RP1UF	RP2UF	RP3UF	RP4UF	RP5UF	RP6UF
RP1UZ*	RP2UZ*	RP3UZ*	RP4UZ*	RP5UZ*	RP6UZ*
RP1VFE	RP2VFE	RP3VFE	RP4VFE	RP5VFE	RP6VFE
RP1VZ	RP2VZ	RP3VZ	RP4VZ	RP5VZ	RP6VZ
RP1VF	RP2VF	RP3VF	RP4VF	RP5VF	RP6VF
RP1VZ*	RP2VZ*	RP3VZ*	RP4VZ*	RP5VZ*	RP6VZ*

Column 21 – Date Acquired

For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of stocks acquired at public offerings on more than one date may be totaled on one line and the date of last acquisition inserted.

For Exchange Traded Funds, enter date of last purchase.

**** Columns 22 through 27 will be electronic only. ****

Column 22 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code

Whenever possible, fair value should represent the price at which the security could be sold, based on market information. Fair value should only be determined analytically when the market-based value cannot be obtained.

The following is a listing of valid fair value level indicators to show the fair value hierarchy level.

"1" for Level 1

"2" for Level 2

"3" for Level 3

The following is a listing of the valid method indicators for preferred stocks to show the method used by the reporting entity to determine the Rate Per Share Used to Obtain Fair Value.

"a" for securities where the rate is determined by a pricing service.

"b" for securities where the rate is determined by a stock exchange.

"c" for securities where the rate is determined by a broker or custodian. The reporting entity should obtain and maintain the pricing policy for any broker or custodian used as a pricing source. In addition, the broker must either be approved by the reporting entity as a counterparty for buying and selling securities or be an underwriter of the security being valued.

"d" for securities where the rate is determined by the reporting entity. The reporting entity is required to maintain a record of the pricing methodology used.

"e" for securities where the rate is determined by the unit price published in the NAIC *Valuation of Securities*.

Enter a combination of hierarchy and method indicator. The fair value hierarchy level indicator would be listed first and the method used to determine fair value indicator would be listed next. For example, use "1b" to report Level 1 for the fair value hierarchy level and stock exchange for the method used to determine fair value.

Column 23 – Source Used to Obtain Fair Value

For Method Code "a," identify the specific pricing service used.

For Method Code "b," identify the specific stock exchange used.

The listing of most **stock exchange codes can be found in the Investment Schedules General Instructions or the following Web address**:

www.fixprotocol.org/specifications/exchanges.shtml

For Method Code "c," identify the specific broker or custodian used.

For Method Code "d," leave blank.

For Method Code "e," leave blank.

Column 24 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Column 25 – Issuer

Issuer Definition:

> The name of the legal entity that develops, registers and sells securities for the purpose of financing its operations and may be domestic or foreign governments, corporations or investment trusts. The issuer is legally responsible for the obligations of the issue and for reporting financial conditions, material developments and any other operational activities as required by the regulations of their jurisdictions

The reporting entity is encouraged to use the following sources:

- Bloomberg
- Interactive Data Corporation (IDC)
- Thomson Reuters
- S&P/CUSIP
- Name used in either the relevant SEC filing or legal documentation for the transaction. Issuer is the name of the legal entity that can be found on documents such as SEC Form 424B2, Note Agreements, Prospectuses and Indentures, as appropriate. The name used should be as complete and detailed as possible to enable others to differentiate the legal entity issuing the security from another legal entity with a similar name.

Do not report ticker symbols, either internal or otherwise.

Column 26 – Issue

Issue information provides detailed data as to the type of security being reported.

The reporting entity is encouraged to use the following sources:

- Bloomberg
- Interactive Data Corporation (IDC)
- Thomson Reuters
- S&P/CUSIP
- Descriptions used in either the relevant SEC filing or legal documentation for the transaction.

Do not report ticker symbols, either internal or otherwise.

Column 27 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

SCHEDULE D – PART 2 – SECTION 2

COMMON STOCKS OWNED DECEMBER 31 OF CURRENT YEAR

Stocks are to be grouped as listed below and arranged alphabetically, showing a subtotal for each category.

Short Sales:

> Selling a security short is an action by a reporting entity that results with the reporting entity recognizing proceeds from the sale and an obligation to deliver the sold security. For statutory accounting purposes, obligations to deliver securities resulting from short sales shall be reported as contra-assets (negative assets) in the investment schedule, with an investment code in the code column detailing the item as a short sale. The obligation (negative asset) shall be initially reflected at fair value, with changes in fair value recognized as unrealized gains and losses. These unrealized gains and losses shall be realized upon settlement of the short sale obligation. Interest on short sale positions shall be accrued periodically and reported as interest expense.

If a reporting entity has any detail lines reported for any of the following required categories or subcategories, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

NOTE: See the Investment Schedules General Instructions for the following:

- **Category definitions for stocks.**
- **Foreign column code list.**
- **Code column list of codes and definitions for securities not under the exclusive control of the reporting entity.**
- **List of stock exchange names and abbreviations.**

Category	Line Number
Industrial and Miscellaneous (Unaffiliated)	9099999
Parent, Subsidiaries and Affiliates	9199999
Mutual Funds	9299999
Total Common Stocks	9799999
Total Preferred and Common Stocks	9899999

Shares of all mutual funds, regardless of the underlying security, whether specialized or a mixture of bonds, stock, money market instruments or other type of investments, except money market mutual funds that are reported in Schedule E, Part 2 as cash equivalents, are considered to be shares of common stock and should be listed in the appropriate category of Mutual Funds.

Only transferable shares (i.e., can be bought and sold) of savings and loan or building and loan associations are to be reported in this schedule.

Column 1 – CUSIP Identification

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau: *www.cusip.com/cusip/index.htm*.

If no valid CUSIP, CINS or PPN number exists then report a valid ISIN (Column 24) security number. The CUSIP field should be zero-filled.

Column 2 – Description

Give a description of all common stocks owned, redeemable options, if any, and address (city and state) of all banks, trust and insurance companies, savings and loan or building and loan associations and miscellaneous companies. As appropriate, the reporting entity is encouraged to include data consistent with that reported in Column 22, Issuer and Column 23, Issue. This does not preclude the company from including additional detail to provide a complete and accurate description. Abbreviations may be used as needed.

Column 3 – Code

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

If common stocks are not under the exclusive control of the company as shown in the General Interrogatories, they are to be identified by placing one of the codes **identified in the Investment Schedules General Instructions** in this column.

<u>Separate Account Filing Only:</u>

> If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

Column 4 – Foreign

Insert the appropriate code in the column based on the **matrix provided in the Investment Schedules General Instructions**.

Column 6 – Book/Adjusted Carrying Value

This is the Fair Value (adjusted for any other-than-temporary impairment) as of the end of the current reporting year, except for common stock in Subsidiary, Controlled or Affiliated (SCA) companies accounted for under another valuation method (e.g., equity method).

The amount reported in this column should equal:

	Book/Adjusted Carrying Value reported in the Prior Year statement (or Actual Cost for newly acquired securities)
plus	"Total Change in Book/Adjusted Carrying Value"
plus	"Total Foreign Exchange Change in Book/Adjusted Carrying Value"
plus	Changes due to amounts reported in Schedule D, Parts 3, 4 and 5

Column 7 – Rate Per Share Used to Obtain Fair Value

Report rate used for determining fair value.

Column 8 – Fair Value

The fair value should be the price which, when multiplied by the number of shares held, results in the dollar amount that would be received (excluding accrued dividends) if the security was sold at fair value.

The fair value included in this column (calculated from the Rate Used to Obtain Fair Value column) should be the amount used in any comparison of fair value to another valuation method (e.g., book value or amortized cost) that is prescribed by the accounting/valuation rules.

Column 9 – Actual Cost

This column should contain the actual consideration paid to purchase the security. The Actual Cost column amount should be adjusted for partial sales of unaffiliated common stock and any return of capital for common stock in SCA companies (both reported in Schedule D, Part 4); and subsequent acquisitions of the same unaffiliated common stock and additional investments in the common stock in SCA companies (both reported in Schedule D, Part 3). The Actual Cost recorded in this column shall ALWAYS be adjusted for other-than-temporary impairments.

Include: Original cost of acquiring the common stock including broker's commission and the incidental expenses of effecting delivery. Return of capital is included as a reduction of cost. For subsidiaries and affiliates, include changes in capital contributions.

Column 11 – Dividends - Amount Received During the Year

For Mutual Funds (excluding Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO), enter the amount of distributions received in cash or reinvested in additional shares.

Include: The proportionate share of investment income directly related to the securities reported in this schedule.

Report amounts net of foreign withholding tax.

Column 12 – Dividends - Nonadmitted Declared but Unpaid

This should equal the nonadmitted amount of dividends declared but unpaid for a specific security, based upon the assessment of collectibility required by *SSAP No. 34—Investment Income Due and Accrued* and any other requirements for nonadmitting investment income due and accrued.

Column 13 – Unrealized Valuation Increase/(Decrease)

The total unrealized valuation increase/(decrease) for a specific security will be the change in Book/Adjusted Carrying Value that is due to carrying or having carried (in the previous year) the security at Fair Value. Thus this amount could be:

> The difference between the Fair Value in the previous year and the Fair Value in the current year's Book/Adjusted Carrying Value column; or
>
> The increase/(decrease) for a specific investment in a Subsidiary, Controlled or Affiliated (SCA) company that results from the reporting entity's share of undistributed earnings and losses.

These amounts are to be reported as unrealized capital gains or (losses) in the Exhibit of Capital Gains/(Losses) and in the Capital and Surplus Account (Page 4).

Column 14 – Current Year's Other-Than-Temporary Impairment Recognized

If the security has suffered an "other-than-temporary impairment," this column should contain the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains/(Losses) and in the calculation of Net Income.

Column 15 – Total Change in Book/Adjusted Carrying Value

This column should equal the net of:

Unrealized Valuation Increase/(Decrease)
minus Current Year's Other-Than-Temporary Impairment Recognized.

This amount, plus any foreign exchange adjustment related to these amounts (reported in the Total Foreign Exchange Change in Book/Adjusted Carrying Value column), should represent the difference between the current reporting year's Book/Adjusted Carrying Value and the prior year's Book/Adjusted Carrying Value (excluding amounts reported in Schedule D, Parts 3, 4 and 5).

Column 16 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

This is a positive or negative amount that is defined as the portion of the total change in Book/Adjusted Carrying Value for the current year that is attributable to foreign exchange differences for a particular security. The amounts reported in this column should be included as net unrealized foreign exchange capital gain (loss) in the Capital and Surplus Account (Page 4).

Column 17 – NAIC Market Indicator

Insert the NAIC market indicator for such security printed in the *Valuation of Securities*. If this market indicator is not available, the reporting entity should include a market indicator of "A," "J," "K," "L," "U" or "V" as appropriate. For the meaning and applicability of suffixes and designations, please refer to the most recent version of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, Part One, Section 3.

Following is a listing of the valid codes for common stock.

A	J	K	L	U	V

Column 18 – Date Acquired

For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of stocks acquired at public offerings on more than one date may be totaled on one line and the date of last acquisition inserted.

**** Columns 19 through 24 will be electronic only. ****

Column 19 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code

Whenever possible, fair value should represent the price at which the security could be sold, based on market information. Fair value should only be determined analytically when the market based value cannot be obtained.

The following is a listing of valid fair value level indicators to show the fair value hierarchy level.

"1" for Level 1

"2" for Level 2

"3" for Level 3

The following is a listing of the valid method indicators for common stocks to show the method used by the reporting entity to determine the Rate Per Share Used to Obtain Fair Value.

"a" for securities where the rate is determined by a pricing service.

"b" for securities where the rate is determined by a stock exchange.

"c" for securities where the rate is determined by a broker or custodian. The reporting entity should obtain and maintain the pricing policy for any broker or custodian used as a pricing source. In addition, the broker must either be approved by the reporting entity as a counterparty for buying and selling securities or be an underwriter of the security being valued.

"d" for securities where the rate is determined by the reporting entity. The reporting entity is required to maintain a record of the pricing methodology used.

"e" for securities where the rate is determined by the unit price published in the NAIC *Valuation of Securities*.

Enter a combination of hierarchy and method indicator. The fair value hierarchy level indicator would be listed first and the method used to determine fair value indicator would be listed next. For example, use "1b" to report Level 1 for the fair value hierarchy level and stock exchange for the method used to determine fair value.

Column 20 – Source Used to Obtain Fair Value

For Method Code "a," identify the specific pricing service used.

For Method Code "b," identify the specific stock exchange used.

The listing of most **stock exchange codes can be found in the Investment Schedules General Instructions or the following Web address**:

www.fixprotocol.org/specifications/exchanges.shtml

For Method Code "c," identify the specific broker or custodian used.

For Method Code "d," leave blank.

For Method Code "e," leave blank.

Column 21 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Column 22 – Issuer

Issuer Definition:

> The name of the legal entity that develops, registers and sells securities for the purpose of financing its operations and may be domestic or foreign governments, corporations or investment trusts. The issuer is legally responsible for the obligations of the issue and for reporting financial conditions, material developments and any other operational activities as required by the regulations of their jurisdictions

The reporting entity is encouraged to use the following sources:

- Bloomberg
- Interactive Data Corporation (IDC)
- Thomson Reuters
- S&P/CUSIP
- Name used in either the relevant SEC filing or legal documentation for the transaction. Issuer is the name of the legal entity that can be found on documents such as SEC Form 424B2, Note Agreements, Prospectuses and Indentures, as appropriate. The name used should be as complete and detailed as possible to enable others to differentiate the legal entity issuing the security from another legal entity with a similar name.

Do not report ticker symbols, either internal or otherwise.

Column 23 – Issue

Issue information provides detailed data as to the type of security being reported.

The reporting entity is encouraged to use the following sources:

- Bloomberg
- Interactive Data Corporation (IDC)
- Thomson Reuters
- S&P/CUSIP
- Descriptions used in either the relevant SEC filing or legal documentation for the transaction.

Do not report ticker symbols, either internal or otherwise.

Column 24 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

SCHEDULE D – PART 3

LONG-TERM BONDS AND STOCKS ACQUIRED DURING CURRENT YEAR

This schedule should include a detailed listing of all securities that were purchased/acquired during the current reporting year that are still owned as of the end of the current reporting year (amounts purchased and sold during the current reporting year are reported in detail on Schedule D, Part 5 and only in subtotal in Schedule D, Part 3). This should include all transactions that adjust the cost basis of the securities. Thus, it should not be used for allocations of TBAs to specific pools subsequent to initial recording in Schedule D, Part 3 or other situations such as CUSIP number changes. The following list of items provides examples of the items that should be included:

> Purchases of securities not previously owned;
>
> Subsequent purchases of investment issues already owned;
>
> Acquisition of a new stock through a stock dividend (e.g., spin off); and
>
> Any increases in the investments in SCA companies that adjust the cost basis (e.g., subsequent capital infusions [investments] in SCA companies valued using the equity method).

This schedule should NOT be used for stock splits to show increases in the number of shares; nor should it be used for stock dividends to show increases in the number of shares (unless the stock shares received as dividends are in a stock that is not already owned by the reporting entity – e.g., received in a spin off). Rather, for stock splits and stock dividends of an already owned stock, adjustments for the appropriate columns should be made in Schedule D, Part 2, Section 1 and in Schedule D, Part 2, Section 2.

Bonds, preferred stocks and common stocks are to be grouped separately, showing a subtotal for each category.

Bond Mutual Funds – as Identified by SVO and Exchange Traded Funds – as Identified by SVO, which are described in the Investment Schedules General Instructions, are to be included in SVO Identified Funds.

Bonds are to be grouped as listed below and each category arranged alphabetically (securities included in U.S. States, Territories and Possessions; U.S. Political Subdivisions of States, Territories and Possessions; and U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions should be listed with a state abbreviation in the column provided for electronic data capture).

If a reporting entity has any detail lines reported for any of the following required categories or subcategories, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

NOTE: See the Investment Schedules General Instructions for the following:

- **Category definitions for bonds and stocks.**
- **Foreign column code list.**

Category	Line Number
Bonds:	
U.S. Government	0599999
All Other Governments	1099999
U.S. States, Territories and Possessions (Direct and Guaranteed)	1799999
U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	2499999
U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions	3199999
Industrial and Miscellaneous (Unaffiliated)	3899999
Hybrid Securities	4899999
Parent, Subsidiaries and Affiliates	5599999
SVO Identified Funds	8199999
Subtotals – Bonds – Part 3	8399997
Summary item from Part 5 for Bonds	8399998
Subtotals – Bonds	8399999

Preferred Stocks:

Industrial and Miscellaneous (Unaffiliated)	8499999
Parent, Subsidiaries and Affiliates	8599999
Subtotals – Preferred Stocks – Part 3	8999997
Summary item from Part 5 for Preferred Stocks	8999998
Subtotals – Preferred Stocks	8999999

Common Stocks:

Industrial and Miscellaneous (Unaffiliated)	9099999
Parent, Subsidiaries and Affiliates	9199999
Mutual Funds	9299999
Subtotals – Common Stocks – Part 3	9799997
Summary item from Part 5 for Common Stocks	9799998
Subtotals – Common Stocks	9799999
Subtotals – Preferred and Common Stocks	9899999

Totals 9999999

Include all bonds and stocks acquired during the year except for those acquired and fully disposed of during the year. Include repoolings of mortgage-backed/asset-backed securities (e.g., giantization/megatization of FHLMC or FNMA mortgage-backed securities). Only those bonds and certificates of deposit with maturity at time of acquisition in excess of one year are to be included. Exclude cash equivalents and short term investments as described in *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments* with original maturities of three months or less.

A bond acquisition is recorded on the trade date, not the settlement date, except for the acquisition of private placement bonds that are recorded on the funding date.

Enter as a summary item the totals of Columns 8, 9 and 21 of Part 5 for bonds, preferred stocks and common stocks.

Column 1 – CUSIP Identification

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau: *www.cusip.com/cusip/index.htm*.

If no valid CUSIP, CINS or PPN number exists then report a valid ISIN (Column 14) security number. The CUSIP field should be zero-filled.

Column 2 – Description

Give a description of all bonds and preferred and common stocks. As appropriate, the reporting entity is encouraged to include data consistent with that reported in Column 12, Issuer and Column 13, Issue. This does not preclude the company from including additional detail to provide a complete and accurate description. Abbreviations may be used as needed.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter complete name of the fund. As appropriate, the reporting entity is encouraged to include data consistent with that reported for Column 12, Issuer.

For Certificate of Deposit Account Registry Service (CDARs) or other similar services that have a maturity of greater than one year, individually list the various banking institutions that are financially responsible for honoring certificates of deposit. As appropriate, the name of the banking institutions should follow from the registry of the Federal Financial Institutions Examination Council (FFIEC) (*www.ffiec.gov/nicpubweb/nicweb/SearchForm.aspx*).

For CDOs (Collateralized Debt Obligations) or CLOs (Collateralized Loan Obligations), indicate what the CDO/CLO collateral is, such as high-yield bonds, corporate loans, etc. If the collateral is of mixed type, indicate "Mix," in addition to the largest type of collateral in the mix. If the collateral is derived synthetically, indicate "synthetic."

Column 3 – Foreign

Insert the appropriate code in the column based on the **matrix provided in the Investment Schedules General Instructions**.

Column 4 – Date Acquired

For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of bonds or stocks acquired at public offerings on more than one date may be totaled on one line and the date of last acquisition inserted.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter date of last purchase.

Column 5 – Name of Vendor

The items with reference to each issue of bonds and stocks acquired at public offerings may be totaled in one line and the word “various” inserted.

Column 7 – Actual Cost

This is the recorded cost of the investment purchased during the current year and still held as of the end of the current year. This amount would also be reported in the Actual Cost column of Schedule D, Part 1 for bonds, Schedule D, Part 2, Section 1 for preferred stock, and Schedule D, Part 2, Section 2 for common stock. The amount reported in the Actual Cost Column included in Schedule D, Part 3 will never differ from the actual consideration paid to purchase the security. Any appropriate adjustments to the Actual Cost will be made in the detail listing schedules (Schedule D, Part 1; Schedule D, Part 2, Section 1; and Schedule D, Part 2, Section 2) or in Schedule D, Part 4, as appropriate.

Include: Cost of acquiring the bond or stock, including broker’s commission and other related fees, to the extent they do not exceed the fair value at the date of acquisition.

Transaction fees on repooling of securities, and reductions for origination fees intended to compensate the reporting entity for interest rate risks (i.e. points).

Exclude: Accrued interest and dividends.

All other costs, including internal costs or costs paid to an affiliated reporting entity related to origination, purchase or commitment to purchase bonds shall be charged to expense when incurred.

Column 8 – Par Value

For mortgage-backed/loan-backed and structured securities, enter the par amount of principal purchased on a security on which the reporting entity has a claim. For interest only bonds without a principal amount on which the reporting entity has a claim, use a zero value. Enter the statement date par value for bonds with adjustable principal. An interest only bond with a small par amount of principal would use that amount.

For preferred stock, enter par value per share of stock if any.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter 0.

Column 9 – Paid for Accrued Interest and Dividends

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter amount of dividends on shares acquired between the dividend declaration date and the ex-dividend date.

**** Columns 10 through 14 will be electronic only. ****

Column 10 – State Abbreviation

Applies to:

U.S. States, Territories and Possessions

Include appropriate state abbreviation for the state where the security is issued (e.g., “MO” for Missouri).

U.S. Political Subdivisions of States, Territories and Possessions

Include appropriate state abbreviation for the state where the security is issued.

U.S. Special Revenue, Special Assessments Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions

Include appropriate state abbreviation for the state where the security is issued. Use “US” for federal agency issues.

Column 11 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Column 12 – Issuer

Issuer Definition:

The name of the legal entity that develops, registers and sells securities for the purpose of financing its operations and may be domestic or foreign governments, corporations or investment trusts. The issuer is legally responsible for the obligations of the issue and for reporting financial conditions, material developments and any other operational activities as required by the regulations of their jurisdictions

The reporting entity is encouraged to use the following sources:

- Bloomberg
- Interactive Data Corporation (IDC)
- Thomson Reuters
- S&P/CUSIP
- Name used in either the relevant SEC filing or legal documentation for the transaction. Issuer is the name of the legal entity that can be found on documents such as SEC Form 424B2, Note Agreements, Prospectuses and Indentures, as appropriate. The name used should be as complete and detailed as possible to enable others to differentiate the legal entity issuing the security from another legal entity with a similar name.

Do not report ticker symbols, either internal or otherwise.

Column 13 – Issue

Issue information provides detailed data as to the type of security being reported (e.g., coupon, description of security, etc.). Below are examples of what could be provided, but additional information should be provided as appropriate for the security.

6% Senior 2018
7% Subordinated Debenture 03/15/2022
3% NY Housing Authority Debenture 2035

The reporting entity is encouraged to use the following sources:

- Bloomberg
- Interactive Data Corporation (IDC)
- Thomson Reuters
- S&P/CUSIP
- Descriptions used in either the relevant SEC filing or legal documentation for the transaction.

Do not report ticker symbols, either internal or otherwise. Include tranche information.

Column 14 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

SCHEDULE D – PART 4

LONG-TERM BONDS AND STOCKS SOLD, REDEEMED OR OTHERWISE DISPOSED OF DURING CURRENT YEAR

This schedule should include a detailed listing of all securities that were sold/disposed of during the current reporting year that were owned as of the beginning of the current reporting year (amounts purchased and sold during the current reporting year are reported in detail on Schedule D, Part 5 and only in subtotal in Schedule D, Part 4). This should include all transactions that adjust the cost basis of the securities (except other-than-temporary impairments that are not part of a disposal transaction). Thus, it should not be used for allocations of TBAs to specific pools subsequent to initial recording in Schedule D, Part 3 or other situations such as CUSIP number changes. The following list of items provides examples of the items that should be included:

> Pay downs of securities still owned (including CMO prepayments);
>
> Subsequent partial sales of investment issues still owned;
>
> Reallocation of the cost basis of an already owned stock to the cost basis of a new stock received as a dividend (e.g., spin off); and
>
> Any decreases in the investments in SCA companies that adjust the cost basis, not including other-than-temporary impairments alone (e.g., subsequent return of capital from investments in SCA companies valued using the equity method).

Bonds, preferred stocks and common stocks are to be grouped separately, showing a subtotal for each category.

Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO, which are described in the Investment Schedules General Instructions are to be included in SVO Identified Funds.

Bonds are to be grouped as listed below and each category arranged alphabetically (securities included in U.S. States, Territories and Possessions; U.S. Political Subdivisions of States, Territories and Possessions; and U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions should be listed with a state abbreviation in the column provided for electronic data capture).

If a reporting entity has any detail lines reported for any of the following required categories or subcategories, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

NOTE: See the Investment Schedules General Instructions for the following:

- **Category definitions for bonds and stocks.**
- **Foreign column code list.**

Category	Line Number
Bonds:	
U.S. Governments	0599999
All Other Governments	1099999
U.S. States, Territories and Possessions (Direct and Guaranteed)	1799999
U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	2499999
U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions	3199999
Industrial and Miscellaneous (Unaffiliated)	3899999
Hybrid Securities	4899999
Parent, Subsidiaries and Affiliates	5599999
SVO Identified Funds	8199999
Subtotals – Bonds – Part 4	8399997
Summary item from Part 5 for Bonds	8399998
Subtotals – Bonds	8399999

Preferred Stocks:

Industrial and Miscellaneous (Unaffiliated)	8499999
Parent, Subsidiaries and Affiliates	8599999
Subtotals – Preferred Stocks – Part 4	8999997
Summary item from Part 5 for Preferred Stocks	8999998
Subtotals – Preferred Stocks	8999999

Common Stocks:

Industrial and Miscellaneous (Unaffiliated)	9099999
Parent, Subsidiaries and Affiliates	9199999
Mutual Funds	9299999
Subtotals – Common Stocks – Part 4	9799997
Summary item from Part 5 for Common Stocks	9799998
Subtotals – Common Stocks	9799999
Subtotals – Preferred and Common Stocks	9899999
Totals	9999999

A bond disposal is recorded on the trade date, not the settlement date.

Include all bonds and stocks disposed of during the year except for those acquired and fully disposed of during the year. Include repoolings of mortgage-backed/asset-backed securities (e.g., giantization/megatization of FHLMC or FNMA mortgage-backed securities). Only those bonds and certificates of deposit with maturity at time of acquisition in excess of one year are to be included. See *SSAP No. 43R—Loan-Backed and Structured Securities* for additional guidance. Exclude cash equivalents as described in *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments* with original maturities of three months or less.

Enter as a separate summary item the totals of Columns 8 to 20 of Part 5, for bonds, preferred stocks and common stocks.

Column 1 – CUSIP Identification

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau: *www.cusip.com/cusip/index.htm*.

If no valid CUSIP, CINS or PPN number exists then report a valid ISIN (Column 26) security number. The CUSIP field should be zero-filled.

Column 2 – Description

Give a description of all bonds and preferred and common stock, including location of all banks, trust and miscellaneous companies. If bonds are serial issues, give amounts maturing each year. As appropriate, the reporting entity is encouraged to include data consistent with that reported in Column 24, Issuer, and Column 25, Issue. This does not preclude the company from including additional detail to provide a complete and accurate description. Abbreviations may be used as needed.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter complete name of the fund. As appropriate, the reporting entity is encouraged to include data consistent with that reported for Column 24, Issuer.

For Certificate of Deposit Account Registry Service (CDARs) or other similar services that have a maturity of greater than one year, individually list the various banking institutions that are financially responsible for honoring certificates of deposit. As appropriate, the name of the name of the banking institutions should follow from the registry of the Federal Financial Institutions Examination Council (FFIEC) (*www.ffiec.gov/nicpubweb/nicweb/SearchForm.aspx*).

For CDOs (Collateralized Debt Obligations) or CLOs (Collateralized Loan Obligations), indicate what the CDO/CLO collateral is, such as high-yield bonds, corporate loans, etc. If the collateral is of mixed type, indicate "Mix," in addition to the largest type of collateral in the mix. If the collateral is derived synthetically, indicate "synthetic."

Column 3 – Foreign

Insert the appropriate code in the column based on the **matrix provided in the Investment Schedules General Instructions**.

Column 4 – Disposal Date

For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of bonds or stocks disposed of at public offerings on more than one date may be totaled on one line and the date of last disposal inserted.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter date of last disposal.

Column 5 – Name of Purchaser

If matured or called under redemption option, so state and give price at which called.

Column 7 – Consideration

Include: In the determination of this amount, the broker's commission and incidental expenses of effecting delivery.

Exclude: Accrued interest and dividends.

For Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO, enter price received at sale, usually the number of shares sold times the selling price per share.

Column 8 – Par Value

For mortgage-backed/loan-backed and structured securities, enter the par amount of principal sold on a security on which the reporting entity has a claim. For interest only bonds without a principal amount on which the reporting entity has a claim, use a zero value. Enter the sale date par value for bonds with adjustable principal. An interest only bond with a small par amount of principal would use that amount.

For preferred stock, enter par value per share of stock if any.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter 0.

Column 9 – Actual Cost

This is the recorded cost of the investment purchased prior to the current reporting year and sold during the current reporting year. This amount will come from the prior reporting year's Actual Cost column of Schedule D, Part 1 for bonds, Schedule D, Part 2, Section 1 for preferred stock, and Schedule D, Part 2, Section 2 for common stock. However, it will need to be adjusted due to other-than-temporary impairments recognized during the current year.

Exclude: Accrued interest and dividends.

Column 10 – Prior Year Book/Adjusted Carrying Value

This should equal the Book/Adjusted Carrying Value amount reported in the prior year annual statement for each specific security. If security was not owned at prior year-end, enter zero.

Column 11 – Unrealized Valuation Increase/(Decrease)

The total unrealized valuation increase/(decrease) for a specific security will be the amount necessary to reverse the net effect of any unrealized gains/(losses) recognized while the security was carried (up to the most recent amortized value for securities that have been carried at Amortized Value or up to Actual Cost for those securities that have never been carried at Amortized Value).

These amounts are to be reported as unrealized capital gains or (losses) in the Exhibit of Capital Gains/(Losses) and in the Capital and Surplus Account (Page 4).

Column 12 – Current Year's (Amortization)/Accretion

This amount should equal the current reporting year's amortization of premium or accrual of discount up to the disposal date. The accrual of discount amounts in this column are to be reported as increases to investment income in the Exhibit of Net Investment Income, while the amortization of premium amounts are to be reported as decreases to investment income.

Column 13 – Current Year's Other-Than-Temporary Impairment Recognized

If the security has suffered an "other-than-temporary impairment," this column should contain the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains/(Losses) and in the calculation of Net Income.

Column 14 – Total Change in Book/Adjusted Carrying Value

This column should equal the net of:

	Unrealized Valuation Increase/(Decrease)
plus	Current Year's (Amortization)/Accretion
minus	Current Year's Other-Than-Temporary Impairment Recognized.

This amount, plus any foreign exchange adjustment related to these amounts (reported in the Total Foreign Exchange Change in Book/Adjusted Carrying Value column), should represent the difference between the current reporting year's Book/Adjusted Carrying Value at Disposal Date and the prior year's Book/Adjusted Carrying Value.

Column 15 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

The total foreign exchange change for a specific security will be the amount necessary to reverse the net effect of unrealized foreign exchange gains (losses) recognized while the security was owned by the company. This includes the reversal of unrealized increase (decrease) recorded in previous year(s).

The amounts reported in this column should be included as net unrealized foreign exchange capital gain (loss) in the Capital and Surplus Account (Page 4).

Column 16 – Book/Adjusted Carrying Value at Disposal Date

Deduct: A direct write-down for a decline in the fair value of a bond that is other-than-temporary.

Exclude: Accrued Interest.

This should equal the Actual Cost Column amount (adjusted for other-than-temporary impairments recognized) for each specific common stock and for each preferred stock that is not amortizable; and the Amortized Cost (adjusted for other-than-temporary impairments recognized) at disposal date for each specific redeemable preferred stock that is amortizable.

Column 17 – Foreign Exchange Gain (Loss) on Disposal

Report the foreign exchange gain or loss on disposal.

Column 18 – Realized Gain (Loss) on Disposal

This should be the difference between the Consideration column amount and the Book/Adjusted Carrying Value at Disposal Date, excluding any portion that is attributable to foreign exchange differences.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter the difference between the consideration, Column 7 and aggregate cost Column 9 at date of sale.

Column 19 – Total Gain (Loss) On Disposal

Enter the sum of Column 17, foreign exchange gain or (loss), and Column 18, realized gain or (loss).

Column 20 – Bond Interest/Stock Dividends Received During Year

For Mutual Funds (including Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO), enter the amount of distributions received in cash or reinvested in additional shares.

Include: The proportionate share of investment income directly related to the securities reported in this schedule.

Report amounts net of foreign withholding tax.

Column 21 – Stated Contractual Maturity Date

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), leave blank.

For perpetual bonds, enter 01/01/9999.

**** Columns 22 through 26 will be electronic only. ****

Column 22 – State Abbreviation

Applies to:

U.S. States, Territories and Possessions

Include appropriate state abbreviation for the state where the security is issued (e.g., "MO" for Missouri).

U.S. Political Subdivisions of States, Territories and Positions

Include appropriate state abbreviation for the state where the security is issued.

U.S. Special Revenue, Special Assessments Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions

Include appropriate state abbreviation for the state where the security is issued. Use "US" for federal agency issues.

Column 23 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Column 24 – Issuer

Issuer Definition:

The name of the legal entity that develops, registers and sells securities for the purpose of financing its operations and may be domestic or foreign governments, corporations or investment trusts. The issuer is legally responsible for the obligations of the issue and for reporting financial conditions, material developments and any other operational activities as required by the regulations of their jurisdictions.

The reporting entity is encouraged to use the following sources:

- Bloomberg
- Interactive Data Corporation (IDC)
- Thomson Reuters
- S&P/CUSIP
- Name used in either the relevant SEC filing or legal documentation for the transaction. Issuer is the name of the legal entity that can be found on documents such as SEC Form 424B2, Note Agreements, Prospectuses and Indentures, as appropriate. The name used should be as complete and detailed as possible to enable others to differentiate the legal entity issuing the security from another legal entity with a similar name.

Do not report ticker symbols, either internal or otherwise.

Column 25 – Issue

Issue information provides detailed data as to the type of security being reported (e.g., coupon, description of security, etc.). Below are examples of what could be provided but additional information should be provided as appropriate for the security.

6% Senior 2018
7% Subordinated Debenture 03/15/2022
3% NY Housing Authority Debenture 2035

The reporting entity is encouraged to use the following sources:

- Bloomberg
- Interactive Data Corporation (IDC)
- Thomson Reuters
- S&P/CUSIP
- Descriptions used in either the relevant SEC filing or legal documentation for the transaction.

Do not report ticker symbols, either internal or otherwise. Include tranche information.

Column 26 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

SCHEDULE D – PART 5

LONG-TERM BONDS AND STOCKS ACQUIRED DURING THE YEAR AND FULLY DISPOSED OF DURING CURRENT YEAR

This schedule should include a detailed listing of all securities that were both purchased/acquired and sold/disposed of during the current reporting year (amounts purchased and sold during the current reporting year are also reported in subtotals in Schedule D, Parts 3 and 4).

Reporting entities should track information separately for securities purchased in different lots rather than using some type of averaging for the issue in aggregate. Thus, this schedule should only be used when an entire lot of a security has been purchased and sold during the current reporting year (even when different lots of the same security still exist on the reporting entity's books).

As with Schedule D, Parts 3 and 4, this schedule should not be used for a transaction unless it affects the cost basis of the securities. Thus, it should not be used for allocations of TBAs to specific pools subsequent to initial recording in Schedule D, Part 3 or other situations such as CUSIP number changes.

Bonds, preferred stocks and common stocks are to be grouped separately, showing subtotals for each category. Bonds should be grouped and arranged alphabetically as described in the instructions for Schedule D, Part 1. (Securities included in U.S. States, Territories and Possessions; U.S. Political Subdivisions of States, Territories and Possessions; and U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions should be listed with a state abbreviation in the column provided for electronic data capture).

Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO that are described in the Investment Schedules General Instructions are to be included in SVO Identified Funds.

If a reporting entity has any detail lines reported for any of the following required categories or subcategories, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line number:

NOTE: See the Investment Schedules General Instructions for the following:

- **Category definitions for bonds and stocks.**
- **Foreign column code list.**

Category	Line Number
Bonds:	
U.S. Governments	0599999
All Other Governments	1099999
U.S. States, Territories and Possessions (Direct and Guaranteed)	1799999
U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	2499999
U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions	3199999
Industrial and Miscellaneous (Unaffiliated)	3899999
Hybrid Securities	4899999
Parent, Subsidiaries and Affiliates	5599999
SVO Identified Funds	8199999
Subtotals – Bonds	8399998
Preferred Stocks:	
Industrial and Miscellaneous (Unaffiliated)	8499999
Parent, Subsidiaries and Affiliates	8599999
Subtotals – Preferred Stocks	8999998

Common Stocks:

Industrial and Miscellaneous (Unaffiliated)	9099999
Parent, Subsidiaries and Affiliates	9199999
Mutual Funds	9299999
Subtotals – Common Stocks	9799998
Subtotals – Preferred and Common Stocks	9899999
Totals	9999999

Only those bonds and certificates of deposit with maturity at time of acquisition in excess of one year are to be included. Include repoolings of mortgage-backed/asset-backed securities (e.g., giantization/megatization of FHLMC or FNMA mortgage-backed securities). Refer to *SSAP No. 43R—Loan-Backed and Structured Securities* for accounting guidance. Exclude cash equivalents as described in *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments* with original maturities of three months or less.

A bond acquisition or disposal is recorded on the trade date, not the settlement date, except for the acquisition of private placement bonds, use the funding date.

Column 1 – CUSIP Identification

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau: *www.cusip.com/cusip/index.htm*.

If no valid CUSIP, CINS or PPN number exists, then report a valid ISIN (Column 26) security number. The CUSIP field should be zero-filled.

Column 2 – Description

Give a description of all bonds and preferred and common stocks, including location of all banks, trust and miscellaneous companies. As appropriate, the reporting entity is encouraged to include data consistent with that reported in Column 24, Issuer and Column 25, Issue. This does not preclude the company from including additional detail to provide a complete and accurate description. Abbreviations may be used as needed.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter complete name of the fund. As appropriate, the reporting entity is encouraged to include data consistent with that reported for Column 24, Issuer.

For Certificate of Deposit Account Registry Service (CDARs) or other similar services that have a maturity of greater than one year, individually list the various banking institutions that are financially responsible for honoring certificates of deposit. As appropriate, the name of the name of the banking institutions should follow from the registry of the Federal Financial Institutions Examination Council (FFIEC) (*www.ffiec.gov/nicpubweb/nicweb/SearchForm.aspx*).

For CDOs (Collateralized Debt Obligations) or CLOs (Collateralized Loan Obligations), indicate what the CDO/CLO collateral is, such as high-yield bonds, corporate loans, etc. If the collateral is of mixed type, indicate "Mix," in addition to the largest type of collateral in the mix. If the collateral is derived synthetically, indicate "synthetic."

Column 3 – Foreign

Insert the appropriate code in the column based on the **matrix provided in the Investment Schedules General Instructions**.

Column 4 – Date Acquired

For public placements use trade date, not settlement date. For private placements, use funding date. Reporting entities may total on one line each issue of bonds or stocks acquired at public offerings on more than one date and insert the date of last acquisition.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter date of last purchase.

Column 5 – Name of Vendor

The items with reference to each issue of bonds and stocks acquired at public offerings may be totaled in one line and the word "various" inserted.

Column 6 – Disposal Date

For public placements use trade date, not settlement date. For private placements, use funding date. Reporting entities may total on one line each issue of bonds or stocks disposed of at public offerings on more than one date and insert the date of last disposal.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter date of last disposal.

Column 7 – Name of Purchaser

If matured or called under redemption option, so state and give price at which called.

Column 9 – Actual Cost

This is the recorded cost of an investment that was purchased during the current reporting year and sold during the current reporting year.

Include: Cost of acquiring the bond or stock, including broker's commission and other related fees to the extent they do not exceed the fair value at the date of acquisition.

Exclude: Accrued interest and dividends.

All other costs, including internal costs or costs paid to an affiliated reporting entity related to origination, purchase or commitment to purchase bonds, are charged to expense when incurred.

Column 10 – Consideration

Include: In the determination of this amount, the broker's commission and incidental expenses of effecting delivery.

Exclude: Accrued interest and dividends.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter price received at sale, usually the number of shares sold times the selling price per share.

Column 11 – Book /Adjusted Carrying Value at Disposal

This should equal the Actual Cost column amount (adjusted for other-than-temporary impairments recognized) for each specific common stock and for each preferred stock that is not amortizable and Amortized Cost (adjusted for other-than-temporary impairments recognized) at disposal date for each specific bond and for each specific redeemable preferred stock that is amortizable.

Deduct: A direct write-down for a decline in the fair value of a bond that is other-than-temporary.

Exclude: Accrued interest.

Column 13 – Current Year's (Amortization)/Accretion

This amount should equal the current reporting year's amortization of premium or accrual of discount up to the disposal date. The accrual of discount amounts in this column are to be reported as increases to investment income in the Exhibit of Net Investment Income, while the amortization of premium amounts are to be reported as decreases to investment income.

Column 14 – Current Year's Other-Than-Temporary Impairment Recognized

If the security has suffered an "other-than-temporary impairment," this column should contain the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains/(Losses) and in the calculation of Net Income.

Column 15 – Total Change in Book/Adjusted Carrying Value

This column should equal the net of:

Unrealized Valuation Increase/(Decrease)
plus Current Year's (Amortization)/Accretion
minus Current Year's Other-Than-Temporary Impairment Recognized.

This amount, plus any foreign exchange adjustment related to these amounts (reported in the Total Foreign Exchange Change in Book/Adjusted Carrying Value column), should represent the difference between the current reporting year's Book/Adjusted Carrying Value at Disposal Date and the security's Actual Cost (adjusted for any other-than-temporary impairment recognized).

Column 16 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

The total foreign exchange change for a specific security will be the amount necessary to reverse the net effect of unrealized foreign exchange gains (losses) recognized while the security was owned by the company. This includes the reversal of unrealized increase (decrease) recorded in previous year(s).

The amounts reported in this column should be included as net unrealized foreign exchange capital gain (loss) in the Capital and Surplus Account (Page 4).

Column 17 – Foreign Exchange Gain (Loss) On Disposal

Report the foreign exchange gain or loss on disposal.

Column 18 – Realized Gain (Loss) on Disposal

This should be the difference between the Consideration column amount and the Book/Adjusted Carrying Value at Disposal Date, excluding any portion that is attributable to foreign exchange differences.

Column 19 – Total Gain (Loss) On Disposal

Report the sum of Column 17, foreign exchange gain or (loss), and Column 18, realized gain or (loss).

Column 20 – Interest and Dividends Received During Year

For Mutual Funds (including Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO), enter the amount of distributions received in cash or reinvested in additional shares.

Include: The proportionate share of investment income directly related to the securities reported in this schedule.

Report amounts net of foreign withholding tax.

**** Columns 22 through 26 will be electronic only. ****

Column 22 – State Abbreviation

Applies to:

U.S. States, Territories and Possessions

Include appropriate state abbreviation for the state where the security is issued (e.g., "MO" for Missouri).

U.S. Political Subdivisions of States, Territories and Positions

Include appropriate state abbreviation for the state where the security is issued.

U.S. Special Revenue, Special Assessments Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions

Include appropriate state abbreviation for the state where the security is issued.
Use "US" for federal agency issues.

Column 23 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Column 24 – Issuer

Issuer Definition:

> The name of the legal entity that develops, registers and sells securities for the purpose of financing its operations and may be domestic or foreign governments, corporations or investment trusts. The issuer is legally responsible for the obligations of the issue and for reporting financial conditions, material developments and any other operational activities as required by the regulations of their jurisdictions

The reporting entity is encouraged to use the following sources:

- Bloomberg
- Interactive Data Corporation (IDC)
- Thomson Reuters
- S&P/CUSIP
- Name used in either the relevant SEC filing or legal documentation for the transaction. Issuer is the name of the legal entity that can be found on documents such as SEC Form 424B2, Note Agreements, Prospectuses and Indentures as appropriate. The name used should be as complete and detailed as possible to enable others to differentiate the legal entity issuing the security from another legal entity with a similar name.

Do not report ticker symbols, either internal or otherwise.

Column 25 – Issue

Issue information provides detailed data as to the type of security being reported (e.g., coupon, description of security, etc.). Below are examples of what could be provided but additional information should be provided as appropriate for the security.

> 6% Senior 2018
> 7% Subordinated Debenture 08/15/2022
> 3% NY Housing Authority Debenture 2035

The reporting entity is encouraged to use the following sources:

- Bloomberg
- Interactive Data Corporation (IDC)
- Thomson Reuters
- S&P/CUSIP
- Descriptions used in either the relevant SEC filing or legal documentation for the transaction.

Do not report ticker symbols, either internal or otherwise. Include tranche information.

Column 26 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

SCHEDULE D – PART 6 – SECTION 1

VALUATION OF SHARES OF SUBSIDIARY, CONTROLLED OR AFFILIATED COMPANIES

If a reporting entity has any common stock or preferred stock reported for any of the following required categories or subcategories, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

Category	Line Number
Preferred Stocks:	
Parent	0199999
U.S. Property & Casualty Insurer	0299999
U.S. Life Insurer	0399999
U.S. Health Entity #	0499999
Alien Insurer	0599999
Non-Insurer Which Controls Insurer	0699999
*Investment Subsidiary	0799999
Other Affiliates	0899999
Subtotals – Preferred Stocks	0999999
Common Stocks:	
Parent	1099999
U.S. Property & Casualty Insurer	1199999
U.S. Life Insurer	1299999
U.S. Health Entity #	1399999
Alien Insurer	1499999
Non-Insurer Which Controls Insurer	1599999
*Investment Subsidiary	1699999
Other Affiliates	1799999
Subtotals – Common Stocks	1899999
Totals – Preferred and Common Stocks	1999999

– Include in this category any health entities that file the Health Risk-Based Capital formula.

*NOTE: Investment Subsidiary shall mean any subsidiary, other than a holding company, engaged or organized primarily in the ownership and management of investments for the reporting entity. An investment subsidiary shall not include any broker dealer or a money management fund managing funds other than those of the parent company. The following criteria are applicable:

1. 95% or more of the investment subsidiary's assets would qualify as admitted assets;

2. The investment subsidiary's total liabilities are 5% or less of total assets;

3. Combining the pro-rata ownership shares of the assets of all the investment subsidiaries with the owning reporting entity's assets does not violate any state requirements concerning diversification of investments or limitations on investments in a single entity; and

4. The investment subsidiary's book/adjusted carrying value does not exceed the imputed value on a statutory accounting basis. If the book/adjusted carrying value does exceed the imputed statutory value, the reporting entity may either nonadmit the excess or categorize such subsidiary in the "All Other Affiliates" category.

Column 1 – CUSIP Identification

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau: *www.cusip.com/cusip/index.htm*.

If no valid CUSIP, CINS or PPN number exists, then report a valid ISIN (Column 16) security number. The CUSIP field should be zero-filled.

Column 2 – Description

List the preferred and common stocks for each subsidiary, controlled or affiliated (SCA) company, as defined in the General section of these instructions. The description should be the same as provided for Schedule D, Part 2, Sections 1 and 2.

Column 3 – Foreign

Insert the appropriate code in the column based on the **matrix provided in the Investment Schedules General Instructions**.

Column 4 – NAIC Company Code

If not applicable, the NAIC Company Code field should be zero-filled.

Column 5 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F (Property and Title) or Schedule S (Life, Health and Fraternal) General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)	
Alien Insurer Identification Number	(AIIN)	*
Certified Reinsurer Identification Number	(CRIN)	*

* AIINs or CRINs are only reported if the entity is a reinsurer that has had an AIIN or CRIN number assigned or should have one assigned due to transactions being reported on Schedule F (Property and Title) or Schedule S (Life, Health and Fraternal) of another reporting entity.

If not applicable for the entity, leave blank.

Column 6 – NAIC Valuation Method

Include the NAIC valuation method as detailed in Part Five, Section 2 of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*.

Use the following codes to indicate a specific valuation method:

CODE	Valuation Method
2ciA1	Market Value
2ciB1	Investment in US Insurance Company SCAs
2ciB2	Investments in non-insurance SCA Entities Statutory Basis
2ciB3	Investments in non-insurance SCA Entities GAAP Basis
2ciB4	Investments in Foreign Insurance Company SCA Entities
2ciB5	Investments in Foreign non-insurance SCA Entities
2ciB6	Investments in Preferred Stock of an SCA

Any NAIC Valuation Method which has not been approved by the filing of a SUB 1 or SUB 2 form with the NAIC SCA Group and which is entered by the reporting entity under its own judgment shall have the letter "Z" appended to the method designation.

Column 7 – Do Insurer's Assets Include Intangible Assets Connected with Holding of Such Company's Stock?

State whether the assets shown by the reporting entity in this statement include, through the carrying value of stock of the SCA Company valued under the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, intangible assets arising out of the purchase of such stock by the reporting entity or the purchase by the SCA Company of the stock of a lower-tier company controlled by the SCA Company. For purposes of this question, intangible assets at purchase shall be defined as the excess of the purchase price over the tangible net worth (total assets less intangible assets and total liabilities) represented by such shares as recorded, immediately prior to the date of purchase, on the books of the company whose stock was purchased.

Column 8 – Total Amount of Such Intangible Assets

If the answer in Column 7 is "Yes," give the total amount of intangible assets involved whether admitted or nonadmitted. The intangible assets shown for the SCA Company should include any intangible assets that are included in the SCA Company's carrying value of the stock of one or more lower-tier companies controlled by the SCA Company. In all cases, the current intangible assets equal the intangible assets at purchase, as defined above, minus any write-off thereof between the date of purchase and the statement date. If any portion of the total amount of intangible assets is required to be nonadmitted for all SCA companies combined in accordance with *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* and *SSAP No. 68—Business Combinations and Goodwill* state the total amount nonadmitted in the footnote at the bottom of the this section of the schedule.

Column 10 – Nonadmitted Amount

Provide the amount nonadmitted, if any, included in Column 2 of the Asset page.

Column 11 – Stock of Such Company Owned by Insurer on Statement Date Number of Shares and
Column 12 – Stock of Such Company Owned by Insurer on Statement Date % of Outstanding

State the number of shares of stock of the SCA Company owned by the reporting entity on the statement date and the percent owned of the outstanding shares of the same class.

**** Column 13 through 16 will be electronic only. ****

Column 13 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Column 14 – Issuer

Issuer Definition:

> The name of the legal entity that develops, registers and sells securities for the purpose of financing its operations and may be domestic or foreign governments, corporations or investment trusts. The issuer is legally responsible for the obligations of the issue and for reporting financial conditions, material developments and any other operational activities as required by the regulations of their jurisdictions

Do not report ticker symbols, either internal or otherwise.

The issuer information should be the same as provided for Schedule D, Part 2, Sections 1 and 2.

Column 15 – Issue

Issue information provides detailed data as to the type of security being reported.

Do not report ticker symbols, either internal or otherwise.

The issue information should be the same as provided for Schedule D, Part 2, Sections 1 and 2.

Column 16 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

SCHEDULE D – PART 6 – SECTION 2

If a reporting entity has any common or preferred stocks reported for any of the following required categories or subcategories, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

Category	Line Number
Preferred Stocks	0199999
Common Stocks	0299999
Totals – Preferred and Common Stocks	0399999

Column 2 – Name of Lower-Tier Company

List each company that is controlled by an SCA Company by means of holding a controlling block of the outstanding stock, either directly or through one or more intervening companies that are also so controlled. Do not include companies that are themselves SCA Companies listed in Section 1.

Column 3 – Name of Company Listed in Section 1 Which Controls Lower-Tier Company

If more than one SCA Company controls the lower-tier company, list each SCA Company and complete Columns 4 through 6 separately for each.

Column 4 – Total Amount of Intangible Assets Included in Amount Shown in Column 8, Section 1

As explained in the instructions for Section 1, this amount is based on the intangible assets at purchase of the stock of the lower-tier company reduced by any subsequent write-off. The reporting entity also bases the amount shown on the proportionate ownership of the lower-tier company.

Column 5 – Stock in Lower-Tier Company Owned Indirectly by Insurer on Statement Date Number of Shares and
Column 6 – Stock in Lower-Tier Company Owned Indirectly by Insurer on Statement Date % of Outstanding

These figures represent the proportionate ownership by the reporting entity through the particular SCA Company.

**** Column 7 will be electronic only. ****

Column 7 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Schedule DA

SCHEDULE DA – PART 1

SHORT-TERM INVESTMENTS OWNED DECEMBER 31 OF CURRENT YEAR

Include all investments whose maturities (or repurchase dates under repurchase agreement) at the time of acquisition were one year or less except those defined as cash or cash equivalents in accordance with *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments*. All short-term investments owned at Dec. 3l of current year should be separated into bonds, mortgage loans, other short-term invested assets and investments in parent, subsidiaries and affiliates. Within each category, investments should be arranged alphabetically.

Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance related to foreign currency transactions and translations.

Repurchase and reverse repurchase agreements shall be shown gross when reported in the Schedule DA. If these transactions are permitted to be reported net in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*, the investment schedule shall continue to provide detail of all transactions (gross), with the net amount from the valid right to offset reflected in the financial statements (page 2 and page 3 of the statutory financial statements). Disclosures for items reported net when a valid right to offset exists, including the gross amount, the amount offset, and the net amount reported in the financial statements are required per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities.*

Short Sales:

> Selling a security short is an action by a reporting entity that results with the reporting entity recognizing proceeds from the sale and an obligation to deliver the sold security. For statutory accounting purposes, obligations to deliver securities resulting from short sales shall be reported as contra-assets (negative assets) in the investment schedule, with an investment code in the code column detailing the item as a short sale. The obligation (negative asset) shall be initially reflected at fair value, with changes in fair value recognized as unrealized gains and losses. These unrealized gains and losses shall be realized upon settlement of the short sale obligation. Interest on short sale positions shall be accrued periodically and reported as interest expense.

If a reporting entity has any detail lines reported for any of the following required categories or subcategories, it shall report the subtotal amounts of the corresponding category or subcategory with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

NOTE: **See the Investment Schedules General Instructions for the following:**

- **Category definitions for bonds.**
- **Foreign column code list and matrix for determining code.**
- **Code column list of codes and definitions for securities not under the exclusive control of the reporting entity.**

Category	Line Number
Bonds:	
U.S. Governments	
Issuer Obligations	0199999
Residential Mortgage-Backed Securities	0299999
Commercial Mortgage-Backed Securities	0399999
Other Loan-Backed and Structured Securities	0499999
Subtotals – U.S. Governments	0599999
All Other Governments	
Issuer Obligations	0699999
Residential Mortgage-Backed Securities	0799999
Commercial Mortgage-Backed Securities	0899999
Other Loan-Backed and Structured Securities	0999999
Subtotals – All Other Governments	1099999

U.S. States, Territories and Possessions (Direct and Guaranteed)

Issuer Obligations	1199999
Residential Mortgage-Backed Securities	1299999
Commercial Mortgage-Backed Securities	1399999
Other Loan-Backed and Structured Securities	1499999
Subtotals – U.S. States, Territories and Possessions (Direct and Guaranteed)	1799999

U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)

Issuer Obligations	1899999
Residential Mortgage-Backed Securities	1999999
Commercial Mortgage-Backed Securities	2099999
Other Loan-Backed and Structured Securities	2199999
Subtotals – U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	2499999

U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions

Issuer Obligations	2599999
Residential Mortgage-Backed Securities	2699999
Commercial Mortgage-Backed Securities	2799999
Other Loan-Backed and Structured Securities	2899999
Subtotals – U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions	3199999

Industrial and Miscellaneous (Unaffiliated)

Issuer Obligations	3299999
Residential Mortgage-Backed Securities	3399999
Commercial Mortgage-Backed Securities	3499999
Other Loan-Backed and Structured Securities	3599999
Subtotals – Industrial and Miscellaneous (Unaffiliated)	3899999

Hybrid Securities

Issuer Obligations	4299999
Residential Mortgage-Backed Securities	4399999
Commercial Mortgage-Backed Securities	4499999
Other Loan-Backed and Structured Securities	4599999
Subtotals – Hybrid Securities	4899999

Parent, Subsidiaries and Affiliates Bonds

Issuer Obligations	4999999
Residential Mortgage-Backed Securities	5099999
Commercial Mortgage-Backed Securities	5199999
Other Loan-Backed and Structured Securities	5299999
Subtotals – Parent, Subsidiaries and Affiliates Bonds	5599999

SVO Identified Funds

Exchange Traded Funds – as Identified by the SVO	5899999
Bond Mutual Funds – as Identified by the SVO	5999999
Subtotals – SVO Identified Funds	6099999

Total Bonds

Subtotals – Issuer Obligations	7799999
Subtotals – Residential Mortgage-Backed Securities	7899999
Subtotals – Commercial Mortgage-Backed Securities	7999999
Subtotals – Other Loan-Backed and Structured Securities	8099999
Subtotal – SVO Identified Funds	8199999
Subtotals – Bonds	8399999

Parent, Subsidiaries and Affiliates

- Mortgage Loans 8499999
- Other Short-Term Invested Assets 8599999
- Subtotals – Parent, Subsidiaries and Affiliates 8699999

Mortgage Loans 8799999

Other Short-Term Invested Assets 9099999

Total Short-Term Investments 9199999

Column 1 – Description

Give a complete and accurate description of all bonds, including identifying the kind of investment vehicle if other than short-term bond. Identify "repos" in Column 1; and for "repos," show the repurchase date. For collateral loans, the type of securities held and fair value of the securities should be included in the description.

Column 2 – Code

Enter "*" in this column for all SVO Identified Funds designated for systematic value.

Enter "@" in this column for all Principal STRIP Bonds or other zero coupon bonds.

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

If short-term investments are not under the exclusive control of the company as shown in the General Interrogatories, they are to be identified by placing one of the codes **identified in the Investment Schedules General Instructions** in this column.

If the security is an SVO Identified Fund designated for systematic value or Principal STRIP bond or other zero coupon bond and is not under the exclusive control of the company, the "*" or "@" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

<u>Separate Account Filing Only:</u>

> If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first and may be used simultaneously with the "*" or "@"with the "^" preceding the "*" or "@"depending on the asset being reported, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**)

Column 3 – Foreign

Insert the appropriate code in the column based on the **matrix provided in the Investment Schedules General Instructions**.

Column 4 – Date Acquired

For public placements, use trade date not settlement date. For private placements, use funding date. Reporting entities may total on one line each issue of bonds or stocks acquired at public offerings on more than one date and insert the date of last acquisition.

Column 5 – Name of Vendor

Reporting entities may total on one line purchases of various issues of the same issuer of short-term investments and insert the word "various."

Column 6 – Maturity Date

Reporting entities may total on one line purchases of various issues of the same issuer of short-term investments and insert the appropriate maturity date.

Column 7 – Book/Adjusted Carrying Value

Securities excluding SVO Identified fund and mandatory convertible bonds:

This should be the amortized value or the lower of amortized value or fair value, as appropriate (and adjusted for any other-than-temporary impairment), as of the end of the current reporting year.

Include: The original cost of acquiring the investment, including brokerage and other related fees.

Amortization of premium or accrual of discount, but not including any accrued interest or dividends paid thereon.

Amortization of deferred origination and commitment fees.

Deduct: A direct write-down for a decline in the fair value that is other-than-temporary.

Exclude: All other costs, including internal costs or costs paid to an affiliated reporting entity related to origination, purchase or commitment to purchase, are charged to expense when incurred. Cost should also be reduced by payments attributed to the recovery of cost.

Accrued interest or dividends.

Mandatory Convertible Bonds:

The amount should be the lower of amortized cost or fair value during the period prior to conversion.

SVO Identified Funds:

The amount should be fair value unless the reporting entity has designated a qualifying security for systematic value. The election of using systematic value is irrevocable.

NOTE: **Use of systematic value is effective Dec. 31, 2017.** This effective date requires entities to either report SVO-Identified investments at fair value on the effective date, or to identify the SVO-Identified investments with a code to identify use of systematic value. If the investment is coded for systematic value, the investment will be reported in the 2017 annual financial statements using the measurement method utilized throughout 2017. For these investments, beginning Jan. 1, 2018, the reporting entity shall report the investment using the calculated systematic value method detailed in *SSAP No. 26R—Bonds*.

The amount reported in this column should equal:

	Actual Cost
plus	Unrealized Valuation Increase (Decrease)Total in Book/Adjusted Carrying Value
plus	Current Year’s (Amortization)/Accretion
minus	Current Year’s Other-Than-Temporary Impairment Recognized
plus	Total Foreign Exchange Change in Book/Adjusted Carrying Value
plus	Changes due to acquisitions or disposals.

Column 8 – Unrealized Valuation Increase (Decrease)

The total unrealized valuation increase (decrease) for a specific security will be the change in Book/Adjusted Carrying Value that is due to carrying or having carried (in the previous year) the security at Fair Value.

Include For SVO-identified funds, the change from the prior reported BACV to fair value/net asset value. If an SVO-identified fund no longer qualifies for systematic value, the difference from systematic value in prior year to fair value/net asset value in current year.

These amounts are to be reported as unrealized capital gains (losses) in the Exhibit of Capital Gains (Losses) and in the Capital and Surplus Account.

Column 9 – Current Year's (Amortization)/Accretion

This amount should equal the current reporting year's amortization of premium or accrual of discount (regardless of whether the security is currently carried at Amortized Cost). The accrual of discount amounts in this column are to be reported as increases to investment income in the Exhibit of Net Investment Income, while the amortization of premium amounts are to be reported as decreases to investment income.

Include The (Amortization)/Accretion of SVO Identified Funds designated for reporting at systematic value.

Column 10 – Current Year's Other-Than-Temporary Impairment Recognized

If the security has suffered an other-than-temporary impairment, this column should contain the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains (Losses) and in the calculation of Net Income.

Column 11 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

This is a positive or negative amount that is defined as the portion of the total change in Book/Adjusted Carrying Value for the year that is attributable to foreign exchange differences for a particular security. The amounts reported in this column should be included as net unrealized foreign exchange capital gain (loss) in the Capital and Surplus Account.

Column 12 – Par Value

Enter the par value of the bonds owned adjusted for repayment of principal. For mortgage-backed/loan-backed and structured securities, enter the par amount of principal to which the company has claim. For interest-only bonds without a principal amount on which the company has a claim, use a zero value. Enter the statement date par value for bonds with adjustable principal. An interest-only bond with a small par amount of principal would use that amount.

Column 13 – Actual Cost

Include: Cost of acquiring the issue, including brokers' commission and incidental expenses of effecting delivery.

Exclude: Accrued interest.

Column 15 – Nonadmitted Interest Due & Accrued

This should equal the nonadmitted amount of due and accrued interest for a specific security, based upon the assessment of collectibility required by *SSAP No. 34—Investment Income Due and Accrued* and any other requirements for nonadmitting investment income due and accrued.

Column 16 – Rate of Interest

Show rate of interest as stated on the face of the issue. Where the original stated rate has been renegotiated, show the latest modified rate. Short-term bonds with various issues of the same issuer use the last rate of interest. All information reported in this field must be a numeric value.

For Principal STRIP Bonds or other zero coupon bonds, enter numeric zero (0).

Column 17 – Effective Rate of Interest

Short-term bonds with various issues of the same issuer use the weighted average effective yield to maturity. The Effective Yield calculation should be modified for other-than-temporary impairments recognized. All information reported in this field must be a numeric value.

Column 18 – Interest – When Paid

Insert initial letters of months in which interest is payable. For securities that pay interest annually, provide the first three letters of the month in which the interest is paid (e.g., JUN for June). For securities that pay interest semi-annually or quarterly, provide the first letter of each month in which interest is received (e.g., JD for June and December, and MJSD for March, June, September and December). For securities that pay interest on a monthly basis, include "MON" for monthly. Finally, for securities that pay interest at maturity, include "MAT" for maturity.

For Principal STRIP Bonds or other zero coupon bonds, enter N/A.

Column 19 – Interest – Amount Received During Year

Include: The proportionate share of investment income directly related to the securities reported in this schedule.

Report amounts net of foreign withholding tax.

**** Column 21 will be electronic only. ****

Column 21 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Schedule DB

SCHEDULE DB

DERIVATIVE INSTRUMENTS

All derivatives, regardless of maturity date, are to be reported on Schedule DB. Forward commitments where a reporting entity cannot determine at the inception of the contract, with certainty, if delivery will be made at the earliest opportunity are essentially forward contracts and should be reported on Schedule DB.

This schedule should be used to report derivative instruments. Specific accounting procedures for each derivative instrument will depend on the definition below and documented intent that best describes the instrument. Uses of derivative instruments that are reported in this schedule include hedging, income generation, replication and other. State investment laws and regulations should be consulted for applicable limitations and permissibility on the use of derivative instruments. If the derivative strategy meets the definition of hedging as outlined in *SSAP No. 86—Derivatives*, then the underlying derivative transactions composing that strategy should be reported in that category of Schedule DB. If the underlying derivative strategy does not meet the definition of hedging as per *SSAP No. 86—Derivatives*, then the underlying derivative transactions composing that strategy should be reported as either hedging other, replication, income generation or other.

DEFINITIONS OF DERIVATIVE INSTRUMENTS

A hedge transaction is "Anticipatory" if it relates to:

a. A firm commitment to purchase assets or incur liabilities;

b. An expectation (but not obligation) to purchase assets or incur liabilities in the normal course of business.

"Underlying Interest" means the asset(s), liability(ies) or other interest(s) underlying a derivative instrument, including, but not limited to, any one or more securities, currencies, rates, indices, commodities, derivative instruments, or other financial market instruments.

"Option" means an agreement giving the buyer the right to buy or receive, sell or deliver, enter into, extend or terminate, or effect a cash settlement based on the actual or expected price, level, performance or value of one or more Underlying Interests.

"Warrant" means an agreement that gives the holder the right to purchase an underlying financial instrument at a given price and time or at a series of prices and times according to a schedule or warrant agreement.

"Cap" means an agreement obligating the seller to make payments to the buyer, each payment under which is based on the amount, if any, that a reference price, level, performance or value of one or more Underlying Interests exceed a predetermined number, sometimes called the strike/cap rate or price.

"Floor" means an agreement obligating the seller to make payments to the buyer, each payment under which is based on the amount, if any, that a predetermined number, sometimes called the strike/floor rate or price exceeds a reference price, level, performance or value of one or more Underlying Interests.

"Collar" means an agreement to receive payments as the buyer of an Option, Cap or Floor and to make payments as the seller of a different Option, Cap or Floor.

"Swap" means an agreement to exchange or net payments at one or more times based on the actual or expected price, level, performance or value of one or more Underlying Interests or upon the probability occurrence of a specified credit or other event.

"Forward" means an agreement (other than a Future) to make or take delivery of, or effect a cash settlement based on, the actual or expected price, level, performance or value of one or more Underlying Interests.

"Future" means an agreement traded on an exchange, Board of Trade or contract market to make or take delivery of, or effect a cash settlement based on, the actual or expected price, level, performance or value one or more Underlying Interests.

"Option Premium" means the consideration paid (received) for the purchase (sale) of an Option.

"Swaption" means an agreement granting the owner the right, but not the obligation, to enter into an underlying swap.

"Margin Deposit" means a deposit that a reporting entity is required to maintain with a broker with respect to the Futures Contracts purchased or sold.

DEFINITION OF NOTIONAL AMOUNT

The definition below is intended to be a principle for determining notional for all derivative instruments. To the extent a derivative type is not explicitly addressed in a through c, notional should be reported in a manner consistent with this principle.

> "Notional amount" is defined as the face value of a financial instrument in a derivatives transaction as of a reporting date, which is used to calculate future payments in the reporting currency. Notional amount may also be referred to as notional value or notional principal amount. The notional amount reported should remain static over the life of a trade unless the instrument is partially unwound or has a contractually amortizing notional. The notional amount shall apply to derivative transactions as follows:

a. For derivative instruments other than futures contracts (e.g., options, swaps, forwards), the notional amount is either the amount to which interest rates are applied in order to calculate periodic payment obligations or the amount of the contract value used to determine the cash obligations. Non-U.S. dollar contracts must be multiplied or divided by the appropriate inception foreign currency rate.

b. For futures contracts, with a U.S. dollar-denominated contract size (e.g., Treasury note and bond contracts, Eurodollar futures) or underlying, the notional amount is the number of contracts at the reporting date multiplied by the contract size (value of one point multiplied by par value).

c. For equity index and similar futures, the number of contracts at the reporting date is multiplied by the value of one point multiplied by the transaction price. Non-U.S. dollar contract prices must be multiplied or divided by the appropriate inception foreign currency rate.

GENERAL INSTRUCTIONS FOR SCHEDULE DB

Each derivative instrument should be reported in Parts A, B or C according to the nature of the instrument, as follows:

Part A: Positions in Options,* Caps, Floors, Collars, Swaps, and Forwards**

Part B: Positions in Futures Contracts

Part C: Positions in Replication (Synthetic Asset) Transaction

* Warrants acquired in conjunction with public or private debt or equity that are more appropriately reported in other schedules do not have to be reported in Schedule DB.

** Forward commitments that are not derivative instruments (for example, the commitment to purchase a GNMA security two months after the commitment date or a private placement six months after the commitment date) should be disclosed in the Notes to Financial Statements, rather than on Schedule DB.

All derivatives, regardless of maturity date, are to be reported on Schedule DB. Forward commitments where the reporting entity cannot determine at the inception of the contract, with certainty, if delivery will be made at the earliest opportunity are essentially forward contracts and should be reported on Schedule DB.

The reporting entity may be required to demonstrate the intended hedging characteristics under state statute in order to report in this derivative "Hedge Other" category.

The fair value is the value at which the instrument(s) could be exchanged in a current transaction. Amortized or book/adjusted carrying values should not be substituted for fair value. Public market quotes are the best indication of fair value. The reporting entity should document the determination of fair value.

Part D should be used to report the counterparty exposure (i.e., the exposure to credit risk on derivative instruments) to each counterparty (or guarantor, as appropriate).

Derivatives shall be shown gross when reported in the Schedule DB. If these transactions are permitted to be reported net in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*, the investment schedule shall continue to provide detail of all transactions (gross), with the net amount from the valid right to offset reflected in the financial statements (pages 2 & 3 of the statutory financial statements). Disclosures for items reported net when a valid right to offset exists, including the gross amount, the amount offset, and the net amount reported in the financial statements are required per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*.

SCHEDULE DB – PART A
SECTIONS 1 AND 2

GENERAL INSTRUCTIONS

In each section, separate derivative instruments into the following categories:

Category	Line Number
Purchased Options	
Hedging Effective	
Call Options and Warrants	0019999
Put Options	0029999
Caps	0039999
Floors	0049999
Collars	0059999
Other	0069999
Subtotal – Hedging Effective	0079999
Hedging Other	
Call Options and Warrants	0089999
Put Options	0099999
Caps	0109999
Floors	0119999
Collars	0129999
Other	0139999
Subtotal – Hedging Other	0149999
Replications	
Call Options and Warrants	0159999
Put Options	0169999
Caps	0179999
Floors	0189999
Collars	0199999
Other	0209999
Subtotal – Replications	0219999
Income Generation	
Call Options and Warrants	0229999
Put Options	0239999
Caps	0249999
Floors	0259999
Collars	0269999
Other	0279999
Subtotal – Income Generation	0289999
Other	
Call Options and Warrants	0299999
Put Options	0309999
Caps	0319999
Floors	0329999
Collars	0339999
Other	0349999
Subtotal – Other	0359999

Total Purchased Options

Subtotal – Call Options and Warrants 0369999
Subtotal – Put Options 0379999
Subtotal – Caps 0389999
Subtotal – Floors 0399999
Subtotal – Collars 0409999
Subtotal – Other 0419999
Subtotal – Total Purchased Options 0429999

<u>Written Options</u>

Hedging Effective

Call Options and Warrants 0439999
Put Options 0449999
Caps 0459999
Floors 0469999
Collars 0479999
Other 0489999
Subtotal – Hedging Effective 0499999

Hedging Other

Call Options and Warrants 0509999
Put Options 0519999
Caps 0529999
Floors 0539999
Collars 0549999
Other 0559999
Subtotal – Hedging Other 0569999

Replications

Call Options and Warrants 0579999
Put Options 0589999
Caps 0599999
Floors 0609999
Collars 0619999
Other 0629999
Subtotal – Replications 0639999

Income Generation

Call Options and Warrants 0649999
Put Options 0659999
Caps 0669999
Floors 0679999
Collars 0689999
Other 0699999
Subtotal – Income Generation 0709999

Other

Call Options and Warrants 0719999
Put Options 0729999
Caps 0739999
Floors 0749999
Collars 0759999
Other 0769999
Subtotal – Other 0779999

Total Written Options

Subtotal – Call Options and Warrants 0789999
Subtotal – Put Options 0799999
Subtotal – Caps 0809999
Subtotal – Floors 0819999
Subtotal – Collars 0829999
Subtotal – Other 0839999
Subtotal – Total Written Options 0849999

<u>Swaps</u>

Hedging Effective

Interest Rate 0859999
Credit Default 0869999
Foreign Exchange 0879999
Total Return 0889999
Other 0899999
Subtotal – Hedging Effective 0909999

Hedging Other

Interest Rate 0919999
Credit Default 0929999
Foreign Exchange 0939999
Total Return 0949999
Other 0959999
Subtotal – Hedging Other 0969999

Replication

Interest Rate 0979999
Credit Default 0989999
Foreign Exchange 0999999
Total Return 1009999
Other 1019999
Subtotal – Replication 1029999

Income Generation

Interest Rate 1039999
Credit Default 1049999
Foreign Exchange 1059999
Total Return 1069999
Other 1079999
Subtotal – Income Generation 1089999

Other

Interest Rate 1099999
Credit Default 1109999
Foreign Exchange 1119999
Total Return 1129999
Other 1139999
Subtotal – Other 1149999

Total Swaps

Subtotal – Interest Rate 1159999
Subtotal – Credit Default 1169999
Subtotal – Foreign Exchange 1179999
Subtotal – Total Return 1189999
Subtotal – Other 1199999
Subtotal – Total Swaps 1209999

Forwards

Hedging Effective 1219999
Hedging Other 1229999
Replication 1239999
Income Generation 1249999
Other 1259999
Subtotal – Forwards 1269999

Totals:

Subtotal – Hedging Effective 1399999
Subtotal – Hedging Other 1409999
Subtotal – Replication 1419999
Subtotal – Income Generation 1429999
Subtotal – Other 1439999

Total 1449999

Definitions:

Hedging Effective:

A derivative transaction that is used in hedging transactions that meet the criteria of a highly effective hedge as described in *SSAP No. 86—Derivatives*, which are valued and reported in a manner that is consistent with the hedged asset or liability. These transactions have been voluntarily designated and are effective as of the reporting date.

Hedging Other:

A derivative transaction that is used in a hedging transaction where the intent is for an economic reduction of one or more risk factors. This transaction is not part of an effectively designated relationship as described under *SSAP No. 86—Derivatives*.

Replication:

A derivative transaction entered into in conjunction with other investments in order to reproduce the investment characteristics of otherwise permissible investments as described under *SSAP No. 86—Derivatives*. A derivative transaction entered into by a reporting entity as a hedging or income generation transaction shall not be considered a replication (synthetic asset) transaction. These transactions are considered to be replications as of the reporting date.

Income Generation:

A derivative transaction written or sold to generate additional income or return to the reporting entity as described under *SSAP No. 86—Derivatives*.

Other:

A derivative transaction written or sold by the reporting entity used for means other than (1) Hedging Effective; (2) Hedging Other; (3) Replication; or (4) Income Generation (definitions listed above or referenced in *SSAP No. 86—Derivatives*). When this subcategory is utilized, a description of the use should be included in the footnotes to the financial statements.

Value of One (1) Point:

The monetary value of a one (1) point move in a futures position published by the exchange. May also be referred to as "Lot Size," "Lots" or "Points" by the exchange.

Interest rate and currency swaps (where receive/(pay) notional amounts are denominated in different currencies), are filed under the "Foreign Exchange" swap subcategory.

SCHEDULE DB – PART A – SECTION 1

OPTIONS, CAPS, FLOORS, COLLARS, SWAPS AND FORWARDS OPEN DECEMBER 31 OF CURRENT YEAR

Include all options, caps, floors, collars, swaps and forwards owned on December 31 of the current year, including those owned on December 31 of the previous year, and those acquired during the current year.

Column 1 – Description

Give a complete and accurate description of the derivative instrument including a description of the underlying securities, currencies, rates, indices, commodities, derivative instruments, or other financial market instruments.

Include details such as:

- For options, the basis. For example, caps should include the underlying interest rate (e.g., CMS 5 year) and frequency of the reset (typically three months);
- For credit default swaps, the name of the reference entity (a single issuer or an index) and the equity ticker symbol, if available;
- For currency derivatives, report the currency and describe the pay/receive (or buy/sell) legs of the transaction; and
- For baskets, note that it is a basket and include the top five equity tickers, if applicable.

Where leveraging is a feature of the payment terms, the multiplier effect will be clearly presented in the description.

For swaptions, include the hedge ID number, the tenor of the option (i.e., time from effective date to maturity date of the option aspect), and the start and end dates of the underlying swap.

If traded on an exchange, disclose the ticker symbol. Indicate the maturity of the underlying, as appropriate.

Do not use internal descriptions or identifiers unless provided as supplemental information.

Column 2 – Description of Item(s) Hedged, Used for Income Generation or Replicated

Describe the assets or liabilities hedged, including CUSIP(s) when appropriate. For example, “Bond Portfolio Hedge,” “VACLB Hedge,” “Fixed Annuity Hedge,” “Investment in Foreign Operations,” etc.

If hedging a specific bond, report the CUSIP and a complete and accurate description of the bond; if multiple CUSIPs, note that there are multiple CUSIPs and report the equity ticker or name of the ultimate parent, as applicable.

If hedging a guaranteed investment contract or funding agreement, report as “GIC Hedge” or “FA Hedge.”

If a foreign operations hedge, report as “Net Investment in Foreign Operations.”

For annuity hedging, describe whether hedging fixed or variable annuities.

If hedging a specific mortgage loan asset, report as “Mortgage Loan” and provide the corresponding loan number reported on Schedule B, Part 1, Column 1.

Describe the assets against which derivatives are written in income-generation transactions.

If a replication, report the RSAT Number and Description of the RSAT (Columns 1 and 2 from Schedule DB, Part C, Section 1).

Column 3 – Schedule/Exhibit Identifier

Identify the Schedule or Exhibit of the hedged item(s), such as Schedule A, B, BA, D Part 1, D Part 2, Section 1; or D, Part 2, Section 2, if appropriate. Otherwise "N/A."

Use clear abbreviations for schedules, such as D 1 (Schedule D, Part 1) D 2-1 (Schedule D, Part 2, Section 1), D 2-2 (Schedule D, Part 2, Section 2), etc.

Column 4 – Type(s) of Risk(s)

Identify the type(s) of risk(s) being hedged: "Interest Rate," "Credit," "Duration," "Currency," "Equity/Index," "Commodity" or, if reporting other risks, provide a description of the risk within the field or in the footnote listed at the end of this section.

If footnoted, please enter a reference code in this column (e.g., a, b, c, etc.) then disclose the description of the risk in Schedule DB footnotes for each reference code used in the schedule.

In the event there is more than one type of risk, use the most relevant risk.

Column 5 – Exchange, Counterparty or Central Clearinghouse

Show the name, followed by the Commodity Futures Trading Commission's Legal Entity Identifier (LEI), if an LEI number has been assigned, of the exchange, counterparty or central clearinghouse.

If exchange-traded, show the name and the LEI of the exchange, Board of Trade or contract market.

If OTC traded, show the name and the LEI of counterparty and the guarantor upon whose credit the reporting entity relies.

Column 6 – Trade Date

Show the trade date of the original transaction.

The reporting entity may summarize on one line all identical derivative instruments with the same exchange or counterparty showing the last trade date**,** but only if the instruments are identical in their terms; e.g., type, maturity, expiration or settlement, and strike price, rate or index.

Column 7 – Date of Maturity or Expiration

Show the date of maturity or expiration of the derivative, as appropriate.

Column 8 – Number of Contracts

Show the number of contracts, as applicable (e.g., for exchange-traded derivatives) as an absolute (non-negative) value.

Column 9 – Notional Amount

Show the notional amount. Notional amounts are to be reported as an absolute (non-negative) value. Guidance for determining notional is included in the Schedule DB General Instructions and *SSAP No. 86—Derivatives*.

If the replication (synthetic asset) transactions are not denominated in U.S. dollar, convert it into U.S. dollar equivalent in accordance with *SSAP No. 23—Foreign Currency Transactions and Translations*.

Column 10 – Strike Price, Rate or Index Received (Paid)

Show the strike price, rate or index for which payments are received (paid), or an option could be exercised or which would trigger a cash payment to (by) the reporting entity on a derivative.

Forward exchange rate must be stated as: Fx Currency per US$ (Fx/US$).

For credit derivatives, state “credit event” when the payment is triggered by a standard International Swaps and Derivatives Association (ISDA) defined credit event.

Describe non-standard credit event in footnotes to the annual statement.

For example, for a credit default swap sold at 0.50% per annum, show “0.50 / (credit event),” or for an interest swap with 4.5% received, LIBOR + 0.50% paid, show “4.50 / (L+0.50).”

Column 11 – Cumulative Prior Year(s) Initial Cost of Premium (Received) Paid

For derivatives opened in prior reporting years, show the cumulative remaining premium or other payment (received) paid since the derivative contract was entered into.

If a derivative has been partially terminated, the terminated portion of the premium is reported in Schedule DB, Part A, Section 2.

Column 12 – Current Year Initial Cost of Premium (Received) Paid

For derivatives opened in the current reporting year, show the premium or other payment (received) paid when the derivative contract was entered into.

Column 13 – Current Year Income

Show the amount of income received (paid), on accrual basis, during the year (excluding the amount entered in Column 11).

If such payments are both received and paid (e.g., interest swaps), show the net amount (excluding taxes).

Column 14 – Book/Adjusted Carrying Value

Represents the statement value with any nonadmitted assets added back.

Refer to *SSAP No. 86—Derivatives* for further discussion.

Column 15 – Code

Insert * in this column if the book/adjusted carrying value is combined with the book/adjusted carrying value of assets or liabilities hedged; the book/adjusted carrying value is combined with the book/adjusted carrying value of underlying/covering assets; or if the amount is combined with consideration paid on underlying/covering assets.

Insert # in this column if the book/adjusted carrying value was combined in prior years with the book/adjusted carrying value of assets or liabilities hedged.

Insert @ in this column if the income/expenses is combined with income/expenses on assets or liabilities hedged.

Column 16 – Fair Value

See the Glossary of the NAIC *Accounting Practices and Procedures Manual* for a definition of fair value. For purposes of this column, fair value can be obtained from any one of these sources:

a. A pricing service.

b. An exchange.

c. Broker or custodian quote.

d. Determined by the reporting entity.

Column 17 – Unrealized Valuation Increase/(Decrease)

For purposes of this schedule, **increases** should be reported when the change results in an increase to the asset or a decrease to the liability. A **decrease** should be reported when the change results in a decrease to the asset or an increase to the liability.

The total unrealized valuation increase/(decrease) for a specific derivative will be the change in Book/Adjusted Carrying Value that is due to carrying or having carried (in the previous year) the derivative at Fair Value.

These amounts are to be reported as unrealized capital gains/(losses) in the Exhibit of Capital Gains/(Losses) and in the Capital and Surplus Account.

Column 18 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

This is a positive or negative amount that is defined as the portion of the total change in Book/Adjusted Carrying Value for the year that is attributable to foreign exchange differences for a particular derivative.

The amounts reported in this column should be included as net unrealized foreign exchange capital gain/(loss) in the Capital and Surplus Account.

For purposes of this schedule, **positive amounts** should be reported when the change results in an increase to the asset or a decrease to the liability. A **negative amount** should be reported when the change results in a decrease to the asset or an increase to the liability.

Column 19 – Current Year's (Amortization)/Accretion

For purposes of this schedule, **positive amounts** should be reported when the change results in an increase to the asset or a decrease to the liability. A **negative amount** should be reported when the change results in a decrease to the asset or an increase to the liability.

Column 20 – Adjustment to the Carrying Value of Hedged Item

This represents the amortized book/adjusted carrying value used to adjust the basis of the hedged item(s) during the current year.

Column 21 – Potential Exposure

Potential Exposure is a statistically derived measure of the potential increase in derivative instrument risk exposure, for derivative instruments that generally do not have an initial cost paid or consideration received, resulting from future fluctuations in the underlying interests upon which derivative instruments are based.

For collars, swaps other than credit default swaps and forwards, the Potential Exposure = 0.5% x "Notional Amount" x Square Root of (Remaining Years to Maturity).

For credit default swaps, enter the larger of notional amount or maximum potential payment.

For purchased credit default swaps bought for protection, the amount reported will be zero.

If the maximum potential exposure cannot be determined, enter zero and explain in the Notes to Financial Statement.

Disclose in the footnotes to the annual statement any assets, held either as collateral or by third parties that the reporting entity can obtain and liquidate to recover all or a portion of the amounts paid under the derivative.

Column 22 – Credit Quality of Reference Entity

Only applies to credit default swaps (for other derivatives, leave blank)

Disclose:

- NAIC designation of the reference entity; or, if not available, then
- NAIC designation equivalent of the reference entity, if it is CRP rated; or, if not available, then
- The reporting entity's own credit assessment translated into an NAIC designation equivalent with a "*" to indicate that the designation is based on the reporting entity's own internal evaluation of the reference entity's creditworthiness.

For first loss type of basket credit default swaps, use the lowest designation in the basket.

For other types of baskets or other structures, determine a designation that fairly represents the likelihood of credit losses.

Column 23 – Hedge Effectiveness at Inception and at Year-end

For hedge transactions show as a percentage expressed as (XX / YY), where "XX" shows the hedge effectiveness percentage at inception and "YY" shows the hedge effectiveness percentage on December 31 of the current year.

For example, 100.45% hedge effectiveness at inception and 94.90% hedge effectiveness on December 31 of the current year is reported as "100 / 95."

Round to the nearest whole percentage. Do not use decimals.

When hedge effectiveness cannot be calculated, enter a reference code number in this column (e.g., 0001, 0002, etc.) then disclose the financial or economic impact of the hedge at the end of the reporting period in Schedule DB footnotes for each reference code number used in the schedule.

A reference code number may be used multiple times in this column to indicate the same explanation.

For example: 0001 Reduces bond portfolio duration by .2 years.

a) Fair Value Hedges:

How much of the change in value of the hedged item(s) was hedged by the change in value of the derivative, both:

- At the inception of the derivative transaction.
- On December 31st end of the current year.

b) Cash Flow Hedges:

How much of the change in cash flows or present value of cash flows of the hedged item(s) was hedged by the change in cash flows or present value of cash flows of the derivative, both:

- At the inception of the derivative transaction, and
- At the end of the current year.

**** Columns 24 through 27 will be electronic only. ****

Column 24 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code

Whenever possible, fair value should represent the amount of money the reporting entity would receive (pay) in order to close the derivative position at the market price. Fair value should only be determined analytically when the market price-based value cannot be obtained.

The following is a listing of valid fair value level indicators to show the fair value hierarchy level.

“1” for Level 1

“2” for Level 2

“3” for Level 3

The following is a listing of the valid method indicators for derivatives to show the method used by the reporting entity to determine the Fair Value.

“a” For derivatives where the fair value is determined by a pricing service.

“b” For derivatives where the fair value is determined by a stock exchange.

“c” For derivatives where the fair value is determined by a broker or the reporting entity’s custodian. To use this method 1) the broker must be approved by the reporting entity as a derivative counterparty; and 2) the reporting entity shall obtain and retain the pricing policy of the broker or custodian that provided the quotations.

“d” For derivatives where the fair value is determined by the reporting entity. The reporting entity is required to maintain a record of the pricing methodology used.

Enter a combination of hierarchy and method indicator. The fair value hierarchy level indicator would be listed first and the method used to determine fair value indicator would be listed next. For example, use “1b” to report Level 1 for the fair value hierarchy level and stock exchange for the method used to determine fair value.

Column 25 – Source Used to Obtain Fair Value

For Method Code “a,” identify the specific pricing service used.

For Method Code “b,” identify the specific stock exchange used.

> The listing of most **stock exchange codes can be found in the Investment Schedules General Instructions or the following Web site**:
>
> **www.fixprotocol.org/specifications/exchanges.shtml**

For Method Code “c,” identify the specific broker or custodian used.

For Method Code “d,” leave blank.

Column 26 – Method of Clearing (C or U)

Indicate whether derivative transaction is cleared through a centralized clearinghouse with a “C” or not cleared through a centralized clearinghouse with a “U.”

Column 27 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any counterparty as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

SCHEDULE DB – PART A – SECTION 2

OPTIONS, CAPS, FLOORS, COLLARS, SWAPS AND FORWARDS TERMINATED DURING CURRENT YEAR

Include all options, caps, floors, collars, swaps and forwards which were terminated during the current reporting year, both those that were owned on December 31 of the previous reporting year, and those acquired and terminated during the current year.

Column 1 – Description

Give a complete and accurate description of the derivative instrument including a description of the underlying securities, currencies, rates, indices, commodities, derivative instruments or other financial market instruments.

Include details such as:

- For options, the basis. For example, caps should include the underlying interest rate (e.g. CMS 5 year) and frequency of the reset (typically three months);
- For credit default swaps, the name of the reference entity (a single issuer or an index) and the equity ticker symbol, if available;
- For currency derivatives, report the currency and describe the pay/receive (or buy/sell) legs of the transaction; and
- For baskets, note that it is a basket and include the top five equity tickers, if applicable.

Where leveraging is a feature of the payment terms, the multiplier effect will be clearly presented in the description.

If traded on an exchange, disclose the ticker symbol. Indicate the maturity of the underlying, as appropriate.

Do not use internal descriptions or identifiers unless provided as supplemental information.

Column 2 – Description of Item(s) Hedged, Used for Income Generation, or Replicated

Describe the assets or liabilities hedged, including CUSIP(s) when appropriate. For example, "Bond Portfolio Hedge," "VA GLB Hedge," "Fixed Annuity Hedge," "Investment in Foreign Operations," etc.

If hedging a specific bond, report the CUSIP and a complete and accurate description of the bond; if multiple CUSIPs, note that there are multiple CUSIPs and report the equity ticker or name of the ultimate parent, as applicable.

If hedging a guaranteed investment contract or funding agreement, report as "GIC Hedge" or "FA Hedge."

For a foreign operations hedge, report as "Net Investment in Foreign Operations."

For annuity hedging, describe whether hedging fixed or variable annuities.

If hedging a specific mortgage loan asset, report as "Mortgage Loan" and provide the corresponding loan number reported on Schedule B, Part 1, Column 1.

Describe the assets against which derivatives are written in income-generation transactions.

If a replication, report the RSAT Number and Description of the RSAT (Columns 1 and 2 from Schedule DB, Part C, Section 1).

Column 3 – Schedule/Exhibit Identifier

Identify the Schedule or Exhibit of the hedged item(s), such as Schedule A; B; BA; D, Part 1; D, Part 2, Section 1; or D, Part 2, Section 2, if appropriate. Otherwise "N/A."

Use clear abbreviations for schedules, such as D 1 (Schedule D, Part 1) D 2-1 (Schedule D, Part 2, Section 1), D 2-2 (Schedule D, Part 2, Section 2), etc.

Column 4 – Type(s) of Risk(s)

Identify the type(s) of risk(s) being hedged: 'Interest Rate," "Credit," "Duration," "Currency," "Equity/Index," "Commodity" or, if reporting other risks, provide a description of the risk within the field or in the footnote at the end of this section.

If footnoted, please enter a reference code in this column (e.g., a, b, c, etc.) then disclose the description of the risk in Schedule DB footnotes for each reference code used in the schedule.

In the event there is more than one type of risk, use the most relevant risk.

Column 5 – Exchange, Counterparty or Central Clearinghouse

Show the name, followed by the Commodity Futures Trading Commission's Legal Entity Identifier (LEI), if an LEI number has been assigned, for the exchange, counterparty or central clearinghouse.

If exchange-traded, show the name and the LEI of the exchange, Board of Trade or contract market.

If OTC traded, show the name and the LEI of the counterparty and the guarantor upon whose credit the reporting entity relies.

Column 6 – Trade Date

Show the trade date of the original transaction.

The reporting entity may summarize on one line all identical derivative instruments with the same exchange or counterparty showing the date of last trade date**,** but only if the instruments are identical in their terms (e.g., type, maturity, expiration or settlement, and strike price, rate or index).

Column 7 – Date of Maturity or Expiration

Show the date of maturity or expiration of the derivative, as appropriate.

Column 8 – Termination Date

Show the date on which the contract/agreement was terminated. Reporting entities may summarize on one line all identical instruments with the same exchange or counterparty, using the latest termination date, but only if the instruments are identical in their terms (e.g., type, maturity, expiration or settlement, and strike price, rate or index).

Column 9 – Indicate Exercise, Expiration, Maturity or Sale

Indicate the cause of termination.

Column 10 – Number of Contracts

Show the number of contracts, as applicable (e.g., for exchange-traded derivatives), as an absolute (non-negative) value.

Column 11 – Notional Amount

Show the notional amount. Notional amounts are to be reported as an absolute (non-negative) value. Guidance for determining notional is included in the Schedule DB General Instructions and *SSAP No. 86—Derivatives*.

If the replication (synthetic asset) transaction is not denominated in U.S. dollars, convert it into U.S. dollar equivalent in accordance with *SSAP No. 23—Foreign Currency Transactions and Translations.*

Column 12 – Strike Price, Rate or Index Received (Paid)

Show the strike price, rate or index for which payments are received (paid), or an option could be exercised, which would trigger a cash payment to (by) the reporting entity on a derivative.

Forward exchange rate must be stated as: Fx Currency per US$ (Fx/US$).

Column 13 – Cumulative Prior Year(s) Initial Cost of Premium (Received) Paid

For derivatives opened in prior reporting years, show the cumulative remaining premium or other payment (received) paid since the derivative contract was entered into.

Column 14 – Current Year Initial Cost or Premium (Received) Paid

For derivatives opened in the current reporting year, show the premium or other payment (received) paid when the derivative contract was entered into.

Column 15 – Consideration Received (Paid) on Termination

Show the amount of consideration received (paid).

Column 16 – Current Year Income

Show the amount of income received (paid) accrued for the current year.

Column 17 – Book/Adjusted Carrying Value

Represents the statement value with any nonadmitted assets added back.

Refer to *SSAP No. 86—Derivatives* for further discussion.

Column 18 – Code

Insert * in this column if the book/adjusted carrying value is combined with the book/adjusted carrying value of assets or liabilities hedged; if the book/adjusted carrying value is combined with the book/adjusted carrying value of underlying/covering assets; or if the amount is combined with consideration paid on underlying/covering assets.

Insert # in this column if the book/adjusted carrying value was combined in prior years with the book/adjusted carrying value of assets or liabilities hedged.

Insert @ in this column if the income/expenses is combined with income/expenses on assets or liabilities hedged.

Column 19 – Unrealized Valuation Increase/(Decrease)

For purposes of this schedule, **increases** should be reported when the change results in an increase to the asset or a decrease to the liability. A **decrease** should be reported when the change results in a decrease to the asset or an increase to the liability.

Column 20 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

This is a positive or negative amount that is defined as the portion of the total change in Book/Adjusted Carrying Value for the year that is attributable to foreign exchange differences for a particular derivative.

The amounts reported in this column should be included as net unrealized foreign exchange capital gain/(loss) in the Capital and Surplus Account.

Column 21 – Current Year's (Amortization)/Accretion

For purposes of this schedule, **positive amounts** should be reported when the change results in an increase to the asset or a decrease to the liability. A **negative amount** should be reported when the change results in a decrease to the asset or an increase to the liability.

Column 22 – Gain (Loss) on Termination – Recognized

This represents gain (loss) on termination that is not deferred or used to adjust basis of hedged items.

This equals consideration received less book/adjusted carrying value at termination.

Column 23 – Adjustment to the Carrying Value of Hedged Item

This represents the gain (loss) on termination that was used to adjust the basis of a hedged item in the current year.

It includes the book/adjusted carrying value of premiums that were allocated to the purchase cost on exercise of an option.

Column 24 – Gain (Loss) on Termination – Deferred

This represents the gain (loss) on termination that was deferred over year-end.

This equals consideration received less book/adjusted carrying value at termination.

Column 25 – Hedge Effectiveness at Inception and at Termination

For hedge transactions show as a percentage expressed as (XX / YY), where “XX” shows the hedge effectiveness percentage at inception and “YY” shows the hedge effectiveness percentage at termination.

For example, 100.45% hedge effectiveness at inception and 94.90% hedge effectiveness on December 31 of the current year is reported as “100 / 95.”

Round to the nearest whole percentage. Do not use decimals.

When hedge effectiveness cannot be calculated, enter a reference code number in this column (e.g., 0001, 0002, etc.) then disclose the financial or economic impact of the hedge at the end of the reporting period in Schedule DB footnotes for each reference code number used in the schedule.

A reference code number may be used multiple times in this column to indicate the same explanation.

For example: 0001 Reduces bond portfolio duration by .2 years.

a) Fair Value Hedges:

How much of the change in value of the hedged item(s) was hedged by the change in value of the derivative, both:

- At the inception of the derivative transaction; and
- At termination.

b) Cash Flow Hedges:

How much of the change in cash flows or present value of cash flows of the hedged item(s) was hedged by the change in cash flows or present value of cash flows of the derivative, both:

- At the inception of the derivative transaction; and
- At termination.

**** Column 26 will be electronic only. ****

Column 26 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any counterparty as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

SCHEDULE DB – PART B
SECTIONS 1 AND 2

GENERAL INSTRUCTIONS

In each Section, separate derivative instruments into the following categories:

Category	Line Number
Long Futures:	
Hedging Effective	1279999
Hedging Other	1289999
Replication	1299999
Income Generation	1309999
Other	1319999
Subtotal – Long Futures	1329999
Short Futures:	
Hedging Effective	1339999
Hedging Other	1349999
Replication	1359999
Income Generation	1369999
Other	1379999
Subtotal – Short Futures	1389999
Totals:	
Subtotal – Hedging Effective	1399999
Subtotal – Hedging Other	1409999
Subtotal – Replication	1419999
Subtotal – Income Generation	1429999
Subtotal – Other	1439999
Total	1449999

Definitions:

Hedging Effective:

A derivative transaction that is used in hedging transactions that meet the criteria of a highly effective hedge as described in *SSAP No. 86—Derivatives*, which are valued and reported in a manner that is consistent with the hedged asset or liability. These transactions have been voluntarily designated and are effective as of the reporting date.

Hedging Other:

A derivative transaction that is used in a hedging transaction where the intent is for an economic reduction of one or more risk factors. This transaction is not part of an effectively designated relationship as described under *SSAP No. 86—Derivatives*.

Replication:

A derivative transaction entered into in conjunction with other investments in order to reproduce the investment characteristics of otherwise permissible investments described under *SSAP No. 86—Derivatives*. A derivative transaction entered into by a reporting entity as a hedging or income generation transaction shall not be considered a replication (synthetic asset) transaction. These transactions are considered to be replications as of the reporting date.

Income Generation:

A derivative transaction written or sold to generate additional income or return to the reporting entity as described under *SSAP No. 86—Derivatives*.

Other:

A derivative transaction written or sold by the reporting entity used for means other than (1) Hedging Effective, (2) Hedging Other, (3) Replication, or (4) Income Generation definition listed above or referenced in *SSAP No. 86—Derivatives*. When this subcategory is utilized, a description of the use should be included in the footnotes to the financial statements

SCHEDULE DB – PART B – SECTION 1

FUTURES CONTRACTS OPEN DECEMBER 31 OF CURRENT YEAR

Include all futures contracts positions open December 31 of current year, including those which were open on December 31 of previous year, and those acquired during current year.

In the Broker Name/Net Cash Deposits footnote, list, in alphabetical sequence, brokers with whom cash deposits have been made, cumulative changes made to the deposits and the beginning and ending cash balances.

Column 1 – Ticker Symbol

If traded on an exchange, disclose the ticker symbol.

Column 2 – Number of Contracts

Show the total number of contracts open on Dec. 31 of the reporting year as absolute (non-negative) value.

Column 3 – Notional Amount

Show the total notional amount of the futures position on Dec. 31 of the reporting year as absolute (non-negative) value. Guidance for determining notional is included in the Schedule DB General Instructions and *SSAP No. 86—Derivatives*.

Column 4 – Description

Give a complete and accurate description of the derivative instrument, including a description of the underlying securities, currencies, rates, indices, commodities, derivative instruments or other financial market instruments.

Do not use internal descriptions or identifiers unless provided as supplemental information.

Column 5 – Description of Item(s) Hedged, Used for Income Generation, or Replicated

Describe the assets or liabilities hedged, including CUSIP(s) when appropriate. For example, “Bond Portfolio Hedge,” “VAGLB Hedge,” “Fixed Annuity Hedge,” “Investment in Foreign Operations,” etc.

If hedging a specific bond, report the CUSIP and a complete and accurate description of the bond; if multiple CUSIPs, note that there are multiple CUSIPs and report the equity ticker or name of the ultimate parent, as applicable.

If hedging a guaranteed investment contract or funding agreement, report as “GIC Hedge” or “FA Hedge.”

For a foreign operations hedge, report as “Net Investment in Foreign Operations.” For annuity hedging, describe whether hedging fixed or variable annuities.

If hedging a specific mortgage loan asset, report as “Mortgage Loan” and provide the corresponding loan number reported on Schedule B, Part 1, Column 1.

Describe the assets against which derivatives are written in income generation transactions.

If a replication, report the RSAT Number and Description of the RSAT (Columns 1 and 2 from Schedule DB, Part C, Section 1).

Column 6 – Schedule/Exhibit Identifier

Identify the Schedule or Exhibit of the hedged item(s), such as Schedule A; B; BA; D Part 1; D, Part 2 Section 1; or D, Part 2, Section 2, if appropriate. Otherwise "N/A."

Use clear abbreviations for schedules, such as D 1 (Schedule D, Part 1) D 2-1 (Schedule D, Part 2, Section 1), D 2-2 (Schedule D, Part 2, Section 2), etc.

Column 7 – Type(s) of Risk(s)

Identify the type(s) of risk(s) being hedged: "Interest Rate," "Credit," "Duration," "Currency," "Equity/Index," "Commodity" or, if reporting other risks, provide a description of the risk within the field or in a footnote listed in this Schedule.

If footnoted, please enter a reference code in this column (e.g., a, b, c, etc.) then disclose the description of the risk in Schedule DB footnotes for each reference code used in the schedule.

In the event there is more than one type of risk, use the most relevant risk.

Column 8 – Date of Maturity or Expiration

Show the date of maturity or expiration of the derivative as appropriate.

Column 9 – Exchange

Show the name and the Commodity Futures Trading Commission's Legal Entity Identifier (LEI), if an LEI number has been assigned, for the exchange on which the contract was transacted.

Column 10 – Trade Date

Show the trade date of the original transaction.

The reporting entity may summarize on one line all identical derivative instruments with the same exchange or counterparty showing the last trade date, but only if the instruments are identical in their terms (e.g., type, maturity, expiration or settlement, and strike price, rate or index).

Column 11 – Transaction Price

Show the price at which the futures contract was originally purchased or sold.

If several positions of the same futures contract are summarized, show the weighted average price.

Column 12 – Reporting Date Price

Show the reporting date closing price. Report price as published by the exchange.

Column 13 – Fair Value

Report the net unsettled futures position from the time lag (typically one day with U.S. futures brokers) between the change in the cumulative variation margin (Columns 15 and 18) and the actual settlement with the futures brokers.

This represents the pending cash settlement of the futures position.

Column 14 – Book/Adjusted Carrying Value

Represents the statement value of the futures position, with any nonadmitted assets added back, and is determined based on how the futures contract is being used, in accordance with *SSAP No. 86—Derivatives*.

Note that any cash deposits placed with the broker are included in the Broker Name/Net Cash Deposits footnote only and not in the Book/Adjusted Carrying Value.

Column 15 – Highly Effective Hedges – Cumulative Variation Margin

On long contracts, show the number of contracts (Column 2) times the difference between the reporting date price (Column 12) and transaction price (Column 11) times the futures value of one (1) point (Column 22).

On short contracts, show the number of contracts (Column 2) times the difference between the transaction price (Column 11) and the reporting date price (Column 12) times the futures value of one (1) point (Column 22).

An exception is that this column would not be populated for highly effective futures of forecasted transaction or firm commitments.

Column 16 – Highly Effective Hedges – Deferred Variation Margin

This represents the variation margin that has been deferred and therefore not recognized as an unrealized or realized gain (loss) or as investment income.

Note: If the entire amount of the variation margin was deferred, the amount reported will be the same as is reported in Column 15.

Column 17 – Highly Effective Hedges – Change in Variation Margin Gain (Loss) Used to Adjust Basis of Hedged Item

This represents the variation margin used in the current year to adjust the basis of a hedged item.

Column 18 – Cumulative Variation Margin for All Other Hedges

On long contracts, show the number of contracts (Column 2) times the difference between the reporting date price (Column 12) and transaction price (Column 11) times the futures value of one (1) point (Column 22).

On short contracts, show the number of contracts (Column 2) times the difference between the transaction price (Column 11) and the reporting date price (Column 12) times the futures value of one (1) point (Column 22).

Column 19 – Change in Variation Margin Gain (Loss) Recognized in Current Year

This represents the variation margin recognized as an unrealized or realized gain (loss) or as investment income for the year.

This column will be populated for highly effective futures hedging at fair value and All Other futures.

This column will not be populated for highly effective futures hedging at amortized cost.

Column 20 – Potential Exposure

Potential Exposure is a statistically derived measure of the potential increase in derivative instrument risk exposure, for derivative instruments that generally do not have an initial cost paid or consideration received, resulting from future fluctuations in the underlying interests upon which derivative instruments are based.

For futures, the Potential Exposure = (Initial Margin per contract on the valuation date, set by the exchange on which contract trades) x (the number of contracts open on the valuation date).

Column 21 – Hedge Effectiveness at Inception and at Year-end

For hedge transactions show, as a percentage expressed as (XX / YY), where "XX" shows the hedge effectiveness percentage at inception and "YY" shows the hedge effectiveness percentage at reporting date.

For example, 100.45% hedge effectiveness at inception and 94.90% hedge effectiveness on December 31 of the current year is reported as "100 / 95."

Round to the nearest whole percentage. Do not use decimals.

When hedge effectiveness cannot be calculated, enter a reference code number in this column (e.g., 0001, 0002, etc.) then disclose the financial or economic impact of the hedge at the end of the reporting period in Schedule DB footnotes for each reference code number used in the schedule.

A reference code number may be used multiple times in this column to indicate the same explanation.

For example: 0001 Reduces bond portfolio duration by .2 years.

a) Fair Value Hedges:

How much of the change in value of the hedged item(s) was hedged by the change in value of the derivative, both:

- At the inception of the derivative transaction; and
- At reporting date.

b) Cash Flow Hedges:

How much of the change in cash flows or present value of cash flows of the hedged item(s) was hedged by the change in cash flows or present value of cash flows of the derivative, both:

- At the inception of the derivative transaction; and
- At reporting date.

Column 22 – Value of One (1) Point

This represents the monetary value of a one (1) point move in a futures position published by the exchange. This monetary value of one (1) point is utilized in the calculation of the futures' variation margin.

**** Columns 23 through 25 will be electronic only. ****

Column 23 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code

Whenever possible, fair value should represent the price at which the security could be sold, based on market information. Fair value should only be determined analytically when the market-based value cannot be obtained.

The following is a listing of valid fair value level indicators to show the fair value hierarchy level.

"1" for Level 1

"2" for Level 2

"3" for Level 3

The following is a listing of the valid method indicators for derivatives to show the method used by the reporting entity to determine the Rate Used to Obtain Fair Value.

"a" for securities where the rate is determined by a pricing service.

"b" for securities where the rate is determined by a stock exchange.

"c" for securities where the rate is determined by a broker or custodian. The reporting entity should obtain and maintain the pricing policy for any broker or custodian used as a pricing source. In addition, the broker must either be approved by the reporting entity as a counterparty for buying and selling securities or be an underwriter of the security being valued.

"d" for securities where the rate is determined by the reporting entity. The reporting entity is required to maintain a record of the pricing methodology used.

Enter a combination of hierarchy and method indicator. The fair value hierarchy level indicator would be listed first and the method used to determine fair value indicator would be listed next. For example, use "1b" to report Level 1 for the fair value hierarchy level and stock exchange for the method used to determine fair value.

Column 24 – Source Used to Obtain Fair Value

For Method Code "a," identify the specific pricing service used.

For Method Code "b," identify the specific stock exchange used.

The listing of most **stock exchange codes can be found in the Investment Schedules General Instructions or the following Web address**:

www.fixprotocol.org/specifications/exchanges.shtml

For Method Code "c," identify the specific broker or custodian used.

For Method Code "d," leave blank.

Column 25 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any counterparty as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

SCHEDULE DB – PART B – SECTION 2

FUTURES CONTRACTS TERMINATED DURING CURRENT YEAR

Include all futures contracts which were terminated during current reporting year, both those that were open on December 31 of previous reporting year, and those acquired and terminated during current year.

Column 1 – Ticker Symbol

If traded on an exchange, disclose the ticker symbol.

Column 2 – Number of Contracts

The number of futures contracts terminated during the current year as absolute (non-negative) value.

Column 3 – Notional Amount

Show the total notional amount of the futures position terminated during the current year as absolute (non-negative) value. Guidance for determining notional is included in the Schedule DB General Instructions and *SSAP No. 86—Derivatives*.

Column 4 – Description

Give a complete and accurate description of the derivative instrument, including a description of the underlying securities, currencies, rates, indices, commodities, derivative instruments or other financial market instruments.

Do not use internal descriptions or identifiers unless provided as supplemental information.

Column 5 – Description of Item(s) Hedged, Used for Income Generation, or Replicated

Describe the assets or liabilities hedged, including CUSIP(s) when appropriate. For example, "Bond Portfolio Hedge," "VA GLB Hedge," "Fixed Annuity Hedge," "Investment in Foreign Operations," etc.

If hedging a specific bond, report the CUSIP and a complete and accurate description of the bond; if multiple CUSIPs, note that there are multiple CUSIPs and report the equity ticker or name of the ultimate parent, as applicable.

If hedging a guaranteed investment contract or funding agreement, report as "GIC Hedge" or "FA Hedge."

If hedging a specific mortgage loan asset, report as "Mortgage Loan" and provide the corresponding loan number reported on Schedule B, Part 1, Column 1.

Describe the assets against which derivatives are written in income generation transactions.

If a replication, report the RSAT Number and Description of the RSAT (Columns 1 and 2 from Schedule DB, Part C, Section 1).

Column 6 – Schedule/Exhibit Identifier

Identify the Schedule or Exhibit of the hedged item(s), such as Schedule A; B; BA; D, Part 1; D, Part 2, Section 1; or D, Part 2, Section 2, if appropriate. Otherwise "N/A."

Use clear abbreviations for schedules, such as D 1 (Schedule D, Part 1) D 2-1 (Schedule D, Part 2, Section 1), D 2-2 (Schedule D, Part 2, Section 2), etc.

Column 7 – Type(s) of Risk(s)

Identify the type(s) of risk(s) being hedged: “Interest Rate,” “Credit,” “Duration,” “Currency,” “Equity/Index,” “Commodity” or, if reporting other risks, provide a description of the risk within the field or in a footnote listed in this Schedule.

If footnoted, please enter a reference code in this column (e.g., a, b, c, etc.) then disclose the description of the risk in Schedule DB footnotes for each reference code used in the schedule.

In the event there is more than one type of risk, use the most relevant risk.

Column 8 – Date of Maturity or Expiration

Show the date of maturity or expiration of the derivative, as appropriate.

Column 9 – Exchange

Show the name and the Commodity Futures Trading Commission’s Legal Entity Identifier (LEI), if an LEI number has been assigned, for the exchange on which the contract was transacted.

Column 10 – Trade Date

Show the trade date of the original transaction.

The reporting entity may summarize on one line all identical derivative instruments with the same exchange or counterparty showing the last trade date, but only if the instruments are identical in their terms (e.g., type, maturity, expiration or settlement, and strike price, rate or index).

Column 11 – Transaction Price

Show the original transaction price (the price at which the futures were purchased or sold).

If several positions of the same futures contract are summarized, show the weighted average price.

Column 12 – Termination Date

Show the date when the derivative position was terminated.

The reporting entity may summarize on one line all identical instruments with the same exchange or counterparty using the latest termination date.

Column 13 – Termination Price

The price at which the position was closed.

Column 14 – Indicate Exercise, Expiration, Maturity or Sale

Indicate the cause of termination.

Column 15 – Cumulative Variation Margin at Termination

On long contracts, show the number of contracts (Column 2) times the difference between the termination price (Column 13) and transaction price (Column 11) times the futures value of one (1) point (Column 20).

On short contracts, show the number of contracts (Column 2) times the difference between the transaction price (Column 11) and the termination price (Column 13) times the futures value of one (1) point (Column 20).

Column 16 – Change in Variation Margin Gain (Loss) Recognized in Current Year

This represents the variation margin recognized as realized gains (losses), or as investment income in the current year.

Column 17 – Change in Variation Margin Gain (Loss) Used to Adjust Basis of Hedged Item in Current Year

This represents the amount of gains (losses) used to adjust the basis of a hedged item in the current year.

Column 18 – Change in Variation Margin Deferred

This represents the variation margin that has been deferred and, therefore, not recognized as an unrealized or realized gain (loss) or as investment income.

Column 19 – Hedge Effectiveness at Inception and at Termination

For hedge transactions, show as a percentage expressed as (XX / YY), where "XX" shows the hedge effectiveness percentage at inception and "YY" shows the hedge effectiveness percentage at termination.

For example, 100.45% hedge effectiveness at inception and 94.90% hedge effectiveness on December 31 of the current year is reported as "100 / 95."

Round to the nearest whole percentage. Do not use decimals.

When hedge effectiveness cannot be calculated, enter a reference code number in this column (e.g., 0001, 0002, etc.) then disclose the financial or economic impact of the hedge at the end of the reporting period in Schedule DB footnote for each reference code number used in the schedule.

A reference code number may be used multiple times in this column to indicate the same explanation.

For example: 0001 Reduces bond portfolio duration by .2 years.

a) Fair Value Hedges:

How much of the change in value of the hedged item(s) was hedged by the change in value of the derivative, both:

- At the inception of the derivative transaction; and
- At termination.

b) Cash Flow Hedges:

How much of the change in cash flows or present value of cash flows of the hedged item(s) was hedged by the change in cash flows or present value of cash flows of the derivative, both:

- At the inception of the derivative transaction; and
- At termination.

Column 20 – Value of One (1) Point

This represents the monetary value of a one (1) point move in a futures position published by the exchange.

This monetary value of one (1) point is utilized in the calculation of the futures' variation margin.

**** Column 21 will be electronic only. ****

Column 21 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any counterparty as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

SCHEDULE DB – PART D – SECTION 1

COUNTERPARTY EXPOSURE FOR DERIVATIVE INSTRUMENTS OPEN DECEMBER 31 OF CURRENT YEAR

Counterparty Exposure to any one counterparty is the exposure to credit risk associated with the use of derivative instruments with that counterparty. This section displays the Book/Adjusted Carrying Value exposure and Fair Value exposure to each counterparty, net of collateral. Also displayed is the total potential exposure for each counterparty for Schedule DB, Parts A and B.

On the first line, show the aggregate sum for exchange traded derivatives.

On subsequent lines, show separately six groups of OTC (over-the-counter) derivative counterparties by NAIC Designation, followed by the aggregate sum for centrally cleared derivatives.

Within each group, list the counterparties or central clearinghouses in alphabetical order.

For each counterparty with a master agreement, show on a second line, if applicable, totals for derivative instruments not covered by the master agreement.

Use additional lines, as needed, if multiple master agreements with the counterparty exist that do not provide for netting of offsetting amounts by the reporting entity against the counterparty upon termination in the event that the counterparty defaults.

Show subtotals for each group.

If a reporting entity has any detail lines reported for any of the following required groups, it shall report the subtotal amount of the corresponding group with the specified subtotal line number appearing in the same manner and location as the pre-printed total.

Aggregate Sum of Exchange Traded Derivatives 0199999

Total NAIC 1 Designation 0299999

Total NAIC 2 Designation 0399999

Total NAIC 3 Designation 0499999

Total NAIC 4 Designation 0599999

Total NAIC 5 Designation 0699999

Total NAIC 6 Designation 0799999

Aggregate Sum of Central Clearinghouses 0899999

Total (Sum of 0199999, 0299999, 0399999, 0499999, 0599999, 0699999, 0799999 & 0899999) 0999999

Column 1 – Description of Exchange, Counterparty or Central Clearinghouse

The first line for the Aggregate Sum of Exchange Traded Derivatives.

On subsequent lines, show the name and the Commodity Futures Trading Commission's Legal Entity Identifier (LEI), if an LEI number has been assigned, for the counterparty or central clearinghouse.

Include the name and the LEI of the central clearinghouse and the derivatives clearing member, where appropriate.

Column 2 – Master Agreement (Y or N)

The lines for the Aggregate Sum of Exchange Traded Derivatives (Line 0199999) and for the Aggregate Sum of Central Clearinghouses (Line 0899999) should be left blank.

For OTC counterparties, indicate "Y" if:

1. The reporting entity has a written International Swaps and Derivatives Association (ISDA) master agreement with the counterparty that provides for the netting of offsetting amounts by the reporting entity against the counterparty upon termination in the event that the counterparty defaults, or if such netting provisions of an ISDA master agreement are either incorporated by reference in transaction confirmations or are otherwise contractual provisions to which derivative instrument confirmations with the counterparty are subject, or if the reporting entity has a written non-ISDA master agreement with the counterparty that provides for the netting of offsetting amounts or the right of offset by the reporting entity against the counterparty upon termination in the event that the counterparty defaults; and

2. The domiciliary jurisdiction of such counterparty is either within the United States or if not within the United States, is within a foreign (non-United States) jurisdiction listed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* as eligible for netting.

Column 3 – Credit Support Annex (Y or N)

The lines for the Aggregate Sum of Exchange Traded Derivatives (Line 0199999) and for the Aggregate Sum of Central Clearinghouses (Line 0899999) should be left blank.

For OTC counterparties, indicate "Y" if:

The reporting entity has an additional annex to the International Swaps and Derivatives Association (ISDA) master agreement called a Credit Support Annex (CSA). The CSA agreement with the counterparty provides functionality of collateral postings against net counterparty exposure in excess of a threshold amount. This limits the net exposure the reporting entity has to a derivative counterparty in the event of a counterparty default.

Column 4 – Fair Value of Acceptable Collateral

Leave blank for the aggregate reporting of Exchange Traded Derivatives (Line 0199999).

For OTC counterparties, show the Fair Value of acceptable collateral pledged by the counterparty.

For central clearinghouses, this amount would be the net positive variation margin received by the reporting entity.

"Acceptable collateral" means cash, cash equivalents, securities issued or guaranteed by the United States or Canadian governments or their government-sponsored enterprises, letters of credit, publicly traded obligations designated 1 by the SVO, government money market mutual funds, and such other items as may be defined as acceptable collateral in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*. For purposes of this definition, the term "letter of credit" means a clean, irrevocable and unconditional letter of credit issued or confirmed by, and payable and presentable at, a financial institution on the list of financial institutions meeting the standards for issuing such letter of credit published pursuant to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*. The letter of credit must have an expiration date beyond the term of the subject transaction.

For Columns 5 and 6, Book/Adjusted Carrying Values that are debit balances on the balance sheet are positive numbers; those that are credit balances are negative numbers.

Column 5 – Contracts with Book/Adjusted Carrying Value > 0 (i.e., debit balance on balance sheet)

On the first line, show the aggregate sum for exchange traded derivatives that have a positive Book/Adjusted Carrying Value.

For futures, this equals the sum of the positive cumulative variation margin for highly effective futures (Part B, Section 1, Column 15), plus the sum of the ending balance of all cash deposits with brokers (Part B, Section 1, Broker Name/Net Cash Deposits Footnote – Ending Cash Balance).

On subsequent lines, show the sum of the Book/Adjusted Carrying Values of all derivative instruments with the counterparty or central clearinghouse that have a positive statement value.

Column 6 – Contracts with Book/Adjusted Carrying Value < 0 (i.e., credit balance on balance sheet)

On the first line, show the sum of the statement values in parentheses ( ) of all exchange traded derivatives that have a negative Book/Adjusted Carrying Value.

For futures, this equals the sum of the negative cumulative variation margin for highly effective futures (Part B, Section 1, Column 15).

On subsequent lines, show the sum of the Book/Adjusted Carrying Values in parentheses ( ) of all derivative instruments with the counterparty or central clearinghouse that have a negative Book/Adjusted Carrying Value.

Column 7 – Exposure Net of Collateral (Book/Adjusted Carrying Value)

For the aggregate reporting of exchange traded derivatives (Line 0199999), show amount in Column 5.

For OTC counterparties, if no master agreement is in place, show the sum of the Book/Adjusted Carrying Values of all derivative instruments with the counterparty that has a positive Book/Adjusted Carrying Value, less any Acceptable Collateral (Column 5 – Column 4).

For OTC counterparties with a master agreement in place and central clearinghouses, show the net sum of the Book/Adjusted Carrying Values of all derivative instruments, less any acceptable collateral (Column 5 + Column 6 – Column 4).

This amount should not be less than zero.

For Columns 8 and 9, market values that would be debit balances on the balance sheet are positive numbers; those that would be credit balances are negative numbers.

Column 8 – Contracts with Fair Value > 0 (i.e., debit balance on the balance sheet)

Show the sum of the market values of all derivative instruments that have a positive market value.

Column 9 – Contracts with Fair Value < 0 (i.e., credit balance on the balance sheet)

Show the sum of the market values in parentheses ( ) of all derivative instruments that have a negative market value.

Column 10 – Exposure Net of Collateral (Fair Value)

For the aggregate reporting of exchange traded derivatives (Line 0199999), show amounts in Column 8.

For OTC counterparties, if no master agreement is in place, show the sum of the market values of all derivative instruments with the counterparty that has a positive market value, less any acceptable collateral (Column 8 – Column 4).

For OTC counterparties with a master agreement in place, exchange-traded derivatives and central clearinghouses show the net sum of the market values of all derivative instruments less any acceptable collateral (Column 8 + Column 9 – Column 4).

This amount should not be less than zero.

Column 11 – Potential Exposure

Show the potential exposure for Parts A and B for exchange traded derivatives in aggregate (Line 0199999) and for each OTC counterparty and central clearinghouse.

Column 12 – Off–Balance Sheet Exposure

For Exchange Traded Derivatives (Line 0199999), show Column 11.

For central clearinghouses:

Show [Column 5 + Column 6 – Column 4 + Column 11] – Column 7 but not less than zero.

For OTC counterparties:

If Column 2 = yes; show [Column 5 + Column 6 – Column 4 + Column 11] – Column 7 but not less than zero.

If Column 2 = no; show Column 11.

Optional: If there is no master netting agreement, companies may still encounter double-counting in cases where a premium is received for an off-balance sheet derivative transaction, such as an interest rate swap. In such cases, report "no" in Column 2 and calculate off-balance sheet exposure on a contract-by-contract basis using the first formula.

**** Column 13 will be electronic only ****

Column 13 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any counterparty as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

SCHEDULE DB – PART D – SECTION 2

COLLATERAL FOR DERIVATIVE INSTRUMENTS OPEN DECEMBER 31 OF CURRENT YEAR

Under derivative contracts, collateral may be pledged to exchanges, counterparties, clearing brokers or central clearinghouses by the reporting entity as well as pledged by the exchanges, counterparties, clearing brokers or central clearinghouses to the reporting entity. This section displays the collateral pledged by the reporting entity in the first table and the collateral pledged to the reporting entity in the second table.

Each exchange, counterparty, derivatives clearing member or central clearinghouse may be listed more than once in each of the tables. For example, if initial and variation margin are posted at the same exchange; if more than one type of security is pledged to the same counterparty; if more than one corporate bond is pledged by a central clearinghouse; etc.

Total Collateral Pledged by Reporting Entity.. 0199999

Total Collateral Pledged to Reporting Entity.. 0299999

Column 1 – Exchange, Counterparty or Central Clearinghouse

Show the name and the Commodity Futures Trading Commission's Legal Entity Identifier (LEI), if an LEI number has been assigned, for the exchange, Board of Trade, contract market, counterparty, derivatives clearing member or central clearinghouse that is holding collateral pledged by the reporting entity or that has pledged collateral to the reporting entity.

Column 2 – Type of Asset Pledged

Describe the type of asset pledged or received as collateral. For example, "Cash," "Treasury," "Corporate," "Municipal," "Loan-backed and Structured," "Mortgage" and "Other."

Column 3 – CUSIP Identification

Enter the CUSIP/PPN/CINS number of the asset pledged or received as collateral, when appropriate. If no CUSIP/PPN/CINS number exists, the field should be zero-filled.

Column 4 – Description

Give a complete and accurate description of the asset pledged or received as collateral, including coupon, when appropriate.

Column 5 – Fair Value

Enter the fair value of the asset. Refer to *SSAP No. 100—Fair Value* for further discussion.

Column 6 – Par Value

Enter the par value of the asset adjusted for repayment of principal.

Column 7 – Book/Adjusted Carrying Value

Report the amortized value or the lower of amortized value or fair value, depending on the designation of the asset (and adjusted for any other-than-temporary impairment), as of the end of the current reporting year.

Include: The original cost of acquiring the asset, including brokerage and other related fees.

Amortization of premium or accrual of discount, but not including any interest paid thereon.

Amortization of deferred origination and commitment fees.

Deduct: A direct write-down for a decline in the fair value of a bond that is other-than-temporary.

Exclude: All other costs, including internal costs or costs paid to an affiliated reporting entity related to origination, purchase or commitment to purchase bonds, are charged to expense when incurred. Cost should also be reduced by payments attributed to the recovery of cost.

Accrued interest.

Book/Adjusted Carrying Value does not apply to collateral pledged to a reporting entity in which there has not been a default (i.e., Off-Balance Sheet Collateral).

Column 8 – Maturity Date

Enter the maturity date of the asset, when appropriate.

Column 9 – Type of Margin (I, V or IV)

Enter "I" for initial margin for assets that have been pledged or received by the reporting entity as initial margin.

Enter "V" for variation margin for assets that have been pledged or received by the reporting entity as variation margin.

Enter "IV" for both initial and variation margin for assets that have been pledged or received by the reporting entity as initial and variation margin.

**** Column 10 will be electronic only. ****

Column 10 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for counterparty as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

SCHEDULE DL – PART 1

SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned December 31 Current Year
(Securities lending collateral assets reported in aggregate on Line 10 of the asset page
and not included on Schedules A, B, BA, D, DB and E.)

This schedule should include a detailed listing of reinvested collateral assets that were owned as of the end of the current reporting year. For Schedule DL, reinvested collateral assets are collateral currently held as part of a securities lending program administered by the reporting entity or its agent (affiliated or unaffiliated) that can be resold or repledged. This is the **currently held collateral**, meaning original collateral if it is still in the original form received or the newly invested asset resulting from the disposal and/or reinvestment of the original collateral. See *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* for accounting guidance.

Include reinvested collateral assets from securities lending programs where the program is administered by the reporting entity's unaffiliated agent (i.e., collateral is received by the reporting entity's unaffiliated agent that can be resold or repledged). These securities will be reported in aggregate on the Assets page, Line 10.

For reinvested collateral assets from securities lending programs where the program is administered by the reporting entity's affiliated agent (i.e., collateral is received by the reporting entity's affiliated agent that can be resold or repledged), the securities may be reported on Schedule DL, Part 1 if reported in aggregate on the Assets page, Line 10 or reported on Schedule DL, Part 2 if reported in other investment schedules (e.g., Schedules A, B, BA, D, DA and E), but not both.

Reinvested collateral assets reported on Schedule DL, Part 1 are excluded from other investment schedules (e.g., Schedules A, B, BA, D, DA and E).

Bonds, preferred stocks and common stocks are to be grouped separately, showing a subtotal for each category.

Securities borrowing and securities lending transactions shall be shown gross when reported in the Schedule DL. If these transactions are permitted to be reported net in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*, the investment schedule shall continue to provide detail of all transactions (gross), with the net amount from the valid right to offset reflected in the financial statements (pages 2 & 3 of the statutory financial statements). Disclosures for items reported net when a valid right to offset exists, including the gross amount, the amount offset, and the net amount reported in the financial statements are required per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*.

Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO, which are described in the Investment Schedules General Instructions, are to be included in SVO Identified Funds.

If an insurer has any detail lines reported for any of the following required categories or subcategories, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

NOTE: See the Investment Schedules General Instructions for the following:

- **Category definitions for bonds and stocks.**
- **Code column list of codes and definitions for securities not under the exclusive control of the reporting entity.**
- **Flow chart for determining the NAIC designation for structured securities.**
- **List of stock exchange names and abbreviations.**

Category	Line Number
Bonds (Schedule D, Part 1 type):	
U.S. Governments	
Issuer Obligations	0199999
Residential Mortgage-Backed Securities	0299999
Commercial Mortgage-Backed Securities	0399999
Other Loan-Backed and Structured Securities	0499999
Subtotals – U.S. Governments	0599999
All Other Governments	
Issuer Obligations	0699999
Residential Mortgage-Backed Securities	0799999
Commercial Mortgage-Backed Securities	0899999
Other Loan-Backed and Structured Securities	0999999
Subtotals – All Other Governments	1099999
U.S. States, Territories and Possessions (Direct and Guaranteed)	
Issuer Obligations	1199999
Residential Mortgage-Backed Securities	1299999
Commercial Mortgage-Backed Securities	1399999
Other Loan-Backed and Structured Securities	1499999
Subtotals – U.S. States, Territories and Possessions (Direct and Guaranteed)	1799999
U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	
Issuer Obligations	1899999
Residential Mortgage-Backed Securities	1999999
Commercial Mortgage-Backed Securities	2099999
Other Loan-Backed and Structured Securities	2199999
Subtotals – U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	2499999
U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions	
Issuer Obligations	2599999
Residential Mortgage-Backed Securities	2699999
Commercial Mortgage-Backed Securities	2799999
Other Loan-Backed and Structured Securities	2899999
Subtotals – U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions	3199999
Industrial and Miscellaneous (Unaffiliated)	
Issuer Obligations	3299999
Residential Mortgage-Backed Securities	3399999
Commercial Mortgage-Backed Securities	3499999
Other Loan-Backed and Structured Securities	3599999
Subtotals – Industrial and Miscellaneous (Unaffiliated)	3899999

Hybrid Securities

- Issuer Obligations ... 4299999
- Residential Mortgage-Backed Securities ... 4399999
- Commercial Mortgage-Backed Securities ... 4499999
- Other Loan-Backed and Structured Securities ... 4599999
- Subtotals – Hybrid Securities ... 4899999

Parent, Subsidiaries and Affiliates

- Issuer Obligations ... 4999999
- Residential Mortgage-Backed Securities ... 5099999
- Commercial Mortgage-Backed Securities ... 5199999
- Other Loan-Backed and Structured Securities ... 5299999
- Subtotals – Parent, Subsidiaries and Affiliates ... 5599999

SVO Identified Funds

- Exchange Traded Funds – as Identified by the SVO ... 5899999
- Bond Mutual Funds – as Identified by the SVO ... 5999999
- Subtotals – SVO Identified Funds ... 6099999

Total Bonds

- Subtotals – Issuer Obligations ... 6199999
- Subtotals – Residential Mortgage-Backed Securities ... 6299999
- Subtotals – Commercial Mortgage-Backed Securities ... 6399999
- Subtotals – Other Loan-Backed and Structured Securities ... 6499999
- Subtotal – SVO Identified Funds ... 6599999
- Subtotals – Total Bonds ... 6699999

Stocks:

Preferred Stocks:

- Industrial and Miscellaneous (Unaffiliated) ... 6899999
- Parent, Subsidiaries and Affiliates ... 6999999
- Total Preferred Stocks ... 7099999

Common Stocks:

- Industrial and Miscellaneous (Unaffiliated) ... 7199999
- Parent, Subsidiaries and Affiliates ... 7299999
- Mutual Funds ... 7399999
- Total Common Stocks ... 7599999

Total Preferred and Common Stocks ... 7699999

Real Estate (Schedule A type) ... 8699999

Mortgage Loans on Real Estate (Schedule B type) ... 8799999

Other Invested Assets (Schedule BA type) ... 8899999

Short-Term Invested Assets (Schedule DA, Part 1 type) ... 8999999

Cash (Schedule E, Part 1 type) ... 9099999

Cash Equivalents (Schedule E, Part 2 type) ... 9199999

Other Assets ... 9299999

Totals ... 9999999

Column 1 – CUSIP Identification

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau: *www.cusip.com/cusip/index.htm*.

For Lines 0199999 through 7599999, if no valid CUSIP, CINS or PPN number exists, then report a valid ISIN (Column 11) security number. The CUSIP field should be zero-filled.

The CUSIP reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0199999 through 6699999	Schedule D, Part 1, Column 1
Lines 6899999 through 7099999	Schedule D, Part 2, Section 1, Column 1
Lines 7199999 through 7599999	Schedule D, Part 2, Section 2, Column 1
Line 8899999	Schedule BA, Part 1, Column 1
Line 9199999	Schedule E, Part 2, Column 1

The CUSIP number should be zero-filled for the following lines:

Real Estate (Schedule A type)	8699999
Mortgage Loans on Real Estate (Schedule B type)	8799999
Short-Term Invested Assets (Schedule DA, Part 1 type)	8999999
Cash (Schedule E, Part 1 type)	9099999
Other Assets	9299999

Column 2 – Description

Give a complete and accurate description of all bonds and preferred and common stocks as listed in the *Valuations of Securities*.

For Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO, enter complete name of the fund.

For Certificate of Deposit Account Registry Service (CDARs) or other similar services that have a maturity of greater than one year, individually list the various banking institutions that are financially responsible for honoring certificates of deposit.

Column 3 – Code

Enter "*" in this column for all SVO Identified Funds designated for systematic value.

Enter "@" in this column for all Principal STRIP Bonds or other zero coupon bonds.

Enter "$" in this column for Certificates of Deposit under the FDIC limit.

Enter "&" in this column for TBA (To Be Announced) securities.

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

If assets are not under the exclusive control of the company as shown in the General Interrogatories, they are to be identified by placing one of the codes (**identified in the Investment Schedules General Instructions**) in this column.

If the security is an SVO Identified Fund designated for systematic value, Principal STRIP bond or other zero coupon bond, certificates of deposit under the FDIC limit or a TBA (To Be Announced) security and is not under the exclusive control of the company, the "*", "@", "$" or "&" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

<u>Separate Account Filing Only:</u>

If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first and may be used simultaneously with the "*", "@", "$" or "&" with the "^" preceding the other characters ("*", "@", "$" or "&") depending on the asset being reported, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

Column 4 – NAIC Designation/Market Indicator

The NAIC Designation/Market Indicator reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0199999 through 6699999	Schedule D, Part 1, Column 6
Lines 6899999 through 7099999	Schedule D, Part 2, Section 1, Column 20
Lines 7199999 through 7599999	Schedule D, Part 2, Section 2, Column 17
Line 8899999	Schedule BA, Part 1, Column 7

For Lines 8699999, 8799999, 8999999, 9099999, 9199999 and 9299999, the column should be left blank.

Refer to the flow chart in the Investment Schedules General Instructions for instruction on how to determine the NAIC designation for structured securities.

Column 5 – Fair Value

The value reported for this column should be determined in a manner consistent with the fair value column instructions of other schedules for the lines shown below:

Lines 0199999 through 6699999	Schedule D, Part 1, Column 9
Lines 6899999 through 7099999	Schedule D, Part 2, Section 1, Column 10
Lines 7199999 through 7599999	Schedule D, Part 2, Section 2, Column 8
Line 8699999	Schedule A, Part 1, Column 10
Line 8799999	FV of the underlying collateral Schedule B, Part 1
Line 8899999	Schedule BA, Part 1, Column 11

For those lines where the same type of investment is reported on other schedules but do not have a fair value column, report the amount consistent with instructions for the following:

Line 8999999	Report BACV, Schedule DA, Part 1, Column 7
Line 9099999	Report Balance, Schedule E Part 1, Column 6
Line 9199999	Report BACV, Schedule E Part 2, Column 7

Column 6 – Book/Adjusted Carrying Value

The value reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0199999 through 6699999 .... Schedule D, Part 1, Column 11
Lines 6899999 through 7099999 .... Schedule D, Part 2, Section 1, Column 8
Lines 7199999 through 7599999 .... Schedule D, Part 2, Section 2, Column 6
Line 8699999 .... Schedule A, Part 1, Column 9
Line 8799999 .... Schedule B, Part 1, Column 8
Line 8899999 .... Schedule BA, Part 1, Column 12
Line 8999999 .... Schedule DA, Part 1, Column 7
Line 9099999 .... Report Balance, Schedule E, Part 1, Column 6
Line 9199999 .... Schedule E, Part 2, Column 7

Column 7 – Maturity Date

The maturity date reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0199999 through 6699999 .... Schedule D, Part 1, Column 22
Line 8999999 .... Schedule DA, Part 1, Column 6
Line 9199999 .... Schedule E, Part 2, Column 6

The following lines are considered assets with no maturity date and should be left blank:

6899999 through 7099999 .... Preferred Stock (Schedule D, Part 2, Section 1 type)
7199999 through 7599999 .... Common Stock (Schedule D, Part 2, Section 2 type)
8699999 .... Real Estate (Schedule A type)
8799999 .... Mortgage Loans on Real Estate (Schedule B type)
8899999 .... Other Invested Assets (Schedule BA type)
9299999 .... Other Assets

**** Columns 8 through 11 will be electronic only. ****

Column 8 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code

Whenever possible, fair value should represent the price at which the security could be sold, based on market information. Fair value should only be determined analytically when the market-based value cannot be obtained.

The following is a listing of valid fair value level indicators to show the fair value hierarchy level.

"1" for Level 1

"2" for Level 2

"3" for Level 3

The following is a listing of the valid method indicators to show the method used by the reporting entity to determine the Rate Used to Obtain Fair Value.

"a" for securities where the rate is determined by a pricing service.

"b" for securities where the rate is determined by a stock exchange.

"c" for securities where the rate is determined by a broker or custodian. The reporting entity should obtain and maintain the pricing policy for any broker or custodian used as a pricing source. In addition, the broker must either be approved by the reporting entity as a counterparty for buying and selling securities or be an underwriter of the security being valued.

"d" for securities where the rate is determined by the reporting entity. The reporting entity is required to maintain a record of the pricing methodology used.

"e" for securities where the rate is determined by the unit price published in the NAIC *Valuation of Securities*.

Enter a combination of hierarchy and method indicator. The fair value hierarchy level indicator would be listed first and the method used to determine fair value indicator would be listed next. For example, use "1b" to report Level 1 for the fair value hierarchy level and stock exchange for the method used to determine fair value.

Column 9 – Source Used to Obtain Fair Value

For Method Code "a," identify the specific pricing service used.

For Method Code "b," identify the specific stock exchange used.

The listing of most **stock exchange codes can be found in the Investment Schedules General Instructions or the following Web address**:

www.fixprotocol.org/specifications/exchanges.shtml

For Method Code "c," identify the specific broker or custodian used.

For Method Code "d," leave blank.

For Method Code "e," leave blank.

Column 10 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any mortgagor, issuer or counterparty as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Column 11 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

The ISIN reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0199999 through 6699999	Schedule D, Part 1, Column 1
Lines 6899999 through 7099999	Schedule D, Part 2, Section 1, Column 1
Lines 7199999 through 7599999	Schedule D, Part 2, Section 2, Column 1

The ISIN number should be zero-filled for the following lines:

Real Estate (Schedule A type)	8699999
Mortgage Loans on Real Estate (Schedule B type)	8799999
Other Invested Assets (Schedule BA type)	8899999
Short-Term Invested Assets (Schedule DA, Part 1 type)	8999999
Cash (Schedule E, Part 1 type)	9099999
Cash Equivalents (Schedule E, Part 2 type)	9199999
Other Assets	9299999

General Interrogatories:

1. The total activity for the year represents the net increase (decrease) from the prior year-end to the current year-end.

2. The average balance for the year is the average daily balance.

Average daily balance: Total of daily balances divided by the number of days. Always calculate based on a 365/366 day year. If data is missing for a given date (e.g., weekend, holiday), count the previous day's value multiple times. The actual day count for the year (365/366) would serve as the denominator in the average calculation.

SCHEDULE DL – PART 2

SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned December 31 Current Year
(Securities lending collateral assets included on Schedules A, B, BA, D, DB and E
and not reported in aggregate on Line 10 of the asset page.)

This schedule should include a detailed listing of reinvested collateral assets that were owned as of the end of the current reporting year. For Schedule DL, reinvested collateral assets are collateral currently held as part of a securities lending program administered by the reporting entity or its agent (affiliated or unaffiliated) that can be resold or repledged. This is the **currently held collateral**, meaning original collateral if it is still in the original form received or the new invested asset resulting from the disposal and/or reinvestment of the original collateral. See *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* for accounting guidance.

Include reinvested collateral assets from securities lending programs where the program is administered by the reporting entity (i.e., collateral is received by the reporting entity that can be resold or repledged).

For reinvested collateral assets from securities lending programs where the program is administered by the reporting entity's affiliated agent (i.e., collateral is received by the reporting entity's affiliated agent that can be resold or repledged), the securities may be reported on Schedule DL, Part 2 if reported in other investment schedules (e.g., Schedules A, B, BA, D, DA and E) or reported on Schedule DL, Part 1 if reported in aggregate on the Asset page, Line 10, but not both.

Reinvested collateral assets reported on Schedule DL, Part 2 are included in the other investment schedules (e.g., Schedules A, B, BA, D, DA and E).

Bonds, preferred stocks and common stocks are to be grouped separately, showing a subtotal for each category.

Securities borrowing and securities lending transactions shall be shown gross when reported in the Schedule DL. If these transactions are permitted to be reported net in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*, the investment schedule shall continue to provide detail of all transactions (gross), with the net amount from the valid right to offset reflected in the financial statements (pages 2 & 3 of the statutory financial statements). Disclosures for items reported net when a valid right to offset exists, including the gross amount, the amount offset, and the net amount reported in the financial statements are required per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*.

Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO that are described in the Investment Schedules General Instructions are to be included in SVO Identified Funds.

If an insurer has any detail lines reported for any of the following required categories or subcategories, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

NOTE: See the Investment Schedules General Instructions for the following:

- **Category definitions for bonds and stocks.**
- **Code column list of codes and definitions for securities not under the exclusive control of the reporting entity.**
- **Flow chart for determining the NAIC designation for structured securities.**
- **List of stock exchange names and abbreviations.**

Category	Line Number
Bonds (Schedule D, Part 1):	
U.S. Governments	
Issuer Obligations	0199999
Residential Mortgage-Backed Securities	0299999
Commercial Mortgage-Backed Securities	0399999
Other Loan-Backed and Structured Securities	0499999
Subtotals – U.S. Governments	0599999
All Other Governments	
Issuer Obligations	0699999
Residential Mortgage-Backed Securities	0799999
Commercial Mortgage-Backed Securities	0899999
Other Loan-Backed and Structured Securities	0999999
Subtotals – All Other Governments	1099999
U.S. States, Territories and Possessions (Direct and Guaranteed)	
Issuer Obligations	1199999
Residential Mortgage-Backed Securities	1299999
Commercial Mortgage-Backed Securities	1399999
Other Loan-Backed and Structured Securities	1499999
Subtotals – U.S. States, Territories and Possessions (Direct and Guaranteed)	1799999
U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	
Issuer Obligations	1899999
Residential Mortgage-Backed Securities	1999999
Commercial Mortgage-Backed Securities	2099999
Other Loan-Backed and Structured Securities	2199999
Subtotals – U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	2499999
U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions	
Issuer Obligations	2599999
Residential Mortgage-Backed Securities	2699999
Commercial Mortgage-Backed Securities	2799999
Other Loan-Backed and Structured Securities	2899999
Subtotals – U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions	3199999
Industrial and Miscellaneous (Unaffiliated)	
Issuer Obligations	3299999
Residential Mortgage-Backed Securities	3399999
Commercial Mortgage-Backed Securities	3499999
Other Loan-Backed and Structured Securities	3599999
Subtotals – Industrial and Miscellaneous (Unaffiliated)	3899999

Hybrid Securities	
Issuer Obligations	4299999
Residential Mortgage-Backed Securities	4399999
Commercial Mortgage-Backed Securities	4499999
Other Loan-Backed and Structured Securities	4599999
Subtotals – Hybrid Securities	4899999
Parent, Subsidiaries and Affiliates	
Issuer Obligations	4999999
Residential Mortgage-Backed Securities	5099999
Commercial Mortgage-Backed Securities	5199999
Other Loan-Backed and Structured Securities	5299999
Subtotals – Parent, Subsidiaries and Affiliates	5599999
SVO Identified Funds	
Exchange Traded Funds – as Identified by the SVO	5899999
Bond Mutual Funds – as Identified by the SVO	5999999
Subtotals – SVO Identified Funds	6099999
Total Bonds	
Subtotals – Issuer Obligations	6199999
Subtotals – Residential Mortgage-Backed Securities	6299999
Subtotals – Commercial Mortgage-Backed Securities	6399999
Subtotals – Other Loan-Backed and Structured Securities	6499999
Subtotal – SVO Identified Funds	6599999
Subtotals – Total Bonds	6699999
Stocks:	
Preferred Stocks:	
Industrial and Miscellaneous (Unaffiliated)	6899999
Parent, Subsidiaries and Affiliates	6999999
Total Preferred Stocks	7099999
Common Stocks:	
Industrial and Miscellaneous (Unaffiliated)	7199999
Parent, Subsidiaries and Affiliates	7299999
Mutual Funds	7399999
Total Common Stocks	7599999
Total Preferred and Common Stocks	7699999
Real Estate (Schedule A)	8699999
Mortgage Loans on Real Estate (Schedule B)	8799999
Other Invested Assets (Schedule BA)	8899999
Short-Term Invested Assets (Schedule DA, Part 1)	8999999
Cash (Schedule E, Part 1)	9099999
Cash Equivalents (Schedule E, Part 2)	9199999
Other Assets	9299999
Totals	9999999

Column 1 – CUSIP Identification

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau: *www.cusip.com/cusip/index.htm*.

For Lines 0199999 through 7599999, if no valid CUSIP, CINS or PPN number exists, then report a valid ISIN (Column 11) security number. The CUSIP field should be zero-filled.

The CUSIP reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0199999 through 6699999	Schedule D, Part 1, Column 1
Lines 6899999 through 7099999	Schedule D, Part 2, Section 1, Column 1
Lines 7199999 through 7599999	Schedule D, Part 2, Section 2, Column 1
Line 8899999	Schedule BA, Part 1, Column 1
Line 9199999	Schedule E, Part 2, Column 1

The CUSIP number should be zero-filled for the following lines:

Real Estate (Schedule A)	8699999
Mortgage Loans on Real Estate (Schedule B)	8799999
Short-Term Invested Assets (Schedule DA, Part 1)	8999999
Cash (Schedule E, Part 1)	9099999
Other Assets	9299999

Column 2 – Description

Give a complete and accurate description of all bonds and preferred and common stocks as listed in the *Valuations of Securities*.

For Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO, enter complete name of the fund.

For Certificate of Deposit Account Registry Service (CDARs) or other similar services that have a maturity of greater than one year, individually list the various banking institutions that are financially responsible for honoring certificates of deposit.

Column 3 – Code

Enter "*" in this column for all SVO Identified Funds designated for systematic value.

Enter "@" in this column for all Principal STRIP Bonds or other zero coupon bonds.

Enter "$" in this column for Certificates of Deposit under the FDIC limit.

Enter "&" in this column for TBA (To Be Announced) securities.

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

If assets are not under the exclusive control of the company as shown in the General Interrogatories, they are to be identified by placing one of the codes (**identified in the Investment Schedules General Instructions**) in this column.

If the security is an SVO Identified Fund designated for systematic value, Principal STRIP bond or other zero coupon bond, certificates of deposit under the FDIC limit or a TBA (To Be Announced) security and is not under the exclusive control of the company, the "*", "@", "$" or "&" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

<u>Separate Account Filing Only:</u>

If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first and may be used simultaneously with the "*", "@", "$" or "&" with the "^" preceding the other characters ("*", "@", "$" or "&") depending on the asset being reported, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

Column 4 – NAIC Designation/Market Indicator

The NAIC Designation/Market Indicator reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0199999 through 6699999	Schedule D, Part 1, Column 6
Lines 6899999 through 7099999	Schedule D, Part 2, Section 1, Column 20
Lines 7199999 through 7599999	Schedule D, Part 2, Section 2, Column 17
Line 8899999	Schedule BA, Part 1, Column 7

For Lines 8699999, 8799999, 8999999, 9099999, 9199999 and 9299999, the column should be left blank.

Refer to the flow chart in the Investment Schedules General Instructions for instruction on how to determine the NAIC designation for structured securities.

Column 5 – Fair Value

The value reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0199999 through 6699999	Schedule D, Part 1, Column 9
Lines 6899999 through 7099999	Schedule D, Part 2, Section 1, Column 10
Lines 7199999 through 7599999	Schedule D, Part 2, Section 2, Column 8
Line 8699999	Schedule A, Part 1, Column 10
Line 8799999	FV of the underlying collateral Schedule B, Part 1
Line 8899999	Schedule BA, Part 1, Column 11

For those lines where the same investment is reported on other schedules but do not have a fair value column, report the amount in these columns in the other schedules for the lines shown below:

Line 8999999	Report BACV, Schedule DA, Part 1, Column 7
Line 9099999	Report Balance, Schedule E, Part 1, Column 6
Line 9199999	Report BACV, Schedule E, Part 2, Column 7

Column 6 – Book/Adjusted Carrying Value

The value reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0199999 through 6699999 .... Schedule D, Part 1, Column 11
Lines 6899999 through 7099999 .... Schedule D, Part 2, Section 1, Column 8
Lines 7199999 through 7599999 .... Schedule D, Part 2, Section 2, Column 6
Line 8699999 .... Schedule A, Part 1, Column 9
Line 8799999 .... Schedule B, Part 1, Column 8
Line 8899999 .... Schedule BA, Part 1, Column 12
Line 8999999 .... Schedule DA, Part 1, Column 7
Line 9099999 .... Report Balance, Schedule E, Part 1, Column 6
Line 9199999 .... Schedule E, Part 2, Column 7

Column 7 – Maturity Date

The maturity date reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0199999 through 6699999 .... Schedule D, Part 1, Column 22
Line 8999999 .... Schedule DA, Part 1, Column 6
Line 9199999 .... Schedule E, Part 2, Column 6

The following lines are considered assets with no maturity date and should be left blank:

6899999 through 7099999 .... Preferred Stock (Schedule D, Part 2, Section 1 type)
7199999 through 7599999 .... Common Stock (Schedule D, Part 2, Section 2 type)
8699999 .... Real Estate (Schedule A type)
8799999 .... Mortgage Loans on Real Estate (Schedule B type)
8899999 .... Other Invested Assets (Schedule BA type)
9299999 .... Other Assets

**** Columns 8 through 11 will be electronic only. ****

Column 8 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code

Whenever possible, fair value should represent the price at which the security could be sold, based on market information. Fair value should only be determined analytically when the market-based value cannot be obtained.

The following is a listing of valid fair value level indicators to show the fair value hierarchy level.

"1" for Level 1

"2" for Level 2

"3" for Level 3

The following is a listing of the valid method indicators to show the method used by the reporting entity to determine the Rate Used to Obtain Fair Value.

“a” for securities where the rate is determined by a pricing service.

“b” for securities where the rate is determined by a stock exchange.

“c” for securities where the rate is determined by a broker or custodian. The reporting entity should obtain and maintain the pricing policy for any broker or custodian used as a pricing source. In addition, the broker must either be approved by the reporting entity as a counterparty for buying and selling securities or be an underwriter of the security being valued.

“d” for securities where the rate is determined by the reporting entity. The reporting entity is required to maintain a record of the pricing methodology used.

“e” for securities where the rate is determined by the unit price published in the NAIC *Valuation of Securities*.

Enter a combination of hierarchy and method indicator. The fair value hierarchy level indicator would be listed first and the method used to determine fair value indicator would be listed next. For example, use “1b” to report Level 1 for the fair value hierarchy level and stock exchange for the method used to determine fair value.

Column 9 – Source Used to Obtain Fair Value

For Method Code “a,” identify the specific pricing service used.

For Method Code “b,” identify the specific stock exchange used.

The listing of most **stock exchange codes can be found in the Investment Schedules General Instructions or the following Web address**:

www.fixprotocol.org/specifications/exchanges.shtml

For Method Code “c,” identify the specific broker or custodian used.

For Method Code “d,” leave blank.

For Method Code “e,” leave blank.

Column 10 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any mortgagor, issuer or counterparty as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

Column 11 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

The ISIN reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0199999 through 6699999	Schedule D, Part 1, Column 1
Lines 6899999 through 7099999	Schedule D, Part 2, Section 1, Column 1
Lines 7199999 through 7599999	Schedule D, Part 2, Section 2, Column 1

The ISIN number should be zero-filled for the following lines:

Real Estate (Schedule A)	8699999
Mortgage Loans on Real Estate (Schedule B)	8799999
Other Invested Assets (Schedule BA)	8899999
Short-Term Invested Assets (Schedule DA, Part 1)	8999999
Cash (Schedule E, Part 1)	9099999
Cash Equivalents (Schedule E, Part 2)	9199999
Other Assets	9299999

<u>General Interrogatories:</u>

1. The total activity for the year represents the net increase (decrease) from the prior year-end to the current year-end.

2. The average balance for the year is the average daily balance.

Average daily balance: Total of daily balances divided by the number of days. Always calculate based on a 365/366 day year. If data is missing for a given date (e.g., weekend, holiday), count the previous day's value multiple times. The actual day count for the year (365/366) would serve as the denominator in the average calculation.

Schedule E

SCHEDULE E – PART 1 – CASH

This schedule shows all banks, trust companies, savings and loan and building and loan associations in which the company maintained deposits at any time during the year and the balances, if any (according to Reporting Entity's record), on December 31 of the current year. Certificates of deposit in banks or other similar financial institutions with maturity dates of one year or less from the acquisition date and other instruments defined as cash in accordance with *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments* should be reported in this schedule. All Cash Equivalents should be reported in Schedule E, Part 2. Long-term certificates of deposit are to be reported in Schedule D.

In each case where the depository is not incorporated and subject to government supervision, the word "PRIVATE" in capitals and in parentheses — (PRIVATE) — should be inserted to the left of the name of the depository.

Report separately all deposits in excess of $250,000 or less than ($250,000). Deposits not exceeding $250,000 or not less than ($250,000) in federally insured depositories may be combined. Deposits in foreign bank accounts may be combined to the extent that the amount on deposit does not exceed the lesser of $250,000 or the amount of the foreign guarantee. The amount combined should be reported opposite the caption, "Deposits in (insert number) depositories that do not exceed the allowable limit." However, any reporting entity that does not maintain total deposits in any one depository of more than $250,000 is required to list its primary depository; and all entities must list all depositories where the total deposits or overdrafts (as represented by the absolute value) exceed 5% of the total cash as reported on Page 2 of the annual statement.

For Certificate of Deposit Account Registry Service (CDARs) or other similar services that have a maturity of one year or less, each individual banking institution providing a certificate of deposit should be reviewed separately to determine if the balance maintained by the reporting entity at that banking institution meets the criteria set forth above (i.e., does not exceed $250,000 or is not less than ($250,000) in federally insured depositories) for combining with other depository balances. If not, it should be listed individually on the schedule.

Cash in Reporting Entity's Office should be reported in this schedule.

The total of all Cash on Deposit at December 31 plus Cash in Reporting Entity's office (Total Cash, on a gross basis), less any applicable nonadmitted amounts (e.g., nonadmitted cash resulting from state-imposed limitations), should equal the parenthetical amount reported as cash on the Assets Page.

If the reporting entity has any detail lines reported for any of the following required groups, categories, or subcategories, it shall report the subtotal amount of the corresponding group, category, or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

Group or Category	Line Number
Deposits in (insert number) depositories that do not exceed allowable limits in any one depository – Open Depositories	0199998
Totals – Open Depositories	0199999
Deposits in (insert number) depositories that do not exceed allowable limits in any one depository – Suspended Depositories	0299998
Totals – Suspended Depositories	0299999
Total Cash on Deposit	0399999
Cash in Company's Office	0499999
Total Cash	0599999

Column 1 – Depository

Give full name and location. Indicate whether the depository is a parent, subsidiary, or affiliate. Give maturity date in the case of certificates of deposit or time deposits.

Column 2 – Code

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

If cash is not under the exclusive control of the company as shown in the General Interrogatories, it is to be identified by placing one of the **symbols identified in the Investment Schedules General Instructions** in this column.

<u>Separate Account Filing Only:</u>

> If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

Column 3 – Rate of Interest

Show the rate as stated on the face of the note. Where the original stated rate has been renegotiated show the latest modified rate. All information reported in this field must be a numeric value.

Column 4 – Amount of Interest Received During Year

Include: Investment income directly related to the securities reported in this schedule.

Column 7 – * Column

Place an "*" in this column when the reporting entity is taking credit for the estimated amount recoverable in a suspended deposit.

**** Column 8 will be electronic only. ****

Column 8 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any depository as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

SCHEDULE E – PART 2 – CASH EQUIVALENTS

List all investments owned whose maturities (or repurchase dates under repurchase agreement) at the time of acquisition were three months or less, and defined as cash equivalents in accordance with *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments*. Include Money Market Mutual Funds.

Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance related to foreign currency transactions and translations.

Short Sales:

> Selling a security short is an action by a reporting entity that results with the reporting entity recognizing proceeds from the sale and an obligation to deliver the sold security. For statutory accounting purposes, obligations to deliver securities resulting from short sales shall be reported as contra-assets (negative assets) in the investment schedule, with an investment code in the code column detailing the item as a short sale. The obligation (negative asset) shall be initially reflected at fair value, with changes in fair value recognized as unrealized gains and losses. These unrealized gains and losses shall be realized upon settlement of the short sale obligation. Interest on short sale positions shall be accrued periodically and reported as interest expense.

If a reporting entity has any detail lines reported for any of the following required categories or subcategories, it shall report the subtotal amounts of the corresponding category or subcategory with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

NOTE: See the Investment Schedules General Instructions for the following:

- **Category definitions for bonds.**
- **Code column list of codes and definitions for securities not under the exclusive control of the reporting entity.**

Category	Line Number
Bonds:	
U.S. Governments	
Issuer Obligations	0199999
Residential Mortgage-Backed Securities	0299999
Commercial Mortgage-Backed Securities	0399999
Other Loan-Backed and Structured Securities	0499999
Subtotals – U.S. Governments	0599999
All Other Governments	
Issuer Obligations	0699999
Residential Mortgage-Backed Securities	0799999
Commercial Mortgage-Backed Securities	0899999
Other Loan-Backed and Structured Securities	0999999
Subtotals – All Other Governments	1099999
U.S. States, Territories and Possessions (Direct and Guaranteed)	
Issuer Obligations	1199999
Residential Mortgage-Backed Securities	1299999
Commercial Mortgage-Backed Securities	1399999
Other Loan-Backed and Structured Securities	1499999
Subtotals – States, Territories and Possessions (Direct and Guaranteed)	1799999

U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)

Issuer Obligations	1899999
Residential Mortgage-Backed Securities	1999999
Commercial Mortgage-Backed Securities	2099999
Other Loan-Backed and Structured Securities	2199999
Subtotals – Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	2499999

U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions

Issuer Obligations	2599999
Residential Mortgage-Backed Securities	2699999
Commercial Mortgage-Backed Securities	2799999
Other Loan-Backed and Structured Securities	2899999
Subtotals – Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions	3199999

Industrial and Miscellaneous (Unaffiliated)

Issuer Obligations	3299999
Residential Mortgage-Backed Securities	3399999
Commercial Mortgage-Backed Securities	3499999
Other Loan-Backed and Structured Securities	3599999
Subtotals – Industrial and Miscellaneous (Unaffiliated)	3899999

Hybrid Securities

Issuer Obligations	4299999
Residential Mortgage-Backed Securities	4399999
Commercial-Backed Securities	4499999
Other Loan-Backed and Structured Securities	4599999
Subtotals – Hybrid Securities	4899999

Parent, Subsidiaries and Affiliates Bonds

Issuer Obligations	4999999
Residential Mortgage-Backed Securities	5099999
Commercial Mortgage-Backed Securities	5199999
Other Loan-Backed and Structured Securities	5299999
Subtotals – Parent, Subsidiaries and Affiliates Bonds	5599999

SVO Identified Funds

Exchange Traded Funds – as Identified by the SVO	5899999
Bond Mutual Funds – as Identified by the SVO	5999999
Subtotals – SVO Identified Funds	6099999

Total Bonds

Subtotals – Issuer Obligations	7799999
Subtotals – Residential Mortgage-Backed Securities	7899999
Subtotals – Commercial Mortgage-Backed Securities	7999999
Subtotals – Other Loan-Backed and Structured Securities	8099999
Subtotal – SVO Identified Funds	8199999
Subtotals – Bonds	8399999

Sweep Accounts	8499999
Exempt Money Market Mutual Funds – as Identified by SVO	8599999
All Other Money Market Mutual Funds	8699999
Other Cash Equivalents	8799999
Total Cash Equivalents	8899999

A money market fund shall be reported in this schedule as an Exempt Money Market Mutual Fund if such money market fund is identified by the SVO as meeting the required conditions found in Part Six, Section 2(b)(i) of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*. All money market mutual funds that are not identified by the SVO on the U.S. Direct Obligations/Full Faith and Credit Exempt List shall be reported in this schedule as an "all other money market mutual fund."

Column 1 – CUSIP Identification

All CUSIP numbers entered in this column must conform to those as published in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office,* Part Six, Sections 2(f) and (g).

CUSIP identification is **required and valid only** for Exempt Money Market Mutual Funds – as Identified by SVO (Line 8599999) and All Other Money Market Mutual Funds (Line 8699999).

Column 2 – Description

Give a complete and accurate description.

Column 3 – Code

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

If a cash equivalent is not under the exclusive control of the company as shown in the General Interrogatories, it is to be identified by placing one of the **codes identified in the Investment Schedules General Instructions** in this column.

__**Separate Account Filing Only:**__

If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

Column 4 – Date Acquired

For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of bonds or stocks acquired at public offerings on more than one date may be totaled on one line and the date of last acquisition inserted.

Column 5 – Rate of Interest

Show rate of interest as stated on the face of the issue. Cash equivalent bonds with various issues of the same issuer use the last rate of interest. All information reported in this field must be a numeric value.

Column 6 – Maturity Date

Reporting entities may total on one line purchases of various issues of the same issuer of cash equivalent investments and insert the date of last maturity.

Column 9 – Amount Received During Year

Include: Investment income directly related to the securities reported in this schedule.

Accrual of discount and amortization of premium, where applicable.

Report amounts net of foreign withholding tax.

**** Column 10 will be electronic only. ****

Column 10 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

SCHEDULE E – PART 3 – SPECIAL DEPOSITS

The amounts reported in this schedule also are included in the various asset schedules of the company.

Exclude from this schedule all deposits or operating accounts in financial institutions that the company uses in the normal course of its business.

Column 1 – Type of Deposit

Include in this column, one of the following indicators:

B – Bond
S – Stocks
M – Mortgages
C – Certificates of Deposit
R – Real Estate
ST – Cash/Short-Term Investments
O – Other (Use this symbol when multiple types of assets are on deposit within a particular jurisdiction.)

Column 2 – Purpose of Deposit

The following are examples of suggested entries for stating the purpose of the deposit:

Bail Bonds
Workers' Compensation
Property & Casualty
Fidelity & Surety
HMO
Life Insurance
Collateral for ____________________
Pledged for ____________________
Escrow for ____________________
Reinsurance with ____________________

If needed, you may enter multiple purposes in Column 2, if the totals in Columns 3 through 6 include multiple deposits.

Columns 3 and 4 – Deposits for the Benefit of All Policyholders

Report only the statutory deposit held for the benefit of all policyholders. **DO NOT INCLUDE** deposits held for a special purpose. Reporting entities must report these special purpose deposits in Columns 5 and 6.

Columns 5 and 6 – All Other Special Deposits

Report any deposits not included in Column 3 and 4 which are held for any special or statutory purpose.

Include: Deposits held for a special purpose.

Deposits to secure reinsurance obligations.

Deposits to satisfy a particular claim or litigation (list separately).

Exclude: Deposits held for the benefit of all policyholders (reported in Columns 3 and 4).

Deposits or operating accounts in financial institutions that the company uses in the normal course of its business.

Columns 3 and 5 – Book/Adjusted Carrying Value

Enter the balance sheet value of each deposit.

Columns 4 and 6 – Fair Value

Enter the fair value of each special deposit.

Details of Write-ins Aggregated at Line 58 – Aggregate Alien and Other

List separately each deposit to secure reinsurance obligations and reflect these amounts in the appropriate parts of the reinsurance schedules.

List separately each deposit to satisfy a particular claim or litigation.

SUPPLEMENTAL COMPENSATION EXHIBIT

Each reporting entity shall file with its state of domicile and any state that requests it in writing a Supplemental Compensation Exhibit for such directors, officers, and employees and in such manner as provided below.

The Exhibit shall be filed as a supplement to each reporting entity's annual statement to the domiciliary Department on or before March 1. The purpose of the Exhibit is to provide information to the regulator concerning payments to senior management and directors that could negatively impact a reporting entity's financial condition.

Insurers that are part of a group of insurers or other holding company system may file amounts paid to officers and employees of more than one insurer in the group or system either on a total gross basis or by allocation to each insurer.

Compensation shall consist of any and all remuneration paid to or on behalf of an officer, employee, or director covered by this requirement, including, but not limited to, wages, salaries, bonuses, commissions, stock grants, gains from the exercise of stock options, and any other emolument.

Supplemental Compensation Exhibit

- A table disclosing the total of all compensation paid to the named officers shall be provided.
- The table shall cover a three-year period, although companies may phase in the required disclosures over the first three years of reporting.
- For awards of stock, the dollar amount reported shall be based upon the aggregate grant date value of awards computed in accordance with *SSAP No. 104R—Share-Based Payments*.
- Provide a narrative description of any material factors necessary to gain an understanding of the information disclosed in the tables in Part 4.

Part 2

Officer and Employee Compensation

Reporting entities shall disclose the compensation of:

1. All individuals serving as the principal executive officer ("PEO") or acting in a similar capacity during the last completed fiscal year, regardless of compensation level;
2. All individuals serving as the principal financial officer ("PFO") or acting in a similar capacity during the last completed fiscal year, regardless of compensation level;
3. The reporting entity's three most highly compensated executive officers, other than the PEO and PFO, who were serving as executive officers at the end of the last completed fiscal year; and
4. The next five most highly compensated employees whose individual total compensation exceeds $100,000.

The determination as to which executive officers are most highly compensated shall be made by reference to total compensation for the last completed fiscal year provided; however, no disclosure need be provided for any executive officer, other than the PEO and PFO, whose total compensation, as so reduced, does not exceed $100,000.

If the PEO or PFO served in that capacity during any part of a fiscal year with respect to which information is required, information should be provided as to all of his or her compensation for the full fiscal year. If a named executive officer (other than the PEO or PFO) served as an executive officer of the reporting entity (whether or not in the same position) during any part of the fiscal year with respect to which information is required, information shall be provided as to all compensation of that individual for the full fiscal year.

Definitions. For purposes of this disclosure:

1. The term **"stock"** means instruments such as common stock, restricted stock, restricted stock units, phantom stock, phantom stock units, common stock equivalent units or any similar instruments that do not have option-like features, and the term option means instruments such as stock options, stock appreciation rights and similar instruments with option-like features. The term stock appreciation rights (SARs) refers to SARs payable in cash or stock, including SARs payable in cash or stock at the election of the registrant or a named executive officer. The term "**equity**" is used to refer generally to stock and/or options.
2. The terms "**date of grant"** or "**grant date"** refer to the grant date determined for financial statement reporting purposes pursuant to *SSAP No. 104R—Share-Based Payments*.

Column 3 – Salary

The dollar value of the base salary (cash and non-cash) paid to the named officer or employee during the fiscal year covered.

Column 4 – Bonus

The dollar value of any bonus (cash and non-cash) paid to the named officer or employee during the fiscal year covered.

Column 5 – Stock Awards

For awards of stock, the aggregate grant date value computed in accordance with *SSAP No. 104R—Share-Based Payments*.

Column 6 – Option Awards

For awards of options, with or without tandem SARs (including awards that subsequently have been transferred), the aggregate grant date value computed in accordance with *SSAP No. 104R—Share-Based Payments*.

Column 7 – Sign-on Payments

All compensation received as a result of the acceptance of an employment offer.

Column 8 – Severance Payments

Any termination, including without limitation through retirement, resignation, severance or constructive termination (including a change in responsibilities) of such executive officer's employment with the reporting entity's and its subsidiaries

Column 9 – All Other Compensation

All other compensation for the covered fiscal year that the reporting entity could not properly report in any other column. Each compensation item that is not properly reportable in other columns, regardless of the amount of the compensation item, must be included.

Such compensation must include, but is not limited to:

- Perquisites and other personal benefits, or property, unless the aggregate amount of such compensation is less than $10,000;
- All "gross-ups" or other amounts reimbursed during the fiscal year for the payment of taxes;
- Reporting entity contributions or other allocations to vested and unvested defined contribution plans;
- A change in control of the reporting entity;
- The dollar value of any insurance premiums paid by, or on behalf of, the reporting entity during the covered fiscal year with respect to life insurance for the benefit of a named officer or employee; and
- The dollar value of any dividends or other earnings paid on stock or option awards, when those amounts were not factored into the grant date fair value required to be reported for the stock or option award.

<u>Part 3</u>

<u>Director Compensation</u>

Reporting entities shall also disclose all compensation paid to or on behalf of all directors, other than full-time officers and employees of the reporting entity whose total compensation included service as a director and is disclosed under Part 2. Amounts disclosed must include all compensation paid for services on board and committees, as well as any other compensation for any other activity or service such as consulting agreements.

<u>Part 4</u>

Provide a narrative description of any material factors necessary to gain an understanding of the information disclosed in the Part 2 and Part 3 tables.

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

This set of Supplemental Interrogatories is to assist regulators in identifying and analyzing the risks inherent in the entity's investment portfolio. The Supplemental Investment Risks Interrogatories apply only to general account assets. These lines were determined based upon the investment categories contained in the NAIC Statutory Statement and considered as invested assets. The reported amounts are to be consistent with net admitted amounts reported by the entity in the statement and supporting schedules, not on a consolidated basis. Compute the percentage calculations by dividing the reported amount by the total admitted assets reported in Line 1 of the Interrogatories unless otherwise indicated. It is recommended that the first step in responding to this set of Interrogatories is for the person preparing this document to read through the Interrogatories to gain an understanding of the reporting requirements.

All reporting entities must answer Interrogatories 1 through 4, 11 through 16, 18, 19 and, if applicable 20 through 23. Answer each Interrogatory 5 through 10 only if the reporting entity's aggregate holdings in foreign investments as addressed in Interrogatory 4 equals or exceeds 2.5% of the reporting entity's total admitted assets. Answer Interrogatory 17 only if the reporting entity's aggregate holdings in mortgage loans as addressed in Interrogatory 16 equals or exceeds 2.5% of the reporting entity's total admitted assets. For Life and Fraternal blanks, responses are to exclude Separate Accounts. For the Property/Casualty blank, responses are to exclude Protected Cell Accounts.

The following definitions apply to interrogatories 4 through 10, unless otherwise defined by state statute.

Foreign investment: An investment in a foreign jurisdiction, or an investment in a person, real estate or asset domiciled in a foreign jurisdiction. An investment shall not be deemed to be foreign if the issuing person, qualified primary credit source or qualified guarantor is a domestic jurisdiction or a person domiciled in a domestic jurisdiction, unless:

(a) The issuing person is a shell business entity; and

(b) The investment is not assumed, accepted, guaranteed or insured or otherwise backed by a domestic jurisdiction or a person, that is not a shell business entity, domiciled in a domestic jurisdiction.

Domestic jurisdiction: The United States, Canada, any state, any province of Canada or any political subdivision of any of the foregoing.

Foreign jurisdiction: A jurisdiction other than a domestic jurisdiction.

Shell business entity: A business entity having no economic substance, except as a vehicle for owning interests in assets issued, owned or previously owned by a person domiciled in a foreign jurisdiction.

Qualified guarantor: A guarantor against which a reporting entity has a direct claim for full and timely payment, evidenced by a contractual right for which an enforcement action can be brought in a domestic jurisdiction.

Qualified primary credit source: The credit source to which a reporting entity looks for payment as to an investment and against which a reporting entity has a direct claim for full and timely payment, evidenced by a contractual right for which an enforcement action can be brought in a domestic jurisdiction.

Line 1 – Report the reporting entity's total admitted assets as reported on Page 2 of the annual statement.

Report the total net admitted assets for the current year, Page 2, Assets, Column 3, excluding Separate Account, Protected Cell or Segregated Account business.

Line 2 – Report the single 10 largest exposures to a single issuer/borrower/investment.

Determine the ten largest exposures by first, aggregating investments from all investment categories (except the excluded categories) by issuer. The first six digits of the CUSIP number can be used as a starting point; however, please note that the same issuer may have more than one unique series of the first six digits of the CUSIP. For example, the reporting entity owns bonds issued by the XYZ Company of $500,000 and common stock of the XYZ Company of $600,000. In addition the reporting entity has a mortgage loan to the XYZ Company of $300,000. The total exposure to Issuer XYZ Company is $1.4 million ($500,000+$600,000+$300,000).

Excluding: U.S. government securities (Part Six, Section 2(d)), U.S. government agency securities (Part Six, Section 2(e)), those U.S. Government money market funds (Part Six, Section 2(f)) listed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* as exempt; property occupied by the company; and policy loans. Also exclude asset types that are investment companies (mutual funds) and common trust funds that are diversified within the meaning of the Investment Company Act of 1940 [Section 5(b) (1)].

In Column 2, list the categories of securities that are included in the total for each issuer (e.g., bonds, mortgage loans, etc.)

Line 3 – Report by NAIC designation, the amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks.

Report the total amount for each subcategory. The amounts reported in the bond subcategories should be consistent with the amounts reported in Schedule D, Part 1A, Section 1, Column 7, Lines 10.1 – 10.6.

Line 4 – Report the amounts and percentages of the reporting entity's total admitted assets held in foreign investments (regardless of whether there is any foreign currency exposure) and unhedged foreign currency exposure.

Line 4.02 – Report the aggregate amount of foreign investments as determined by the rules or statutes of the state of domicile (regardless of whether there is any foreign currency exposure).

Line 4.03 – Report the portion of the aggregate amount of foreign investments that supports insurance liabilities denominated in that same foreign currency.

The amount reported in 4.03 should be included in all answers to Lines 5 through 10.

Line 4.04 – Report the amount of the insurance liabilities associated with the investments reported in 4.03 and that are denominated in the same currency.

Lines 5-10 should be answered only if the reporting entity's aggregate foreign investments exceed 2.5% of total admitted assets (response to 4.01 is no). The NAIC designations for Lines 5, 6, 8 and 9 relate to country ratings, not investment ratings. If the country does not have a rating, include the investment in the NAIC-3 or below category.

Line 5 – Report the aggregate foreign investment exposure (regardless of currency exposure) categorized by the country's NAIC sovereign designation. Aggregate foreign investments first by foreign jurisdiction and then by NAIC sovereign designation.

The sovereign ratings and designation equivalents are available on the NAIC Web site.

Line 6 – Within each of the following three categories of NAIC country sovereign designations, which are available on the NAIC Web site (1, 2, and 3 or below), identify the two countries in which the company has its largest aggregate foreign investment exposures (regardless of currency exposure), and report the dollar value and percentage of company investments issued within each of those countries.

Line 8 – Report the aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation. Aggregate unhedged foreign currency exposures first by foreign jurisdiction and then by NAIC sovereign designation.

The sovereign ratings and designation equivalents are available on the NAIC Web site.

Line 9 – Within each of the following three categories of NAIC country sovereign designations, which are available on the NAIC Web site (1, 2, and 3 or below), identify the two countries in which the company has its largest aggregate unhedged foreign currency exposures, and report the dollar value and percentage of company investments issued within each of those countries.

Line 10 – Report the 10 largest non-sovereign (i.e., non-governmental) exposures to a foreign issuer/borrower/ investment.

Determine the ten largest foreign exposures by first aggregating investments from all foreign investment categories by issuer. See example in Line 3. If the investment does not have an NAIC designation, indicate the investment category, e.g., mortgage loan, in the NAIC Designation Column after first indicating any available NAIC designations for that issuer/borrower.

Line 11 – Report the amounts and percentages of the reporting entity's total admitted assets held in Canadian investments, including Canadian-currency denominated investments, Canadian insurance liabilities ("Canadian Investments") and unhedged Canadian currency exposure.

Line 11.03 – Report the aggregate amount of Canadian Investments that support insurance liabilities denominated in Canadian currency.

The amount listed in Line 11.03 should be included in all answers to Line 11.

Line 11.04 – Report the aggregate amount of the insurance liabilities associated with the investments reported in Line 11.03.

Line 11.05 – Unhedged Canadian Currency Exposure

If the reporting entity's aggregate Canadian investments exceed 2.5% of total admitted assets, answer this question.

Line 12 – Report the aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions (defined as investments having restrictions that prevent investment from being sold within 90 days).

Line 12.02 – The aggregate amount reported in this line is limited to investments with contractual restrictions. It does not include, for instance, investments that have procedural requirements to be met prior to sale or internal company restrictions.

Line 13.02
through 13.11 – Report the amounts and percentages of admitted assets held in the ten largest equity interests (including investments in the shares of mutual funds, preferred stocks, publicly traded equity securities, and other equity securities (including Schedule BA equity interests), and excluding money market and bond mutual funds listed in Part Six, Sections 2(f) and (g) of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* as exempt or NAIC 1).

Determine the ten largest equity interests by first aggregating investments included in this line by issuer. For example, the reporting entity owns preferred stock of the XYZ Company of $600,000 and common stock of the XYZ Company of $300,000. The total is $900,000 ($600,000+$300,000). The reporting entity also owns bonds issued by the XYZ Company of $500,000 that are excluded from this calculation because bonds are debt instruments. Other equity securities include partnerships and Limited Liability Companies (LLC) and any other investments reported in Schedule BA classified as equity.

Line 14 – Report the amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities (included in other equity securities) and excluding securities eligible for sale under Securities Exchange Commission (SEC) Rule 144a or SEC Rule 144 without volume restrictions.

Line 14.02 – The amount reported in this line is a subset of the Line 14 amount that excludes any public securities, any affiliated equity interests and any securities that can be sold under SEC Rule 144 or under Rule 144a without any volume restrictions.

Line 15 – Report the amounts and percentages of the reporting entity's total admitted assets held in general partnership interests (included in other equity securities).

Line 15.02 – Report the aggregate amount of all general partnership interests reported in Schedule BA. The amount excludes limited partnership interests or any LLC investments.

Lines 15.03
through 15.05 – Report the details of the three largest general partnership interests if the aggregate amount reported in Interrogatory 15.01 exceeds 2.5% of admitted assets.

Line 16 – With respect to mortgage loans reported in Schedule B, report the amounts and percentages of the reporting entity's total admitted assets.

Line 16.02
through 16.11 – The aggregate mortgage interest represents the combined value of all mortgages secured by the same property or same group of properties.

Report the details of the ten largest mortgage interests if the aggregate amount exceeds 2.5% of admitted assets.

The amounts reported in 16.13, 16.14 and 16.16 should be consistent with the corresponding subtotals reported in Column 8 of Schedule B, Part 1.

Line 17 – Report the aggregate mortgage loans having the indicated loan-to-value ratios as determined from the most current appraisal as of the annual statement date.

Line 17.01
through 17.05 – For each mortgage loan, determine its loan-to-value ratio and assign it to one of the five loan-to-value categories, separated into residential, commercial or agricultural. Aggregate the amounts for each category and calculate the percent of admitted assets.

Line 18.02 through 18.06 – Report the amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in one parcel or group of contiguous parcels of real estate reported in Schedule A, excluding property occupied by the company, if the aggregate amount reported in Interrogatory 18.01 exceeds 2.5% of admitted assets.

Line 19 – Report the amounts and percentages of potential exposure (defined as the amount determined in accordance with the *Annual Statement Instructions*) for mezzanine real estate loans.

Line 19.01 – If the response is yes, the reporting entity need not complete the remainder of Interrogatory 19.

Line 20 – Report the amounts and percentages of the reporting entity's total admitted assets subject to securities lending agreements, repurchase agreements, reverse repurchase agreements, dollar repurchase agreements and dollar reverse repurchase agreements.

Line 20.01 through 20.05 – Report the aggregate amount for each category at year-end and at the end of each quarter. Calculate the percentage of admitted assets at year-end.

Line 21 – Report the amounts and percentages for warrants not attached to other financial instruments, options, caps and floors.

Line 21.01 through 21.03 – Report the aggregate amount for each category and calculate the percentage of admitted assets. The amounts should also agree with amounts reported in Schedule DB.

Line 22 – Report the amounts and percentages of potential exposure (defined as the amount determined in accordance with the *Annual Statement Instructions*) for collars, swaps and forwards.

Line 22.01 through 22.04 – Report the aggregate amount for each category at year-end and at the end of each quarter. Calculate the percentage of admitted assets at year-end. The amounts should also agree with amounts reported in Schedule DB.

Line 23 – Report the amounts and percentages of potential exposure (defined as the amount determined in accordance with the *Annual Statement Instructions*) for futures contracts.

Line 23.01 through 23.04 – Report the aggregate amount for each category at year-end and at the end of each quarter. Calculate the percentage of admitted assets at year-end. The amounts should also agree with amounts reported in Schedule DB.

VARIABLE ANNUITIES SUPPLEMENT
PARTS 1 AND 2

This supplement is to be filed on or before April 1.

For variable annuities (VAs) with guaranteed benefits, disclose the type(s) of guaranteed benefit(s), the number of contracts or certificates with those benefits, the amount of the benefit base related to each type of benefit, the net amount at risk for death benefits and the guaranteed annual payout for income and withdrawal benefits, the gross amount of the reserve for the guaranteed benefit(s), the portion of the contract/certificate account value related to contract/certificate funds in the General Account or the Separate Account, and the percent of the guaranteed benefit reinsured.

"Type" shall include a summary description of the type of benefit. Examples are provided in the table illustrated below. For those guaranteed benefits that include waiting periods before any benefit can be realized, include the length of the original waiting period in the description

- A separate line shall be created for each combination of Guaranteed Death Benefit and Guaranteed Living Benefit.
  - See the illustration in the table below for an example.
  - For a category with only one guarantee, show "None" in the other column.
- Each contract/certificate shall be included in one and only one line.
  - For a contract with multiple living benefits, determine the most appropriate classification.

A separate chart shall be prepared for individual contracts and for group contracts with individual certificates. In each chart, show the amount of any reinsurance reserve credit being taken separately for treaties with affiliated captive reinsurers and for other reinsurers.

For purposes of this supplement, a Guaranteed Living Benefit (GLB) is defined as a contract/certificate, agreement or rider in which the insurance entity guarantees specified payouts during a defined period, which may include the lifetime of the insured(s). For VAs, these guaranteed payouts are typically made regardless of the performance of the contractual account value that is used to determine cash surrender values and/or withdrawal benefits.

Column 3 – Number of Individual (Part 1) Contracts or Group (Part 2) Certificates

Column 4 – Benefit Base For Guaranteed Death Benefit (Col 1)

Report the Benefit Base (defined in the contract/certificate) as of the valuation date as the basis for the guaranteed value. If no guarantee exists, enter $0.

Column 5 – Benefit Base For Guaranteed Living Benefit (GLB) (Col 2)

Report the Benefit Base (defined in the contract/certificate) as of the valuation date as the basis for the guaranteed value. If no guarantee exists, enter $0.

Column 6 – Net Amount at Risk For Guaranteed Death Benefit (Col 1)

Death Benefit Net Amount at Risk is defined as the greater of a) zero and b) the difference between the Guaranteed Death Benefit and the Account Value as of the valuation date. Report the sum of the NAR for all contracts/certificates.

Column 7 – Guaranteed Annual Income Amount For Guaranteed Living Benefit (GLB) (Col 2)

Report the total annual income/withdrawal benefits available if the income/withdrawal guarantees were elected on the valuation date. If no GLB/GMWB is available on the valuation date for a particular contract/certificate (e.g. due to a waiting period), use $0. Note, for GLB and GMWB previously elected, show the guaranteed amount based on the prior elections. For GMAB, use $0 since this is not an income benefit. Disclosures for GMAB shall be provided in the AG 43 Memorandum.

Column 8 – Account Value – General Account

Column 9 – Account Value – Separate Account

Column 10 – Reserve for Guaranteed Benefits (Total Reserve Less Base Adjusted Reserve)

Total gross reserve for guarantees as defined in AG-43 or VM 21 as applicable in excess of the base contract reserve. Reserves calculated according to AG-43 and VM-21 are allocated to individual contracts or certificates following the guidance of Appendix 6 of AG-43 or Section 8 of VM-21. Report in column 10 the excess of this per policy reserve over the base contract reserve. For base contract reserve, the company may use CSV or Base Adjusted Reserve (defined in Appendix 3, A.3.2D of AG-43 or Section 5, B.4. of VM-21) for that contract or certificate.

Column 11 &
Column 12 – Percentage of Guaranteed Benefits Reinsured

Show percentage of the Guaranteed Benefit ceded to all reinsurers.

Line 3 – Total Net of Reinsurance

Line 3 Total Net of Reinsurance should equal the subtotal Line for Column 10 minus the sum of Line 1 Reserve Credit from Affiliated Captive Reinsurance and Line 2 Reserve Credit from Other Reinsurance.

Illustration:

Type		3	Benefit Base		6	7	Account Value		10	Percentage of Guaranteed Benefits Reinsured	
1 Guaranteed Death Benefit	2 Guaranteed Living Benefit	Number of Individual Contracts / Group Certificates	4 For Guaranteed Death Benefit (Col 1)	5 For Guaranteed Living Benefit (GLB) (Col 2)	Net Amount at Risk For Guaranteed Death Benefit (Col 1)	Guaranteed Annual Income Amount For Guaranteed Living Benefit (GLB) (Col 2)	8 General Account	9 Separate Account	Reserve for Guaranteed Benefits (Total Reserve Less Base Adjusted Reserve)	11 Guaranteed Death Benefit	12 Guaranteed Living Benefit
*Max Anniversary Value (MAV)**	*GMAB - 110% of pre*	957	$101.4 M	$0	$5.7M	$0	$2.7M	$93.0M	$1.5M	60%	40%
3% Roll-up	*GMIB prem accum @3% w/10 yr waiting period*	312	$32.6M	$34.6M	$1.4M	$2.4M	$0	$31.2M	$1.0M	100%	100%
Greater of MAV & 5% Roll-up	*GMIB ROP, 10 yrs*	48[illegible]	$40.0M	$35.0M	$3.0M	$0M	$0M	$37.0M	$2.0M	0%	0%
Subtotal		1,75[illegible]	[illegible]	$69.6M	$10.1M	$2.4M	$2.7M	$161.2M	$4.5M	XXX	XXX

1. Reserve credit from affiliated captive reinsurance	
2. Reserve credit from other reinsurance	
3. Total net of reinsurance	

MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT

Medicare Supplement is defined as those forms which are qualified as Medicare Supplement under the Federal Certification Requirements or the NAIC Medicare Supplement Insurance Minimum Standards Model Act and Regulation, or that are filed under other state programs to satisfy separate form filing requirements for Medicare Supplement forms.

This exhibit should be completed on a direct basis and should include all Medicare Supplement insurance acquired through assumption of a block of business. In the event that a policyholder of the company relocates to another state, experience under that policy is to continue to be reported in the state in which the policy was originally issued. The nationwide aggregate earned premium on all Medicare supplement policies should be disclosed in the annual statement General Interrogatory related to Medicare Supplement insurance.

This exhibit is to be completed on a state basis.

In the event that a refiling of any state page is warranted, the amended page should be filed with the NAIC and with the state.

1. Experience on policies issued more than three years prior to the reporting year should be shown separately as indicated on the form. For example, for the reporting year ended December 31, 2017 (filed on March 1, 2018), experience on policies issued in 2014 and prior should be shown separately from that of policies issued in 2015 and later. For group insurance, the year of issue should be based on when the certificate was issued, if available. Otherwise, use the master policy year of issue.

2. Allocation of reserves on a state-by-state basis should rely on sound actuarial principles and be consistent as to methodology from year to year.

3. Include membership or policy fees, if any, with premiums earned.

4. Include mass marketed group insurance subject to individual loss ratio standards with individual.

5. Subtract dividends from premiums earned.

6. Do not adjust incurred claims nor premiums earned for changes in policy (additional) reserves.

DEFINITIONS

Column 1 – Compliance with OBRA

Respond with “YES”, “NO” or “NA”, to indicate compliance with OBRA requirements.

Column 3 – Standardized Medicare Supplement Benefit Plan

Means the standard plans A-N as required by Section 9E of the Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act. This includes all plans identified as A-N issued prior to a state’s revisions to its regulatory program and identified as a standard plan at the time of issue. Policies issued prior to the effective date of this state’s revisions to its Medicare supplement regulatory program pursuant to the Omnibus Budget Reconciliation Act (OBRA) of 1990, and no longer offered in a state, should be designated with “P.” Policies not meeting either of these definitions should be designated with “O.” This includes policies issued in MN, MA, and WI (states that qualified for and received a waiver under federal law from the A-N requirements). A policy issued in these three states that did not require changes, as the result of modifications to the state regulatory program should be reported as “O.” All policies identified as “O” must be explained in Medicare Supplement General Interrogatory 4. Theoretically, a policy should never be identified as “O” except in those states receiving a waiver from the A-N requirements.

Column 5 – Plan Characteristics

Means one or more of the following identifiers of the features of a policy or certificate form (all applicable identifiers must be shown).

“1” Means inclusion of new or innovative benefits.

“2” Means direct response solicited.

“3” Means agent solicited.

“4” Means underwritten policy or certificate.

“5” Means the policy or certificate is guaranteed issued to all applicants.

“6” Means the policy is offered to individuals eligible for Medicare by reason of disability.

“7” Means the policy or certificate was assumed from another carrier.

Column 6 – Date Approved

Means the date the policy form was approved for sale in the state by the insurance department.

Column 7 – Date Approval Withdrawn

Means the date the policy form approval was withdrawn by the insurance department.

Column 8 – Date Last Amended

Means the date of approval of a rider or endorsement for this policy form. Do not reflect the date of optional riders added to an individual policy.

Column 9 – Date Closed

Means the date when the policy form is no longer actively marketed or offered for sale in this state.

Column 10 – Policy Marketing Trade Name

Means the title or name under which a policy is (was) marketed.

Columns 12 & 16 – Incurred Claims

Incurred claims equal paid claims plus the change in claim reserves. Claim reserves include only those unpaid liabilities for claims that have been incurred. Incurred claims in this exhibit do not include policy (additional) reserves.

The sum of Columns 11 and 15, and the sum of Columns 12 and 16, Lines 0199999 and 0299999 for all states should equal the amounts disclosed in the General Interrogatories, Part 2, Line 1.2 minus Line 1.3 and Line 1.5, respectively.

Columns 14 & 18 – Number of Covered Lives

Means the number of individuals covered under the policy form as of December 31 of the reporting year.

TRUSTEED SURPLUS STATEMENT

The Trusteed Surplus Statement must be completed by each United States branch of a non-U.S. insurer licensed to do any insurance business in any state. The Trusteed Surplus Statement shall be submitted together with its accompanying schedules and the inventory(ies) of trusteed assets. The Trusteed Surplus Statement shall be submitted together with the annual statement (showing business transacted by the U.S. branch of the non-U.S. insurer in the United States) on or before March 1.

Page 1

Affidavit of U.S. Managers, General Agents, or Attorneys

1. The Trusteed Surplus Statement shall be signed and verified by the United States Manager, attorney-in-fact or a duly empowered assistant United States manager of the non-U.S. insurer.

2. In the case of a Canadian life insurance company, the title United States Manager shall refer to the president, vice-president, secretary, or treasurer of the company at its home office in Canada.

Affidavit of Trustee

Each trustee must execute an Affidavit of Trustee.

Page 2

Schedule A – Deposits with State Officers

1. Include only securities deposited with insurance departments or officers of the various states and territories of the United States for the protection of all of the society's certificate holders, or certificate holders and creditors within the United States. For each state and territory, provide a complete and accurate description of each of the assets deposited therein.

2. Exclude special state deposits that are deposited with officers of any state in trust for the security of the certificate holders, or certificate holders and creditors in that particular state.

3. Line 1.99, minus Line 1.98 where appropriate, should agree with the total of special deposits held for the benefit of all certificate holders, claimants and creditors in Schedule E, Part 3 of the annual statement.

Schedules B, C, and D – Deposits With United States Trustees

1. List in Schedules B, C, and D, totals of the assets held by the categories pre-printed therein.

2. A U.S. Branch having deposits with two or more U.S. trustees should list the assets deposited with one trustee in Schedule B and the assets deposited with other trustees in Schedules C and D. The trustee holding the assets listed under Schedule B should execute the first Affidavit of Trustee and the trustees holding the assets listed in Schedule C and D should execute the respective affidavit.

   In the event that there are more than three separate trusts, attach additional affidavits and corresponding schedules.

3. Each trustee shall submit to the U.S. Manager for inclusion with the Trusteed Surplus Statement, an inventory of each asset held by that trustee. Such inventory shall include the location of the assets (if there is more than one location, indicate which assets are at which location), the complete and accurate description of each asset, the information required to be provided in the Columns 3 through 5 of Schedules B, C, and D of this supplement, and as much additional information as is available (e.g., number of shares of stocks). The subtotal of each category of assets should agree with the amounts shown on Page 2 and Schedules B, C, and D.

4. If market or admitted asset values are not known by the trustee, such information shall be inserted on the inventory by the U.S. Manager.

Page 3

Liabilities and Trusteed Surplus

Line 1 – Total Liabilities

Should agree with the amount reported on Annual Statement Page 3, Line 25 of the annual statement.

Additions to Liabilities –

Liabilities used to offset admitted assets in the annual statement.

Line 2 – Aggregate Write-ins for Additions to Liabilities

Enter the total of write-ins listed in schedule "Detail of Write-ins Aggregated at Line 2 for Additions to Liabilities."

Deductions From Liabilities –

No item of deduction should exceed the net asset value thereof allowed in the annual statement of the United States branch.

Line 4 – Amounts Recoverable From Reinsurers

Line 4.1 – Authorized Companies

Include: Any reinsurance recoverable on paid losses from authorized companies that are included in the asset on Page 2, Line 16.1, Column 3 of the annual statement.

Line 4.2 – Unauthorized Companies

Include: Any reinsurance recoverables on paid losses from unauthorized companies that are included in the asset on Page 2, Line 16.1, Column 3 of the annual statement.

Line 4.3 – Certified Companies

Include: Any reinsurance recoverable on paid losses from certified companies that are included in the asset on Page 2, Line 16.1, Column 3 of the annual statement.

Line 7 – Accident and Health Premiums Due and Unpaid

The sum of Lines 6 and 7 should agree with the amount reported on Page 2, Line 15.1 plus Line 15.2, Column 3 of the annual statement.

Line 8 – Contract Loans and Premium Notes

Line 8.1 – Contract Loans not Exceeding Reserves Carried on Such Policies

Should agree with the amount included on Page 2, Line 6, Column 3 of the annual statement.

Line 8.2 – Premium Notes

Not applicable to Fraternals.

Line 9 – Aggregate Write-ins for Other Deductions From Liabilities

Enter the total of write-ins listed in schedule “Detail of Write-ins Aggregated at Line 9 for Other Deductions From Liabilities.”

Line 12 – Trusteed Surplus

The excess of Total Gross Assets and the Total Adjusted Liabilities reported on Line 11 of this page. Total Gross Assets are the Total Trusteed Assets reported in Schedules A, B, C and D on Page 2 of the Trusteed Surplus Statement.

Details of Write-ins Aggregated at Line 2 for Additions to Liabilities

List separately each category of additions to liabilities for which there is no pre-printed line on Page 3.

Include: Any credit balances included in deductions from assets in the annual statement.

Details of Write-ins Aggregated at Line 9 for Other Deductions From Liabilities

List separately each category of other deductions from liabilities for which there is no pre-printed line on Page 3.

Include: Commissions and Expense Allowances Due, Experience Rating and Other Refunds Due, and other receivables on reinsurance ceded to authorized insurers that was not included in Line 4.1 above. Amounts receivable from unauthorized insurance companies may be included but only to the extent that a liability for such unauthorized recoverables is included in Line 1 above.

Amounts if any, on Page 2, Line 22, Column 3 of the annual statement as “Net adjustment in assets and liabilities due to foreign exchange rates” which are attributable to trusteed assets.

MEDICARE PART D COVERAGE SUPPLEMENT

NET OF REINSURANCE

The federal Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) created a prescription drug coverage, referred to as “Part D” coverage. This form is intended to capture information about the coverage net of reinsurance.

The form applies to the following **stand-alone** Medicare Part D coverage:

> Stand-alone Part D coverage written through individual contracts;
>
> Stand-alone Part D coverage written through group contracts and certificates; and
>
> Part D coverage written on employer groups where the reporting entity is responsible for reporting claims to the Centers for Medicare & Medicaid Services (CMS).

The form does not apply to:

> Part D coverage that is provided through a Medicare Advantage plan (referred to as MA-PD); and
>
> Employer coverage that is part of the employer’s comprehensive medical coverage and where the reporting entity does **not** provide claim data directly to CMS including instances where the employer and the medical provider are one and the same but the administration and reporting to CMS is handled by a third party vendor.

The statutory accounting treatment of Medicare Part D coverage is addressed by Interpretation 05-05 in the *Accounting Practices and Procedures Manual* (INT 05-05). Although most of the coverage is treated as an insured plan, a portion is treated as uninsured. Refer to INT 05-05 for specifics of the accounting treatment, as well as for definitions of many of the capitalized terms used below.

Group “Uninsured” would be only the aspects of any Group coverage for which the entity has federal payments that are to be considered “Uninsured” per INT 05-05, e.g., payments for low income subsidy (cost-sharing portion) and the group plan is an insured plan. Group coverage where the basic coverage is uninsured is not reported in this supplement.

Since a reporting entity may offer multiple prescription drug plans (PDPs) with varying benefits, it is possible for a portion of the entity’s coverage to be subject to reinsurance coverage and another portion to be part of the Part D Payment Demonstration, where no reinsurance coverage is provided. Where there is reinsurance coverage, the corresponding funds received or receivable are reported in Lines 12.1 through 12.3.

Columns 1 – Individual Coverage Insured and
Columns 2 – Individual Coverage Uninsured

> Report here the amounts for coverage written through individual contracts. Amounts treated as insured business pursuant to INT 05-05 should be reported in column 1. Amounts treated as uninsured business pursuant to INT 05-05 should be reported in column 2.

Columns 3 – Group Coverage Insured and
Columns 4 – Group Coverage Uninsured

> Report here the amounts for coverage written through group contracts and certificates, including coverage of employer groups as described above. Amounts treated as insured business pursuant to INT 05-05 should be reported in column 3. Amounts treated as uninsured business pursuant to INT 05-05 should be reported in column 4.

Column 5 – Total Cash

> Report here the totals of Columns 1 through 4 for the indicated lines. This column is intended to measure the cash flow impact of the Part D coverage on the reporting entity (i.e., including both insured and uninsured business).

Line 1 – Premiums Collected

Line 1.11 – Standard Coverage with Reinsurance Coverage

Report the Beneficiary Premium (Standard Coverage Portion), Low-Income Subsidy (Premium Portion) and Direct Subsidy amounts received for PDPs that are subject to Reinsurance Coverage. These amounts represent the premium as approved by CMS (including the effect of the "health status risk adjustments") for the Part D coverages that qualify as Standard Coverage. Note that the actual coverage does not have to be identical to the "standard coverage" as defined by the MMA, but may instead be coverage approved as actuarially equivalent by CMS.

Line 1.12 – Standard Coverage without Reinsurance Coverage

Report the Beneficiary Premium (Standard Coverage Portion), Low-Income Subsidy (Premium Portion), Direct Subsidy and Part D Payment Demonstration amounts received for PDPs that are not subject to Reinsurance Coverage. These amounts represent the premium as approved by CMS (including the effect of the "health status risk adjustments") for the Part D coverages that qualify as Standard Coverage. Note that the actual coverage does not have to be identical to the "standard coverage" as defined by the MMA, but may instead be coverage approved as actuarially equivalent by CMS.

Line 1.13 – Standard Coverage, Risk Corridor Payment Adjustments

Report any amounts paid to or received from CMS as Risk Corridor Payment Adjustments (based on where actual loss experience falls within the various MMA-defined risk corridors). Amounts paid to CMS should be reported as negative amounts; amounts received from CMS should be reported as positive amounts.

Line 1.2 – Supplemental Benefits

Report all other premiums received for Part D coverage. These will be the additional premiums that the PDP requires participants to pay for Supplemental Benefits.

Line 2 – Premiums Due and Uncollected – Change

Exclude any receivable or payable for Risk Corridor Payment Adjustments, which should be reported on Lines 4.1 and 4.2. Note that, per the reference in INT 05-05 to SSAP No. 84, receivables from CMS are not subject to the 90-day rule for non-admission.

Line 4 – Risk Corridor Payment Adjustments – Change

The reporting entity will need to estimate the Risk Corridor Payment Adjustment that is receivable (Line 4.1) or payable (Line 4.2) at year-end for each PDP, consistent with the reported experience through year-end. The receivable or payable should exclude any amounts already settled in cash, which should be reported in Line 1.13. An increase in a receivable or a decrease in a payable should be reported as a positive amount; a decrease in a receivable or an increase in a payable should be reported as a negative amount.

Line 5 – Earned Premiums

Earned premium = Premiums Collected +
Change in Due and Uncollected –
Change in Unearned and Advance Premium +
Change in Risk Corridor Payment Adjustments Payable/Receivable.

Note that Lines 5.11, 5.12, and 5.2 will exclude any amounts associated with the Risk Corridor Payment Adjustments, whereas Line 5.13 relates solely to the Risk Corridor Payment Adjustments.

Line 6 – Total Premiums

Sum of Lines 5.11 through 5.2 (Columns 1 and 3) and Sum of Lines 1.11 through 1.2 (Column 5).

Line 7 – Claims Paid

Follow similar rules as for premiums above.

Line 8 – Claims Reserves and Liabilities – Change

Follow similar rules as for premiums above.

Line 9 – Health Care Receivables – Change

For Lines 9.1 and 9.2, report the portion of Health Care Receivables (pharmacy rebates, loans to providers, etc.) that relate to the Part D coverage that is included in this supplement. This does not include any amounts receivable for the Risk Corridor Payment Adjustments, which are reported on Line 4.1.

Line 10 – Claims Incurred

Claims Incurred = Claims Paid +
Change in Claim Reserves and Liabilities –
Change in Health Care Receivables

Line 11 – Total Claims

Sum of Lines 10.11 through 10.2 (Columns 1 and 3) and Sum of Lines 7.11 through 7.2 (Column 5).

Line 12 – Reinsurance Coverage and Low-Income Cost-Sharing

Line 12.1 – Claims Paid Net of Reimbursements Applied

Report claims paid less amounts received for the following portions of any Part D coverage that is included in the supplement. These amounts are considered payments under an uninsured plan.

Low-Income Subsidy (Cost-Sharing Portion).

Reinsurance Coverage.

Line 12.2 – Reimbursements Received but Not Applied – Change

Report the change during the year in the liability for amounts received from CMS that are in anticipation of future uninsured claim payments by the PDP sponsor.

Line 12.3 – Reimbursements Receivable – Change

Report the change during the year for amounts due from CMS for uninsured claim payments already made by the PDP Sponsor. This will exclude amounts that are already reported on Line 12.2.

Line 12.4 – Health Care Receivables – Change

Report any portion of Health Care Receivables (pharmacy rebates, loans to providers, etc.) that relate to uninsured Part D coverage that is included in this supplement.

Line 13 – Aggregate Policy Reserves – Change

Report the change during the year in any policy reserves, including any premium deficiency reserves, established for Part D coverage included in this supplement.

Line 14 – Expenses Paid and
Line 15 – Expenses Incurred

Report the allocated expenses relating to Part D coverage included in this supplement. The allocated expenses will be treated as relating entirely to the insured portion, to avoid the necessity of a separate allocation to the uninsured portion.

Line 16 – Underwriting Gain or Loss

Line 6 – Line 11 – Line 13 – Line 15.

Line 17 – Cash Flow Result (Column 5 only)

Sum of Lines 1– sum of (Lines 7 – Line 12.1 + Line 12.2 – Line 14).

VM-20 RESERVES SUPPLEMENT – PART 1

Life Insurance Reserves by Product Type

This supplement provides information on the reserves required to be calculated by Section VM-20 of the *Valuation Manual*. This includes the Net Premium Reserve and, as applicable, the Deterministic Reserve and the Stochastic Reserve. Only Business valued by the requirements of VM-20 should be reported in this Part. Companies that elect the three-year transition for some of their policies should not report those policies in this part. Companies that elect the three-year transition period for all of their business or are otherwise exempted from the requirements of Section VM-20 are not required to complete Part 1 of this Supplement pursuant to the instructions in Part 2 of this Supplement.

Part 1 of this Supplement breaks out, by product type, the prior year and current year reported reserves on a Post-Reinsurance-Ceded and Pre-Reinsurance-Ceded basis as defined in Section 8.D of Section VM-20 of the *Valuation Manual*. In addition, Part 1 of this Supplement shows, by product type for the current year, the Deferred Premium Asset, the Net Premium Reserve (NPR), the Deterministic Reserve (DR) and the Stochastic Reserve (SR), where the NPR, DR and SR are as defined in Section VM-20 of the *Valuation Manual*. This Supplement is intended to aid regulators in the analysis of reserves as determined under Section VM-20 of the *Valuation Manual* for both the prior and current year.

Section VM-20 of the *Valuation Manual* requires that the Post-Reinsurance-Ceded Reserve be determined by three product groups – Term Insurance, Universal Life with Secondary Guarantees and all other. The Term Insurance and ULSG should be reported on lines 1.1 and 1.2, respectively. Each of the other products reported in lines 1.3 – 1.8 should be determined as the sum of the policy reserves using the policy reserves determined following the allocation process of VM-20 Section 2. A similar process should be used for each of the pre-reinsurance-ceded reserves.

<u>Section A: Columns 4 through 8</u> are to be completed if each of the reserves in Columns 4 through 6 (NPR, DR, SR) is calculated according to the requirements of Section VM-20 of the *Valuation Manual*.

<u>Section B: Columns 9 through 12</u> are to be completed only if the reserves in Columns 9 and 10 (NPR, DR) are calculated according to the requirements of Section VM-20 of the *Valuation Manual*.

<u>Section C: Columns 13 through 15</u> are to be completed only if the reserve in Column 13 (NPR) is calculated according to the requirements of Section VM-20 of the *Valuation Manual*.

Column 1 & 2 – Reported Reserve

Provide the reported reserve for the prior year and current year for each line item. Post-Reinsurance-Ceded is net of reinsurance ceded, and Pre-Reinsurance-Ceded includes reinsurance assumed and excludes any reinsurance ceded. Sections 2 and 8 in the *Valuation Manual* further describe the required reserve and treatment of reinsurance.

Column 4, 9 & 13 – Net Premium Reserve (NPR)

Report the Post-Reinsurance-Ceded and Pre-Reinsurance-Ceded Net Premium Reserve for the each product type. The Net Premium Reserve is defined in Section 3 in VM-20 of the *Valuation Manual*.

Column 5 & 10 – Deterministic Reserve

Report the Post-Reinsurance-Ceded and Pre-Reinsurance-Ceded Deterministic Reserve for each product type. The Deterministic Reserve calculation is defined in Section 4 in VM-20 of the *Valuation Manual*.

Column 6 – Stochastic Reserve

Report the Post-Reinsurance-Ceded and Pre-Reinsurance-Ceded Stochastic Reserve for each product type. The Stochastic Reserve calculation is defined in Section 5 in VM-20 of the *Valuation Manual*.

Column 7, 11 &14 – Number of Policies

Report the number of individual life insurance policies by product type and by the required VM-20 methodology used as described in Section A, Section B and Section C above. The number of policies should be prior to any reinsurance ceded and include reinsurance assumed.

Column 8, 12 & 15 – Face Amount

Report the face amount of individual life insurance by product type and by the required VM-20 methodology used as described in Section A, Section B and Section C above. The face amount should be prior to any reinsurance ceded and include reinsurance assumed.

VM-20 RESERVES SUPPLEMENT – PART 2

Three Year-Transition Period

This section of the supplement should be completed when a reporting entity has elected to apply the three-year transition provided in Section II, Sub-section 3 under Life Insurance Products of VM-00 of the *Valuation Manual* to some or all of its business. This Part 2 should include the values requested for the business for which the three-year transition has been elected and should not include values for any policies valued based on VM-20. This Part 2 allows the company to establish minimum reserves according to applicable requirements stated in Appendix A (VM-A) and Appendix C (VM-C), in the *Valuation Manual*, for business otherwise subject to VM-20 requirements and issued during the first three years following the Operative Date of the *Valuation Manual*. If a company does not elect this three-year transition, but elects to apply VM-20 to a block of business issued on and after the Operative Date, then such company must continue to apply the requirements of VM-20 to this block of business, as well as future new issues of this type of business.

A company that elects to apply the three-year transition for all of its products within the scope of VM-20 does not have to complete Part 1 of the VM-20 Supplement. If a company applies VM-20 to a product or products, then Part 1 of this VM-20 Supplement will need to be completed.

VM-20 RESERVES SUPPLEMENT – PART 3

Companywide Exemption

This section of the Supplement should be completed by a company that has filed and been granted a Companywide Exemption from its state of domicile. If a company has been granted a Companywide Exemption, the company must indicate the source of the Companywide Exemption, which could be defined in a state statute, a state regulation or in the NAIC-adopted *Valuation Manual*. If the source of the granted Companywide Exemption is not the NAIC-adopted *Valuation Manual*, the company must disclose the criteria of the state's Companywide Exemption that the company has met, and the company must disclose the minimum reserve requirements that are required by the state of domicile. If the minimum reserve requirements of the state of domicile are the same as those specified in the NAIC-adopted *Valuation Manual*, the company may indicate: "Same as NAIC VM".

Companies whose individual ordinary life business is exempted from the requirements of VM-20 pursuant to a Companywide Exemption are not required to complete Part 1 of this VM-20 Supplement.

LONG-TERM CARE INSURANCE EXPERIENCE REPORTING FORMS 1 THROUGH 5

These reporting forms must be filed with the NAIC by April 1 each year.

The purpose of the Long-Term Care Insurance Experience Reporting Forms is to monitor the amount of such coverage and to provide data specific to this coverage on a nationwide basis. Long-term care expenses may be paid through life policies, annuity contracts and health contracts. When the long-term benefits portion of the contract is subject to rating rules based on the Long-Term Care Insurance Model Regulation (sections on required disclosure or rating practices to customers, loss ratio and premium rate increases), the adequacy of the pricing and reserve assumptions is critical to meeting the expectation of those sections.

For life or annuity products where no portion is subject to these rating rules, the products are not being included in the reporting in these forms. Companies may use an assumption that long-term care benefits that are "incidental" regardless of the date of issue, may be excluded. Incidental means that the value of long-term care benefits provided is less than ten percent (10%) of the total value of the benefits provided over the life of the policy (measured as of the date of issue). If a policy form has had no policies in force and all claims on the policy form have been settled for more than one year, then the policy form is no longer reported on Forms 1, 2 and 4.

Starting in 2009, these are entirely new forms (Forms 1, 2, 3, 4 and 5) replacing the prior forms (Forms A, B and C). The original forms monitored compliance with lifetime loss ratio standards. The new Form 1 focuses on the critical assumptions of morbidity and persistency while still presenting loss ratio data (without the level of detail in the original forms). As noted in the instructions specific to the form, prior-year values will be filled in over time. Only information as of 2009 and subsequent years is required on the forms, unless it was required on the previous Long-Term Care Insurance Experience Reporting Forms. Companies are not required to supply information for spaces on the forms corresponding to any year prior to adoption of the forms, unless that information was previously reported. The new Form 2 focuses on the developing level of funds from the issue age premium basis and compares this to the active life reserve. As noted in the instructions specific to the form, prior-year values will be filled in over time. For 2009, the current year was completed using the 2008 year-end contract reserve as the beginning experience fund. The new Form 3 focuses on the adequacy of claims reserves by presenting experience based on incurred year over the next several years. Because prior-year values should already be available; this form should be completed for at least the current and past four years. If available, all prior years should be completed. The new Form 4 is to include life and annuity products that are not exempt as outlined in the Long-Term Care Insurance Model Regulation. The new Form 5, which replaces the LTC experience Form C, requires information at the state level. In addition to the considerable changes in the structure and purpose of the forms, the new forms are based on adding additional calendar years of experience to prior results. To more appropriately compare the actual results with expectations, the expected values are based on the exposure at the beginning of that year, *not* the original assumed sales distribution used when completing the original forms.

Because of the relatively small claim rates and variable length and size of long-term care claims, the statistical credibility of long-term care insurance experience is lower than the amount of credibility assigned to similar amounts of experience on other types of health insurance. This should be taken into account when reviewing experience and assessing the adequacy of reserves and the critical assumptions underlying them.

The Long-Term Care Insurance Experience Reporting Forms 1 through 5 should be filed whenever long-term care insurance has been sold, regardless of which annual statement has been filed. These forms are not only applicable to companies filing the life, accident and health annual statement. The list of the various annual statements is: life, accident and health, property/casualty, fraternal and health.

Include under the Individual portion both Individual policies and Group certificates if the group is approved by the state under statutes similar to Section 4E(4) of the Long-Term Care Insurance Model Act. Include under the Group portion group certificates if the group is approved by the state under statutes similar to Section 4E(1), (2) or (3) of the model act.

Experience for LTC insurance should be reported separately by stand-alone LTC policy form or by rider where experience is to be reported by form. Reporting by rider is applicable only to riders having distinct premiums for LTC coverage that are attached to products other than stand-alone LTC policies. Experience under forms that provide substantially similar coverage and provisions, that are issued to substantially similar risk classes and that are issued under similar underwriting standards, may be combined. If this option is utilized, the forms combined should be identified in the column captioned "Policy Form."

Claims incurred will need to reflect the loss of future premiums. These will occur because of the waiver of premium provision in the contract, waiver due to spouse's benefit status or other provisions in the contract that make it paid-up or not subject to collection of additional premiums for some future period. The claim incurred in each year will include the amount of the reserve established to reflect the loss of future expected premiums. The effect in future years will depend on the manner in which premiums from these policies are reported in following periods. If the assumption is that the policy is paid-up (no future premiums to be collected), the reserve and experience fund would be the paid-up value and future incurred claims will be only for LTC benefits. If the assumption is that future premiums (gross or net) will be considered as "paid by waiver," the reserve and experience fund will include in the reserve the present value of future premiums to be waived and the premium waived will be reported as both earned premium and a portion of the incurred claims.

INSTRUCTIONS FOR FORM 1

OVERVIEW

Long-Term Care Insurance Experience Reporting Form 1 is intended to track actual claims and persistency against expected on a nationwide basis. Certain group business is reported separately from individual and some group business. (See Section 4(E) of the Long-Term Care Insurance Model Act.) Policy forms are grouped into three categories: comprehensive, institutional only or non-institutional. Yearly and cumulative comparisons are exhibited. Even though only policy form groupings are displayed, policy form level information should be kept. It may facilitate rating reviews by the regulators. If a policy form has had no policies in force and all claims on the policy form have been settled for more than one year, then the policy form is no longer reported on this form.

DEFINITIONS AND FORMULAS

Comprehensive

Policy forms that provide a combination of institutional or facility and non-institutional coverage. These include institutional only policies with non-institutional riders.

Institutional Only

Policy forms that provide institutional coverage only.

Non-Institutional Only

Policy forms that provide only non-institutional coverage.

Current

Current calendar year of reporting.

Example: For a specific policy form category, the first year of issue was 2001. This Form 1 is required starting for the year 2009 and the reporting year is 2011. The current year would be 2011.

Prior

The year immediately prior to the year of reporting.

Example: 2010

2nd Prior

Two years prior to the year of reporting.

Example: 2009

3rd Prior

Three years prior to the year of reporting.

Example: Blank, because the first year of reporting is 2009.

4th Prior

Four years prior to the year of reporting.

Example: Blank, because the first year of reporting is 2009.

5th Prior

Five years prior to the year of reporting.

Example: Blank, because the first year of reporting is 2009.

Form Inception-to-Date

Aggregate experience data since the adoption of this Form 1.

Example: Data from 2009 through 2011.

Actual and expected in force counts are sums of counts for all years since adoption of Form 1.

Total Inception-to-Date

Aggregate experience data since issuance of policies.

Example: Data from 2001 through 2011.

Column 1 – Earned Premiums

Collected Premiums + Change in Due Premiums – Change in Advanced Premiums – Change in Unearned Premium Reserves.

Life, Accident & Health, Fraternal and Property/Casualty Only

Total earned premiums should equal direct earned premiums for LTC business from Schedule H, Part 1, Line 2.

Column 2 – Incurred Claims

If

iy	=	Incurred year
T	=	Report year – incurred year
V	=	Discount rate
${}_t\text{Paid Claims}_{iy}$	=	Paid claims during claim duration t from claims incurred in year iy, t = 0, 1, 2, 3, . . . T
${}_T\text{Case Reserve}_{iy}$	=	Case reserve at end of report year from claims incurred in iy

Incurred claims for incurred year iy :

For T=0

$${}_0\text{Paid Claims}_{iy} \times v^{1/4} + {}_0\text{Case Reserve}_{iy} \times v^{1/2} + {}_0\text{IBNR}_{iy} \times v^{1/2}.$$

For T>0

$${}_0\text{Paid Claims}_{iy} \times v^{1/4} + {}_1\text{Paid Claims}_{iy} \times v^{1} + {}_2\text{Paid Claims}_{iy} \times v^{2} + \ldots + {}_T\text{Paid Claims}_{iy} \times v^{T} + {}_T\text{Case Reserve}_{iy} \times v^{T+1/2} + ({}_T\text{IBNR}_{iy} \times v^{T+1/2})$$

This is the developed claim amounts for claims incurred during the specific calendar year. For each claim, the incurred claim equals the present values of all claim payments and the present value of any outstanding case reserve. This will be different from the reported financial incurred claims. The financial incurred claims, including the change in claim reserves that contains gain or loss due to reserve estimation different from actual payments for claims incurred in prior years.

For purposes of the present value calculation, assume all payments are made in the middle of the calendar year and the case reserve is at the end of the calendar year. The discount rate is the statutory valuation interest rate for case reserve. For the current calendar year, an Incurred But Not Reported (IBNR) reserve should be assigned. If a portion of the IBNR is held for years other than the current calendar year, the value in the parentheses should be used.

The total case reserves and IBNR equal the portion of the direct liability attributable to long-term care business from Exhibit 8, Part 2, Line 2.1 (life, accident & health and fraternal) plus the portion of the claim liabilities reported on Exhibit 6, Line 14 (life, accident & health) and Line 13 (fraternal) attributable to LTC business for life, accident & health and fraternal only. This amount includes accrued and unaccrued claims liabilities, which are incurred but not yet paid, both reported and not reported.

The incurred claims should be consistent with the claims exhibited on Form 3.

Column 3 – Valuation Expected Incurred Claims

The expected claim cost for an individual covered under a policy in force[1] at the beginning of the calendar year based on statutory active life reserve morbidity assumption. This is the interpolation of successive policy year expected claim cost for all coverages in force at the beginning of the year. Simple averaging is acceptable.

An acceptable approximation is the expected claim cost multiplied by an exposure adjustment, where expected claim cost is the sum of claim costs during the year based on the valuation morbidity assumption of each life in force at the beginning of the year. The valuation claim cost during the year is an interpolation of successive claim costs by policy year. Other approximations may also be acceptable. Any changes in method should be disclosed on the form.

The exposure adjustment is:

> [Actual Number of Lives In Force at Beginning of Year – (Expected Deaths + Expected Lapses) / 2] / Actual Number of Lives In Force at Beginning of Year,

where Expected Deaths and Expected Lapses are based on valuation assumptions. They can be derived from a single average decrement rate combining deaths and lapses, or specific decrement rates applying to actual exposures. If there is no in force at the beginning of the year, the expected claim cost can be zero.

Column 4 – Actual to Expected Incurred Claims

Actual incurred claims as a percentage of valuation expected incurred claims.

Column 5 – Open Claim Count

Number of claims that have at least one benefit payment made during the year after the elimination period. For the purpose of including a claim in this count, payments that do not require satisfaction of the elimination period are excluded. Examples are payments of caregiver training benefits and optional care coordination benefits. For these examples, if the amounts paid are included as benefits under the policy, they should be included in the claim amounts but excluded from the claim counts. A claim should be included in the count, even though it has terminated by the end of the year.

[1] If active life reserves are not held for claimants, then exclude the claimants.

Column 6 – New Claim Count

Number of claims that have at least one benefit payment made during the year after the elimination period but have no payments in previous years. If a claimant has prior claims, he or she should be counted if the current claim is considered as a new claim. For the purpose of including a claim in this count, payments that do not require satisfaction of the elimination period are excluded. A new claim should be included in the count even though it has terminated by the end of the year.

Column 7 – Lives In Force End of Year

Actual number of lives in force at the end of the year. Joint policies should be counted by number of lives.

Column 8 – Expected Lives In Force End of Year

Expected number of lives in force at the end of the year:

> Actual Number of Lives In Force at Beginning of Year + New Issue Lives – Expected Deaths – Expected Lapses,
>
> where Expected Deaths and Expected Lapses are based on valuation assumptions. They can be derived from a single average decrement rate combining deaths and lapses or specific decrement rates applying to actual exposures. Joint policies should be counted by number of lives.

Column 9 – Actual to Expected Lives In Force

Actual number of lives in force as a percentage of expected number of lives in force at the end of the year.

NOTES

1. Form 1 applies to direct business only.

2. Prior years' figures, except for incurred claims, should be the same as the figures from prior years' Form 1.

3. Form Inception-to-Date figures, except for incurred claims, should be the corresponding figures from prior-year Form 1 plus the figures for the current year. No interest discounting is required to determine Form Inception-to-Date and Total Inception-to-Date figures.

4. If Incurred But Not Reported reserves must be allocated by policy form, the allocation should be based on paid claims and change in case reserves.

5. Use the valuation assumptions corresponding to the current reserves being held. They are not necessarily the original reserve assumptions if strengthening or release of reserves has been made in the past. The assumptions for each year should be applied to the actual in-force (age, gender, plan distribution), not the distribution originally expected or issued.

6. An insurance company may use more refined methods in determining the required information than those described in the definitions and instructions. Methods must be consistent from report year to report year.

INSTRUCTIONS FOR FORM 2

OVERVIEW

The purpose of Form 2 is to calculate a ratio of an experience reserve to the reported reserve by calendar year on a nationwide basis. Summary data by policy form is to be reported. Data for the current reporting year, as well as that reported in each of the prior two reporting years, is to be shown on Form 2.

The following formulae specify data by calendar duration (t) and calendar year of issue (n). Data at this detail is required for the calculation of the experience reserve, although only totals by policy form are illustrated. Experience data is notated by a superscript E to distinguish from valuation assumptions. The experience reserve reported in column 13 is developed from 1) the experience reserve at the end of the prior reporting year (t-1); 2) valuation net premiums and interest rates; and 3) experience incurred claims, earned premiums, and actual persistency. The valuation net premiums used are the actual net premiums used for that reporting year. *As an example, if a factor file method is used, the valuation net premiums used to calculate the reserve factors would be used for Form 2.*

For 2009, the experience reserve (column 13) was calculated using the reported reserve as of the end of 2008 as the prior year's reserve. Similarly, for acquired business, the experience reserve as of the year-end following acquisition is set equal to the reported reserve as of that date. The experience reserve as of subsequent periods is developed from the first experience reserve reported in this form. If a policy form has had no policies in force and all claims on the policy form have been settled for more than one year, then the policy form is no longer reported on this form.

Experience and valuation data are reported by base policy form. Rider forms will be reported with the base forms to which they are attached.

Only summary data by reporting year is illustrated. *The reporting company should have detail by calendar duration available upon request.*

DEFINITIONS AND FORMULAS

Column 3 – Last Year Issue

For closed blocks of business, report the last year a policy was issued for the policy form. For open blocks of business, leave blank.

Column 4 – Earned Premiums

$_tEP_n$ = The direct earned premium in calendar duration t for all business of Calendar Year of Issue (CYI) n. Include earned premiums only for the reporting year. Total direct earned premiums should equal direct earned premiums for LTC business from Schedule H, Part 1, Line 2 for life, accident & health, fraternal and property/casualty only.

Column 5 – Incurred Claims

$_tIC^E_n$ = The experience incurred claims of all business of CYI n in calendar duration t for the reporting year.

$_tIC^E_n$ = $[_t(\text{Paid Claims})_n] + [_tCLiab^E_n \times (1+i_n)^{-1/2} - (_{t-1}CLiab^E_n) \times (1+i_n)^{1/2}]$

Where:

$_t(\text{Paid Claims})_n$ = The paid claims of all business of CYI n in calendar duration t for the reporting year. Paid claims is the total direct paid claims for LTC business from Exhibit 8, Part 2, Line 1.1 for life, accident & health and fraternal only.

i_n = The valuation interest rate for CYI n.

$_tCLiab^E{}_n$ = The claim liability of all business of CYI n in calendar duration t for the reporting year. $_tCLiab^E$ is the portion of the total direct claim liability attributable to LTC business from Exhibit 8, Part 2, Line 2.1 (life, accident & health and fraternal) plus the portion of the claim liabilities reported on Exhibit 6, Line 14 (life, accident & health) and Line 13 (fraternal) attributable to LTC business for life, accident & health, and fraternal only. This amount includes accrued and unaccrued claims liabilities, which are incurred but not yet paid, both reported and not reported.

$_{t-1}CLiab^E{}_n$ = The claim liability of all business of CYI n in calendar duration t-1 for the prior reporting year. $_{t-1}CLiab^E{}_n$ is the total direct claim liability for LTC business from Exhibit 8, Part 2, Line 4.1 (life, accident & health and fraternal) of the current year's annual statement plus the portion of the claim liabilities reported on Exhibit 6, Line 14 (life, accident & health) and Line 13 (fraternal) attributable to LTC business on the prior year's annual statement for life, accident & health and fraternal only. This amount includes accrued and unaccrued claims liabilities that were incurred but not paid at the prior year-end, both reported and not reported.

Column 6 – Loss Ratio

$_tLR_n$ = The incurred claims loss ratio in calendar duration t for all business of CYI n.

$_tLR_n$ = $_tIC^E{}_n$ / $_tEP_n$

Column 6 = Column 5 / Column 4 x 100

Column 7 – Annual Net Premium/Annual Gross Premium

The ratio of annual net premium to annualized gross premium.

Annual Net Premium = ∑ (annual valuation net premiums for policies issued in calendar year n at the start of calendar duration t). Companies may report zero (0) for the net premiums during the Preliminary Term period.

Annual Gross Premium = ∑ (Annualized Premium In Force, including mode loadings for policies issued in calendar year n at the start of calendar duration t).

For calendar duration 0, the net premiums and gross premiums at issue should be used.

Column 8 – Current Year Net Premiums

$_tP_n$ = The annual valuation net premium for all business of CYI n in calendar duration t.

$_tP_n$ = $_tEP_n$ x ∑ (annual valuation net premiums for policies issued in calendar year n at the start of calendar duration t)/ ∑ (Annualized Premium In Force for policies issued in calendar year n at the start of calendar duration t). At the detail level of CYI n and calendar duration t, Column 8 = Column 4 x Column 7.

Column 9 – In Force Count Beginning of Year

$_{t-1}IF_n$ = The in force count in calendar duration t-1 for all business of CYI n at the end of the calendar year preceding the reporting year. In force Count Beginning of Years should equal in force end of prior year from the Exhibit of Number of Policies (Accident and Health Insurance, Line 1) for LTC business for life, accident & health and fraternal only.

Column 10 – New Issues Current Year

The new issues count during the reporting year. New Issues Current Year should equal issued during year from the Exhibit of Number of Policies (Accident and Health Insurance, Line 2) for LTC business for life, accident & health and fraternal only.

Column 11 – In Force Count End of Year

${}_{t}IF_{n}$ = The in force count in calendar duration t for all business of CYI n at the end of the reporting year. In Force Count End of Years should equal in force end of year from the Exhibit of Number of Policies (Accident and Health Insurance, Line 9) for LTC business for life, accident & health and fraternal only.

Column 12 – Persistency Rate

(Column 11 – .5 x Column 10) / (Column 9 + .5 x Column 10)

Column 13 – Experience Policy Reserves

$${}_{t}V^{E}{}_{n} = [({}_{t-1}V^{E}{}_{n}) + {}_{t}P_{n}] \times (1+ i_{n}) - {}_{t}IC^{E}{}_{n} \times (1+ i_{n})^{1/2}$$

Where:

${}_{t}V^{E}{}_{n}$ = The experience reserve as of the end of the reporting year for calendar duration t, and CYI n.

${}_{t-1}V^{E}{}_{n}$ = The experience reserve as of the end of the prior reporting year for calendar duration t-1, and CYI n. For the first filing of this form, the experience reserve as of the second prior year is set equal to the reported reserve as of that date.

${}_{t}P_{n}$ = The annual valuation net premium for all business of CYI n in calendar duration t. The total for the reporting year is the amount reported in Column (8).

i_{n} = The valuation interest rate for CYI n.

${}_{t}IC^{E}{}_{n}$ = The experience incurred claims for all business of CYI n in calendar duration t. The total amount for the reporting year is reported in Column (5).

Column 14 – Reported Policy Reserves

The amount reported in annual statement Exhibit 6, Line 2 for life, accident & health and fraternal only.

Column 15 – Experience/Reported Ratio

Column 15 = Column 13 / Column 14 x 100

Section C – Summary

Line 1	–	Total Current - Individual	=	Sum of each Section A, Line 1 (all policy forms)
Line 2	–	Total Prior - Individual	=	Sum of each Section A, Line 2 (all policy forms)
Line 3	–	Total 2nd Prior - Individual	=	Sum of each Section A, Line 3 (all policy forms)
Line 4	–	Total Current - Group	=	Sum of each Section B, Line 1 (all policy forms)
Line 5	–	Total Prior - Group	=	Sum of each Section B, Line 2 (all policy forms)
Line 6	–	Total 2nd Prior - Group	=	Sum of each Section B, Line 3 (all policy forms)
Line 7	–	Current Year Total	=	Section C, Line 1 + Section C, Line 4

INSTRUCTIONS FOR FORM 3

The purpose of this form is to test the adequacy of reserves held on long-term care policies. This form allows for the development of a seven-year trend of losses incurred by a specific year group of claimants. This form is to be prepared on a nationwide basis.

Report all dollar amounts in thousands ($000 omitted).

Part 1 – Total Amount Paid Policyholders

Show paid claims by year paid and year incurred. Claims are on a direct basis, including transfers before any reinsurance. Claims incurred prior to the year shown on Line 2 should be included in Column 1.

The “Prior” values in these sections will not be directly comparable to prior statements, as the current year’s statement will include an additional incurred year’s values.

Transfer policies are defined as policies that are either purchased or sold, typically through assumption reinsurance. These policies will be recorded in these parts of this exhibit while the company owns them.

Part 2 – Sum of Total Amount Paid Policyholders and Claim Liability and Reserve Outstanding at End of Year

This section provides a claim cost development overview to show the adequacy of claim reserves for a particular incurral year at the end of that year and at the end of subsequent years. The entry in Line X and Column Y is the cumulative claims incurred during year X and paid through the end of year Y for claims incurred in year X, plus the reserve at the end of year Y for claims incurred in year X.

Claims are on a direct basis including transfers before any reinsurance. Claims incurred prior to the year shown on Line 2 should be included in Line 1, Columns 1 through 8.

The “Prior” values in these sections will not be directly comparable to prior statements, as the current year’s statement will include an additional incurred year’s values.

Transfer policies are defined as policies that are either purchased or sold, typically through assumption reinsurance. These policies will be recorded in these parts of this exhibit while the company owns them.

Part 3 – Transferred Reserves

Claim reserves for ***transfer claims (acquired or sold)*** are shown here, by claim incurred year, starting from the year of transfer. For sold business, the entries are positive. For acquired business, the entries are negative. For years after the transfer year, the reserves are increased with interest.

Claim reserves for the buyer are the reserves initially set by the buyer, not necessarily equal to the reserves for the seller.

Part 4 – Present Value of Incurred Claims (Interest Adjusted Development of Incurred Claims)

Because claim reserves for long-duration claims are generally discounted, the year-to-year comparison in Part 2 is misleading to the extent interest income on claim reserves is material. To show consistent values; paid claims; transferred reserves and claim reserves are discounted to a common point in time (assumed to be July 1 of the incurred year).

- Paid claims in the year of incurral are discounted one-quarter year.
- Paid claims subsequent to the year of incurral are assumed to be paid mid-year and discounted back to the midpoint of the incurred year.
- Outstanding claim reserves for a given incurred year plus transferred reserves from Part 3 are discounted from the valuation date to the midpoint of the incurred year.
- Negative results are possible for acquired business only. Negative results indicate downward development of ultimate claims.

If	iy	=	Incurred year
	T	=	Report year – incurred year
	v	=	Discount rate
	${}_{t}\text{Paid Claims}_{iy}$	=	Paid claims during current or prior calendar year t from claims incurred in year iy
	${}_{t}\text{Case Reserve}_{iy}$	=	Case reserve at end of calendar year t from claims incurred in iy
	${}_{t}\text{Transferred Reserve}_{iy}$	=	Transferred reserve at end of calendar year t from claims incurred in iy and
	t	=	iy, iy+1, iy+2, . . . , iy + T

then the Present Value of Incurred Claims for incurred year iy:

For T=0

$$ {}_{iy}\text{Paid Claims}_{iy} \times v^{1/4} + {}_{iy}\text{Case Reserve}_{iy} \times v^{1/2} + {}_{iy}\text{IBNR}_{iy} \times v^{1/2} + {}_{iy}\text{Transferred Reserve}_{iy} \times v^{1/2} $$

For T>0

$$ {}_{iy}\text{Paid Claims}_{iy} \times v^{1/4} + {}_{iy+1}\text{Paid Claims}_{iy} \times v^{1} + {}_{iy+2}\text{Paid Claims}_{iy} \times v^{2} + \ldots + {}_{iy+T}\text{Paid Claims}_{iy} \times v^{T} $$
$$ + {}_{iy+T}\text{Case Reserve}_{iy} \times v^{T+1/2} + ({}_{iy+T}\text{IBNR}_{iy} \times v^{T+1/2}) + {}_{iy+T}\text{Transferred Reserve}_{iy} \times v^{T+1/2} $$

If a portion of the IBNR is held for years other than the current calendar year, the value in the parentheses should be used.

The total case reserves and IBNR equal the portion of the total direct liability attributable to LTC business from Exhibit 8, Part 2, Line 2.1 (life, accident & health and fraternal) plus the portion of the claim liabilities reported on Exhibit 6, Line 14 (life, accident & health) and Line 13 (fraternal) attributable to LTC business for life, accident & health and fraternal only. This amount includes accrued and unaccrued claims liabilities that are incurred but not yet paid, both reported and not reported.

INSTRUCTIONS FOR FORM 4

OVERVIEW

Long-Term Care Insurance Experience Reporting Form 4 is intended to track life insurance and annuity products that have long-term care benefits provided by acceleration of certain benefits within these products. Include only the products that are not exempt as outlined in the Long-Term Care Insurance Model Regulation (sections on required disclosure or rating practices to customers, loss ratio, and premium rate increases also defined as "incidental" at the beginning of these experience forms instructions). This form is not to include stand-alone LTC products. Individual and group business is separated in this form.

DEFINITIONS AND FORMULAS

Current

Current calendar year of reporting.

Example: For a specific policy form category, the first year of issue was 2001. This Form 4 is required starting for the year 2009 and the reporting year is 2010. The current year would be 2010.

Prior

The year immediately prior to the year of reporting.

Example: 2009

2nd Prior

Two years prior to the year of reporting.

Example: Blank, because the first year of reporting is 2009.

Total Inception-to-Date

Aggregate experience data since issuance of policies.

Example: Data from 2001 through 2010.

Column 1 – Number of Policies In Force

The total number of policies in force as of end of calendar year.

Column 2 – Number of Certificates

The total number of certificates as of end of calendar year.

Column 3 – Death Claims

The total number of death claims for a calendar year.

Column 4 – Long-Term Care Accelerated Claims

The total number of long-term care accelerated claims for a calendar year. Only the long-term claims that have been triggered due to acceleration should be totaled.

Column 5 – Total Reserves

The total amount of non-claim reserves for these life insurance or annuity products.

INSTRUCTIONS FOR FORM 5

OVERVIEW

For long-term care insurance reported in the Long-Term Care Insurance Experience Reporting Form 1, Form 2 and Form 3, these lines are the state's portion of the earned premium, incurred claims and number of in force count of lives at end of the year. A schedule must be prepared for each jurisdiction in which the company has long-term care direct earned premiums and/or has direct incurred claims. In addition, a schedule must be prepared that contains the grand total (GT) for the company.

DEFINITIONS AND FORMULAS

Policy forms should be grouped by individual and group and reported on Lines 1 and 2, respectively. The subtotals for these two classes (i.e., individual and group) must be provided. Line 3 is the sum of Lines 1 and 2.

Column 1 – Earned Premiums

Earned premiums reported should be the state amount that is included in the current year of Form 2, Part C, Column 4.

Grand Total Page:

Line 1 should equal the amount in Form 2, Part C, Column 4, Line 1.

Line 2 should equal the amount in Form 2, Part C, Column 4, Line 4.

Line 3 should equal the amount in Form 2, Part C, Column 4, Line 7.

For Line 4 "Actual total reported experience through prior year", the amount will be Line 5 from the previous year's report.

For Line 5 "Actual total reported experience through statement year": should be the state's allocated earned premium for the current year (as reported on Line 3) added to the state's cumulative experience through prior year (as reported on Line 4).

Column 2 – Incurred Claims

Incurred claims reported should be the state amount that is included in the current year of Form 2, Part C, Column 5. Incurred claims should be paid claims in the state plus a reasonable allocation of claim reserves less the reported allocated portion of the prior year's claim reserve. The allocation method should be consistent from year-to-year when estimating reserves for each state.

Grand Total Page:

Line 1 should equal the amount in Form 2, Part C, Column 5, Line 1.

Line 2 should equal the amount in Form 2, Part C, Column 5, Line 4.

Line 3 should equal the amount in Form 2, Part C, Column 5, Line 7.

For Line 4 "Actual total reported experience through prior year", the amount will be Line 5 from the previous year's form.

For Line 5 "Actual total reported experience through statement year": This should be the state's allocated incurred claims for the current year (as reported on Line 3) added to the state's cumulative experience through prior year (as reported on Line 4).

Column 3 – In Force Count End of Year

The In Force Count End of Year should be the state total used in calculating the In Force Count End of Year in Form 2, Part C, Column 11.

Grand Total Page:

Line 1 should equal the amount in Form 2, Part C, Column 11, Line 1.

Line 2 should equal the amount in Form 2, Part C, Column 11, Line 4.

Line 3 should equal the amount in Form 2, Part C, Column 11, Line 7.

Column 4 – Lives In force End of Year

Actual number of lives in force at the end of the year. Joint policies should be counted by number of lives. Once the state forms are completed, the Lives In force End of Year for all states (Grand Total State Page) LTC Form 5, Column 4, Line 01 should equal LTC Form 1, Column 7, Line A01 + A09 + A17 and Form 5, Line 02 should equal Form 1, Line B01 + B09 + B17. The number of lives for each state for individual policies should be based on the policies that were issued in that state. The number of lives for each state in group policies should be based on the certificates that were issued in that state.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS
INTEREST SENSITIVE LIFE INSURANCE PRODUCTS REPORT

Filing date: This exhibit is to be filed no later than April 1.

This exhibit shows Lines 1 through 29 of the Fraternal Blank, Summary of Operations by Line of Business, for interest and non-interest sensitive life insurance products. The purpose of this exhibit is to reflect the amount of revenue and expense attributable to each of these classifications.

An interest sensitive life insurance product is any product under the provisions of which separately identified interest credits are made to the product. They are distinguished by the existence of an indeterminate product value from which specified periodic charges are deducted and to which specified periodic interest is credited at a rate not determined at issue.

For purposes of the classification of products between interest and non-interest sensitive products, apply the definition to the base certificate. The allocation of amounts not directly allocable should follow the instructions for Analysis of Operations by Lines of Business (Page 6). Allocation of receipts and expenses between interest and non-interest sensitive products should be consistent with the primary line of business allocations.

The columns on the Interest Sensitive Life Insurance Products Report for the Summary of Operations by Lines of Business are labeled as follows:

(References to present annual statement page totals are listed as needed.)

			Page	Column
Ordinary Life	–	Interest Sensitive	6s	1
	–	Non-Interest Sensitive	6s	2
	–	Total (Page 6, Column 2)	6s	3

ANALYSIS OF INCREASE IN RESERVES
INTEREST SENSITIVE LIFE INSURANCE PRODUCTS REPORT

Filing date: This exhibit is to be filed no later than April 1.

This exhibit analyzes the development of life insurance certificate reserves for interest and non-interest sensitive products by showing how the reserve may be traced mathematically from one year-end to the next.

An interest sensitive life insurance product is any product under the provisions of which separately identified interest credits are made to the product. They are distinguished by the existence of an indeterminate product value from which specified periodic charges are deducted and to which specified periodic interest is credited at a rate not determined at issue.

For purposes of the classification of products between interest and non-interest sensitive life insurance products, apply the definition to the base certificate. The allocation of amounts not directly allocable should follow the instructions from Analysis of Increase in Reserves During the Year (Page 7).

The columns on the Interest Sensitive Life Insurance Products Report for the Analysis of Increase in Reserves are labeled as follows:

(References to annual statement page totals are listed as needed.)

			Column
Ordinary Life	–	Interest Sensitive	1
	–	Non-Interest Sensitive	2
	–	Total (Page 7, Column 2)	3

Lines 2 through 6 and Lines 9 through 11 do not include amounts related to the VM-20 Deterministic/Stochastic portion of the reserves, which are reported on Line 6.1.

Line 6 – Increase in Reserve on Account of Change in Valuation Basis

Enter appropriate amounts from Part A of Exhibit 5A, Changes in Bases of Valuation During the Year.

Line 6.1 – Change in Excess of VM-20 Deterministic/Stochastic Reserve over Net Premium Reserve

As the line item describes, this is the change in excess of any Deterministic/Stochastic reserve over the amount of the VM-20 Net Premium Reserve.

Line 10 – Reserves Released by Death

Entries should be made only in the columns involving life insurance. Enter terminal reserves released.

Exclude Deterministic/Stochastic Reserves from the reporting of Reserves Released by Death

Line 11 – Reserves Released by Other Terminations (Net)

Enter reserves released by all causes in and other than by death in. The computation should be on a net basis so as to take account of revivals, increases, changes, etc.

Exclude Deterministic/Stochastic Reserves from the reporting of Reserves Released by Other Terminations (Net)

ACCIDENT AND HEALTH POLICY EXPERIENCE EXHIBIT

This exhibit is required to be filed no later than April 1.

1. The name of the society must be clearly shown at the top of each page or pages.

2. The Exhibit will show information concerning direct business written on policy forms approved for use in the United States with a final total for all policy forms (including non-U.S. policy forms) on the bottom line of the Exhibit.

   The Exhibit will show information for each listed product for Individual, Group, and Other business categories. Subtotals by product within the individual category are required for all columns.

3. A Summary Page shows a reconciliation with Schedule H for Individual, Group and Credit policies separately and in total for companies filing the Life, Accident and Health, Fraternal and Property/Casualty Annual Statement, and a reconciliation of these policies in total only with the specified exhibits of the Health Annual Statement for companies filing that statement.

4. This Exhibit should not include any data pertaining to double indemnity, waiver of premiums and other disability benefits embodied in life contracts.

5. Include membership charges, modal loadings, and policy fees, if any, with premiums earned (Column 1).

DEFINITIONS

Accident Only or AD&D

Policies that provide coverage, singly or in combination, for death, dismemberment, disability, or hospital and medical care caused by or necessitated as a result of accident or specified kinds of accidents. Types of coverage include student accident, sports accident, travel accident, blanket accident, specific accident or accidental death and dismemberment (AD&D).

Administrative Services Only (ASO) and Administrative Services Contract (ASC)

An uninsured accident and health plan is where an administrator performs administrative services for a third party that is at risk, but has not issued an insurance policy. The health plan bears all of the insurance risk, and there is no possibility of loss or liability to the administrator caused by claims incurred related to the plan. Under an ASO plan, claims are paid from a bank account owned and funded directly by the uninsured plan sponsor; or, claims are paid from a bank account owned by the administrator, but only after receiving funds from the plan sponsor that are adequate to fully cover the claim payments. Under an ASC plan, the administrator pays claims from its own bank accounts, and only subsequently receives reimbursement from the plan sponsor.

Comprehensive/Major Medical

Policies that provide fully insured indemnity, HMO, PPO, or Fee for Service coverage for hospital, medical, and surgical expenses. This category excludes Short-Term Medical Insurance, the Federal Employees Health Benefit Program, and non-comprehensive coverage such as basic hospital only, medical only, hospital confinement indemnity, surgical, outpatient indemnity, specified disease, intensive care, and organ and tissue transplant coverage as well as any other coverage described in the other categories of this exhibit.

Group business is further segmented under this category as follows (please note there is a separate category for Administrative Services Only/Administrative Services Contract business):

<u>Single Employer</u>:

Group policies issued to one employer for the benefit of its employees. This would include affiliated companies that have common ownership.

Small Employer: Group policies issued to single employers that are subject to the definition of Small Employer business, when so defined, in the group's state of situs.

Other Employer: Group policies issued to single employers that are not defined as Small Employer business.

<u>Multiple Employer Associations and Trusts</u>:

Group policies that are issued to an association or to a trust. This category also includes policies issued to one or more trustees of a fund established or adopted by two or more employers, or by one or more labor unions or similar employee organizations. The organizations include those that are exempt and also those that are non-exempt from statewide community rating. This category does not exclude policies providing coverage to employees of small employers, as defined in the employer's state of situs.

<u>Other Associations and Discretionary Trusts</u>:

Group policies issued to associations and trusts that are not included in the Small Employer, Other Employer or Multiple Employer Associations and Trusts group categories. This category does not exclude insurance providing coverage to employees of small employers, as defined in the employer's state of situs. This category does include blanket and franchise accident and sickness insurance, and insurance for any group that includes members other than employees, such as an association that has both employees of participating employers and also individuals as members.

<u>Other Comprehensive/Major Medical</u>:

Group policies providing comprehensive or major medical benefits that are not included in any of the categories listed above.

Contract Reserves

Reserves set up when, due to the gross premium structure, the future benefits exceed the future net premium. Contract reserves are in addition to claim and premium reserves.

Credit

Individual or group policies that provide benefits to a debtor for full or partial repayment of debt associated with a specific loan or other credit transaction upon disability or involuntary unemployment of debtor, except in connection with first mortgage loans. In some states, involuntary unemployment credit insurance is not included in health insurance. This category should not include that type of credit insurance in those states.

Dental

Policies providing only dental treatment benefits such as routine dental examinations, preventive dental work, and dental procedures needed to treat tooth decay and diseases of the teeth and jaw. If dental benefits are part of a comprehensive medical plan, then include data under comprehensive/major medical category.

Disability Income – Long-Term

Policies that provide a weekly or monthly income benefit for more than five years for individual coverage and more than one year for group coverage for full or partial disability arising from accident and/or sickness. Include policies that provide Overhead Expense Benefits. Does not include credit disability.

Disability Income – Short-Term

Policies that provide a weekly or monthly income benefit for up to five years for individual coverage and up to one year for group coverage for full or partial disability arising from accident and/or sickness. Include policies that provide Overhead Expense Benefits. Does not include credit disability.

Federal Employees Health Benefits Program (FEHBP)

Coverage provided to Federal employees, retirees and their survivors and administered by the Office of Personnel Management.

Group Business

Health insurance where the policy issued to employers, associations, trusts, or other groups covering employees or members and/or their dependents, to whom a certificate of coverage may be provided.

Individual Business

Health insurance where the policy is issued to an individual covering the individual and/or their dependents in the individual market. This includes conversions from group policies.

Limited Benefit

Policies that provide coverage for vision, prescription drug and/or any other single service plan or program. Also include short-term care policies that provide coverage for less than one year for medical and other services provided in a setting other than an acute care unit of the hospital.

Long-Term Care

Policies that provide coverage for not less than one year for diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services provided in a setting other than an acute care unit of a hospital, including policies that provide benefits for cognitive impairment or loss of functional capacity. This includes policies providing only nursing home care, home heath care, community based care, or any combination. Do not include coverage provided under comprehensive/major medical policies, Medicare Advantage, or for accelerated death benefit-type products.

Medicaid

Policies issued in association with the Federal/State entitlement program created by Title XIX of the Social Security Act of 1965 that pays for medical assistance for certain individuals and families with low incomes and resources.

Medicare

Policies issued as Medicare Advantage Plans providing Medicare benefits to Medicare eligible beneficiaries created by title XVIII of the Social Security Act of 1965. This includes Medicare Managed Care Plans (i.e., HMO and PPO) and Medicare Private Fee-for-Service Plans. This also includes all Medicare Part D Prescription Drug Coverage through a Medicare Advantage product and whether sold directly to an individual or through a group.

Medicare Part D – Stand-Alone

Stand-alone Part D coverage written through individual contracts; stand-alone Part D coverage written through group contracts and certificates; and Part D coverage written on employer groups where the reporting entity is responsible for reporting claims to the Centers for Medicare & Medicaid Services (CMS).

Medicare Supplement

Policies that qualify as Medicare Supplement policy forms as defined in the NAIC Medicare Supplement Insurance Minimum Standards Model Act. This includes standardized plans, pre-standardized plans and Medicare select.

Other Business

Any business that is not included in the Individual Business or Group Business listed above, including credit insurance, stop loss/excess loss, administrative services only and administrative services contract.

Other Group Business

Group policies providing health insurance benefits that are not included in any other group business category of this exhibit should be reported as other group business.

Other Individual Business

Individual policies providing health insurance benefits that are not included in any other individual business category of this exhibit should be reported as other individual business.

Other Medical (Non-Comprehensive)

Policies such as hospital only, hospital confinement, surgical, outpatient indemnity, intensive care, mental health/substance abuse, and organ and tissue transplant (including scheduled type policies), etc. Expense reimbursement and indemnity plans should be included. This category does not include TRICARE/CHAMPUS Supplement, Medicare Supplement, or Federal Employee Health Benefit Program coverage.

Short-Term Medical

Policies that provide major medical coverage for a short period of time, typically 30 to 180 days. These policies may be renewable for multiple periods.

Specified/Named Disease

Policies that provide benefits only for the diagnosis and/or treatment of a specifically named disease or diseases. Benefits can be paid as expense incurred, per diem or as a principal sum.

State Children's Health Insurance Program

Policies issued in association with the Federal/State partnership created by title XXI of the Social Security Act.

Stop Loss/Excess Loss

Individual or group policies providing coverage to a health plan, a self-insured employer plan, or a medical provider providing coverage to insure against the risk that any one claim or an entire plan's losses will exceed a specified dollar amount.

Student

Policies that cover students for both accident and health benefits while they are enrolled and attending school or college. These can be either individual policies or group policies sponsored by the school or college.

TRICARE

Policies issued in association with the Department of Defense's health care program for active-duty military, active-duty service families, retirees and their families, and other beneficiaries.

CROSS REFERENCES AND OTHER INSTRUCTIONS

The Exhibit

Column 1 – Premiums Earned

Fractional premium loadings and policy fees must be included in the Earned Premiums.

The Policy Experience Exhibit requires that the Premiums Earned should be on a direct basis such that the grand total reported should equal:

A. Premiums Collected During the Year

Exhibit 1, Part 1, Lines (6.1+10.1+16.1), Column 4

B. Plus the Change in Deferred and Uncollected

Exhibit 1, Part 1, Lines (3.1+13.1), Column 4

C. Minus the Increase in Premium Reserves on Direct Business Only Included in:

1. Unearned Premium Reserve

   Exhibit 6, Line 1, Column 1

2. Advance Premiums

   Exhibit 1, Part 1, Lines (4+14), Column 4

3. Reserves for Rate Credits

   Exhibit 6, Line 5, Column 1

Column 2 – Incurred Claims Amount

This column does not include the "Increase in Policy Reserves."

The Policy Experience Exhibit requires that the Incurred Claims should be on a direct basis such that the grand total reported should equal:

A. Incurred Claims

Exhibit 8, Part 2, Line 6.1, Columns (9+10+11)

B. Plus the Change in Claim Reserves on Direct Business Only Included in:

Exhibit 6, Line 13, Column 1

Column 3 – Change in Contract Reserves

The Policy Experience Exhibit requires that the change in contract reserves should be on a direct basis. This is the direct basis included in the sum of:

Line 2, Grand Total Individual, Group and Other Business of "D" Total Business should equal:

A. The Change in Additional Reserves

Exhibit 6, Lines 2 + 3, Column 1. Current year minus prior year.

B. Plus the Change in the Reserve for Future Contingent Benefits

Exhibit 6, Line 4, Column 1. Current year minus prior year.

C. Less the Change in the Premium Deficiency Reserve

Footnote (a) Schedule H Part 2. Current year minus prior year.

Column 4 – Loss Ratio

This is the ratio of the Incurred Claims (Column 2) plus the Change in Contract Reserves (Column 3) to Earned Premiums (Column 1).

Column 5 – Number of Policies or Certificates as of Dec. 31

This is the number of individual policies or group certificates issued to individuals covered under a group policy in force as of December 31 of the reporting year. It is not the number of persons covered under individual policies or group certificates. Reasonable approximations are allowed when exact information is not administratively available to the reporting entity.

Column 6 – Number of Covered Lives

This is the total number of lives insured, including dependents, under individual policies and group certificates as of December 31 of the reporting year. Reasonable approximations are allowed when exact information is not administratively available to the reporting entity.

Column 7 – Member Months

The sum of total number of lives insured on a pre-specified day of each month of the reported year. Reasonable approximations are allowed when exact information is not administratively available to the reporting entity.

SUMMARY

Part 1

Columns 1 and 2 should agree to Schedule H – Part 1, Column 1 Lines 2 and 3, respectively.

ANALYSIS OF ANNUITY OPERATIONS BY LINES OF BUSINESS

This exhibit is required to be filed no later than April 1.

This exhibit shows Lines 1 through 29 of the Analysis of Operations by Lines of Business. Column 3 of the Analysis of Operations by Lines of Business is segregated on this schedule into fixed annuities, indexed annuities, variable annuities general account, variable annuities separate account, and other annuities.

A company shall not omit the columns for any lines of business in which it is not engaged.

Include in the premium, benefit, withdrawal or other appropriate captioned lines of this analysis of operations by lines of business, all separate accounts premiums, benefit, withdrawal or other types of transactions that are transferred to or from the Separate Accounts Statement on Line 24. Such transactions are also to be reported as premiums, benefits, withdrawals or other types of transactions in the analysis of operations by lines of business of the Separate Accounts Statement.

Definitions:

Fixed Annuity: A fixed annuity is a policy or contract that has a specified crediting rate periodically and unilaterally adjusted by the company not below a minimum contract rate. Include market value adjusted annuities.

A market value adjusted annuity is a fixed annuity with a provision that changes in the interest environment are taken into account if the annuity is surrendered.

Variable Annuity: A variable annuity is a policy or contract that provides for annuity benefits that vary according to the investment experience of a separate account or accounts maintained by the insurer as to the policy or contract.

Indexed Annuity: An indexed annuity is a policy or contract that is not a variable annuity and that contains a benefit in which the value of the benefit is determined using an interest crediting based on the performance of an index and contract parameters.

Other Annuity: An annuity not included in the definition of fixed, variable or indexed above.

Column 1 – Total

The lines in this column are to agree with Analysis of Operations by Lines of Business, Column 3 and the sum of Columns 2 through 6 of this exhibit.

Column 2 – Fixed Annuities

Include: Market Value Adjusted Annuities

Column 6 – Other Annuities

Exclude: Market Value Adjusted Annuities

Line 29 – Net gain from operations after refunds to members and federal income taxes and before realized capital gains or (losses)

The sum of Columns 2 through 6 for Line 29 should equal Line 29, Column 3 of the Analysis of Operations by Lines of Business.

Line 30 – Policies in force end of year

In force refers to number of policies

Column 1 should equal Line 9, Columns 3 the Exhibit of Number of Certificates for Supplementary Contracts, Annuities and Accident & Health Insurance.

NOTE: Line 10 is not applicable to annuities but is presented on the schedule for consistency with Analysis of Increase in Reserves During the Year.

ANALYSIS OF INCREASE IN ANNUITY RESERVES DURING THE YEAR

This exhibit is required to be filed no later than April 1.

This exhibit shows Lines 1 through 15 of the Analysis of Increase in Reserves During the Year. Column 3 of the Analysis of Increase in Reserves During the Year is segregated on this schedule into fixed annuities, indexed annuities, variable annuities general account, variable annuities separate account, and other annuities.

This exhibit analyzes the development of life certificate and contract reserves by showing how the reserve may be traced mathematically from one year-end to the next by taking account of its various theoretical components.

A company shall not omit the columns for any lines of business in which it is not engaged.

Definitions:

Fixed Annuity: A fixed annuity is a policy or contract that has a specified crediting rate periodically and unilaterally adjusted by the company not below minimum contract rate. Include market value adjusted annuities.

A market value adjusted annuity is a fixed annuity with a provision that changes in the interest environment are taken into account if the annuity is surrendered.

Variable Annuity: A variable annuity is a policy or contract that provides for annuity benefits that vary according to the investment experience of a separate account or accounts maintained by the insurer as to the policy or contract.

Indexed Annuity: An indexed annuity is a policy or contract that is not a variable annuity and that contains a benefit in which the value of the benefit is determined using an interest crediting based on the performance of an index and contract parameters.

Other Annuity: An annuity not included in the definition of fixed, variable or indexed above.

Column 1 – Total

The lines in this column are to agree with Analysis of Increase in Reserves During the Year, Column 3 and the sum of Columns 2 through 6 of this exhibit.

Column 2 – Fixed Annuities

Include: Market Value Adjusted Annuities

Column 6 – Other Annuities

Exclude: Market Value Adjusted Annuities

Line 15 – Reserves December 31, Current Year

The sum of Columns 2 through 6 for Line 15 should equal Line 15, Column 3 of the Analysis of Increase in Reserves During the Year.

X-FACTORS ACTUARIAL OPINION

For all reporting entities that are required to submit an actuarial opinion on X-Factors per Appendix A-830 of the *Accounting Practices and Procedures Manual*, such document shall be filed with the state of domicile and electronically with the NAIC no later than March 1. The actuarial opinion should be filed in the same manner as the annual statement opinion.

SEPARATE ACCOUNTS FUNDING GUARANTEED MINIMUM BENEFIT ACTUARIAL OPINION

A reporting entity that maintains any separate accounts governed by Model #200 shall submit an actuarial opinion rendered by the valuation actuary with the state of domicile and electronically with the NAIC annually by March 1 showing the status of the accounts as of the preceding December 31. The actuarial opinion shall be supported by a confidential actuarial memorandum prepared by the valuation actuary rendering the opinion and submitted to the commissioner. The valuation actuary may be either the appointed actuary of the company or a qualified actuary designated by the appointed actuary to be the valuation actuary.

SYNTHETIC GUARANTEED INVESTMENT CONTRACTS ACTUARIAL OPINION

A reporting entity that issues a synthetic guaranteed investment contract subject to Model #695 shall submit an actuarial opinion with the state of domicile and electronically with the NAIC and, upon request, a memorandum to the commissioner annually by March 1 following the December 31 valuation date showing the status of the accounts as of the prior December 31. The actuarial opinion and memorandum shall be in form and substance satisfactory to the commissioner.

REASONABLENESS OF ASSUMPTIONS CERTIFICATION REQUIRED BY ACTUARIAL GUIDELINE XXXV

For all reporting entities that are required to submit this certification, such document shall be filed with the state of domicile and electronically with the NAIC no later than March 1. An example for a certification can be found in the Appendices of AG 35.

REASONABLENESS AND CONSISTENCY OF ASSUMPTIONS CERTIFICATION REQUIRED BY ACTUARIAL GUIDELINE XXXV

For all reporting entities that are required to submit this certification, such document shall be filed with the state of domicile and electronically with the NAIC no later than March 1. An example for a certification can be found in the Appendices of AG 35.

REASONABLENESS OF ASSUMPTIONS CERTIFICATION FOR IMPLIED GUARANTEED RATE METHOD REQUIRED BY ACTUARIAL GUIDELINE XXXVI

For all reporting entities that are required to submit this certification, such document shall be filed with the state of domicile and electronically with the NAIC no later than March 1. An example for a certification can be found in the Appendices of AG 36.

REASONABLENESS AND CONSISTENCY OF ASSUMPTIONS CERTIFICATION REQUIRED BY ACTUARIAL GUIDELINE XXXVI (UPDATED AVERAGE MARKET VALUE)

For all reporting entities that are required to submit this certification, such document shall be filed with the state of domicile and electronically with the NAIC no later than March 1. An example for a certification can be found in the Appendices of AG 36.

REASONABLENESS AND CONSISTENCY OF ASSUMPTIONS CERTIFICATION REQUIRED BY ACTUARIAL GUIDELINE XXXVI (UPDATED MARKET VALUE)

For all reporting entities that are required to submit this certification, such document shall be filed with the state of domicile and electronically with the NAIC no later than March 1. An example for a certification can be found in the Appendices of AG 36.

C-3 RBC CERTIFICATIONS REQUIRED UNDER C-3 PHASE I

Instructions for C-3 RBC Certifications state: "The risk-based capital submission is to be accompanied by a statement from the appointed actuary certifying that in his or her opinion the assumptions used for these calculations are not unreasonable for the products, scenarios and purpose being tested. This C-3 assumption Statement is required from the appointed actuary even if the cash flow testing for C-3 RBC is done by a different actuary."

This certification should be submitted with the state of domicile no later than March 1.

C-3 RBC CERTIFICATIONS REQUIRED UNDER C-3 PHASE II

The C-3 Phase II RBC instructions state the following: "Certification of the work done to set the RBC level will be required to be submitted with the RBC filing. Refer to Appendices 10 and 11 of the AAA LCAS C-3 Phase II RBC Report (June 2005) for further details of the certification requirements. The certification should specify that the actuary is not opining on the adequacy of the company's surplus or its future financial condition. The actuary will also note any material change in the model or assumptions from that used previously and the impact of such changes (excluding changes due to a change in these NAIC instructions. Changes will require regulatory disclosure and may be subject to regulatory review and approval."

The certification(s) should be submitted with the state of domicile and no later than March 1.

ACTUARIAL CERTIFICATIONS RELATED TO ANNUITY NONFORFEITURE ONGOING COMPLIANCE

For all reporting entities that are required to submit a Actuarial Certification Related to Annuity Nonforfeiture Reductions and Compliance for equity indexed annuities, such document shall be filed with the state of domicile and electronically with the NAIC no later than March 1. An example for a certification can be found in the appendix of Model #806.

ACTUARIAL OPINION REQUIRED BY MODIFIED GUARANTEED ANNUITY MODEL REGULATION

A reporting entity that issues a modified guaranteed annuity subject to Model #255 shall submit an actuarial opinion with the state of domicile and electronically with the NAIC by March 1 following the December 31 valuation date, showing the status of the accounts as of the prior December 31. In the actuarial opinion the valuation actuary shall indicate whether the assets in the separate account are adequate to provide all future benefits that are guaranteed.

ACTUARIAL CERTIFICATIONS RELATED TO HEDGING
REQUIRED BY ACTUARIAL GUIDELINE XLIII

For all reporting entities that are required to submit an Actuarial Certification related to hedging required by Actuarial Guideline XLIII.

FINANCIAL OFFICER CERTIFICATION RELATED TO CLEARLY DEFINED HEDGING STRATEGY
REQUIRED BY ACTUARIAL GUIDELINE XLIII

For all reporting entities that are required to submit a certification by a financial officer related to clearly defined hedging strategy required by Actuarial Guideline XLIII.

MANAGEMENT CERTIFICATION THAT THE VALUATION REFLECTS MANAGEMENT'S INTENT
REQUIRED BY ACTUARIAL GUIDELINE XLIII

For all reporting entities that are required to submit a certification by a management required by Actuarial Guideline XLIII.

ACTUARIAL CERTIFICATION RELATED TO THE RESERVES
REQUIRED BY ACTUARIAL GUIDELINE XLIII

For all reporting entities that are required to submit an actuarial certification of reserves required by Actuarial Guideline XLIII.

ACTUARIAL CERTIFICATION RELATED TO THE USE OF 2001 PREFERRED CLASS TABLES
REQUIRED BY THE MODEL REGULATION PERMITTING THE RECOGNITION OF PREFERRED
MORTALITY TABLES FOR USE IN DETERMINING MINIMUM RESERVE LIABILITIES

For all reporting entities that use the 2001 Preferred Class Tables permitted by the *Model Regulation Permitting the Recognition of Preferred Mortality Tables for Use in Determining Minimum Reserve Liabilities (#815).*

SUPPLEMENTAL HEALTH CARE EXHIBIT – PARTS 1, 2 AND 3

The purpose of this supplemental exhibit is to assist state and federal regulators in identifying and defining elements that make up the medical loss ratio as described in Section 2718(b) of the Public Health Service Act (PHSA) and for purposes of submitting a report to the HHS Secretary, as required by Section 2718(a) of the PHSA. The supplemental exhibit is also intended to track and compare financial results of health care business as reported in the annual financial statements. Thus, the numbers included in this supplemental exhibit are not the exact numbers that will be utilized for rebate purposes due to possible revisions for claim reserve run-off subsequent to year-end, statistical credibility concerns and other defined adjustments. (See Cautionary Statement at *www.naic.org/cmte_e_app_blanks.htm***.**)

A schedule must be prepared and submitted for each jurisdiction in which the company has written direct comprehensive major medical health business, or has direct amounts paid, incurred or unpaid for provisions of health care services. In addition, a schedule must be prepared and submitted that contains the grand total (GT) for the company. However, insurers that have no business that would be included in Columns 1 through 9 or 12 of Part 1 for ANY of the states are not required to complete this supplement at all. If an insurer is required to file the supplement, then the insurer must complete Parts 1 and 2 for each state in which the insurer has any health business, even if a particular state will show $0 earned premiums reported in Columns 1 through 9 or 12 of Part 1. Also, Part 3 must be completed for any state in which there are non-zero amounts in Columns 1 through 9 of Part 1. Companies should contact their domiciliary regulator to obtain a waiver of the filing if the only reportable business in Columns 1 through 9 are comprised of closed blocks of small group, large group or individual business that, if totaled across all states, does not equal 1,000 lives in total.

Run-Off and Reinsurance Business

Similarly, insurers in run-off (major medical claims incurred with zero major medical earned premiums) or that only has assumed and no direct written major medical business in any of the states are not required to complete this supplement. However, 100% assumption reinsurance with novation (or 100% indemnity reinsurance for administration of a block of business entered into prior to March 23, 2010 – see HHS Reg. 158.130 (a)(3)) is treated as direct business for purposes of this supplement (included as direct business for the assuming reinsurer and excluded from direct business for the ceding insurer). Otherwise, the reinsurance data required in this supplement is only for use if an insurer writes direct major medical business and also assumes and/or cedes such insurance.

If an insurer has direct earned premiums to include in Columns 1 through 9 or 12 of Part 1, but also has some business in run-off (major medical claims incurred for 2017 policy year and prior, with zero major medical earned premiums or no coverage in place), the run-off claims and expenses results should be reported in Part 1, Columns 1 through 9 or 12. (If an insurer files the supplement and has a state in which the only Columns 1 through 9 or 12 business is run-off business as defined above, the insurer can report the run-off business for that state as if it was other health business; i.e., because the MLR is meaningless for that state, report zero for Columns 1 through 9 or 12 and include the run-off business along with any other health insurance reported in the Other Health Business columns of Parts 1 and 2.)

The allocation of premium and claims between jurisdictions should be based upon situs of the contract. For purpose of this exhibit, situs of the contract is defined as “the jurisdiction in which the contract is issued or delivered as stated in the contract.” For individual business sold through an association, the allocation shall be based on the issue state of the certificate of coverage. When the association is made up of employers, it should be reported as large group or small group depending on the size of each employer. For employer business issued through a group trust, the allocation shall be based on the location of each employer. For employer business issued through a multiple employer welfare association the allocation should be based on the location of each employer.

Include only in this schedule the business issued by this reporting entity. Business that is written by an unaffiliated entity as part of a package provided to the consumer (e.g., inpatient written by this legal entity, outpatient written by unaffiliated separate entity) should not be included in this exhibit. Similarly, business written by an affiliated legal entity as part of a package provided as an option to the group employer (e.g., out of network coverage written by an affiliated entity and in-network coverage written via this legal entity) should not be included in this exhibit.

Comprehensive health coverage, Columns 1 through 3, includes business that provides for medical coverages including hospital, surgical and major medical. Include risk contracts and Federal Employees Health Benefit Plan (FEHBP), stand-alone plan and any other comprehensive plan addressed in PPACA and not excluded. Exclude mini-med plans, expatriate plans and student health plans, as these are reported in Columns 4 through 9. Stand-alone plans (e.g., stand-alone pharmacy) excluding Medicare Part D stand-alone addressed in PPACA and not excluded should be reported in the appropriate column that corresponds to the details of the plan.

Do not include business specifically identified in other columns (e.g., uninsured business, Medicare Title XVIII, Medicaid Title XIX, vision only, dental only business, Insurance Program (SCHIP), Medicaid Program Title XXI risk contracts and short-term limited duration insurance). Stop-loss coverage for self-insured groups should be reported in Part 1, Column 11 (Other Health Business).

COLUMN DEFINITIONS FOR SUPPLEMENTAL HEALTH CARE EXHIBIT – PARTS 1 AND 2

Where specifically stated, the reporting instructions and definitions contained in the supplement should be used. When not specifically stated, use the annual statement instructions and definitions. Amounts reported in the columns below are mutually exclusive to each other and should not be duplicated in another column.

Column 1 – Comprehensive Health Coverage – Individual

Include: Health insurance where the policy is issued to an individual covering the individual and/or their dependents in the individual market. This includes group conversion policies.

Column 2 – Comprehensive Health Coverage – Small Group Employer

All policies issued to small group employers.

Include small group health plans. "Small group health plan" means a health plan offered in the small group market as such term is defined in state law, consistent with the group's state of situs reporting, in accordance with the Public Health Service Act.

Column 3 – Comprehensive Health Coverage – Large Group Employer

All policies issued to large group employers (including Federal Employees Health Benefit Plan and similar insured state and local fully insured programs).

Include: TRICARE plans.

Column 4 – Mini-med plans – Individual
Column 5 – Mini-med plans – Small Group Employer
Column 6 – Mini-med plans – Large Group Employer

Include "mini-med" plans also referred to as "limited benefit indemnity health insurance plans" in Section 158.120(d)(3) of the MLR Interim Final Rule for policies that have a total annual limit of $250,000 or less.

The definition of individual, small group employer and large group employer is the same definition as used for Comprehensive Health Coverage (Columns 1 through 3) above.

Column 7 – Expatriate plans – Small Group
Column 8 – Expatriate plans – Large Group

Include expatriate plans referenced in Section 158.120(d)(4) of the MLR Interim Final Rule as policies that provide coverage for employees, substantially all of whom are: working outside their country of citizenship, working outside of their country of citizenship and outside the employer's country of domicile, or non-U.S. citizens working in their home country.

These policies can be reported on a nationwide, aggregated basis, in the respective small group/large group columns. The amounts should be reported on the appropriate, domiciliary state page.

Column 9 – Student Health Plans

Include student health plans referenced in Section 147.145(a) of the MLR Interim Final Rule

These policies can be reported on a nationwide, aggregated basis. The amounts should be reported on the appropriate, domiciliary state page.

Column 10 – Government Business (Excluded by Statute)

Include government programs that are excluded by statute, such as Medicaid Title XIX, State Children's Health Insurance Program (SCHIP), Medicaid Program Title XXI risk contracts and other federal or state government-sponsored coverage. Exclude Medicare Advantage Part C and Medicare Part D stand-alone plans subject to the ACA reported in Column 12.

Column 11 – Other Health Business

Other Business (Excluded by Statute):

> Health plan arrangements that do not provide comprehensive coverage as defined by statute.
>
> Include short-term limited duration insurance and Medicare supplemental health coverage as defined under Section 1882(g)(1) of the Social Security Act, if offered as a separate policy, including student health plans meeting this criteria. Include coverage supplemental to the coverage provided under chapter 55 of title 10, United State Code, and similar supplemental coverage provided under a group health plan, hospital or other fixed indemnity coverage, specified disease or illness coverage and other limited benefit plans as specified by regulations promulgated by HHS in consultation with the NAIC.

All other health care business included in the Accident and Health Experience Exhibit that is not reported in Columns 1 through 10 or 12, including the stand-alone dental and vision coverages, long-term care, disability income, etc.

For insurers that assume health business via aggregate stop-loss reinsurance or other reinsurance that applied to a reinsured entity's or group of entities' entire business that would not be allocable to comprehensive health coverage (individual, small group and large group business), mini-med plans (individual, small group and large group business), expatriate plans (small group and large group business) and student plans in Columns 1 through 9 of Parts 1 and 2 of the supplement: report such assumed reinsurance on Line 1.5 (premiums) and Line 5.1 (claims) in Column 11 (Other Health Business) for the state page corresponding to the **ceding** insurer's state of domicile.

Column 12 – Medicare Advantage Part C and Medicare Part D Stand-Alone Plans Subject to ACA

Include Medicare Advantage Part C plans as referenced in Section 1103 of Title 1, Subpart B of the federal Reconciliation Act, and Medicare Part D plans as referenced in Section 1860D-12(b)(3)(D) of the federal Affordable Care Act.

These policies can be reported on an aggregated basis on the domiciliary state page.

SUPPLEMENTAL HEALTH CARE EXHIBIT – PART 1

(To Be Filed By April 1 – Not for Rebate Purposes – See Cautionary Statement at *www.naic.org/cmte_e_app_blanks.htm*.)

Column 14 – Uninsured Plans

Refer to *SSAP No. 47—Uninsured Plans* for additional guidance.

Line 1.1 – Health Premiums Earned

Include: Direct written premium plus the change in unearned premium reserves.

Premiums earned on novated policies and on 100% assumption reinsurance where policyholders have consented (via opt-in or failure to opt-out) to the replacement of the original policy issuer (including cases where full servicing of premiums and claims have been transferred) by the assuming reinsurer.

Columns 1 through 13 should equal Part 2, Line 1.11, Columns 1 through 13, respectively.

Line 1.2 – Federal High-Risk Pools

Include: Subsidies received or (assessments paid) under federal high-risk pools as provided in PPACA of 2010 [HR. 3590 – cite sections for initial high-risk and future-risk adjustment mechanisms].

Line 1.3 – State High-Risk Pools

Include: Subsidies received or (assessments paid) under state high-risk pools.

Exclude: Items included on Line 2.4.

Line 1.5 – Federal Taxes and Federal Assessments

Refer to *SSAP No. 101—Income Taxes* for "current income taxes incurred."

Include: All federal taxes and assessments allocated to health insurance coverage reported under Section 2718 of the federal Public Health Service Act. Risk adjustment user fees shall be treated as government assessments.

Federal reinsurance contributions required under Section 1341 of the federal Affordable Care Act, including the assessments payable for administration expenses and U.S. Treasury assessments.

Exclude: Federal income taxes on investment income and capital gains.

Line 1.6 – State Insurance, Premium and Other Taxes and Assessments

Include:

Any industry-wide (or subset) assessments (other than surcharges on specific claims) paid to the state directly; premium subsidies that are designed to cover the costs of providing indigent care or other access to health care throughout the state; or market stabilization redistributions, or cost transfers for the purpose of rate subsidies, not directly tied to claims and that are authorized by state law.

Guaranty fund assessments.

Assessments of state industrial boards or other boards for operating expenses or for benefits to sick unemployed persons in connection with disability benefit laws or similar taxes levied by states.

Advertising required by law, regulation or ruling, except advertising associated with investments.

State income, excise and business taxes other than premium taxes.

State premium taxes plus state taxes based on policy reserves, if in lieu of premium taxes.

In lieu of reporting state premium taxes, the reporting entity may choose to report payment for community benefit expenditures** limited to the highest premium tax rate in the state for which the report is being submitted, **but not both**.

Exclude:

State sales taxes, if company does not exercise the option of including such taxes with the cost of goods and services purchased.

Any portion of commissions or allowances on reinsurance assumed that represents specific reimbursement of premium taxes.

Any portion of commissions or allowances on reinsurance ceded that represents specific reimbursement of premium taxes.

Line 1.6a – Community Benefit Expenditures (informational only)

Include:

Allowed Community Benefit Expenditures described below and included here and on Line 1.6, limited to premiums earned on comprehensive health policies (individual, small group and large group business), mini-med plans (individual, small group and large group business) and expatriate plans. (small group and large group business) multiplied by the highest state premium tax rate applicable to entities subject to premium tax.

EITHER*:

a. Payments to a state, by health plans, of premium tax exemption values in lieu of state premium taxes;

b. Payments by health plans for community benefit expenditures.** These payments must be state-based requirements to qualify for inclusion in this line item;

OR

c. Payments made by (federal income) tax-exempt health plans for community benefit expenditures.** (NOTE: If the instruction for Line 1.5 above is revised to exclude federal income taxes, then tax-exempt health plans may NOT include community benefit expenditures in this line.)

Exclude: Any community benefit expenses in excess of the tax rate limitation. Such excess expenses will be reported on line 10.4a (informational) and included in line 10.4.

* These expenditures may not be double-counted between this category; the federal or state assessments for similar purposes included in Lines 1.5 or 1.6; or the quality improvement expenses reported in Lines 6.1 through 6.4.

** Community benefit expenditures are for activities or programs that seek to achieve the objectives of improving access to health services, enhancing public health and relieve government burden. This includes activities that:

- Are available broadly to the public and serve low-income consumers;
- Reduce geographic, financial or cultural barriers to accessing health services, and if ceased to exist would result in access problems (e.g., longer wait times or increased travel distances);
- Address federal, state or local public health priorities, such as advancing health care knowledge through education or research that benefits the public;
- Leverage or enhance public health department activities, such as childhood immunization efforts; or
- Otherwise would become the responsibility of government or another tax-exempt organization.

Line 1.7 – Regulatory Authority Licenses and Fees

Include: Statutory assessments to defray operating expenses of any state insurance department. Examination fees in lieu of premium taxes as specified by state law.

Exclude: Fines and penalties of regulatory authorities.

Fees for examinations by state departments other than as referenced above.

Line 1.9 – Net Assumed Less Ceded Reinsurance Premiums Earned

The amount to net against the assumed reinsurance premiums earned is the ceded reinsurance premiums written plus the change in unearned premium reserve that is transferred to the company assuming the risk plus the change in reserve credit taken other than for unearned premiums.

Should agree with Supplemental Health Care Exhibit, Part 2, Line 1.12 plus Line 1.13 less Line 1.14 for each column.

Line 1.10 – Other Adjustments Due to MLR Calculations – Premiums

Any amounts excluded from premiums in Part 2 for MLR calculation purposes. Should agree with Supplemental Health Care Exhibit, Part 2, Line 1.15.

Line 1.11 – Risk Revenue

Include: Amounts charged by the reporting entity as a provider or intermediary for specified medical services (e.g., full professional, dental, radiology, etc.) provided to the policyholders or members of another insurer or reporting entity.

Unlike premiums that are collected from an employer group or individual member, risk revenue is the prepaid (usually on a capitated basis) payment, made by another insurer or reporting entity to the reporting entity in exchange for services to be provided or offered by such organization.

<u>Health Statement</u>:

Column 13 should equal Statement of Revenue and Expense, Line 5, Column 2.

Line 2 – Claims

<u>Health Statement</u>:

Column 13, Lines 2.2 minus 2.3 should equal Statement of Revenue and Expense, Line 13, Column 2.

Line 2.1 – Incurred Claims Excluding Prescription Drugs

Include: Direct Paid Claims during the Year

Report payments before ceded reinsurance, but net of risk-share amount collected.

Change in Unpaid Claims

Report the change between prior year and current year unpaid claims reserves including claims reported in the process of adjustment, percentage withholds from payments made to contracted providers, recoverable for anticipated coordination of benefits (COB) and subrogation.

Change in Incurred but not Reported

Report the change in claims incurred but not reported from prior year to current year. Except where inapplicable, the reserve included in these lines should be based on past experience, modified to reflect current conditions, such as changes in exposure, claim frequency or severity.

Change in Contract & Other Claims Related Reserves (including the Change in Reserve for Rate Credits).

Exclude: MLR rebates paid during the year.

Prescription drugs reported in Line 2.2.

Pharmaceutical rebates received during the year, reported in Line 2.3.

Medical incentive pools and bonuses.

Line 2.2 – Prescription Drugs

Include: Expenses for prescription drugs and other pharmacy benefits covered by the reporting entity.

Exclude: Prescription drug charges that are included in a hospital billing that should be classified as Hospital/Medical Benefits on Line 2.1.

Line 2.3 – Pharmaceutical Rebates

Refer to *SSAP No. 84—Health Care and Government Insured Plan Receivables* for accounting guidance.

Line 2.4 – State Stop Loss, Market Stabilization and Claim/Census Based Assessments (Informational Only)

Any market stabilization payments or receipts by insurers that are directly tied to claims incurred and other claims based or census based assessments.

State subsidies based on a stop-loss payment methodology.

Unsubsidized state programs designed to address distribution of health risks across health insurers via charges to low risk-carriers that are distributed to high risk carriers.

Refer to *SSAP No. 35R—Guaranty Fund and Other Assessments* for accounting guidance.

Line 3 – Incurred Medical Incentive Pools and Bonuses

Arrangements with providers and other risk-sharing arrangements whereby the reporting entity agrees to either share savings or make incentive payments to providers to promote quality improvements as defined in the PHSA (Section 2717).

Should agree to Supplemental Health Care Exhibit, Part 2, Line 2.11, for each column.

<u>Health Statement</u>:

> Column 15 should equal Underwriting and Investment Exhibit, Part 2, Line 13, Column 1 minus 10.

Line 4 – Deductible Fraud and Abuse Detection/Recovery Expenses

This amount is the lesser of the expense reported in Part 3, Column 7, Lines 1.11, 2.11, 3.11, 4.11, 5.11, 6.11, 7.11, 8.11 and 9.11, and the fraud and abuse recoveries reported in Part 2, Line 3, Columns 1, 2, 3, 4, 5, 6, 7, 8 and 9, respectively.

Line 5.0 – Total Incurred Claims (Lines 2.1 + 2.2 – 2.3 + 3)

Should agree with Supplemental Health Care Exhibit, Part 2, Line 2.15.

Line 5.1 – Net Assumed Less Ceded Reinsurance Claims Incurred

Assumed reinsurance claims paid plus the change in the assumed reinsurance claims liability and aggregate assumed reinsurance claims reserve less the ceded reinsurance claims paid plus the change in the ceded reinsurance claims liability and aggregate ceded reinsurance claims reserve less the change in claims related reinsurance recoverables.

Should agree with Supplemental Health Care Exhibit, Part 2, Line 2.16 plus Line 2.17, less Line 2.18, for each column.

Line 5.2 – Other Adjustments Due to MLR Calculation – Claims

Any amounts excluded from claims in Part 2 for MLR calculation purposes.

Deduct: MLR rebated incurred included in Line 5.0

Line 5.3 – Rebates Paid

MLR Rebates paid during the year.

Columns 1 through 3 should equal Note 24, Retrospectively Rated Contracts & Contracts Subject to Redetermination, Line 24D(8), Columns 1 through 3, respectively.

Sum of Columns 4 through 9 plus 12 should equal Note 24, Retrospectively Rated Contracts & Contracts Subject to Redetermination, Line 24D(8), Column 4.

Line 5.4 – Estimated Rebates Unpaid at the End of the Prior Year

Should equal Line 5.5 from the prior year.

Columns 1 through 3 should equal Note 24, Retrospectively Rated Contracts & Contracts Subject to Redetermination, Line 24D(3), Columns 1 through 3, respectively.

Sum of Columns 4 through 9 plus 12 should equal Note 24, Retrospectively Rated Contracts & Contracts Subject to Redetermination, Line 24D(3), Column 4.

Line 5.5 – Estimated Rebates Unpaid at the End of the Current Year

MLR rebates estimated but unpaid as of reporting period.

Columns 1 through 3 should equal Note 24, Retrospectively Rated Contracts & Contracts Subject to Redetermination, Line 24D(9), Columns 1 through 3, respectively.

Sum of Columns 4 through 9 plus 12 should equal Note 24, Retrospectively Rated Contracts & Contracts Subject to Redetermination, Line 24D(9), Column 4.

This cross-check is for the year-end annual statement accrual for the Public Health Service Act rebates to Supplemental Health Care Exhibit, Part 1 April 1 filing. This amount may differ from the final payment made in accordance with the HHS filing.

Line 5.6 – Fee-for-Service and Co-Pay Revenue (net of expenses)

Include: Revenue recognized by the reporting entity for collection of co-payments from members and revenue derived from health services rendered by reporting entity providers that are not included in member policies.

Deduct: Medical expenses associated with fee-for-service business.

Line 6.1 – Improve Health Outcomes

Include expenses meeting the definition of Improve Health Outcomes in Part 3, Column 1 that are not health information technology expenses.

Part 1, Column 1, Line 6.1 should tie to Part 3, Column 1, Line 1.10

Part 1, Column 2, Line 6.1 should tie to Part 3, Column 1, Line 2.10

Part 1, Column 3, Line 6.1 should tie to Part 3, Column 1, Line 3.10

Part 1, Column 4, Line 6.1 should tie to Part 3, Column 1, Line 4.10

Part 1, Column 5, Line 6.1 should tie to Part 3, Column 1, Line 5.10

Part 1, Column 6, Line 6.1 should tie to Part 3, Column 1, Line 6.10

Part 1, Column 7, Line 6.1 should tie to Part 3, Column 1, Line 7.10

Part 1, Column 8, Line 6.1 should tie to Part 3, Column 1, Line 8.10

Part 1, Column 9, Line 6.1 should tie to Part 3, Column 1, Line 9.10

Line 6.2 – Activities to Prevent Hospital Readmissions

Include expenses meeting the definition of Improving Activities to Prevent Hospital Readmissions in Part 3, Column 2 that are not health information technology expenses.

Part 1, Column 1, Line 6.2 should tie to Part 3, Column 2, Line 1.10

Part 1, Column 2, Line 6.2 should tie to Part 3, Column 2, Line 2.10

Part 1, Column 3, Line 6.2 should tie to Part 3, Column 2, Line 3.10

Part 1, Column 4, Line 6.2 should tie to Part 3, Column 2, Line 4.10

Part 1, Column 5, Line 6.2 should tie to Part 3, Column 2, Line 5.10

Part 1, Column 6, Line 6.2 should tie to Part 3, Column 2, Line 6.10

Part 1, Column 7, Line 6.2 should tie to Part 3, Column 2, Line 7.10

Part 1, Column 8, Line 6.2 should tie to Part 3, Column 2, Line 8.10

Part 1, Column 9, Line 6.2 should tie to Part 3, Column 2, Line 9.10

Line 6.3 – Improve Patient Safety and Reduce Medical Errors

Include expenses meeting the definition of Improve Patient Safety and Reduce Medical Errors in Part 3, Column 3 that are not health information technology expenses.

Part 1, Column 1, Line 6.3 should tie to Part 3, Column 3, Line 1.10

Part 1, Column 2, Line 6.3 should tie to Part 3, Column 3, Line 2.10

Part 1, Column 3, Line 6.3 should tie to Part 3, Column 3, Line 3.10

Part 1, Column 4, Line 6.3 should tie to Part 3, Column 3, Line 4.10

Part 1, Column 5, Line 6.3 should tie to Part 3, Column 3, Line 5.10

Part 1, Column 6, Line 6.3 should tie to Part 3, Column 3, Line 6.10

Part 1, Column 7, Line 6.3 should tie to Part 3, Column 3, Line 7.10

Part 1, Column 8, Line 6.3 should tie to Part 3, Column 3, Line 8.10

Part 1, Column 9, Line 6.3 should tie to Part 3, Column 3, Line 9.10

Line 6.4 – Wellness and Health Promotion Activities

Include expenses meeting the definition of Wellness and Health Promotion Activities in Part 3, Column 4 that are not health information technology expenses.

Part 1, Column 1, Line 6.4 should tie to Part 3, Column 4, Line 1.10

Part 1, Column 2, Line 6.4 should tie to Part 3, Column 4, Line 2.10

Part 1, Column 3, Line 6.4 should tie to Part 3, Column 4, Line 3.10

Part 1, Column 4, Line 6.4 should tie to Part 3, Column 4, Line 4.10

Part 1, Column 5, Line 6.4 should tie to Part 3, Column 4, Line 5.10

Part 1, Column 6, Line 6.4 should tie to Part 3, Column 4, Line 6.10

Part 1, Column 7, Line 6.4 should tie to Part 3, Column 4, Line 7.10

Part 1, Column 8, Line 6.4 should tie to Part 3, Column 4, Line 8.10

Part 1, Column 9, Line 6.4 should tie to Part 3, Column 4, Line 9.10

Line 6.5 – Health Information Technology Expenses related to Health Improvement

Include expenses meeting the definition of HIT Expenses for Health Care Quality Improvements in Part 3, Column 5 that are health information technology expenses. Include ICD-10 conversion costs incurred up to .3% of earned premium related to quality improvement. (Refer to 45 CFR 158.150 of PPACA.) Exclude ICD-10 expenses related to claims adjudication or maintenance.

Part 1, Column 1, Line 6.5 should tie to Part 3, Column 5, Line 1.10

Part 1, Column 2, Line 6.5 should tie to Part 3, Column 5, Line 2.10

Part 1, Column 3, Line 6.5 should tie to Part 3, Column 5, Line 3.10

Part 1, Column 4, Line 6.5 should tie to Part 3, Column 5, Line 4.10

Part 1, Column 5, Line 6.5 should tie to Part 3, Column 5, Line 5.10

Part 1, Column 6, Line 6.5 should tie to Part 3, Column 5, Line 6.10

Part 1, Column 7, Line 6.5 should tie to Part 3, Column 5, Line 7.10

Part 1, Column 8, Line 6.5 should tie to Part 3, Column 5, Line 8.10

Part 1, Column 9, Line 6.5 should tie to Part 3, Column 5, Line 9.10

Line 8.1 – Cost Containment Expenses not Included in Quality of Care Expenses in Line 6.6

Include: Expenses that actually serve to reduce the number of health services provided or the cost of such services. Exclude cost containment expenses that improve the quality of health care (reported in Line 6.6). The following are examples of items that shall be considered "cost containment expenses" only if they result in reduced levels of costs or services (see the instructions for Part 3 of this supplement for items that qualify for Quality Improvement instead of "cost containment"):

Post and concurrent claim case management activities associated with past or ongoing specific care;

Utilization review;

Detection and prevention of payment for fraudulent requests for reimbursement;

Expenses for internal and external appeals processes; and

Network access fees to preferred provider organizations and other network-based health plans (including prescription drug networks), and allocated internal salaries and related costs associated with network development and/or provider contracting.

Line 8.2 – All Other Claims Adjustment Expenses

All Other Claims Adjustment Expenses not Included in Quality of Care Expenses in Line 6.6.

Include: Costs expected to be incurred in connection with the adjustment and recording of accident and health claims defined in *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses*. Further, Claim Adjustment Expenses for Managed Care Reporting Entities are those costs expected to be incurred in connection with the adjustment and recording of managed care claims defined in *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses*.

Examples of other claim adjustment expenses are:

Estimating the amounts of losses and disbursing loss payments;

Maintaining records, general clerical and secretarial;

Office maintenance, occupancy costs, utilities and computer maintenance;

Supervisory and executive duties; and

Supplies and postage.

Line 10 – General and Administrative Expenses

General and Administrative Expenses not Included in Line 6.6 or Line 8.3.

Line 10.1 – Direct Sales Salaries and Benefits

Compensation (including, but not limited, to salaries and benefits) to employees of the company engaged in the activity of soliciting and generating sales to policyholders for the company.

Line 10.2 – Agents and Brokers Fees and Commissions

All expenses incurred by the company payable to a licensed agent, broker or producer who is not an employee of the issuer in relation to the sale and solicitation of policies for the company.

Line 10.3 – Other Taxes (Excluding Taxes on Lines 1.5 through 1.7 above and Line 14 below)

Include: Taxes of Canada or of any other foreign country not specifically provided for elsewhere.

Sales taxes, other than state sales taxes, if company does not exercise option of including such taxes with the cost of goods and services purchased.

Line 10.4a – Community Benefit Expenditures (informational only; already reported in line 10.4)

Community benefit expenditures excluded from line 1.6a due to tax rate limitation.

Line 16 – ICD-10 Implementation Expenses (Informational only; already included in Line 8.2 and Line 6.5)

Costs associated the implementation of ICD-10, including the total cost of conversion, claims adjudication, maintenance and quality improvement allowance.

Line 16a – ICD-10 Implementation Expenses (Informational only, already included in Line 6.5)

Include: Quality improvement ICD-10 conversion costs incurred up to .3% of earned premium in the relevant state market. (Refer to 45 CFR 158.150 of PPACA.)

OTHER INDICATORS

These should be allocated to jurisdictions in the same manner as premium.

Line 1 – Number of Certificates / Policies

This is the number of individual policies (for individual business) or certificates issued to individuals covered under a group policy in force as of end of the reporting period. It is not the number of persons covered under individual policies or group certificates. Reasonable approximations are allowed when exact information is not administratively available to the insurer.

Column 15 should equal Accident and Health Policy Experience Exhibit Column [illegible], Line D2 – D1.

Line 2 – Number of Covered Lives

This is the total number of lives insured, including dependents, under individual policies and group certificates as of the reporting period. Reasonable approximations are allowed when exact information is not administratively available to the insurer.

Column 15 should equal Accident and Health Policy Experience Exhibit Column 6, Line D2 – D1.

Line 3 – Number of Groups

This is the total number of insurance groups issued as of the end of the reporting period.

Line 4 – Member Months

The sum of total number of lives insured on a pre-specified day of each month of the reported period. Reasonable approximations are allowed when exact information is not administratively available to the insurer.

Column 15 should equal Accident and Health Policy Experience Exhibit Column 7, Line D2 – D1.

ACA RECEIPTS, PAYMENTS, RECEIVABLES and PAYABLES TABLE

Permanent ACA Risk Adjustment Program

The amounts from the lines below for Column 1, Individual Plans and Column 2, Small Group Employer Plans, are included in the amount reported on Line 1.1 of Part 2:

Line 1.0	Premium adjustments receivable/(payable)
Line 4.0	Premium adjustments receipts/(payments)

Transitional ACA Reinsurance Program

The amounts from the lines below for Column 1, Individual Plans, are included in the amount reported on Line 2.17 and Line 2.18 of Part 2:

Line 2.0	Amounts recoverable for claims (paid & unpaid)
Line 5.0	Amounts received for claims

Temporary ACA Risk Corridors Program

The amounts from the lines below for Column 1, Individual Plans and Column 2, Small Group Employer Plans, are included in the amount reported on Line 1.6 of Part 2:

Line 3.1	Accrued retrospective premium
Line 3.2	Reserve for rate credits or policy experience refunds

The amounts from the lines below for Column 1, Individual Plans and Column 2, Small Group Employer Plans, are included in the amount reported on Line 1.5 of Part 2:

Line 6.1	Retrospective premium received
Line 6.2	Rate credits or policy experience refunds paid

Column 13 – Total

For Part 2, the GT (Grand Total) page:

- Column 13, Line 1.16 (Net Premiums Earned) should equal the Accident and Health Policy Experience Exhibit, Part 4, Column 1, Line 6 (Total) minus Line 2 (Other Forms Direct Business).
- Column 13, Line 1.11 (Total Direct Premiums Earned) minus Line 1.5 (Paid Rate Credits) minus Line 1.8 (Change in Reserve for Rate Credits) plus Line 1.15 (Other Adjustments Due to MLR Calculation – Premiums) should equal the Accident and Health Policy Experience Exhibit, Part 4, Column 1, Line 1 (U.S. Forms Direct Business).
- Column 13, Line 2.20 (Net Incurred Claims) minus Line 2.11 (Incurred Medical Incentive Pools and Bonuses) should equal the Accident and Health Policy Experience Exhibit, Part 4, Columns 2 plus 3, Line 6 (Total) minus Line 2 (Other Forms Direct Business).
- Column 13, Line 2.15 (Total Incurred Claims) minus Line 2.8 (Paid Rate Credits) minus Line 2.9 (Reserve for Rate Credits Current Year) plus Line 2.10 (Reserve for Rate Credits Prior Year) minus Line 2.11 (Incurred Medical Incentive Pools and Bonuses) plus Line 2.19 (Other Adjustments Due to MLR Calculation – Claims) should equal the Accident and Health Policy Experience Exhibit, Part 4, Columns 2 plus 3, Line 1 (U.S. Forms Direct Business).

NOTE: If the reporting entity has a Premium Deficiency Reserve, they will fail the crosschecks above due to the Accident and Health Policy Experience Exhibit excluding Premium Deficiency Reserve. The reporting entity should provide that explanation for the crosscheck failure.

Lines 1.1 – Direct Premiums Written

Include: Premium adjustments for contracts subject to redetermination where premium adjustments are based on the risk scores (health status) of covered enrollees, rather than the actual loss experience of the policy (e.g., Medicare Advantage risk adjustment and ACA risk adjustment). See *SSAP No. 54R—Individual and Group Accident and Health Contracts* and *SSAP No. 107—Risk-Sharing Provisions of the Affordable Care Act* for accounting guidance.

Exclude: Amounts for rate credits paid. Premium adjustments related to retrospectively rated contracts are reported on Part 2 Line 1.5 through Line 1.8.

Line 1.5 – Paid Rate Credits

Report experience-rated premium refunds paid or received during the reporting year for retrospectively rated contracts.

Include: MLR rebates paid, risk corridor premiums paid or received, and all other premium refunds paid or received related to retrospectively rated contracts. See *SSAP No. 66—Retrospectively Rated Contracts* and *SSAP No. 107—Risk-Sharing Provisions of the Affordable Care Act* for accounting guidance.

Line 1.6 – Reserve for Rate Credits Current Year

Report experience-rated refund liabilities less receivables under retrospectively rated contracts.

Include: MLR rebates accrued, premium stabilization reserves and risk corridor liabilities less receivables.

Line 1.9 – Premium Balances Written Off

Include: Agents' or premium balances determined to be uncollectible and written off as losses. Also include recoveries during the current year on balances previously written off. Include actual write offs, not reserves for bad debt or statutory nonadmitted amounts.

Line 1.10 – Group Conversion Charges

If Line 1.1 has been reduced or increased by the amount of any conversion charges associated with group conversion privileges between group and individual lines of business in the annual statement accounting, enter the reverse of these charges on this line in the appropriate columns.

Line 1.11 – Total Direct Health Premiums Earned

Include: Direct written premium plus the change in unearned premium reserves.

Line 1.12 – Assumed Premium Earned from Non-affiliates

Include: Premiums assumed from ceding entity per *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance.*

Line 1.13 – Net Assumed Less Ceded Premiums Earned from Affiliates

Include: Premiums received from ceding entity and ceded premium per *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance.*

Line 1.14 – Ceded Premium Earned to Non-affiliates

Include: Assessments payable for reinsurance for issuers of individual policies per *SSAP No. 107—Risk-Sharing Provisions of the Affordable Care Act* and ceded premium per *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance*.

Line 1.15 – Other Adjustments Due to MLR Calculation – Premiums

Include: Any amounts excluded from premium for MLR calculation purposes that are normally included in premiums for financial statement purposes.

Do Not Include: MLR rebates or any other premium adjustment related to retrospectively rated contracts as those amounts are to be reported on Part 2 Line 1.5 through Line 1.8.

Line 2 – Direct Claims Incurred:

Hospital/Medical Benefits

Include: Expenses for physician services provided under contractual arrangement to the reporting entity.

Salaries, including fringe benefits, paid to physicians for delivery of medical services. Capitation payments by the reporting entity to physicians for delivery of medical services to reporting entity subscribers.

Fees paid by the reporting entity to physicians on a fee-for-service basis for delivery of medical services to reporting entity subscribers. This includes capitated referrals.

Inpatient hospital costs of routine and ancillary services for reporting entity members while confined to an acute care hospital.

Charges for non-reporting entity physician services provided in a hospital are included in this line item only if included as an undefined portion of charges by a hospital to the reporting entity. (If separately itemized or billed, physician charges should be included in outside referrals, below.)

The cost of utilizing skilled nursing and intermediate care facilities.

Routine hospital service includes regular room and board (including intensive care units, coronary care units and other special inpatient hospital units), dietary and nursing services, medical-surgical supplies, medical social services and the use of certain equipment and facilities for which the provider does not customarily make a separate charge.

Ancillary services may also include laboratory, radiology, drugs, delivery room, physical therapy services, other special items and services for which charges are customarily made in addition to a routine service charge.

Skilled nursing facilities are primarily engaged in providing skilled nursing care and related services for patients who require medical or nursing care or rehabilitation service.

Intermediate care facilities are for individuals who do not require the degree of care and treatment that a hospital or skilled nursing-care facility provides, but that do require care and services above the level of room and board.

Other Professional Services

Include: Expenses for other professional providers under contractual arrangement to the reporting entity.

Salaries, as well as fringe benefits, paid by the reporting entity to non-physician providers licensed, accredited or certified to perform specified clinical health services, consistent with state law, engaged in the delivery of medical services to reporting entity enrollees. Capitation payments by the reporting entity to such clinical service

Compensation to personnel engaged in activities in direct support of the provision of medical services.

Exclude: Professional services not meeting this definition. Report these services as administrative expenses. For example, exclude compensation to paraprofessionals, janitors, quality assurance analysts, administrative supervisors, secretaries to medical personnel and medical record clerks.

<u>Outside Referrals</u>

Include: Expenses for providers not under arrangement with the reporting entity to provide services, such as consultations or out-of-network providers.

<u>Emergency Room and Out-of-Area</u>

Include: Expenses for other health delivery services, including emergency room costs incurred by members for which the reporting entity is responsible and out-of-area service costs for emergency physician and hospital.

In the event a member is admitted to the health care facility immediately after seeking emergency room service, emergency service expenses are reported in this line, the expenses after admission are reported in the hospital/medical line, provided the member is seeking services in the service area. Out-of-area expenses incurred, whether emergency or hospital, are reported in this line.

<u>Aggregate Write-ins for Other Hospital and Medical</u>

Include: Other hospital and medical expenses not covered in the other claims accounts.

Line 2.1 Paid Claims during the Year

Report payments net of risk share amount collected.

Line 2.2 – Direct Claim Liability Current Year

Report the outstanding liabilities for health care services related to claims in the process of adjustment, incurred but not reported, amounts withheld from paid claims and capitations.

Include: Unpaid Claims

Report the current year unpaid claims reserves, including claims reported in the process of adjustment, percentage withholds from payments made to contracted providers, recoverable for anticipated coordination of benefits (COB) and subrogation.

Incurred but not Reported

Report the claims incurred but not reported in the current year. Except where inapplicable, the reserve included in these lines should be based on past experience, modified to reflect current conditions, such as changes in exposure, claim frequency or severity.

The direct claims related portion of lawsuit liability as reported on the Liabilities Page 3, Line 4.2 (Life Statement), Line 1, (Health Statement) and Line 1 (Property Statement).

Line 2.4 – Direct Claim Reserves Current Year

Report reserves related to health care services for present value of amounts not yet due on claims and the claims related portion for reserve for future contingent benefits.

Include: Amounts for the reserve for rate credits for the current year.

The direct claims related portion of lawsuit reserves as reported on the Liabilities Page 3, Line 2 (Life Statement), Line 7 (Health Statement) and Line 1 (Property Statement).

Line 2.6 – Direct Contract Reserve Current Year

Report the amount of reserves required when due to the gross premium structure the future benefits exceed the future net premium. Contract reserves are in addition to claim liabilities and claim reserves. Refer to *SSAP No. 54R—Individual and Group Accident and Health Contracts* for guidance.

Include: Contract reserves and other claims related reserves.

Exclude: Premium deficiency reserves.

Line 2.8 – Paid Rate Credits

Report experience-rated premium refunds paid or received during the reporting year for retrospectively rated contracts.

Include: MLR rebates paid, risk corridor premiums paid or received, and all other premium refunds paid or received related to retrospectively rated contracts.

Line 2.9 – Reserve for Rate Credits Current Year

Report experience-rated refund liabilities less receivables under retrospectively rated contracts.

Include: MLR rebates accrued, premium stabilization reserves, and risk corridor liabilities less receivables.

Line 2.11 – Incurred Medical Incentive Pools and Bonuses

Arrangements with providers and other risk-sharing arrangements whereby the reporting entity agrees to share savings with contracted providers.

Line 2.12 – Net Health Care Receivables

Report the change between prior year health care receivables and current year health care receivables. The amounts on this line are the gross health care receivable assets, not just the admitted portion. This amount should not include those health care receivables, such as loans or advances to non-related party hospitals, established as prepaid assets that are not expensed until the related claims have been received from the provider.

Line 2.13 – Group Conversion Charges

If Line 1.1 has been reduced or increased by the amount of any conversion charges associated with group conversion privileges between group and individual lines of business in the annual statement accounting, enter the reverse of these charges on this line. Otherwise, if group conversion charges were reported separately from premiums and claims on the annual statement, enter these charges on this line in the appropriate columns.

Line 2.14 – Multi-option Coverage Blended Rate Adjustment

If multi-option coverage is provided to a single employer at blended rates, which are defined as cross-subsidized rates charged for coverage provided by a single employer through two or more affiliates, the reporting entity may make an adjustment to bring each affiliate's ratio of incurred claims to earned premium to equal the ratio calculated for that employer group in aggregate for the MLR reporting year. If the reporting entity chooses to make this adjustment, it must be made for a minimum of three years. (This does NOT include dual contract amounts for in network and out of network coverage.)

Line 2.15 – Total Incurred Claims

Should agree to Supplemental Health Care Exhibit, Part 1, Line 5.0.

Line 2.19 – Other Adjustments Due to MLR Calculation – Claims

Include: Any amounts excluded from claims for MLR calculation purposes that are normally included in claims for financial statement purposes. For example, premium deficiency reserves are excluded from contract reserves for MLR purposes in Part 2; thus, premium deficiency reserves would be included on this Line. Include the adjustment for multi-option coverage amounts (if offsetting line 2.14, report as a negative amount).

Do Not Include MLR rebates or any other premium adjustment related to retrospectively rated contracts as those amounts are to be reported on Part 2 Line 2.8 through Line 2.10.

Line 3 – Fraud and Abuse Recoveries that Reduced PAID Claims in Line 2.1 above (informational only)

Include collected recoveries on paid claims only.

Footnote (a)

Report the amount of direct written premium included in Column 13, Line 1.1 for stand-alone dental and vision policies.

SUPPLEMENTAL HEALTH CARE EXHIBIT – PART 3

This exhibit is intended to provide disclosure of expenses by major type of activity that improves health care quality, as defined below, as well as the amount of those expenses that is used for other activities, and reported separately for the comprehensive health coverage (individual, small group and large group business), mini-med plans (individual, small group and large group business), expatriate plans (small group and large group business) and student health plans.

This exhibit also shows the amount of qualifying HIT expenses, reported separately for the comprehensive health coverage (individual, small group and large group business), mini-med plans (individual, small group and large group business), expatriate plans (small group and large group business) and student health plans, broken down into the four categories of Quality Improvement expenses (see below); similarly, the Other than HIT qualifying Quality Improvement expenses are disclosed for each of the four categories of Quality Improvement expenses.

The definitions of Individual, Small Group and Large Group are found in the instructions for Parts 1 and 2 of this supplement exhibit.

Improving Health Care Quality Expenses – General Definition:

Quality Improvement (QI) expenses are expenses, other than those billed or allocated by a provider for care delivery (i.e., clinical or claims costs), for all plan activities that are designed to improve health care quality and increase the likelihood of desired health outcomes in ways that are capable of being objectively measured and of producing verifiable results and achievements.

The expenses must be directed toward individual enrollees or may be incurred for the benefit of specified segments of enrollees, recognizing that such activities may provide health improvements to the population beyond those enrolled in coverage, as long as no additional costs are incurred due to the non-enrollees other than allowable QI expenses associated with self-insured plans.

Qualifying QI expenses should be grounded in evidence-based medicine, widely accepted best clinical practice or criteria issued by recognized professional medical societies, accreditation bodies, government agencies or other nationally recognized health care quality organizations.

They should not be designed primarily to control or contain cost, although they may have cost-reducing or cost-neutral benefits, as long as the primary focus is to improve quality.

Qualifying QI activities are primarily designed to achieve the following goals set out in Section 2717 of the PHSA and Section 1311 of the PPACA:

- Improve health outcomes including increasing the likelihood of desired outcomes compared to a baseline and reducing health disparities among specified populations;
- Prevent hospital readmissions;
- Improve patient safety and reduce medical errors, lower infection and mortality rates;
- Increase wellness and promote health activities; or
- Enhance the use of health care data to improve quality, transparency and outcomes.

NOTE: Expenses that otherwise meet the definitions for QI but were paid for with grant money or other funding separate from premium revenues shall NOT be included in QI expenses.

Column 1 – Improve Health Outcomes

Expenses for the direct interaction of the insurer (including those services delegated by contract for which the insurer retains ultimate responsibility under the insurance policy), providers and the enrollee or the enrollee's representatives (e.g., face-to-face, telephonic, Web-based interactions or other means of communication) to improve health outcomes as defined above.

This category can include costs for associated activities such as:

- Effective case management, care coordination and chronic disease management, including:
  - Patient-centered intervention, such as:
    - Making/verifying appointments;
    - Medication and care compliance initiatives;
    - Arranging and managing transitions from one setting to another (such as hospital discharge to home or to a rehabilitation center);
    - Programs to support shared decision-making with patients, their families and the patient's representatives; and
    - Reminding insured of physician appointments, lab tests or other appropriate contact with specific providers;
  - Incorporating feedback from the insured to effectively monitor compliance;
  - Providing coaching or other support to encourage compliance with evidence-based medicine;
  - Activities to identify and encourage evidence-based medicine;
  - Use of the medical homes model as defined for purposes of Section 3602 of PPACA;
  - Activities to prevent avoidable hospital admissions;
  - Education and participation in self-management programs; and
  - Medication and care compliance initiatives, such as checking that the insured is following a medically effective prescribed regimen for dealing with the specific disease/condition and incorporating feedback from the insured in the management program to effectively monitor compliance;
- Accreditation fees by a nationally recognized accrediting entity directly related to quality of care activities included in Columns 1 through 5;
- Expenses associated with identifying and addressing ethnic, cultural or racial disparities in effectiveness of identified best clinical practices and evidence-based medicine;
- Quality reporting and documentation of care in non-electronic format; and
- Health information technology expenses to support these activities (report in Column 5 – see instructions) including:
  - Data extraction, analysis and transmission in support of the activities described above; and
  - Activities designed to promote sharing of medical records to ensure that all clinical providers have access to consistent and accurate records from all participants in a patient's care.

Column 2 – Activities to Prevent Hospital Readmission

Expenses for implementing activities to prevent hospital readmissions as defined above, including:

- Comprehensive discharge planning (e.g., arranging and managing transitions from one setting to another, such as hospital discharge to home or to a rehabilitation center) in order to help ensure appropriate care that will, in all likelihood, avoid readmission to the hospital;
- Personalized post-discharge counseling by an appropriate health care professional;
- Any quality reporting and related documentation in non-electronic form for activities to prevent hospital readmission; and
- Health information technology expenses to support these activities (report in Column 5 – see instructions) including:
  - o Data extraction, analysis and transmission in support of the activities described above; and
  - o Activities designed to promote sharing of medical records to ensure that all clinical providers have access to consistent and accurate records from all participants in a patient's care.

Column 3 – Improve Patient Safety and Reduce Medical Errors

Expenses for implementing activities to improve patient safety and reduce medical errors (as defined above) through:

- The appropriate identification and use of best clinical practices to avoid harm;
- Activities to identify and encourage evidence-based medicine in addressing independently identified and documented clinical errors or safety concerns;
- Activities to lower risk of facility-acquired infections;
- Prospective prescription drug utilization review aimed at identifying potential adverse drug interactions;
- Any quality reporting and related documentation in non-electronic form for activities that improve patient safety and reduce medical errors; and
- Health information technology expenses to support these activities (report in Column 5 – see instructions), including:
  - o Data extraction, analysis and transmission in support of the activities described above; and
  - o Activities designed to promote sharing of medical records to ensure that all clinical providers have access to consistent and accurate records from all participants in a patient's care.

Column 4 – Wellness & Health Promotion Activities

Expenses for programs that provide wellness and health promotion activity as defined above (e.g., face-to-face, telephonic or Web-based interactions or other forms of communication), including:

- Wellness assessment;
- Wellness/lifestyle coaching programs designed to achieve specific and measurable improvements;
- Coaching programs designed to educate individuals on clinically effective methods for dealing with a specific chronic disease or condition; and
- Public health education campaigns that are performed in conjunction with state or local health departments.

- Actual rewards/incentives/bonuses/reductions in co-pays, etc. (not administration of these programs) that are not already reflected in premiums or claims should be allowed as QI with the following restrictions:
  - o Only allowed for small and large employer groups, not individual business; and the expense amount is limited to the same percentage as the HIPAA incentive amount limit;
- Any quality reporting and related documentation in non-electronic form for wellness and health promotion activities;
- Coaching or education programs and health promotion activities designed to change member behavior (e.g., smoking, obesity); and
- Health information technology expenses to support these activities (Report in Column 5 – See instructions).

Column 5 – HIT Expenses for Health Care Quality Improvements

The PPACA also contemplates "Health Information Technology" as a function that may in whole or in part improve quality of care, or provide the technological infrastructure to enhance current QI or make new QI initiatives possible. Include HIT expenses required to accomplish the activities reported in Columns 1 through 4 that are designed for use by health plans, health care providers or enrollees for the electronic creation, maintenance, access or exchange of health information, consistent with Medicare/Medicaid meaningful use requirements, in the following ways:

1. Monitoring, measuring or reporting clinical effectiveness, including reporting and analysis costs related to maintaining accreditation by nationally recognized accrediting organizations, such as NCQA or URAC; or costs for public reporting of quality of care, including costs specifically required to make accurate determinations of defined measures (e.g., CAHPS surveys or chart review of HEDIS measures) and costs for public reporting mandated or encouraged by law;
2. Advancing the ability of enrollees, providers, insurers or other systems to communicate patient-centered clinical or medical information rapidly, accurately and efficiently to determine patient status, avoid harmful drug interactions or direct appropriate care – this may include electronic health records accessible by enrollees and appropriate providers to monitor and document an individual patient's medical history;
3. Tracking whether a specific class of medical interventions or a bundle of related services leads to better patient outcomes;
4. Reformatting, transmitting or reporting data to national or international government-based health organizations for the purposes of identifying or treating specific conditions or controlling the spread of disease; or
5. Provision of electronic health records and patient portals.
6. ICD-10 conversion costs incurred up to .3% of earned premium related to quality improvement. (Refer to 45 CFR 158.150 of PPACA).

Exclude: Costs associated with establishing or maintaining a claims adjudication system, including costs directly related to upgrades in HIT that are designed primarily or solely to improve claims payment capabilities or to meet regulatory requirements for processing claims (e.g., costs of implementing new administrative simplification standards and code sets adopted pursuant to the Health Insurance Portability and Accountability Act (HIPAA), 42 U.S.C. 1320d-2, as amended, including the ICD-10 conversion costs not related to quality improvement and ICD-10 conversion costs incurred that are in excess of .3% of earned premium that are related to quality improvement.

NOTE: a. Health Care Professional Hotlines: Expenses for health care professional hotlines should be included in Claims Adjustment Expenses to the extent they do not meet the criteria for the above defined columns of Improve Health Outcomes, Activities to Prevent Hospital Readmissions, Improve Patient Safety and Reduce Medical Errors, and Wellness & Health Promotion Activities.

b. Prospective Utilization Review: Expenses for prospective utilization review should be included in Claims Adjustment Expenses to the extent they do not meet the criteria for the above defined columns of Improve Health Outcomes, Activities to Prevent Hospital Readmissions, Improve Patient Safety and Reduce Medical Errors, and Wellness & Health Promotion Activities, AND the prospective utilization review activities are not conducted in accordance with a program that has been accredited by a recognized accreditation body.

The following items are broadly excluded as not meeting the definitions above:

- All retrospective and concurrent utilization review;
- Fraud prevention activities (all are reported as cost containment, but Part 1, Line 1 includes MLR recognition of fraud detection/recovery expenses up to the amount recovered that reduces incurred claims);
- The cost of developing and executing provider contracts and fees associated with establishing or managing a provider network;
- Provider credentialing;
- Marketing expenses;
- Any accreditation fees that are not directly related to activities included in Columns 1 through 5;
- Costs associated with calculating and administering individual enrollee or employee incentives; and
- Any function or activity not expressly included in Columns 1 through 5.

NOTE: The NAIC will review requests to include expenses for broadly excluded activities and activities not described under Columns 1 through 5 above. Upon an adequate showing that the activity's costs support the definitions and purposes therein, or otherwise support monitoring, measuring, or reporting health care quality improvement, the NAIC may recommend that the HHS Secretary certify those expenses as Quality Improvement.

The sections for comprehensive health coverage (individual, small group and large group business), mini-med plans (individual, small group and large group business) and expatriate plans (small group and large group business) are defined as per the comprehensive health coverage (individual, small group and large group business), mini-med plans (individual, small group and large group business), expatriate plans (small group and large group business) and student health plans columns in Parts 1 and 2 of this supplement.

For questions on definitions, refer to the instructions for the Annual Statement Expenses Schedule (i.e., the Underwriting and Investment Exhibit, Part 3 for P/C and Health, and Exhibit 2 for Life and Fraternal), for the line references provided below. **DIFFERENT FROM A/S EXPENSE REPORTING**: For non-affiliated management agreements/outsourced services, report all amounts in the supplement's Line 1.2, 2.2, 3.2, 4.2, 5.2, 6.2, 7.2 , 8.2 or 9.2 for Outsourced Services (not just those amounts less than 10% of total expenses). Continue to allocate all affiliated management agreements/outsourced services to the appropriate expense lines as if the costs had been borne directly by the insurer.

Lines 1.1, 2.1, 3.1, 4.1, 5.1, 6.1, 7.1, 8.1 & 9.1 – Salaries

Life/Fraternal Statement:

Exhibit 2, Line 2 Salaries and wages

Exhibit 2, Line 3.11 Contributions for benefit plans for employees

Exhibit 2, Line 3.12 Contributions for benefit plans for agents

Exhibit 2, Line 3.21 Payments to employees under non-funded benefit plans

Exhibit 2, Line 3.22 Payments to agents under non-funded benefit plans

Exhibit 2, Line 3.31 Other employee welfare

Exhibit 2, Line 3.32 Other agent welfare

Health Statement:

U&I Part 3, Line 2 Salaries, wages and other benefits

P/C Statement:

U&I Part 3, Line 8.1 Salaries

U&I Part 3, Line 9 Employee relations and welfare

U&I Part 3, Line 11 Directors' fees

Lines 1.2, 2.2, 3.2, 4.2, 5.2, 6.2, 7.2, 8.2 & 9.2 – Outsourced Services

Include: All non-affiliated expenses for administrative services, claim management services, new programming, membership services, and other similar services, regardless of amount. Thus, non-affiliated amounts greater than the 10% threshold that are reported in the various expense categories (e.g., salaries, rent) for A/S Expense Exhibit reporting will be backed out of the expense categories and reported in Outsourced Services in the Supplemental Health Care Exhibit, Part 3. In addition, the non-affiliated amounts less than the 10% threshold will be included in Outsourced Services (reported as follows in the A/S Expense Exhibit):

Life/Fraternal Statement:

Exhibit 2, Line 4.5 Expense of investigation and settlement of policy claims

Outsourced portion of Exhibit 2, Line 7.1 Agency expense allowance

Health Statement:

U&I Part 3, Line 14 Outsourced services including EDP, claims, and other services

P/C Statement:

Outsourced portion of U&I Part 3, Line 1.4 Net claim adjustment services

Outsourced portion of U&I Part 3, Line 2.8 Net commission/brokerage

Outsourced portion of U&I Part 3, Line 3 Allowances to manager and agents

Exclude: Services provided by affiliates under management agreements.

Lines 1.3, 2.3,
3.3, 4.3, 5.3,
6.3, 7.3, 8.3
& 9.3 – EDP Equipment and Software

<u>Life/Fraternal Statement</u>:

Exhibit 2, Line 5.7 Cost or depreciation of EDP equipment and software

<u>Health Statement</u>:

U&I Part 3, Line 13 Cost or depreciation of EDP equipment and software

<u>P/C Statement</u>:

U&I Part 3, Line 15 Cost or depreciation of EDP equipment and software

Lines 1.4, 2.4,
3.4, 4.4, 5.4,
6.4, 7.4, 8.4
& 9.4 – Other Equipment (excluding EDP)

<u>Life/Fraternal Statement</u>:

Exhibit 2, Line 5.6 Rental of equipment

Equipment amounts from Exhibit 2, Line 5.5 Cost or depreciation of furniture/equipment

<u>Health Statement</u>:

U&I Part 3, Line 12 Equipment

<u>P/C Statement</u>:

U&I Part 3, Line 14 Equipment

Lines 1.5, 2.5,
3.5, 4.5, 5.5,
6.5, 7.5, 8.5
& 9.5 – Accreditation and Certification

Include: Fees associated with the certification and accreditation of a health plan, including but not limited to: fees paid to Joint Commission on Accreditation of Health Care Organizations (JCAHO), National Committee on Quality Assurance (NCQA), and American Accreditation Health Care Commission (URAC).

<u>Life/Fraternal Statement</u>:

Applicable portion of Exhibit 2, Line 6.2 Bureau and association fees

<u>Health Statement</u>:

U&I Part 3, Line 5 Certification and Accreditation

<u>P/C Statement</u>:

Applicable portion of U&I Part 3, Line 5 Boards, bureaus and associations

Exclude: Rating agencies and other similar organizations.

Lines 1.6, 2.6, 3.6, 4.6, 5.6, 6.6, 7.6, 8.6 & 9.6 – Other Expenses

Include: Any additional expenses not included in another category.

Life/Fraternal Statement:

Exhibit 2, Line 1 Rent

Exhibit 2, Line 4.1 Legal fees and expenses

Exhibit 2, Line 4.2 Medical examination fees

Exhibit 2, Line 4.3 Inspection report fees

Exhibit 2, Line 4.4 Fees of public accountants and consulting actuaries

Exhibit 2, Line 5.1 Traveling expenses

Exhibit 2, Line 5.2 Advertising

Exhibit 2, Line 5.3 Postage, express, telegraph and telephone

Exhibit 2, Line 5.4 Printing and stationery

Furniture portion of Exhibit 2, Line 5.5 Cost or depreciation of furniture/equipment

Exhibit 2, Line 6.1 Books and periodicals

Non-accreditation portion of Exhibit 2, Line 6.2 Bureau and association fees

Exhibit 2, Line 6.3 Insurance, except on real estate

Exhibit 2, Line 6.4 Miscellaneous losses

Exhibit 2, Line 6.5 Collection and bank service charges

Exhibit 2, Line 6.6 Sundry general expenses

In house portion of Exhibit 2, Line 7.1 Agency expense allowance

Exhibit 2, Line 7.2 Agents' balances charged off (less $__ recovered)

Exhibit 2, Line 7.3 Agency conferences other than local meetings

Exhibit 2, Line 9.1 Real estate expenses

Exhibit 2, Line 9.2 Investment expenses not included elsewhere

Exhibit 2, Line 9.3 Aggregate write-ins for expenses

Health Statement:

U&I Part 3, Line 1 Rent

U&I Part 3, Line 3 Commissions

U&I Part 3, Line 4 Legal fees

U&I Part 3, Line 6 Auditing, actuarial and other consulting

U&I Part 3, Line 7 Traveling expenses

U&I Part 3, Line 8 Marketing and advertising

U&I Part 3, Line 9 Postage, express and telephone

U&I Part 3, Line 10 Printing and office supplies

U&I Part 3, Line 11 Occupancy, depreciation and amortization

U&I Part 3, Line 15 Boards, bureaus and association fees

U&I Part 3, Line 16 Insurance, except on real estate

U&I Part 3, Line 17 Collection and bank service charges

U&I Part 3, Line 18 Group service and administration fees

U&I Part 3, Line 21 Real estate expenses

U&I Part 3, Line 24 Investment expenses not included elsewhere

U&I Part 3, Line 25 Aggregate write-ins

P/C Statement:

In house portion of U&I Part 3, Line 1.4 Net claim adjustment services

In house portion of U&I Part 3, Line 2.8 Net commission/brokerage

In house portion of U&I Part 3, Line 3 Allowances to manager and agents

U&I Part 3, Line 4 Advertising

Non-accreditation portion of U&I Part 3, Line 5 Boards, bureaus and associations

U&I Part 3, Line 6 Surveys and underwriting reports

U&I Part 3, Line 7 Audit of assured's records

U&I Part 3, Line 10 Insurance

U&I Part 3, Line 12 Travel and travel items

U&I Part 3, Line 13 Rent and rent items

U&I Part 3, Line 16 Printing and stationery

U&I Part 3, Line 17 Postage, telephone and telegraph, exchange and express

U&I Part 3, Line 18 Legal and auditing

U&I Part 3, Line 21 Real estate expenses

U&I Part 3, Line 24 Aggregate write-ins

Lines 1.8, 2.8,
3.8, 4.8, 5.8,
6.8, 7.8, 8.8
& 9.8 – Reimbursement by uninsured plans and fiscal intermediaries

Life Statement:

Exhibit 2, Line 6.7 Group service and administration fees

Exhibit 2, Line 6.8 Reimbursements by uninsured plans

Health Statement:

U&I Part 3, Line 19 Reimbursements by uninsured plans

U&I Part 3, Line 20 Reimbursements from fiscal intermediaries (e.g., Medicare, CHAMPUS, other governmental)

P/C Statement:

U&I Part 3, Line 23 Reimbursements by uninsured plans

Lines 1.9, 2.9,
3.9, 4.9, 5.9,
6.9, 7.9, 8.9
& 9.9 – Taxes, Licenses and Fees

Life Statement:

Exhibit 3, Line 1 Real estate taxes

Exhibit 3, Line 2 State insurance department licenses and fees

Exhibit 3, Line 3 State taxes on premiums

Exhibit 3, Line 4 Other state taxes, incl $__ for employee benefits

Exhibit 3, Line 5 U.S. Social Security taxes

Exhibit 3, Line 6 All other taxes

Fraternal Statement:

Exhibit 3, Line 1 Real estate taxes

Exhibit 3, Line 2 State insurance department licenses and fees

Exhibit 3, Line 3 Other state taxes, incl $__ for employee benefits

Exhibit 3, Line 4 U.S. Social Security taxes

Exhibit 3, Line 5 All other taxes

Health Statement:

U&I Part 3, Line 22 Real Estate Taxes

U&I Part 3, Line 23.1 State and local insurance taxes

U&I Part 3, Line 23.2 State premium taxes

U&I Part 3, Line 23.3 Regulatory authority licenses and fees

U&I Part 3, Line 23.4 Payroll taxes

U&I Part 3, Line 23.5 Other (excluding federal income and real estate)

P/C Statement:

U&I Part 3, Line 8.2 Payroll taxes

U&I Part 3, Line 20.1 State and local insurance taxes, deducting guaranty association credits of $___

U&I Part 3, Line 20.2 Insurance department licenses and fees

U&I Part 3, Line 20.3 Gross guaranty association assessments

U&I Part 3, Line 20.4 All other taxes, licenses and fees (excluding federal and foreign income and real estate)

U&I Part 3, Line 22 Real estate taxes

Lines 1.11, 2.11, 3.11, 4.11, 5.11, 6.11, 7.11, 8.11 & 9.11 – Total Fraud and Abuse Detection/Recovery Expenses Included in Column 7 (Informational Only)

Include: Fraud and abuse detection and recovery expenses as well as prevention expenses.

EXPENSE ALLOCATION SUPPLEMENTAL FILING

A single (not state-by-state), separate, regulator-only supplemental filing must be made by the insurer to provide a description of the method utilized to allocate QI expenses to each state and to each line and column on Part 3.

Additionally, companies reporting QI expenses in Part 3, Columns 1 through 5 must include a detailed description of such expense elements, including how the specific expenses meet the definitions above.

The definitions established in the Supplemental Health Care Exhibit apply to this supplemental filing, as well. For a **new initiative** that otherwise meets the definition of QI above but has not yet met the objective, verifiable results requirement, include an "X" in the "New" column of the supplement and include in the description the expected time frame for the activity to accomplish the objective, verifiable results.

Expenses for prospective utilization review and the costs of reward or bonuses associated with wellness and health promotion that are included in QI should include an "E" in the "New" column. These will be reviewed for adherence to the definition and standards of QI and may be specifically incorporated into, or excluded from, the instructions for QI for future reporting purposes.

Expense Type from Part 3	Line Number
Improve Health Outcomes	1.0001 – 1.9999
Activities to Prevent Hospital Readmission	2.0001 – 2.9999
Improve Patient Safety and Reduce Medical Errors	3.0001 – 3.9999
Wellness & Health Promotion Activities	4.0001 – 4.9999
HIT Expenses for Health Care Quality Improvements	5.0001 – 5.9999

SUPPLEMENTAL TERM AND UNIVERSAL LIFE INSURANCE REINSURANCE EXHIBIT

PART 1 – ALL CESSIONS OF TERM AND UNIVERSAL LIFE INSURANCE WITH SECONDARY GUARANTEES

This exhibit is required to be filed no later than April 1.

Part 1 applies to all cessions of life insurance policies containing guaranteed non-level gross premiums, guaranteed non-level benefits and universal life insurance policies with secondary guarantees, regardless of the effective date of the cession or the issue date of the policies, excepting only reinsurance of:

(1) Policies that satisfy the criteria for exemption set forth in Section 6F or 6G of the NAIC *Valuation of Life Insurance Policies Model Regulation* (#830), and which are issued before the later of:

  (a) The effective date of the NAIC *Term And Universal Life Insurance Reserve Financing Model Regulation* (#787) in the reporting entity's state of domicile, and

  (b) The date on which the reporting entity begins to apply the provisions of VM-20 (as defined below) to establish the ceded policies' statutory reserves, but in no event later than Jan 1, 2020;

(2) Portions of policies that satisfy the criteria for exemption set forth in Section 6E of Model #830, and which are issued before the later of:

  (a) The effective date of Model #787 in the reporting entity's state of domicile, and

  (b) The date on which the reporting entity begins to apply the provisions of VM-20 to establish the ceded policies' statutory reserves, but in no event later than Jan. 1, 2020;

(3) Any universal life policy that meets all of the following requirements:

  (a) Secondary guarantee period, if any, is five (5) years or less;

  (b) Specified premium for the secondary guarantee period is not less than the net level reserve premium for the secondary guarantee period based on the Commissioners Standard Ordinary (CSO) valuation tables and valuation interest rate applicable to the issue year of the policy; and

  (c) The initial surrender charge is not less than one hundred percent (100%) of the first-year annualized specified premium for the secondary guarantee period;

  NOTE: For purposes of this Exhibit, the term "universal life with secondary guarantees" shall not include the policies described in (3) above.

(4) Credit life insurance;

(5) Any variable life insurance policy that provides for life insurance, the amount or duration of which varies according to the investment experience of any separate account or accounts; or

(6) Any group life insurance certificate unless the certificate provides for a stated or implied schedule of maximum gross premiums required in order to continue coverage in force for a period in excess of one year.

A cession described above shall be reported in Part 1, even if one or more of the following circumstances exist:

1. The domiciliary regulator of the reporting entity has issued a waiver of compliance with *Actuarial Guideline XLVIII–Actuarial Opinion and Memorandum Requirements for the Reinsurance of Policies Required to be Valued under Sections 6 and 7 of the NAIC Valuation of Life Insurance Policies Model Regulation (Model 830)* (AG48) to the reporting entity.

2. Regulation substantially similar to Model #787 has not been adopted by the domiciliary regulator of the reporting entity.

3. The risks ceded arise under policies that meet the definition of "Grandfathered Policies" (as defined below).

4. The risks ceded qualify for an exemption from AG48 pursuant to Section 3 thereof or from Model #787 pursuant to Section 4 thereof.

Cessions shall be reported on a treaty-by-treaty basis.

The terms below shall have the following definitions for the purposes of this Part 1:

A. **Actuarial Method:** The methodology used to determine the Required Level of Primary Security, as described in Section 6 of Model #787.

B. **Covered Policies:** Subject to the exemptions described in Section 4 of Model #787, Covered Policies are those policies, other than Grandfathered Policies, of the following policy types:

   1. Life insurance policies with guaranteed non-level gross premiums and/or guaranteed non-level benefits, except for flexible premium universal life insurance policies; or

   2. Flexible premium universal life insurance policies with provisions resulting in the ability of a policyholder to keep a policy in force over a secondary guarantee period.

C. **Grandfathered Policies:** Policies of the types described in Subsections B1 and B2 above that were:

   1. Issued prior to Jan. 1, 2015; and

   2. Ceded, as of Dec. 31, 2014, as part of a reinsurance treaty that would not have met one of the exemptions set forth in Section 4 of Model #787 had that section then been in effect.

D. **Required Level of Primary Security:** The dollar amount determined by applying the Actuarial Method to the risks ceded with respect to Covered Policies but not more than the total reserve ceded.

E. **Primary Security:** The following forms of security:

   1. Cash meeting the requirements of Section 3A of the NAIC *Credit for Reinsurance Model Law* (#785);

   2. Securities listed by the Securities Valuation Office meeting the requirements of Section 3B of Model #785, but excluding any synthetic letter of credit, contingent note, credit-linked note or other similar security that operates in a manner similar to a letter of credit, and excluding any securities issued by the ceding insurer or any of its affiliates; and

3. For security held in connection with funds withheld and modified coinsurance reinsurance arrangements:

   a. Commercial loans in good standing of CM3 quality and higher;

   b. Policy loans; and

   c. Derivatives acquired in the normal course and used to support and hedge liabilities pertaining to the actual risks in the policies ceded pursuant to the reinsurance arrangement.

F. **Other Security:** Any asset, including any asset meeting the definition of Primary Security, acceptable to the commissioner of the ceding insurer's domiciliary state.

F. **Valuation Manual:** The *Valuation Manual* adopted by the NAIC as described in Section 11B(1) of the NAIC *Standard Valuation Law* (#820), with all amendments adopted by the NAIC that are effective for the financial statement date on which credit for reinsurance is claimed.

G. **VM-20:** "Requirements for Principle-Based Reserves for Life Products," including all relevant definitions, from the *Valuation Manual*.

Column 1 – NAIC Company Code

Provide the NAIC code of the assuming insurer.

Column 2 – ID Number

Enter one of the following as appropriate for the assuming insurer reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)
Alien Insurer Identification Number	(AIIN)
Certified Reinsurer Identification Number	(CRIN)

Column 3 – Name of Company

Provide the name of the assuming insurer.

Column 4 – Reinsurer that is Licensed, Accredited or Domiciled in Another State and that Meets Certain Additional Statutory Accounting and RBC Requirements (YES/NO)

Enter "YES" if the reinsurance was ceded to an assuming insurer that meets the applicable requirements of Section 2A, Section 2B or Section 2C of Model #785, as adopted in the reporting entity's state of domicile, and in addition:

1. Prepares its statutory financial statements in compliance with the *NAIC Accounting Practices and Procedures Manual*, without any departures from NAIC statutory accounting practices and procedures pertaining to the admissibility or valuation of assets or liabilities that increase the assuming insurer's reported surplus and are material enough that they would need to be disclosed in the financial statement of the assuming insurer pursuant to *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures*; and

2. Is not in a Company Action Level Event, Regulatory Action Level Event, Authorized Control Level Event, or Mandatory Control Level Event as those terms are defined in the NAIC *Risk-Based Capital (RBC) for Insurers Model Act* (#312) when its RBC is calculated in accordance with the life RBC report, including overview and instructions for companies, as the same may be amended by the NAIC from time to time, without deviation.

Column 5 – Reinsurer that is Licensed, Accredited or Domiciled in Another State and that Meets Certain Additional Non-affiliation, Statutory Accounting, Licensing, and RBC Requirements (YES/NO)

Enter "YES" if the reinsurance was ceded to an assuming insurer that meets the applicable requirements of Section 2A, Section 2B or Section 2C of Model #785, as adopted in the reporting entity's state of domicile, and that, in addition:

1. Is not an affiliate, as that term is defined in Section 1A of the NAIC *Insurance Holding Company System Regulatory Act* (#440), of:

    (a) The insurer ceding the business to the assuming insurer; or

    (b) Any insurer that directly or indirectly ceded the business to that ceding insurer;

2. Prepares statutory financial statements in compliance with the NAIC *Accounting Practices and Procedures Manual*;

3. Is both:

    (a) Licensed or accredited in at least 10 states (including its state of domicile): and

    (b) Not licensed in any state as a captive, special purpose vehicle, special purpose financial captive, special purpose life reinsurance company, limited purpose subsidiary or any other similar licensing regime; and

4. Is not, or would not be, below 500% of the Authorized Control Level RBC as that term is defined in NAIC *Risk-Based Capital (RBC) for Insurers Model Act* (#312) when its risk-based capital (RBC) is calculated in accordance with the life RBC report, including overview and instructions for companies, as the same may be amended by the NAIC from time to time, without deviation, and without recognition of any departures from NAIC statutory accounting practices and procedures pertaining to the admission or valuation of assets or liabilities that increase the assuming insurer's reported surplus.

Column 6 – Certified Reinsurer (YES/NO)

Enter "YES" if the reinsurance was ceded to an assuming insurer that meets the applicable requirements of Section 2E of the NAIC *Credit for Reinsurance Model Law* (#785) and has been certified in the ceding insurer's domiciliary state or, if that state has not adopted a provision equivalent to Section 2E, in a minimum of five states.

Column 7 – Reinsurer Meeting Certain Size and Licensing Requirements (YES/NO)

Enter "YES" if the reinsurance was ceded to an assuming insurer that maintains at least $250 million in capital and surplus when determined in accordance with the NAIC *Accounting Practices and Procedures Manual*, including all amendments thereto adopted by the NAIC, excluding the impact of any permitted or prescribed practices; and is:

1. Licensed in at least 26 states; or

2. Licensed in at least 10 states, and licensed or accredited in a total of at least 35 states.

Column 8 Reinsurer Maintaining Trust Fund (YES/NO)

Enter "YES" if the reinsurance was ceded to an assuming insurer that meets the applicable requirements of Section 2D of the NAIC *Credit for Reinsurance Model Law* (#785), as adopted in the reporting entity's state of domicile.

Column 9 – Special Exemption by Domestic Regulator (YES/NO)

Enter “YES” if the ceding insurer’s domiciliary regulator, after consulting with the NAIC Financial Analysis (E) Working Group or other group of regulators designated by the NAIC, as applicable, has determined under all the facts and circumstances that all of the following apply: (1) the risks are clearly outside of the intent and purpose of Model #787; and (2) such risks are included within the scope of Model #787 only as a technicality; and (3) the application of Model #787 to such risks is not necessary to provide appropriate protection to policyholders.

Column 10 – Affiliate (YES/NO)

Enter “YES” if the assuming insurer identified in Column 3 is an affiliate.

Column 11 – Effective Date

Provide the effective date of the reinsurance ceding arrangement.

Column 12 -- Statutory Reserve

State the dollar amount of the statutory reserve for the life insurance products containing guaranteed non-level gross premiums, guaranteed non-level benefits and universal life insurance policies with secondary guarantees included in the ceded reinsurance contract.

Column 13 – Statutory Reserve Credit Taken

State the dollar amount of the total statutory reserve credit taken for life insurance products containing guaranteed non-level gross premiums, guaranteed non-level benefits and universal life insurance policies with secondary guarantees included in the ceded reinsurance contract. For reserves subject to modified coinsurance, report the modified coinsurance reserve.

Column 13 should equal the sum of Column 14 and Column 15.

Column 14 – Term Life Statutory Policy Reserve Credit Taken

State the dollar amount of statutory policy reserve credit taken (include the impact of any liability established as a result of Primary Security being less than the Required Level of Primary Security offset) for life insurance products containing guaranteed non-level gross premiums or guaranteed non-level benefits. For reserves subject to modified coinsurance, report the modified coinsurance reserve.

Column 15 – Universal Life Statutory Policy Reserve Credit Taken

State the dollar amount of statutory policy reserve credit taken for universal life insurance policies with secondary guarantees. For reserves subject to modified coinsurance, report the modified coinsurance reserve.

SUPPLEMENTAL TERM AND UNIVERSAL LIFE INSURANCE REINSURANCE EXHIBIT

PART 2 – TRANSACTIONS SUBJECT TO PART 2A OR PART 2B DISCLOSURE
(GENERAL INSTRUCTIONS)

This exhibit is required to be filed no later than April 1. All capitalized terms used in Part 2 shall have the meanings ascribed to them in Part 1.

Part 2 applies to <u>all</u> cessions identified in Part 1 <u>except</u> cessions as to which Column 4, 5, 6, 7 or 8 is reported as "YES."

A cession to which Part 2 applies shall be reported in Part 2A if:

a. Column 9 in Part 1 is reported as "YES" with respect to such cession; or

b. The cession is of risks under policies that meet the definition of "Grandfathered Policies."

All other cessions to which Part 2 applies shall be reported in Part 2B. In the event that a cession contains both risks required to be reported in Part 2A according to the instructions above, and risks to be reported in Part 2B according to the instructions above, the reporting of the cession shall be bi-furcated accordingly between Part 2A and Part 2B under the same Cession ID.

For purposes of Part 2, the word "collateral" shall mean assets retained by the ceding company through a modified coinsurance or funds withheld basis and assets held in trust by the assuming insurer for the benefit of the ceding company, or, if the case of a letter of credit, in the possession of the ceding company or held in trust for the benefit of the ceding company. Collateral also includes parental guarantees made payable to the ceding company.

For assets that would be admitted under the NAIC *Accounting Practices and Procedures Manual* if they were held by the reporting entity and without taking into consideration any prescribed or permitted practices, and including assets held in trust, the values are to be determined according to statutory accounting procedures the NAIC *Accounting Practices and Procedures Manual* as if such assets were held in the reporting entity's general account. If the ceding company cannot determine the statutory accounting value of certain assets under the NAIC *Accounting Practices and Procedures Manual* after making a diligent effort to do so, the ceding company can report that asset using the value assigned to the asset for the purpose of determining the amount of reserve credit taken; provided, however, any such assets must be reported on a line separate from those assets valued in accordance with the NAIC *Accounting Practices and Procedures Manual* and the reporting entity shall provide a note indicating the basis for the valuation used.

For all other assets, the values are to be those that were assigned to the collateral in the reporting entity's Schedule S for the purpose of determining the amount of reserve credit allowed.

SUPPLEMENTAL TERM AND UNIVERSAL LIFE INSURANCE REINSURANCE EXHIBIT

PART 2A – TRANSACTIONS SUBJECT TO PART 2 DISCLOSURE (GRANDFATHERED OR SPECIAL EXEMPTION)

Column 1 – Cession ID

Enter a unique Cession ID for each line (01 – 99).

Column 2 – NAIC Company Code

Provide the NAIC code of the assuming insurer.

Column 3 – ID Number

Enter one of the following as appropriate for the assuming insurer being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)
Alien Insurer Identification Number	(AIIN)
Certified Reinsurer Identification Number	(CRIN)

Column 4 – Name of Company

Provide the name of the assuming insurer.

Column 5 – Effective Date or Prior Year Annual Statement Date

Provide the later of the effective date of the cession or the annual statement date immediately preceding the current annual statement date.

As of Effective Date or Prior Year's Annual Statement

Column 6 – Statutory Reserve

State the dollar amount of the statutory reserve for the life insurance products containing guaranteed non-level gross premiums, guaranteed non-level benefits and universal life insurance policies with secondary guarantees included in the ceded reinsurance contract.

Column 7 – Statutory Reserve Credit Taken

State the dollar amount of the statutory reserve credit taken by the reporting entity for the life insurance products containing guaranteed non-level gross premiums, guaranteed non-level benefits and universal life insurance policies with secondary guarantees included in the ceded reinsurance contract as of the date reported in Column 5. For reserves subject to modified coinsurance, report the modified coinsurance reserve.

Column 8A – "Economic Reserve" Level

State the value as of the date reported in Column 5 of:

(A) That portion of the statutory reserve credit that the reporting entity and the reporting entity's domestic regulator have agreed must be supported by assets admissible per the NAIC *Accounting Practices and Procedures Manual* and that cannot be financed; or

(B) If no such agreement exists, the reserves calculated by the method required under the Generally Accepted Accounting Principles (GAAP) for the jurisdiction in which the reinsurer's affiliated group prepares GAAP financial statements; or

(C) If the agreement referenced in (A) does not exist and (B) does not apply, that portion of the reserve established by the reinsurer that the reinsurer and reinsurer's domestic regulator have agreed must be supported by assets admissible per the NAIC *Accounting Practices and Procedures Manual* and that cannot be financed; or

(D) If (A), (B) or (C) does not apply, the reserve required by the regulator in the jurisdiction of the reinsurer.

Column 8B – "Economic Reserve" Level (Method Used)

Indicate the method used to calculate the amount stated in Column 8A by inserting (A), (B), (C) or (D) after the stated value.

Column 9 – Primary Security

State the value as of the date reported in Column 5 of the Primary Security received by the reporting entity as collateral.

Column 10 – Other Security

State the value as of the date reported in Column 5 of all collateral that is not reported in Column 9.

<u>As of Current Year's Annual Statement</u>

Column 11 – Statutory Reserve

State the dollar amount of the statutory reserve for the life insurance products containing guaranteed non-level gross premiums, guaranteed non-level benefits and universal life insurance policies with secondary guarantees included in the ceded reinsurance contract.

Column 12 – Statutory Reserve Credit Taken

State the dollar amount of the statutory reserve credit taken by the reporting entity for the XXX and AXXX products included in the ceded reinsurance contract as of the current annual statement date. For reserves subject to modified coinsurance, report the modified coinsurance reserve.

Column 13A – "Economic Reserve" Level

State the value as of the current annual statement date of:

(A) That portion of the statutory reserve credit that the reporting entity and the reporting entity's domestic regulator have agreed must be supported by assets admissible per the NAIC *Accounting Practices and Procedures Manual* and that cannot be financed; or

(B) If no such agreement exists, the reserves calculated by the method required under the Generally Accepted Accounting Principles (GAAP) for the jurisdiction in which the reinsurer's affiliated group prepares GAAP financial statements; or

(C) If the agreement referenced in (A) does not exist and (B) does not apply, that portion of the reserve established by the reinsurer that the reinsurer and reinsurer's domestic regulator have agreed must be supported by assets admissible per the NAIC *Accounting Practices and Procedures Manual* and that cannot be financed; or

(D) If (A), (B) or (C) does not apply, the reserve required by the regulator in the jurisdiction of the reinsurer.

Column 13B – "Economic Reserve" Level (Method Used)

Indicate the method used to calculate the amount stated in Column 13A by inserting (A), (B), (C) or (D) after the stated value.

Column 14 – Primary Security

State the value as of the current annual statement date of the Primary Security received by the reporting entity as collateral.

Column 15 – Primary Security – Trust

State the value as of the current annual statement date of any part of the collateral reported in Column 14 that is held in trust for the benefit of the reporting entity.

Column 16 – Primary Security – Funds Withheld or Modified Coinsurance

State the value as of the current annual statement date of any part of the collateral reported in Column 14 that is held by the reporting entity on a funds withheld basis or on a modified coinsurance basis.

Column 17 – Other Security

State the value as of the current annual statement date of all collateral that is not reported in Column 14.

SUPPLEMENTAL TERM AND UNIVERSAL LIFE INSURANCE REINSURANCE EXHIBIT

PART 2B – TRANSACTIONS SUBJECT TO PART 2 DISCLOSURE (NON-GRANDFATHERED)

Column 1 – Cession ID

Enter a unique Cession ID for each line (01 – 99).

To differentiate between cessions that contain risks subject to the provisions of AG48 and those that contain risks subject to the provisions of a state regulation equivalent to Model #787, append an A or B after the cession ID.

In the event that a cession contains risks subject to both the provisions of AG48 and the provisions of a state regulation equivalent to Model #787, the reporting of the cession shall be bifurcated accordingly and listed on two distinct lines.

Use "A" for cessions that contain risks subject to the provisions of AG48.

Use "B" for cessions that contain risks subject to the provisions of a state regulation.

Column 2 – NAIC Company Code

Provide the NAIC code of the assuming insurer.

Column 3 – ID Number

Enter one of the following as appropriate for the assuming insurer being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)
Alien Insurer Identification Number	(AIIN)
Certified Reinsurer Identification Number	(CRIN)

Column 4 – Name of Company

Provide the name of the assuming insurer.

Column 5 – Effective Date or Prior Year Annual Statement Date

Provide the later of the effective date of the cession or the annual statement date immediately preceding the current annual statement date.

As of Effective Date or Prior Year's Annual Statement

Column 6 – Statutory Reserve

State the dollar amount of the statutory reserve for the life insurance products containing guaranteed non-level gross premiums, guaranteed non-level benefits and universal life insurance policies with secondary guarantees included in the ceded reinsurance contract.

Column 7 – Statutory Reserve Credit Taken

State the dollar amount of the statutory reserve credit taken by the reporting entity for the life insurance products containing guaranteed non-level gross premiums, guaranteed non-level benefits and universal life insurance policies with secondary guarantees included in the ceded reinsurance contract as of the date reported in Column 5. For reserves subject to modified coinsurance, report the modified coinsurance reserve.

Column 8 – Required Level of Primary Security

State the Required Level of Primary Security applicable to the covered policies as of date reported in Column 5.

Column 9 – Primary Security

State the value of the Primary Security received by the reporting entity as collateral as of the date reported in Column 5.

Column 10 – Other Security

State the value as of the date reported in Column 5 of all collateral that is not reported in Column 8.

<u>As of Current Year's Annual Statement</u>

Column 11 – Statutory Reserve

State the dollar amount of the statutory reserve for the life insurance products containing guaranteed non-level gross premiums, guaranteed non-level benefits and universal life insurance policies with secondary guarantees included in the ceded reinsurance contract as of the current annual statement date.

Column 12 – Statutory Reserve Credit Taken

State the dollar amount of the statutory reserve credit taken by the reporting entity (include the impact of any liability established as a result of Primary Security being less than the Required Level of Primary Security offset) for the life insurance products containing guaranteed non-level gross premiums, guaranteed non-level benefits and universal life insurance policies with secondary guarantees included in the ceded reinsurance contract as of the current annual statement date. For reserves subject to modified coinsurance, report the modified coinsurance reserve.

Column 13 – Required Level of Primary Security

State the Required Level of Primary Security applicable to the covered policies as of the current annual statement date.

Should not be zero if an amount is reported in Column 12.

Column 14 – Primary Security

State the value of the Primary Security received by the reporting entity as collateral as of the current annual statement date.

Should not be zero if an amount is reported in Column 12.

Column 15 – Primary Security Remediation Adjustment

If Column 13 is greater than Column 14, state the value as of the current annual statement date of any additional Primary Security received by the reporting entity after the as of date of the current annual statement as collateral to cover the difference.

Column 16 – Primary Security – Trust

State the value as of the current annual statement date of any part of the collateral reported in Column 14 and Column 15 that is held in trust by the assuming insurer for the benefit of the reporting entity.

Column 17 – Primary Security – Funds Withheld or Modified Coinsurance

State the value as of the current annual statement date of any part of the collateral reported in Column 14 and Column 15 that is held by the reporting entity on a funds withheld basis or on a modified coinsurance basis.

Column 18 – Other Security

State the value as of the current annual statement date of any collateral that is not reported in Columns 14 and 15.

**** Columns 19 through 20 will be electronic only. ****

Column 19 – Primary Security Shortfall

If Column 12 is greater than Column 14 and if Column 13 is greater than the sum of Column 14 and Column 15, state the difference between Column 13 and the sum of Column 14 and Column 15.

If Column 12 is equal to or less than Column 14 or if Column 13 is less than or equal to the sum of Column 14 and Column 15, leave this column blank.

Column 20 – Other Security Shortfall

If Column 12 is greater than Column 14 and if Column 12 minus the sum of Column 14 and Column 15 is greater than Column 18, state the difference between Column 12 and the sum of Column 14 and Column 15.

If Column 12 is equal to or less than Column 14 or if Column 12 minus the sum of Column 14 and Column 15 is less than or equal to Column 18, leave this column blank.

SUPPLEMENTAL TERM AND UNIVERSAL LIFE INSURANCE REINSURANCE EXHIBIT

PART 3 – COLLATERAL FOR ALL TERM AND UNIVERSAL LIFE INSURANCE REINSURANCE TRANSACTIONS REPORTED ON PART 2A OR PART 2B

This exhibit is required to be filed no later than April 1. All capitalized terms used in Part 3 shall have the meanings ascribed to them in Part 1.

Part 3 applies to <u>all</u> the cessions identified in Part 2A or Part 2B; provided, however, that if the reporting entity has not received any collateral in connection with a cession identified in Part 2A, the only information required is the Cession ID number, Name of Company, NAIC Company Code and ID Number. The reporting entity should prepare a separate page for each Cession ID reported in Part 2. The reporting entity should also provide a Grand Total page.

For each Cession ID, the information regarding the Name of the Company, the NAIC Company Code, the ID Number and the inception date or prior year annual statement date should match what was reported for those columns in Part 2. Note: Only the numeric portion of the Cession ID is used. The identifiers ("A" and "B") provided for Part 2B are aggregated together for the purpose of this Exhibit.

For purposes of Part 3, the word "collateral" shall mean assets retained by the ceding company through a modified-coinsurance or funds withheld basis and assets held in trust by the assuming insurer for the benefit of the ceding company; or, if the case of a letter of credit, in the possession of the ceding company or held in trust for the benefit of the ceding company. Collateral also includes parental guarantees made payable to the ceding company.

For assets that would be admitted under the NAIC *Accounting Practices and Procedures Manual* if they were held by the reporting entity and without taking into consideration any prescribed or permitted practices, and including assets held in trust, the values are to be determined according to statutory accounting procedures under the NAIC *Accounting Practices and Procedures Manual* as if such assets were held in the reporting entity's general account. If the ceding company cannot determine the statutory accounting value of certain assets under the NAIC *Accounting Practices and Procedures Manual* after making a diligent effort to do so, the ceding company can report that asset using the value assigned to the asset for the purpose of determining the amount of reserve credit taken, provided, however, any such assets must be reported on a line separate from those assets valued in accordance with the NAIC *Accounting Practices and Procedures Manual* and the reporting entity shall provide a note indicating the basis for the valuation used.

For all other assets, the values are to be those that were assigned to the collateral in the reporting entity's Schedule S for the purpose of determining the amount of reserve credit allowed.

<u>As of Effective Date or Prior Year's Annual Statement</u>

Column 1 – Assets

State the value as of the latter of the effective date of the cession or the annual statement date immediately preceding the current annual statement date for collateral held in each category identified.

For the Grand Total page, the total for Column 1 should equal the sum of Column 9 (Primary Security) plus Column 10 (Other Security) from Parts 2A and 2B

Column 2 – Affiliate or Parental Guarantee (YES/NO)

Enter "YES" if any asset identified in Column 1 as to which an affiliate of the reporting entity has issued a guarantee.

As of Current Year's Annual Statement

Column 3 – Assets

State the value as of the current annual statement date for collateral held in each category identified.

For the Grand Total page, the total for Column 3 should equal Column 14 (Primary Security) from Parts 2A and 2B plus Column 17 (Other Security) from Part 2A plus Column 15 (Primary Security Remediation Adjustment) from Part 2B plus Column 18 (Other Security) from Part 2B.

Column 4 – Affiliate or Parental Guarantee (YES/NO)

Enter "YES" if any asset identified in Column 3 as to which an affiliate of the reporting entity has issued a guarantee.

For Lines 1 through 20, the reporting entity shall report the amount of assets in which collateral supporting the cession was held corresponding to the categories shown below.

Primary Security

Line 1 – Cash

Cash meeting the definition of Primary Security found in the instructions for Part 1.

Line 2 – NAIC 1 SVO-Listed Securities

NAIC 1 SVO-Listed Securities meeting the definition of Primary Security found in the instructions for Part 1.

Line 3 – NAIC 2 SVO-Listed Securities

NAIC 2 SVO-Listed Securities meeting the definition of Primary Security found in the instructions for Part 1.

Line 4 – NAIC 3 SVO-Listed Securities

NAIC 3 SVO-Listed Securities meeting the definition of Primary Security found in the instructions for Part 1.

Line 5 – NAIC 4 SVO-Listed Securities

NAIC 4 SVO-Listed Securities meeting the definition of Primary Security found in the instructions for Part 1.

Line 6 – NAIC 5 SVO-Listed Securities

NAIC 5 SVO-Listed Securities meeting the definition of Primary Security found in the instructions for Part 1.

Line 7 – NAIC 6 SVO-Listed Securities

NAIC 6 SVO-Listed Securities meeting the definition of Primary Security found in the instructions for Part 1.

Line 8 – Commercial Loans

Commercial loans meeting the definition of Primary Security found in the instructions for Part 1.

Line 9 – Policy Loans

Policy Loans meeting the definition of Primary Security found in the instructions for Part 1.

Line 10 – Derivatives Acquired in the Normal Course

Derivatives acquired in the normal course meeting the definition of Primary Security found in the instructions for Part 1.

Other Security

Line 12 – Other Investments Admissible per the NAIC AP&P Manual

Other investments admissible per the NAIC *Accounting Practices and Procedures Manual*.

Line 13 – Evergreen, Unconditional LOCs

Evergreen, unconditional letters of credit.

Line 14 – Other LOCs

Conditional letters of credit issued by qualified U.S. banks.

Line 15 – Affiliate or Parental Guarantees

Affiliate or parental guarantees.

Line 16 – LOC-Like Assets

Synthetic letters of credit, contingent notes, credit-linked notes or other similar securities that operate in a manner similar to letters of credit.

Line 17 – Excess of Loss Reinsurance

Excess of loss reinsurance.

Line 18 – All Other Assets

All other assets.

SUPPLEMENTAL TERM AND UNIVERSAL LIFE INSURANCE REINSURANCE EXHIBIT

PART 4 – NON-COLLATERAL ASSETS SUPPORTING RESERVES FOR ALL AFFILIATE TERM AND UNIVERSAL LIFE INSURANCE REINSURANCE TRANSACTIONS REPORTED ON PART 2A OR PART 2B

This exhibit is required to be filed no later than April 1. All capitalized terms used in Part 4 shall have the meanings ascribed to them in Part 1.

Part 4 applies to all the cessions identified in Part 2A or Part 2B in which the assuming insurer is an affiliate of the reporting entity. The reporting entity should prepare a separate page for each Cession ID required to be reported in Part 4. The reporting entity should also provide a Grand Total page.

For each Cession ID, the information regarding the Name of the Company, the NAIC Company Code, the ID Number and the inception date or prior year annual statement date should match what was reported for those columns in Part 2. Note: Only the numeric portion of the Cession ID is used. The identifiers ("A" and "B") provided for Part 2B are aggregated together for the purpose of this Exhibit.

For assets that would be admitted under the NAIC *Accounting Practices and Procedures Manual* if they were held by the reporting entity and without taking into consideration any prescribed or permitted practices and including assets held in trust, the values are to be determined according to statutory accounting procedures under the NAIC *Accounting Practices and Procedures Manual* as if such assets were held in the reporting entity's general account. If the ceding company cannot determine the statutory accounting value of certain assets under the NAIC *Accounting Practices and Procedures Manual* after making a diligent effort to do so, the ceding company can report that asset using the value assigned to the asset for the purpose of determining the amount of reserve credit taken; provided, however, any such assets must be reported on a line separate from those assets valued in accordance with the NAIC *Accounting Practices and Procedures Manual* and the reporting entity shall provide a note indicating the basis for the valuation used. For all other assets, the values are to be those that were assigned to the assets on the financial statements of the assuming insurer.

As of Effective Date or Prior Year's Annual Statement

Column 1 – Non-Collateral Assets Supporting Reserves – Affiliate Transactions

In each category identified, state the value, as of the later of the effective date of the cession or the annual statement date immediately preceding the current annual statement date, for all assets held by the assuming insurer in support of the cession and not held as collateral, but not including assets supporting liabilities not covered by the cession. If the assuming insurer holds assets supporting the cession and other liabilities, the assuming insurer, for purposes of this Part 4, should make an allocation of assets by liability and should report here only the assets allocated to the cession. Do not include any asset reported in Part 3.

Column 2 – Affiliate or Parental Guarantee (YES/NO)

Indicate as to any asset identified in Column 1 as to which an affiliate of the reporting entity has issued a guarantee.

As of Current Year's Annual Statement

Column 3 – Non-Collateral Assets Supporting Reserves – Affiliate Transactions

In each category identified, state the value, as of the current annual statement date, for all assets held by the assuming insurer in support of the cession and not held as collateral, but not including assets supporting liabilities not covered by the cession. If the assuming insurer holds assets supporting the cession and other liabilities, the assuming insurer, for purposes of this Part 4, should make an allocation of assets by liability and should report here only the assets allocated to the cession. Do not include any asset reported in Part 3.

Column 4 – Affiliate or Parental Guarantee (YES/NO)

Enter "YES" if any asset identified in Column 3 as to which an affiliate of the reporting entity has issued a guarantee.

For Lines 1 through 17, the reporting entity shall report the amount of assets corresponding to the categories shown below.

Line 1 – Cash

Cash meeting the definition of Primary Security found in the instructions for Part 1.

Line 2 – NAIC 1 SVO-Listed Securities

NAIC 1 SVO-Listed Securities meeting the definition of Primary Security found in the instructions for Part 1.

Line 3 – NAIC 2 SVO-Listed Securities

NAIC 2 SVO-Listed Securities meeting the definition of Primary Security found in the instructions for Part 1.

Line 4 – NAIC 3 SVO-Listed Securities

NAIC 3 SVO-Listed Securities meeting the definition of Primary Security found in the instructions for Part 1.

Line 5 – NAIC 4 SVO-Listed Securities

NAIC 4 SVO-Listed Securities meeting the definition of Primary Security found in the instructions for Part 1.

Line 6 – NAIC 5 SVO-Listed Securities

NAIC 5 SVO-Listed Securities meeting the definition of Primary Security found in the instructions for Part 1.

Line 7 – NAIC 6 SVO-Listed Securities

NAIC 6 SVO-Listed Securities meeting the definition of Primary Security found in the instructions for Part 1.

Line 8 – Commercial Loans

Commercial loans meeting the definition of Primary Security found in the instructions for Part 1.

Line 9 – Policy Loans

Policy Loans meeting the definition of Primary Security found in the instructions for Part 1.

Line 10 – Derivatives Acquired in the Normal Course

Derivatives acquired in the normal course meeting the definition of Primary Security found in the instructions for Part 1.

Line 11 – Other Investments Admissible per the NAIC AP&P Manual

Other Investments Admissible per the NAIC *Accounting Practices and Procedures Manual.*

Line 12 – Evergreen, Unconditional LOCs

Evergreen, unconditional letters of credit.

Line 13 – Other LOCs

Conditional letters of credit issued by qualified U.S. banks.

Line 14 – Affiliate or Parental Guarantees

Affiliate or parental guarantees.

Line 15 – LOC-like Assets

Synthetic letters of credit, contingent notes, credit-linked notes or other similar securities that operate in a manner similar to letters of credit.

Line 16 – Excess of Loss Reinsurance

Excess of loss reinsurance.

Line 17 – All Other Assets

All other Assets.

INSTRUCTIONS

For Completing Separate Accounts Annual Statement Blank

INDEX

The annual statement shall contain an alphabetized index on the last page of the hard copy statement which references the title and page number of all of the pages that are required to be included in that filing. The NAIC shall maintain, and place on its Website at *www.naic.org/cmte_e_app_blanks.htm*, the alphabetized index for all statement types that is required to be included in the hard copy of the statement. The above is only required on the March 1 filing, and specifically excludes any supplements.

GENERAL

The instructions for completing the general account are to be followed to the extent applicable. This supplement provides additional instructions that are unique to the Separate Accounts Blank as well as some that differ from those for the Fraternal Blank. Where there is a conflict with the Fraternal Blank's instructions, use these instructions. The reporting date must be plainly written or stamped at the top of all pages, exhibits and schedules (and duplicate schedules) and also upon all inserted schedules and loose sheets.

Reinsurance of separate accounts business is subject to the same Transfer of Risk requirements for reinsurance accounting treatment as general account business. All reinsurance transactions involving separate accounts business, if any, must be reported as reinsurance transactions in the general account annual statement, including reinsurance premiums, deposits, benefits, withdrawals, Schedule S (for separate accounts modified coinsurance reserves), Schedule T and where applicable, the Notes to Financial Statements and Schedule Y, Part 2.

If the assuming company does not receive funds to be invested, such as with modified coinsurance or coinsurance with funds withheld, the assuming company must account for such reinsurance in its general account statement. If the assuming company receives funds to be invested in support of the reinsured variable benefit reserves, the assuming company must use its separate accounts statement for such reinsurance assumed.

The separate accounts statement reports only the operations of the separate accounts themselves. It assumes that the administration of the contracts is reflected in the general account statement – hence, administrative expense does not appear in the Separate Accounts Statement, premiums and considerations are net of loading, and the expenses and taxes are those associated with the separate account investment operations.

A separate distinct filing should be made for separate account products that are insulated from the general creditors of the general account and for separate account products that are not insulated (i.e., an insurance company with both insulated and non-insulated products in the separate account would submit two complete and different filings). Seed money and unsettled fees and expenses are allowed to be reported with the corresponding product (insulated or non-insulated).

When completing the insulated blank, a reporting entity should only include those assets that are legally insulated by state law or statute. Legally insulated assets shall be equal to the reserves and supporting contract liabilities of the separate account. Such assets provide legal protection to the separate account contract holder from the general account liabilities. All other assets within the separate account that are not legally insulated by state law or statute shall be included in the non-insulated blank.

Examples:

Scenario	Insulated S/A Blank	Non-insulated S/A Blank
Scenario 1: Separate Account Insulated Assets = Separate Account Liabilities (For example, 100% of investment proceeds, net fees is attributed to the contract holder.) 40 bonds at $100 par value = $4,000	The $4,000 issue is associated with an insulated product; thus, the entire $4,000 would be reported in the insulated blank.	No amount.
Scenario 2: Separate Account Assets > Separate Account Liabilities resulting in a "due to" the General Account (For example, the contract specifies a ceiling on the investment return to contractholder; excess investment returns are retained by the reporting entity; the portion then retained by the General Account is considered non-insulated.) 40 bonds at $100 par value = $4,000 Max to contractholder is $3,990	$3,990 of the issue is associated with an insulated product; thus, this amount would be included in the insulated blank.	The remaining $10 is due to the General Account; the $10 would then be reported under the non-insulated blank.
Scenario 3: Separate Account Non-insulated Assets = Separate Account Liabilities (For example, the asset supporting the contract was not approved by the state as a legally insulated product.) The reporting entity owns 15 bonds at $100 par value that do not support an insulated product. 15 bonds at $100 par value = $1,500	No amount.	The $1,500 issue would be reported under the non-insulated blank.

Receipts other than income from investments are handled as a transfer from the general account. Similarly, amounts providing for the payment of benefits, including surrender benefits and various other payments, appear as transfers from the separate account to the general account. When eventually paid, these items are reported in the general account statement. The assets and liabilities are strictly those which arise from the operations of the separate accounts themselves, i.e., policy and contract reserves and items related to the making of investments, including investment expenses and taxes due or accrued. Unpaid transfers due the general account, such as surplus, contractual benefits, or contractual charges, would also appear on the liability page.

The format of the annual statement has been designed to facilitate data capture. Therefore, do not change the captions for pre-printed items, lines, or columns and do not insert write-ins between pre-printed items, lines, or columns (however, these requirements do not apply to the signature lines on the Jurat Page). An entry for which there is no specific pre-printed line title must be reported with an identifying title (for example, Deferred option income) in the appropriate schedule for each applicable page or section thereof entitled Details Of Write-Ins Aggregated At Item (Or On Line) ______ For ______________. These write-in lines should be reported in descending order. The statement provides a limited number of lines for write-ins in each applicable section. These pre-printed write-in detail schedules should not be modified.

If there is not sufficient room in a write-in detail schedule to accommodate all write-ins to be reported therein, companies shall report the write-in detail overflow on pages sequentially numbered beginning with Page 21, followed by 21.1, 21.2, etc. In such instances, companies shall carry the summary of write-in overflow lines from this page to the prescribed line in the original write-in detail section.

Each overflow write-in section should adhere to the following example:

Page 2

ASSETS

DETAILS OF WRITE-INS AGGREGATED ON LINE 16 FOR OTHER-THAN-INVESTED-ASSETS

1601	Write-in caption aaaa	$	500,000
1602	Write-in caption bbbb		350,000
1603	Write-in caption cccc		250,000
1698	Summary of remaining write-ins for Line 16 from overflow page		300,000
1699	TOTAL (Line 1601 through 1603 plus 1698) (Assets, Line 16)	$	1,400,000

Page 2 – Continuation
Assets
Remainder of Write-ins Aggregated on Line 16

1604	Write-in caption dddd	$	100,000
1605	Write-in caption eeee		75,000
1606	Write-in caption ffff		50,000
1607	Write-in caption gggg		50,000
1608	Write-in caption hhhh		20,000
1609	Write-in caption iiii		5,000
1697	Summary of remaining write-ins for Line 16. (Lines 1604 through 1696) (To Assets, Line 1698)	$	300,000

More than one detail section overflow may be entered on one page. However, the items should remain in page number order.

Whenever a reporting entity amends, changes, or otherwise modifies any previously filed information, the reporting entity should submit such changes with a new Jurat page, completed in all respects, along with new annual statement pages for all pages of the annual statement that contain information different from the most recently filed pages. The amendment, change, or modification should be filed with the NAIC, as well.

JURAT PAGE

Enter all information completely as indicated by the format of the page.

NAIC Group Code

Current Period

Enter the NAIC Group Code for the filing being processed.

Prior Period

Enter the NAIC Group Code for the prior quarter.

State of Domicile or Port of Entry

Alien companies doing business in the United States through a port of entry should complete this line with the appropriate state. U.S. insurance entities should enter the state of domicile.

Country of Domicile

U.S. branches of alien insurers should enter the three-character identifier for the reporting company's country of domicile from the Appendix of Abbreviations. Domestic insurers should enter "US" in this field.

Type of Separate Accounts

Indicate the type of separate accounts reported in the filing by choosing "insulated" or "non-insulated", but not both.

Commenced Business

Enter the date when the reporting entity first became obligated for any insurance risk via the issuance of policies and/or entering into a reinsurance agreement.

Statutory Home Office

As identified with the Certificate of Authority in domiciled state.

Main Administrative Office

Location of the reporting entity's main administrative office.

Mail Address

Reporting entity's mailing address, if other than the main administrative office address. May be a P.O. Box and the associated ZIP code.

Primary Location of Books and Records

Location where examiners may review records during an examination.

Internet Website Address

Include the Internet Website address of the reporting entity. If none, and information relating to the reporting entity is contained in a related entity's Website, include that Website.

Statutory Statement Contact

Name & Email

Name and email address of the person responsible for preparing and filing all statutory filings with the reporting entity's regulators and the NAIC. The person should be able to respond to questions and concerns for the Separate Accounts.

Telephone Number & Fax Number

Telephone and fax number should include area code and extension.

To be filed in electronic format only:

Policyowner Relations Contact

Name

List person able to respond to calls regarding policies, premium payments, etc. on individual policies.

Address

May be a P.O. Box and the associated ZIP code.

Telephone Number

Telephone number should include area code and extension.

Email Address

Email address of the policyowner relations contact person as described above.

Government Relations Contact

Name

The government relations contact represents the person the company designates to receive information from state insurance departments regarding new bulletins, company and producer licensing information, changes in departmental procedures and other general communication regarding non-financial information.

Address

May be a P.O. Box and the associated ZIP code.

Telephone Number

Telephone number should include area code and extension.

Email Address

Email address of the government contact person as described above.

Market Conduct Contact

Name

The market conduct contact represents the person the reporting entity designates to receive information from state insurance departments regarding market conduct activities. Such information would include (but not be limited to) data call letters, filing instructions, report cards, and inquires/questions about the reporting entity's market conduct.

Address

May be a P.O. Box and the associated ZIP code.

Telephone Number

Telephone number should include area code and extension.

Email Address

Email address of the market conduct contact person as described above.

Cybersecurity Contact

Name

The cybersecurity contact represents the person the reporting entity designates to receive information on active, developing and potential cybersecurity threats from regulatory agencies.

Address

May be a P.O. Box and the associated ZIP code.

Telephone Number

Telephone number should include area code and extension.

Email Address

Email address of the cybersecurity contact person as described above.

ASSETS

Receivables from the General Account Statement must be excluded from the assets of the Separate Accounts Statement to eliminate the need for consolidating adjustments in the General Account Statement. Such receivables must be reported as a negative liability and netted against payables to the General Account Statement (see instructions for Page 3, Line 10, Other Transfers to General Account Due or Accrued (Net)).

Columns 1 & 2 – General Account Basis and Fair Value Basis

Report in the General Account Basis column, Column 1, the assets of those separate accounts whose assets are carried at the same basis as the general account. Include all separate accounts whose assets support fund accumulation contracts (GICs), which do not participate in underlying portfolio experience, with fixed interest rate guarantee, purchased under a retirement plan or plan of deferred compensation, established or maintained by an employer. Such assets must be valued as if the assets were held in the general account.

Report in the Fair Value Basis column, Column 2, the assets of those separate accounts whose assets are carried at market value. Include separate account whose assets support all other policies and contracts and those liabilities being recorded at current interest rates.

Contracts with assets held in a separate account where the separate account's plan of operations was filed and approved prior to codification's effective date, that are continuing to be valued on the approved basis shall be reported in the General Account or Fair Value basis columns.

Further instruction in the determination of appropriate valuation basis for amounts that are to be reported in the assets can be located in *SSAP No. 56—Separate Accounts*.

Column 3 – Total

The amount to be reported equals the sum of Columns 1 and 2.

LIABILITIES AND SURPLUS

Columns 1 & 2 – General Account Basis and Fair Value Basis

Report in the General Account Basis column, Column 1, the liabilities and, if any, surplus of those separate accounts whose assets are carried at the general account valuation basis, consistent with the reporting of general account basis assets of Page 2.

Report in the Fair Value Basis column, Column 2, the liabilities and, if any, surplus of those separate accounts whose assets are carried at fair value, consistent with the reporting of fair value basis assets on Page 2.

Further instructions in the determination of appropriate valuation basis for amounts that are to be reported in the liabilities can be located in *SSAP No. 56—Separate Accounts*.

Column 3 – Total

The amount to be reported equals the sum of Columns 1 and 2.

Line 1 – Aggregate Reserve for Life, Annuity and Accident and Health Contracts

If the company uses a modified reserving method, such as CARVM or CRVM, for business in the Separate Accounts Statement, the modified reserve must be reported as a liability in the Separate Account Statement.

Line 2 – Liability for Deposit-Type Contracts (Exhibit 4, Deposit-Type Contracts, Line 9, Column 1)

Include: Liabilities for contracts that have no mortality or morbidity risk. Refer to *SSAP No. 52—Deposit-Type Contracts* for accounting guidance.

Line 10 – Other Transfers to General Account Due or Accrued (Net) (including $_________ accrued for expense allowances recognized in reserves)

Include: Receivables from the General Account as a negative amount.

The excess, if any as of the statement date, of policyholder account values as appropriate, over modified reserves used in the Separate Accounts Statement, such as the expense allowance provided by the use of CARVM or CRVM. Such excess or expense allowance must be reported as a transfer to the general account in this line. All other forms of surplus covered by assets in the Separate Accounts Statement, such as asset values in excess of account values, seed monies and retention of other profits, must be reported as surplus in the Separate Accounts Statement until such time as the surplus is withdrawn from the separate account and paid to the general account.

In the parenthetical, report the amount of such excess or expense allowance, if any, included in Line 10. Exclude from the parenthetical disclosure all other types of accruals, such as accruals for fees and charges.

The inside amount for this line should equal the amount reported on Page 3, Transfers to Separate Accounts Due or Accrued Line, of the general account statement.

Line 12 – Derivatives

Include: Derivative liability amounts shown as credit balances on Schedule DB, Parts A and B, if any.

Line 13 – Payable for Securities

Include: Amounts that are due to brokers when a security has been purchased, but have not yet been paid.

Line 14 – Payable for Securities Lending

Include Liability for securities lending collateral received by the reporting entity that can be reinvested or repledged.

Line 18 – Contributed Surplus

Include: Only surplus transferred from the general account to establish a separate account, less any portion of such surplus subsequently returned to the general account.

Line 19 – Aggregate Write-ins for Special Surplus Funds

Enter the excess, if any, of the aggregate benefit base over the aggregate reserve.

Line 21 – Surplus

Exclude: Surplus derived from the excess of policyholder account values as appropriate, over modified reserves, such as the expense allowance provided by the use of CARVM or CRVM (see instructions for Line 10).

Include All other forms of surplus covered by assets in the Separate Accounts Statement, such as asset values in excess of account values, seed monies and retention of other profits.

SUMMARY OF OPERATIONS

Line 1.1 – Net Premiums and Annuity Considerations for Life and Accident and Health Contracts

Report premium and annuity considerations for life and accident and health contracts. Refer to *SSAP No. 50—Classifications of Insurance or Managed Care Contracts* for life, accident and health deposit-type contract definitions and *SSAP No. 51R—Life Contracts* and *SSAP No. 52—Deposit-Type Contracts*.

Include: Accrued net premiums required to maintain the larger of the aggregate reserves or the aggregate benefit base. All considerations for annuity products, including pension products, for which purchases have been made for individuals or individual certificateholders.

Experience rating refunds received.

Deduct: Premiums and annuity considerations returned (other than cash surrender values) including amounts returned during the year due to recession of contracts not taken, "free-look" provision, reformation or contract, other contractual return premium provisions, erroneously computed premiums or similar returns.

Experience rating refunds paid.

Exclude: Deposits to deposit-type contract funds. Refer to *SSAP No. 51R—Life Contracts* and *SSAP No. 52—Deposit-Type Contracts* for accounting guidance.

Line 2 – Transfers on Account of Deposit-type Contracts

Include: Net amount of deposits, withdrawals and fund balance transferred to the Separate Accounts Statement.

Line 7 – Transfers on Account of Policy Loans

Enter the net amount transferred if policy loan assets are maintained in the general account.

Line 8 – Net Transfer of Reserves From or (to) Separate Accounts

Exclude: Transfers related to the payment of contract benefits.

Line 9.2 – Change in Expense Allowances Recognized in Reserves

Report the amount of increase or (decrease), if any, in the excess of policyholder account values as appropriate, over modified reserves such as the expense allowance provided by the use of CARVM or CRVM, excluding the portion reported in Exhibit 3A, if any. Such excess or expense allowance must be reported as a transfer to the general account.

Line 11 – Fees Associated with Charges for Investment Management, Administration and Contract Guarantees

Enter the gross amount of accrued transfers of fees and charges to the general account, exclusive of amounts deducted in determining net investment income and of charges for taxes attributable to investment gains and income. Exclude any fees or charges otherwise includable in Line 9.1 that were payable to an entity other than the general account. Report such amounts as "Other fees associated with charges for investment management, administration and contract guarantees" in Line 9.3, Aggregate Write-ins for other Transfers from Separate Accounts.

Line 12 – Increase in Aggregate Reserve for Life and Health Contracts

Exclude: Any increase or (decrease) in reserves on account of change in valuation basis.

Line 17 – Net Gain from Operations (Including $___________ Unrealized Capital Gains)

In determining the unrealized capital gains or losses for disclosure in the caption, include only that portion of total unrealized gains or losses included in net gain from operations. This excludes the portion allocated and credited to separate account contract holders or policyholders. Disclose net unrealized losses as a negative amount.

Example:

a.	Total unrealized capital gains included in Line 3	$	10,000
b.	Unrealized capital gains credited to reserves included in Lines 12, 13 and 15		9,750
c.	Amount of unrealized capital gains included in Lines 17 (a-b)	$	250

SURPLUS ACCOUNT

Line 22 – Transfer from Separate Accounts of the Change in Expense Allowances Recognized in Line 21

Report the amount of decrease or (increase), if any, in the excess of policyholder account values as appropriate, over modified reserves such as the expense allowance provided by the use of CARVM or CRVM, reported in Exhibit 3A and Line 22. Such excess or expense allowance must be reported as a transfer to the general account.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

A company which is engaged in one or more insurance businesses which cannot be reported in Columns 2 through 8 on Page 5, shall add the amounts for each additional line of business and shall enter the total in Column 9 (All Other Lines of Business).

ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR

This exhibit shows how the reserve may be traced mathematically from one year-end to the next by taking account of its various theoretical components.

Lines 2 through 6 and Lines 8 through 11 do not include amounts related to the VM-20 Deterministic/Stochastic portion of the reserves, which are reported on Line 6.1.

Line 1 – Reserve December 31 of Prior Year

Enter total reserves from Line 16 of the prior year's Separate Accounts Statement.

Line 2 – Tabular Net Premiums and Considerations for Annuities and Supplementary Contracts With Life Contingencies

Enter accrued transfers of tabular net premiums from the general account as determined by the valuation basis employed.

Lines 3, 4 & 9 – Increase or Decrease from Investment Results, Tabular Less Actual Reserve Released and Tabular Cost

Show the increase or decrease before charges for investment management, administration and contract guarantees.

If Line 3 is not available from accounting records, the formulas indicated below may be used.

(1) On Life Insurance

Tabular Cost Minus Increase (or Decrease) From Investment Results on Life Insurance (C–I):

Reserve Dec. 31 of prior year	
Tabular premiums	
Other increases	
Total	

DEDUCT:

Reserve Dec. 31 of current year	
Terminal reserves released by death	
Net reserves released by other terminations	
Total deduction	
Balance (C–I)	

Increase (or Decrease) from Investment Results (I):

One-half of reserve Dec. 31 of prior year	
One-half of reserve Dec. 31 of current year	
One-half of (C–I)	
One-half of terminal reserves released by death	
Total	
Total multiplied by net investment return equals increase (if positive) or decrease (if negative) from investment results	

Tabular Cost (C):

C–I	
Add I	
Total equals tabular cost	

(2) On Annuities and Supplementary Contracts with Life Contingencies

Tabular Less Actual Reserve Released Plus Increase (or Minus Decrease) From Investment Results (T–A+I):

Reserve Dec. 31 of current year	________
Charges for investment management, administration and contract guarantees	
Transfers incurred during year on account of annuity, supplementary contract and disability payments	________
Net Transfer of reserves to general account during year	________
Total	________

DEDUCT:

Reserve Dec. 31 of prior year	________
Tabular considerations for annuities and supplementary contracts	________
Other increases	________
Total Deductions	________
Balance (T–A+I)	________

Increase (or Decrease) from Investment Results (I):

One-half of reserve Dec. 31 of prior year	________
One-half of reserve Dec. 31 of current year	________
Subtotal	________
Deduct one-half of (T–A+I)	________
Total	________
Total multiplied by net investment return equals increase (if positive) or decrease (if negative) from investment results	________

Tabular Less Actual Reserve Released (T–A):

T–A+I	________
Deduct I	________
Balance equals tabular less actual reserve released	________

Line 6.1 – Change in Excess of VM-20 Deterministic/Stochastic Reserve over Net Premium Reserve

As the line item describes, this is the change in excess of any Deterministic/Stochastic reserve over the amount of the VM-20 Net Premium Reserve.

Line 8 – Net Transfer of Reserves from or (to) Separate Accounts

Exclude: Transfers related to the payment of contract benefits.

Line 10 – Reserves Released By Death

Enter terminal reserves released.

Exclude Deterministic/Stochastic Reserves from the reporting of Reserves Released by Death

Line 11 – Reserves Released By Other Terminations (Net)

Enter reserves released by all causes other than death. The computation should be on a net basis so as to take account of revivals, increases, changes etc.

Exclude: Deterministic/Stochastic Reserves from the reporting of Reserves Released by Other Terminations (Net)

Line 16 – Reserve December 31 of Current Year

Enter total reserves minus the accident and health reserves from Exhibit 3 of the current year's Separate Accounts Statement.

EXHIBIT OF CAPITAL GAINS (LOSSES)

Capital gains and losses, realized and unrealized, are to be calculated on the basis of original cost adjusted, as appropriate, for accrual of discount or amortization of premium and for depreciation.

EXHIBIT 3 – AGGREGATE RESERVE FOR LIFE, ANNUITY AND ACCIDENT AND HEALTH CONTRACTS

Column 1 – Description of Valuation Basis

State the valuation basis used for the reserve(s) in each separate account or each group of separate accounts for which the same valuation basis applies. Indicate whether the assets supporting the reserves are on a market value (MV) or an amortized cost/book value (BV) basis. Where applicable, state the table of mortality and the interest rate or range of rates as well as the valuation method. For annuities, indicate whether immediate, deferred or both.

If necessary, companies may add lines to report each reserve basis used.

The valuation assumption and valuation method abbreviations presented in the NAIC *Annual Statement Instructions* for Exhibit 5 of the Fraternal Annual Statement should be used.

For any reserves valued under VM-20, include the entire CRVM reserve required by VM-20 split into the following components, with each component on a separate line:

VM-20 Net Premium reserve identifying the valuation basis

The balance of the reserve labeled "VM-20 Deterministic and/or Stochastic (Excess over Net Premium)"

In addition, the following valuation methods and abbreviations may be used:

NAV Net Asset Value –

Reserves determined by the value of the separate account's assets, such as traditional variable account business, not reduced for surrender charge, if any.

IAV Indexed Account Value –

Reserve determined by performance of an index, such as S&P 500, not reduced for surrender charge, if any.

CSV Cash Surrender Value –

Reserves at cash surrender value other than NAV or IAV above.

OCAV Other Current Account Value

EXAMPLES:

Life Insurance:

1. Variable NAV MV
2. VM-20 Net Premium: 2017 CSO @ 3.5%
3. VM-20 Net Premium: 2017 CSO @ 4%
4. VM-20 Deterministic and/or Stochastic (Excess over Net Premium)

Annuities (excluding supplementary contracts)

1. Deferred Variable NAV MV

2. Deferred Mod Var IAV MV

3. Deferred X.X%–X.X% CARVM BV

4. Deferred X.X%–X.X% CSV BV

5. Deferred X.X%–X.X% OCAV MV

6. Immediate 1971 GAM XX% MV

Miscellaneous Reserves

Include: Surrender values in excess of reserves otherwise required and carried in this schedule.

EXHIBIT 4 – DEPOSIT-TYPE CONTRACTS

This exhibit is intended to capture information about the activity for deposit-type contracts as defined in *SSAP No. 52—Deposit-Type Contracts*.

Column 2 – Guaranteed Interest Contracts (without life contingencies)

Include: Contracts that do not subject the reporting entity to any mortality or morbidity risk.

Column 3 – Annuities Certain

Include: Amounts settled under contracts without any mortality or morbidity risk, e.g., certain immediate annuity contracts; amounts associated with lottery payouts, structured settlements, income settlement options or other amounts where payments are for a fixed period or amount.

Exclude: Amounts reported in Column 2 or 4.

Column 4 – Supplemental Contracts (without life contingencies)

Include: Amounts resulting from proceeds settled under a settlement option provision of life or annuity contract without any mortality or morbidity risk.

Column 5 – Dividend Accumulations or Refunds

Include: Amounts held on account related to contracts with any mortality or morbidity risk.

Column 6 – Premium and Other Deposit Funds

Include: Amounts not reported elsewhere in this exhibit for contracts that do not incorporate any mortality or morbidity risk.

Line 2 – Deposits Received During the Year

Include: Considerations or amounts from policy or contract holders that increased the fund balance.

Line 3 – Investment Earnings Credited to Account

Include: Investment income and capital gains and losses credited to accounts.

Line 4 – Other Net Change in Reserves

Include: The net difference between periods when the reserve amount held differs from the accumulated account balance, including income accumulations less withdrawal and applicable surrender charges. Enter appropriate amount for Deposit-type Contract reserves from Exhibit 3A, Changes in Bases of Valuation During the Year.

Increase (Decrease) by Foreign Currency Adjustment
Report amounts needed to adjust from the spot rate to a periodic rate. Refer to *SSAP No. 23—Foreign Currency Transactions and Translation* for accounting guidance.

Exclude: Investment earnings credited to accounts reported in Line 3.

Line 5 – Fees and Other Charges Assessed

Include: Any fees or assessments to the account that reduce the balance and are reported as income by the reporting entity.

Line 6 – Surrender Charges

Include: Charges assessed for contract surrenders or withdrawals, e.g., early withdrawal penalties.

Line 7 – Net Surrender or Withdrawal Payments

Include: The net proceeds paid or payable (after deduction for surrender charges) to the contract holder.

Line 8 – Other Net Transfers To Or (From) General Account

Include: Net transfer of liabilities for deposit-type contracts to or (from) the general account where such transfers are not due to deposits or withdrawals.

EXHIBIT 5 – RECONCILIATION OF CASH AND INVESTED ASSETS

Line 9.7 – Policy Loans (Net)

Enter the net amount disbursed to the general account if policy loan assets are maintained in the general account.

Line 12.1 – Fees associated with Investment Management, Administration and Contract Guarantees

Enter the gross amount of fees and charges paid, exclusive of charges for taxes attributable to investment gains and income.

Line 27 – Increase in Policy Loans

Enter the net increase in policy loan assets maintained in separate accounts.

EXHIBIT 6 – GUARANTEED INSURANCE AND ANNUITY PRODUCTS

Lines 1 through 4 – Liabilities Associated with Guarantees

Include: Separate account liabilities for products where:

1. The separate account benefits are guaranteed as to dollar amount and duration or

2. The policyholder's or contractholder's separate account funds are guaranteed as to principal amount or stated rate of interest or stated index.

Those separate account liabilities for any guarantee features in variable benefit products that are held in a separate account.* The liability for the variable benefit portion of such products should be reported in Line 5.

Exclude: The separate account liabilities for guaranteed benefit features offered with variable benefit products which are minimal, such are annuity purchase rates.*

Line 5 – Total Liabilities Not Associated With Guarantees

Include: Separate account liabilities for products where:

1. The separate account benefits available to the policyholder or contractholder are determined by the non-guaranteed investment performance and/or market value of the investments held in the separate account, (i.e., the benefits are variable).

2. The benefits are variable but the product contains minimal guarantee features such as annuity purchase rates.*

The separate account liabilities for the variable benefit portion of products that contain guarantee features. Where the liabilities for such features are held in a separate account,* then the liability for the guaranteed benefit portion of such products should be reported in Lines 1 thru 4.

* NOTE: Although the NAIC Model Variable Contract Law generally requires reserves for guaranteed benefits to be held in the general account, there may be circumstances where the liability for guaranteed benefits offered with variable products is held in a separate account. For example, an actuarial guideline is currently being developed that will interpret the application of the NAIC Model Standard Valuation Law to variable annuities with guaranteed living benefits. It has not yet been determined whether the guideline will specify that reserves for these living benefits be held in the general account (as is required for minimum guaranteed death benefits according to Actuarial Guideline XXXIV) or in a separate account. All such reserves for guaranteed living benefits that are held in a separate account should be reported in Lines 1 thru 4, even if minimal.

INTEREST MAINTENANCE RESERVE

Interest Maintenance Reserve (IMR) requirements for investments reported in the Separate Accounts Statement are applied on an account-by-account basis. If an IMR is required for a separate account, all of the investments in that separate account are subject to the requirement. If an IMR is not required for a separate account, none of the investments in that separate account are subject to the requirement.

An IMR is required for separate accounts valued at book but is not required for separate accounts valued at market. For example, separate accounts for traditional variable annuities, or variable life insurance do not require an IMR because assets and liabilities are valued at market.

If an IMR is required for investments in the Separate Accounts Statement, it is kept separate from the General Account IMR and accounted for in the Separate Accounts Statement.

The instructions for completion of the IMR for the Separate Accounts Statement are incorporated in the instructions for completion of the IMR of the General Account Statement. Refer to those instructions for guidance.

ASSET VALUATION RESERVE

Asset Valuation Reserve (AVR) requirements for investments reported in the Separate Accounts Statement are applied on an account-by account-basis. If an AVR is required for a separate account, all of the investments in that separate account are subject to the requirement. If an AVR is not required for a separate account, none of the investments in that separate account are subject to the requirement (except to the extent that such investments represent the company's capital and surplus interest in those investments).

Whether or not an AVR is required for separate account assets depends primarily on whether the reporting entity or policyholder/contract holder suffers the loss in the event of asset default or market value loss. An important exception to this is when specific state regulation provides an alternative to the AVR.

An AVR is required for separate account investments unless:

1. The asset default or market value risk is essentially borne directly by the policyholders, or

2. The regulatory authority for such separate accounts already explicitly provides for establishment of a reserve for asset default risk where such reserves are essentially equivalent to the AVR.

For example, assets supporting traditional variable annuities and variable life insurance do not require an AVR because the policyholders/contract holders bear the risk of change in the value of assets. However, an AVR is required for that portion representing the company's equity interest in the investments of such a separate account (seed money interest, for example). Assets supporting typical modified guaranteed contracts or market value adjusted contracts do require an AVR because the company is responsible for credit related asset loss. Another category of contracts requiring an AVR is contracts with book value guarantees similar to contracts generally found in the general account.

An example of the exception referred to in (2) above are contracts with market value separate accounts funding guaranteed benefits where state regulation provides alternatives to the AVR.

The following criteria are presented to assist in determining when an AVR or an IMR are required for investments in the Separate Accounts Statement:

Assets	Liabilities	Does Co. Suffer Asset Loss?	If Yes, Any Other Provision?	AVR*	IMR	Example Product
Market	Market	No	--	No	No	Variable Annuity
Market	Market**	Yes	No	Yes	No	Modified Gtd. Annuity
Market	Market	Yes	Yes	No***	No	MV S/A funding Gtd. Benefits
Book	Book	No	--	No	No	--
Book	Book	Yes	No	Yes	Yes	GIC in S/A
Book	Book	Yes	Yes	No***	Yes	--

* However, an AVR is required for that portion representing the company's equity interest in the investments of such a separate account.

** But not less than adjusted cash surrender value.

*** You must establish an AVR reserve unless there is a statutory requirement for the equivalent of an AVR reserve for such products.

If an AVR is required for investments in the Separate Accounts Statement, it is combined with the General Account AVR and accounted for in the General Account Statement. Worksheets supporting the separate accounts portion of the reserve are included in the Separate Accounts Statement.

When the AVR Default Component covers assets valued at market, use one of the following two methods (applied consistently by separate account) to determine when a gain or loss (net of capital gains tax) is credited or charged to the AVR:

1. A gain or (loss) is recorded as for the general account rules, i.e., upon sale of an asset which has changed more than one designation category or upon asset default. Once an asset is in default, all subsequent market value changes are reflected in the AVR, or

2. A similar procedure to Method 1 above is followed but, additionally, a gain or (loss) is recorded whenever an asset held changes by more than one designation category. As there might be more than one such event for a particular asset, e.g., a two designation downgrade followed by subsequent sale of the asset, the amount charged the AVR is net of any prior amounts charged for that asset.

When an AVR is required for the company's equity or capital and surplus interest in the investments of a particular separate account that does not otherwise require an AVR, the AVR requirement is based on the company's equity interest as of the statement date, expressed as a percent of total assets of the particular separate account. Once the equity interest percentage has been determined, it is applied to the realized and unrealized capital gains and losses and the investments of that particular separate account to determine the amounts to be included in the separate accounts data used for development of the current AVR. If the company's equity interest in all such separate accounts is less than 1/10th of 1% of the company's total admitted assets, the equity interest in the investments of such separate accounts is exempt from AVR requirements.

The instructions for completion of the AVR for the Separate Accounts Statement are incorporated in the instructions for completion of the AVR of the General Account Statement. Refer to those instructions for guidance.

SCHEDULE DA –VERIFICATION BETWEEN YEARS
SHORT-TERM INVESTMENTS

Report the aggregate amounts required by type of short-term invested asset. The categories of assets to be reported are: bonds, mortgage loans, other short-term invested assets, and investments in parent, subsidiaries and affiliates. A grand total of all activity is also required.

Line 1 – Book/Adjusted Carrying Value, December 31 of Prior Year

Report the market value per Page 2, Line 7, Column 1 of the prior year's Separate Accounts Statement.

Line 2 – Cost of Short-Term Investments Acquired

Report the aggregate cost of short-term investments acquired during the year. A reporting entity may summarize all "overnight" transactions and report the net amount as an increase in short-term investments on this line; all other transactions shall be recorded gross.

Line 6 – Deduct Consideration Received on Disposal of Short-term Investments

Report the proceeds received on disposal of short-term investments. A reporting entity may summarize all "overnight" transactions and report the net amount as a decrease in short-term investments on this line; all other transactions shall be recorded gross.

Line 12 – Statement Value at End of Current Period,

Enter the amount of Line 10 less Line 11. The amount reported on this line should agree with Page 2, Line 7, Column 1.

GENERAL INSTRUCTIONS FOR SCHEDULE DB

Each derivative instrument should be reported in Parts A, B or C according to the nature of the instrument, as follows:

Part A: Positions in Options, Caps, Floors, Collars, Swaps and Forwards*

Part B: Positions in Futures Contracts

Part C: Positions in Replicated (Synthetic) Assets

* Forward commitments that are not derivative instruments (for example, the commitment to purchase a GNMA security two months after the commitment date, or a private placement six months after the commitment date) should not be on Schedule DB (see General account instructions).

** Forward commitments that are not derivative instruments (for example, the commitment to purchase a GNMA security two months after the commitment date, or a private placement six months after the commitment date) should not be on Schedule DB (see General account instructions).

Part D should be used to report the counterparty exposure, (i.e., the exposure to credit risk on derivative instruments) to each counterparty (or guarantor as appropriate).

If the reporting entity engages in derivative instruments, the following adjustments should be made to the Separate Accounts Statement:

Include, if a debit balance, the statement values individually for Parts A and B in the Separate Accounts Statement as follows:

Page 2, Line 8 – Derivatives

Include, if a credit balance, the statement values individually for Parts A and B in the Separate Accounts Statement as follows:

Page 3, Line 12 – Derivatives

See the general account instructions for complete information on completing Schedule DB.

This page intentionally left blank.

APPENDIX

INSTRUCTIONS FOR USE OF BARCODES

It is the responsibility of the company to prepare and utilize barcodes correctly.

The upper right-hand corner of the jurat page, and other pages and forms as identified on the Document Identifier Codes listing, will be the location of a 17-digit barcode symbol. The barcode standard to be utilized is the 3 of 9 (or 39) methodology. The barcode should be printed using at least a 24-point font. In addition to the barcode symbols, the name of the reporting entity, the year, and the document code should be printed on the barcode label. When the barcode is printed as part of the page rather than an affixed label, the reporting entity's name need not be printed above the barcode.

The barcode consists of the entity identifier (5 digits), the year (YYYY-4 digits), the document identifier (3 digits), the state code (2 digits), if state specific page, the data indicator (1 digit) and a filing type identifier (1 digit).

This 17th digit should utilize the following codes:

- 0 to represent the annual filings
- 1 to represent the March quarterly filing
- 2 to represent the June quarterly filing
- 3 to represent the September quarterly filing
- 4 to represent the Health Maintenance Organization's fourth quarter filing
- 5 to represent amended annual filings
- 6 to represent amended March quarterly filing
- 7 to represent amended June quarterly filing
- 8 to represent amended September quarterly filing

For filings of a reporting entity, the entity identifier is the NAIC company code number.

The year is represented as the last four digits of the filing year. For the 2017 annual statement due March 1, 2018, the year would be 2017.

The document identifier represents what page, schedule, exhibit, etc., is being filed. The respective identifiers for those documents requiring a barcode are included on the document identifier listing.

The state code represents if the document identifier can be filed for each individual state (e.g., the state business pages). The two-digit code would be the same as used on Schedule T. If it is not a state-specific form, the state code is 00. The state code Other is 58, and the code for Grand Total is 59. If the reporting entity has nothing to report on any state-specific supplemental schedule or exhibit, the barcode included in the Supplemental Exhibits and Schedules Interrogatories should contain a state code of 59.

The data indicator represents if the document contains data. For filings containing data place a one (1) in this field. If the document is a NONE, place a zero (0) in this field.

The filing type identifier is used to indicate the filing of NAIC filing components or state mandated (state specific) filing requirements other than those required by the NAIC. For NAIC filing requirements, the type code is 0. For state filing requirements, the type code is 1.

If forms which are required to have a separate barcode as identified on the Document Identifier Codes listing are bound in the statement, these forms MUST have the barcode affixed to them. If a reporting entity submits with the March 1 filing a page requiring a barcode and that page has not been completed due to a later filing date, the barcode should not be affixed for the March filing. If the filing includes a page listing none schedules (and the state in which you are filing permits such a filing) and any of these schedules fall within that listing that requires a barcode, the barcode must be placed to the right of the name of the page, exhibit or schedule. On those forms which are completed on a by-state basis and are marked none because the company does not write that type of business or that particular state page is none, place the appropriate identifier with the data indicator of zero (0). State pages which have values reported must use the appropriate state barcode identifier from Schedule T. If any state requires the filing of a none "by-state basis" page, the name of the appropriate state must still be printed on the hard copy after "For the State of _______."

A listing of the Document Identifier Codes can be found at *www.naic.org/cmte_e_app_blanks.htm*.

The reporting entity is required to affix the appropriate barcode next to the respective Supplemental Interrogatory using the document identifier code provided. Note that it is only Supplemental Interrogatories to which the reporting entity has responded "NO" that it does not have to file a particular exhibit or form, and for which the physical page or form is marked none that the appropriate barcode be affixed. For supplements that are state specific, the only instance a barcode should be affixed is when that type of business is not written at all in any state.

COUNTRY OF DOMICILE

APPENDIX OF ABBREVIATIONS

This is a comprehensive list of ISO Alpha 3 country abbreviations: Please note the following exception. Use NAT for Native American Tribes.

AFG	–	Afghanistan
ALA	–	Aland Islands
ALB	–	Albania
DZA	–	Algeria
ASM	–	American Samoa
AND	–	Andorra
AGO	–	Angola
AIA	–	Anguilla
ATA	–	Antarctica
ATG	–	Antigua and Barbuda
ARG	–	Argentina
ARM	–	Armenia
ABW	–	Aruba
AUS	–	Australia
AUT	–	Austria
AZE	–	Azerbaijan
BHS	–	Bahamas
BHR	–	Bahrain
BGD	–	Bangladesh
BRB	–	Barbados
BLR	–	Belarus
BEL	–	Belgium
BLZ	–	Belize
BEN	–	Benin
BMU	–	Bermuda
BTN	–	Bhutan
BOL	–	Bolivia
BIH	–	Bosnia and Herzegovina
BWA	–	Botswana
BVT	–	Bouvet Island
BRA	–	Brazil
VGB	–	British Virgin Islands
IOT	–	British Indian Ocean Territory
BRN	–	Brunei Darussalam
BGR	–	Bulgaria
BFA	–	Burkina Faso
BDI	–	Burundi
KHM	–	Cambodia
CMR	–	Cameroon
CAN	–	Canada
CPV	–	Cape Verde
CYM	–	Cayman Islands
CAF	–	Central African Republic
TCD	–	Chad
CHL	–	Chile
CHN	–	China
HKG	–	Hong Kong, Special Administrative Region of China
MAC	–	Macao, Special Administrative Region of China
CXR	–	Christmas Island
CCK	–	Cocos (Keeling) Islands
COL	–	Colombia
COM	–	Comoros
COG	–	Congo (Brazzaville)
COD	–	Congo, Democratic Republic of the
COK	–	Cook Islands
CRI	–	Costa Rica
CIV	–	Côte d'Ivoire
HRV	–	Croatia
CUB	–	Cuba
CYP	–	Cyprus
CZE	–	Czech Republic
DNK	–	Denmark
DJI	–	Djibouti
DMA	–	Dominica
DOM	–	Dominican Republic
ECU	–	Ecuador
EGY	–	Egypt
SLV	–	El Salvador
GNQ	–	Equatorial Guinea
ERI	–	Eritrea
EST	–	Estonia
ETH	–	Ethiopia
FLK	–	Falkland Islands (Malvinas)
FRO	–	Faroe Islands
FJI	–	Fiji
FIN	–	Finland
FRA	–	France
GUF	–	French Guiana
PYF	–	French Polynesia
ATF	–	French Southern Territories
GAB	–	Gabon
GMB	–	Gambia
GEO	–	Georgia
DEU	–	Germany
GHA	–	Ghana
GIB	–	Gibraltar
GRC	–	Greece
GRL	–	Greenland
GRD	–	Grenada
GLP	–	Guadeloupe
GUM	–	Guam
GTM	–	Guatemala
GGY	–	Guernsey
GIN	–	Guinea
GNB	–	Guinea-Bissau
GUY	–	Guyana
HTI	–	Haiti
HMD	–	Heard Island and Mcdonald Islands
VAT	–	Holy See (Vatican City State)
HND	–	Honduras

HUN	–	Hungary
ISL	–	Iceland
IND	–	India
IDN	–	Indonesia
IRN	–	Iran, Islamic Republic of
IRQ	–	Iraq
IRL	–	Ireland
IMN	–	Isle of Man
ISR	–	Israel
ITA	–	Italy
JAM	–	Jamaica
JPN	–	Japan
JEY	–	Jersey
JOR	–	Jordan
KAZ	–	Kazakhstan
KEN	–	Kenya
KIR	–	Kiribati
PRK	–	Korea, Democratic People's Republic of
KOR	–	Korea, Republic of
KWT	–	Kuwait
KGZ	–	Kyrgyzstan
LAO	–	Lao PDR
LVA	–	Latvia
LBN	–	Lebanon
LSO	–	Lesotho
LBR	–	Liberia
LBY	–	Libyan Arab Jamahiriya
LIE	–	Liechtenstein
LTU	–	Lithuania
LUX	–	Luxembourg
MKD	–	Macedonia, Republic of
MDG	–	Madagascar
MWI	–	Malawi
MYS	–	Malaysia
MDV	–	Maldives
MLI	–	Mali
MLT	–	Malta
MHL	–	Marshall Islands
MTQ	–	Martinique
MRT	–	Mauritania
MUS	–	Mauritius
MYT	–	Mayotte
MEX	–	Mexico
FSM	–	Micronesia, Federated States of
MDA	–	Moldova
MCO	–	Monaco
MNG	–	Mongolia
MNE	–	Montenegro
MSR	–	Montserrat
MAR	–	Morocco
MOZ	–	Mozambique
MMR	–	Myanmar
NAM	–	Namibia
NRU	–	Nauru
NPL	–	Nepal
NLD	–	Netherlands
ANT	–	Netherlands Antilles
NCL	–	New Caledonia
NZL	–	New Zealand
NIC	–	Nicaragua
NER	–	Niger
NGA	–	Nigeria
NIU	–	Niue
NFK	–	Norfolk Island
MNP	–	Northern Mariana Islands
NOR	–	Norway
OMN	–	Oman
PAK	–	Pakistan
PLW	–	Palau
PSE	–	Palestinian Territory, Occupied
PAN	–	Panama
PNG	–	Papua New Guinea
PRY	–	Paraguay
PER	–	Peru
PHL	–	Philippines
PCN	–	Pitcairn
POL	–	Poland
PRT	–	Portugal
PRI	–	Puerto Rico
QAT	–	Qatar
REU	–	Réunion
ROU	–	Romania
RUS	–	Russian Federation
RWA	–	Rwanda
BLM	–	Saint-Barthélemy
SHN	–	Saint Helena
KNA	–	Saint Kitts and Nevis
LCA	–	Saint Lucia
MAF	–	Saint-Martin (French part)
SPM	–	Saint Pierre and Miquelon
VCT	–	Saint Vincent and Grenadines
WSM	–	Samoa
SMR	–	San Marino
STP	–	Sao Tome and Principe
SAU	–	Saudi Arabia
SEN	–	Senegal
SRB	–	Serbia
SYC	–	Seychelles
SLE	–	Sierra Leone
SGP	–	Singapore
SVK	–	Slovakia
SVN	–	Slovenia
SLB	–	Solomon Islands
SOM	–	Somalia
ZAF	–	South Africa
SGS	–	South Georgia and the South Sandwich Islands
ESP	–	Spain
LKA	–	Sri Lanka
SDN	–	Sudan
SUR	–	Suriname *
SJM	–	Svalbard and Jan Mayen Islands
SWZ	–	Swaziland
SWE	–	Sweden
CHE	–	Switzerland
SYR	–	Syrian Arab Republic
TWN	–	Taiwan, Republic of China

TJK	–	Tajikistan
TZA	–	Tanzania*, United Republic of
THA	–	Thailand
TLS	–	Timor-Leste
TGO	–	Togo
TKL	–	Tokelau
TON	–	Tonga
TTO	–	Trinidad and Tobago
TUN	–	Tunisia
TUR	–	Turkey
TKM	–	Turkmenistan
TCA	–	Turks and Caicos Islands
TUV	–	Tuvalu
UGA	–	Uganda
UKR	–	Ukraine
ARE	–	United Arab Emirates
GBR	–	United Kingdom
USA	–	United States of America
UMI	–	United States Minor Outlying Islands
URY	–	Uruguay
UZB	–	Uzbekistan
VUT	–	Vanuatu
VEN	–	Venezuela (Bolivarian Republic of)
VNM	–	Viet Nam
VIR	–	Virgin Islands, US
WLF	–	Wallis and Futuna Islands
ESH	–	Western Sahara
YEM	–	Yemen
ZMB	–	Zambia
ZWE	–	Zimbabwe

This page intentionally left blank.