

**LIFE, ACCIDENT & HEALTH**

**FRATERNAL**

**2024**

**Annual  
Statement  
Instructions**

**NAIC** NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS

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# Official NAIC Annual Statement Instructions

## Life, Accident & Health/Fraternal

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**For the 2024 reporting year**

**Adopted by the NAIC as of June 2024**

### **UPDATES TO THESE INSTRUCTIONS**

There may be modifications to these instructions from year to year. As such, guidance is subject to the maintenance process. Revision bars in the left margin identify changes from the previous year, and modifications that may occur during the current year are made available on the NAIC website at [https://naic-cms.org/cmte\\_e\\_app\\_blanks.htm](https://naic-cms.org/cmte_e_app_blanks.htm).

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ISBN: 978-1-64179-425-1

Printed in the United States of America

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**EDITOR'S NOTE:**

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

This page intentionally left blank.

**INSTRUCTIONS**

**For Completing Life, Accident and Health Companies/Fraternal Benefit Societies 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, Total line, Net Admitted Assets, Current Year column and the Liabilities page, Total Liabilities line shall be reported on the Liabilities page, Line 38.

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 57 (Overflow page), followed by 57.1, 57.2, etc. In such instances, carry the summary of write-in overflow lines from this page to the prescribed line in the write-in detail schedule.

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

Page 2

ASSETS

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

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

Overflow Page

Page 2 – Continuation

Assets

Remainder of Write-ins Aggregated in Line 25

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

**GENERAL**

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

**1. Health Statement Test:**

If a reporting entity is licensed as a life and health insurer and completes the life, accident and health annual statement for the reporting year, the reporting entity must complete the Health Statement Test. However, a reporting entity that is required to also file the Separate Accounts Statement is not subject to the results of the Health Statement Test, and should continue to complete the life, accident and health/fraternal blank.

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

**Passing the Test:**

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

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

If a reporting entity is a) licensed as a life and health insurer; b) completes the Life, Accident and Health annual statement for the reporting year; and c) passes the Health Statement Test (as described above), the reporting entity must complete the health statement beginning with the first quarter’s statement for the second year following the reporting year in which the reporting entity passes the Health Statement Test and must also file the corresponding risk-based capital report and the life supplements for that year-end. For example, if the reporting entity reports premium and reserve ratios of 95% or greater in 20X1 and again reports premium and reserve ratios of 95% or greater in 20X2, the reporting entity is deemed to have passed the Health Statement Test as of 20X2. Therefore, the reporting entity would begin completing the health statement in the first quarter of 20X4.

	20X1	20X2	20X3	20X4
Premium Ratio	95% or greater	95% or greater	Work with domestic regulator to move effective Quarter 1 20X4	Move to Orange Blank Quarter 1
Reserve Ratio	95% or greater	95% or greater		

As noted above, the domiciliary state regulator maintains full discretion in determining which annual statement blank must be filed and when the reporting entity is to move.

**Variances from following these instructions:**

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

**2. Date of filing:**

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

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

4. The reporting date and the legal name of the company must be plainly written or stamped at the top of all pages, exhibits and schedules (and duplicate schedules) and also upon all inserted schedules and loose sheets. Where permitted, the assumed name can accompany the legal name.
5. It is the responsibility of the company to prepare and utilize the barcodes correctly. See the Appendix within these instructions for use of specific barcodes.
6. Printed statements or copies produced by some duplicating process 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–E
- Schedule DL, Parts 1 and 2
- Schedule E, Parts 1, 2 and 3
- Credit Insurance Experience Exhibit
- Life, Health and Annuity Guaranty Association Assessable Premium Exhibit
- Long-Term Care Insurance Experience Reporting Forms
- Medicare Supplement Insurance Experience Exhibit
- Trusted Surplus Statement

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

Photocopied or faxed pages are not acceptable.

### **Printing Standards**

- a. Commercial printers must be furnished with original laser printer output generated at appropriate laser settings to give the highest print quality (no photocopied or faxed pages).
- b. No font smaller than 6-point type for the annual statement may be used. Ornate fonts may not be used.
- c. Present numbers in non-bold, non-italic type.
- d. Numbers must be non-proportionally spaced.



- e. The annual and quarterly statements must be printed at 9 lines per inch.
- f. Unobtrusive dotted leader lines shall be printed across the page to guide the eye to the reported figures. They should not touch the reported figures.
- g. Slashed zeros (Ø) shall not be used.
- h. The number of detail write-in lines printed in any detail write-in section shall be three (3). Remaining detail write-in lines, if any, shall be reported on the overflow page.

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

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

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

- 7. Blank schedules will not be considered properly filed. If no entries are to be made, write "None" or "Nothing" across the schedule in question or complete the appropriate interrogatory of the Supplemental Exhibits and Schedules Interrogatories page of the annual statement blank. If a reporting entity chooses not to file allowable investment schedule detail, the schedule must be stamped, "Details filed with the state of domicile, state of commercial domicile and the NAIC." Companies should account for every page of the annual statement in consecutive page number order. If several consecutive pages are "None", (or in the case of some investment schedules that are not filed in hard copy in all states), the appropriate page numbers with exhibit or schedule headings may be listed on one page. Insert that page in the appropriate location in the annual statement.
- 8. If additional supporting statements or schedules are added in connection with answering interrogatories or providing information on the financial statement, the additions should be properly keyed to the item being answered.
- 9. Any item that cannot be readily classified under one of the printed items must be reported with an identifying title (for example, Deferred option income) in the appropriate write-in section for each applicable page, or section thereof. The statement provides a limited number of lines for write-ins, but companies may add as many lines as necessary.
- 10. The "include" and "exclude" are examples only and are not intended to be all-inclusive.
- 11. If this report does not contain the information asked for in the blanks or is not prepared in accordance with these instructions, it will not be considered filed.
- 12. Report all amounts in whole dollars only, except for designated schedules where 000's are omitted. Companies may elect to report the amounts to the nearest dollar or may truncate digits below a dollar. (Examples: \$602,543.52 may be reported as \$602,544 by rounding or as \$602,543 by truncation.) It is expected that the failure of items to add to the summary totals will reflect this treatment.
- 13. Report all amounts in U.S. dollars only, except for nominal information included in description fields that may be expressed in a foreign currency. Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance.
- 14. Effective 01/01/2001, all dates must be reported in the format of MM/DD/YYYY. For investments purchased prior to 01/01/2001 (or where complete dates are not available for activities prior to 01/01/2001), and the company does not have sufficient information to report month or day, 01/01 should be used.

15. The company should not change the page numbers designated in the association blank. If extra pages are needed, for other than sections entitled “Details of Write-Ins” use decimals after the page number, like 52.1, 52.2, etc. For example, General Interrogatories, Part 1 – Common Interrogatories 20, 20.1, 20.2 etc., and Part 2 – Life Interrogatories 21, 21.1, 21.2, etc.

If pages are doubled up, double up the page numbers also. For example, if Pages 52, 53 and 54 are shown on the same page, show all three page numbers at the bottom of the page like 52, 53 and 54 or 52-54.

16. Unless otherwise specified, report all alphabetic code and YES/NO responses to interrogatories, exhibits and schedules in solid capital letters.
17. While there are instances where the filing of an amended annual statement may be necessary (in which case all related filings including electronic filing are resubmitted), the restatement of prior years’ results is generally prohibited. The reporting entity should submit such changes with a new Jurat Page, completed in all respects, along with an amended annual statement.
18. Assets and liabilities 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.
19. Except in situations where a merger has occurred, amounts reported for assets, liabilities, surplus, revenues, and expenses for prior years in the current year’s annual statement 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, Line 49 Cumulative Effect of Changes in Accounting Principles. 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 years' 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 years' schedules with appropriate notations made directly to the affected schedules and in the Notes to Financial Statements.
20. Related parties are defined in *SSAP No. 25—Affiliates and Other Related Parties* as entities that have common interests as a result of ownership, control, and affiliation or by contract. Refer to SSAP No. 25 for accounting guidance regarding the principles and disclosure requirements for related party transactions.
21. A "person" is an individual, corporation, partnership, joint venture or any other legal entity. A "parent" is any person that, directly or indirectly, owns or controls the reporting entity. A "subsidiary" is any person that is, directly or indirectly, owned or controlled by the reporting entity. An "affiliate" is any person that is, directly or indirectly, owned or controlled by the same person or by the same group of persons that, directly or indirectly, own or control the reporting entity. The term "affiliate" includes parent and subsidiaries. Control shall be presumed to exist if a person, directly or indirectly, owns, controls, holds with the power to vote or holds proxies, representing 10% or more of the voting securities of any other person.
22. All reported amounts less than zero shall be represented by the use of parentheses. Parentheses shall also be used to denote those instances in which the reported figure is contrary to what would normally be expected.
23. 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.
24. 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.
25. Unless otherwise specified, reinsurance assumed should be included, reinsurance ceded should be deducted, and net figures entered in the statement. Federal Employees' Group Life Insurance and Servicemen's Group Life Insurance are to be treated as reinsurance, except that in the case of the Exhibit of Life Insurance each company, including the administering companies, is to treat its share as direct business. FEGLI and SGLI figures should be included in the annual statement in accordance with the instructions distributed by the administering companies.
26. 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.

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### **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.

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**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	_____
Premium notes, policy/certificate loans and liens	_____
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 Parents, 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:	
Industrial	_____
Ordinary	_____
Credit Life	_____
Group Life	_____
Amount of Accidental Death Insurance In Force Under Ordinary Policies	_____
Life Insurance Policies with Disability Provisions In Force:	
Industrial	_____
Ordinary	_____
Credit Life	_____
Group Life	_____
Supplementary Contracts In Force:	
Ordinary – Not Involving Life Contingencies –	
Amount on Deposit	_____
Income Payable	_____
Ordinary – Involving Life Contingencies –	
Income Payable	_____
Group – Not Involving Life Contingencies –	
Amount of Deposit	_____
Income Payable	_____
Group – Involving Life Contingencies –	
Income Payable	_____
Annuities:	
Ordinary –	
Immediate – Amount of Income Payable	_____
Deferred – Fully Paid Account Balance	_____
Deferred – Not Fully Paid – Account Balance	_____
Group –	
Amount of Income Payable	_____
Fully Paid Account Balance	_____
Not Fully Paid – Account Balance	_____

Accident and Health Insurance – Premiums In Force:

Ordinary	_____
Group	_____
Credit	_____

Deposit Funds and Dividend Accumulations:

Deposit Funds – Account Balance	_____
Dividend Accumulations – Account Balance	_____

Claim Payments 20\_\_:

Group Accident and Health – Year Ended December 31, 20\_\_ –

20__	_____
20__-1	_____
20__-2	_____
20__-3	_____
20__-4	_____
Prior	_____

Other Accident and Health –

20__	_____
20__-1	_____
20__-2	_____
20__-3	_____
20__-4	_____
Prior	_____

Other Coverages that Use Developmental Methods to Calculate

Claims Reserves:

20__	_____
20__-1	_____
20__-2	_____
20__-3	_____
20__-4	_____
Prior	_____

## **MANAGEMENT'S DISCUSSION AND ANALYSIS<sup>1</sup>**

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

### **MD&A Requirements:**

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

### **Introduction**

1. The MD&A requirements are intended to provide, in one section, material historical and prospective textual disclosure enabling regulators to assess the financial condition and results of operations of the reporting entity. There is a need for a narrative explanation of the financial statements, because a numerical presentation and brief accompanying footnotes alone may be insufficient for regulators to judge the quality of earnings and the likelihood that past performance is indicative of future performance. The MD&A is intended to give the regulator an opportunity to look at the reporting entity through the eyes of management by providing both a short-term and long-term analysis of the business of the reporting entity.
2. The MD&A shall be of the financial statements and of other statistical data that the reporting entity believes will enhance a regulator's understanding of its financial condition, changes in financial condition and results of operations. Generally, the discussion shall cover the two-year period covered by the financial statements and shall use year-to-year comparisons or any other formats that in the reporting entity's judgment enhance a regulator's understanding. However, where trend information is relevant, reference to the five-year selected financial data schedule may be necessary.
3. The purpose of the MD&A shall be to provide regulators with information relevant to an assessment of the financial condition and results of operations of the reporting entity as determined by evaluating the amounts and certainty of cash flows from operations and from outside sources. The information provided pursuant to this MD&A need only include that which is available to the reporting entity without undue effort or expense and which does not clearly appear in the reporting entity's financial statements.
4. Management should ensure that disclosure in MD&A is balanced and fully responsive. To enhance regulator understanding of the financial statements, entities are encouraged to explain in the MD&A the effects of the critical accounting policies applied, the judgments made in their application, and any subsequent changes in assumptions or conditions which would have resulted in materially different reported results. Analytical discussion of significant accounting policies in the MD&A should not include information already reported in the significant accounting policies section of the notes to the financial statement.
5. The discussion and analysis shall focus specifically on material events and uncertainties known to management that would cause reported financial information not to be necessarily indicative of future operating results or of future financial condition. This would include descriptions and amounts of (a) matters that would have an impact on future operations and have not had an impact in the past, and (b) matters that have had an impact on reported operations and are not expected to have an impact upon future operations.

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<sup>1</sup> 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 premiums, 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-term or long-term implications, and those matters that have not materially affected the most recent period presented but are expected materially to affect future periods. Examples of such matters include:
  - a. Discretionary operating expenses such as expenses relating to advertising;
  - b. Debt refinancings or redemptions;
  - c. Dividend requirements to the reporting entity's parent to fund the parent's operations or debt service; or
  - d. Future potential sources of capital, such as a parent entity's planned investment in the reporting entity, and the form of that investment.

21. MD&A disclosures should not be overly general. For example, disclosure that the reporting entity has sufficient short-term funding to meet its liquidity needs for the next year provides little useful information. Instead, reporting entities should consider describing the sources of short-term funding and the circumstances that are reasonably likely to affect those sources of liquidity. The discussion should be limited to material risks, and, as with the MD&A generally, should be sufficiently detailed and tailored to the entity's individual circumstances, rather than "boilerplate."
22. If the reporting entity's liquidity is dependent on the use of off-balance sheet financing arrangements, such as securitization of receivables or obtaining access to assets through special purpose entities, the reporting entity should consider disclosure of the factors that are reasonably likely to affect its ability to continue using those off-balance sheet financing arrangements. Reporting entities also should make informative disclosures about matters that could affect the extent of funds required within management's short- and long-term planning 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, 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, 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. Consult the requirements of the domiciliary state regarding filing of the statement with original signatures manually signed by the appropriate corporate officers with the corporate seal affixed thereon where appropriate, and 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:

[https://content.naic.org/cmte\\_e\\_app\\_blanks.htm](https://content.naic.org/cmte_e_app_blanks.htm)

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

**To be filed in electronic format only:**

Policyowner Relations Contact

Name

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

Address

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

Telephone Number

Telephone number should include area code and extension.

Email Address

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

Government Relations Contact

Name

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

Address

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

Telephone Number

Telephone number should include area code and extension.

Email Address

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

## Market Conduct Contact

### Name

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

### Address

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

### Telephone Number

Telephone number should include area code and extension.

### Email Address

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

## Cybersecurity Contact

### Name

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

### Address

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

### Telephone Number

Telephone number should include area code and extension.

### Email Address

Email address of the cybersecurity contact person as described above.

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

### Name

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

### Address

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

### Telephone Number

Telephone number should include area code and extension.

### Email Address

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

### Life Experience Data Contact (Life/Fraternal companies only)

#### Name

List the name of the person able to facilitate communication regarding submission of company experience data to the NAIC (e.g., mortality experience data) as required by the Standard Valuation Law (SVL) and its supporting Valuation Manual (VM) included in each state's laws.

#### 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 life experience data contact person as described above.

### Appointed Actuary Contact

#### Name

Life/Fraternal Companies: List the name of the Appointed Actuary appointed by the board of directors to provide the actuarial opinion required by VM-30.

Health, Property, and Title Companies: List the name of the Appointed Actuary appointed by the board of directors to provide the actuarial opinion. Refer to the actuarial opinion instructions for guidance.

#### 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 Appointed Actuary contact person as described above.

Qualified Actuary Contact 1 (Life/Fraternal companies and Health companies required to file the Life Supplement only)

Name

List the name of the Qualified Actuary assigned by the company to prepare one or more sub-reports of the PBR Actuarial Report required by VM-31.

Product Line

Indicate product lines covered by this actuary's sub-report(s).

Telephone Number

Telephone number should include area code and extension.

Email Address

Email address of the Qualified Actuary contact person as described above.

Qualified Actuary Contact 2 (Life/Fraternal companies and Health companies required to file the Life Supplement only – if not applicable, leave blank)

Name

List the name of the Qualified Actuary assigned by the company to prepare one or more sub-reports of the PBR Actuarial Report required by VM-31.

Product Line

Indicate product lines covered by this actuary's sub-report(s).

Telephone Number

Telephone number should include area code and extension.

Email Address

Email address of the Qualified Actuary contact person as described above.

Qualified Actuary Contact 3 (Life/Fraternal companies and Health companies required to file the Life Supplement only – if not applicable, leave blank)

Name

List the name of the Qualified Actuary assigned by the company to prepare one or more sub-reports of the PBR Actuarial Report required by VM-31.

Product Line

Indicate product lines covered by this actuary's sub-report(s).

Telephone Number

Telephone number should include area code and extension.

Email Address

Email address of the Qualified Actuary 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 <i>SSAP No. 26R—Bonds</i> and <i>SSAP No. 43R—Loan-Backed and Structured Securities</i> . |
|               |   |                                     | 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. 30R—Unaffiliated Common Stock*; *SSAP No. 32R—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 6, 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. 21R—Other Admitted Asset* 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. 21R—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 and 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.
- Direct Accrued Retrospective Premiums:
- For Property/Casualty companies:**
- If retrospective premiums are estimated by reviewing each retrospectively rated risk, report on Line 15.3 the gross additional retrospective premiums included in the total reserve for unearned premiums.
- If retrospective premiums are estimated through the use of actuarially accepted methods applied to aggregations of multiple retrospectively rated risks in accordance with filed and approved retrospective rating plans and the result of such estimation is net additional retrospective premiums, report on Line 15.3 the net additional retrospective premiums included in the total reserve for unearned premiums.
- Line 16.1 – Amounts Recoverable from Reinsurers
- Property/Casualty and Title companies** should refer to *SSAP No. 62R—Property and Casualty Reinsurance* for accounting guidance.
- Include: Amounts recoverable on paid losses/claims and loss/claim adjustment expenses.
- Reinsurance recoverables on unpaid losses are treated as a deduction from the reserve liability.

- Line 16.2 – Funds Held by or Deposited with Reinsured Companies
- Property/Casualty and Title companies** should refer to *SSAP No. 62R—Property and Casualty Reinsurance* for accounting guidance.
- Include: Reinsurance premiums withheld by the ceding entity as specified in the reinsurance contract (for example, funds withheld equal to the unearned premiums and loss reserves), or advances from the reinsurer to the ceding entity for the payment of losses before an accounting is made by the ceding entity.
- Line 16.3 – Other Amounts Receivable Under Reinsurance Contracts
- For **Life companies**, include commissions and expense allowances due and experience rating and other refunds due. Include the amounts for FEGLI/SEGLI pools and any other amounts not reported in Lines 16.1 or 16.2.
- Property/Casualty companies** should refer to *SSAP No. 62R—Property and Casualty Reinsurance* for accounting guidance.
- Line 17 – Amounts Receivable Relating to Uninsured Plans
- The term “uninsured plans” includes the uninsured portion of partially insured plans.
- Include: Amounts receivable from uninsured plans for (a) claims and other costs paid by the administrator on behalf of the third party at risk and (b) fees related to services provided by the administrator to the plan.
- Pharmaceutical rebates relating to uninsured plans that represent an administrative fee and that are retained by the reporting entity and are earned in excess of the amounts to be remitted to the uninsured plan.
- Refer to *SSAP No. 84—Health Care and Government Insured Plan Receivables* for accounting guidance.
- Exclude: Pharmaceutical rebates of insured plans. These amounts should be reported on Line 24.
- Refer to *SSAP No. 47—Uninsured Plans* for accounting guidance.
- Line 18.1 – Current Federal and Foreign Income Tax Recoverable and Interest Thereon
- This line is not applicable to Fraternal Benefit 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 Benefit 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, risk sharing receivables and other health care receivables from affiliated and non-affiliated entities. Refer to *SSAP No. 84—Health Care and Government Insured Plan Receivables* for accounting guidance.

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

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

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

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

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

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

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

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

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

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

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

Include: Equities and deposits in pools and associations.

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

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

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

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

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

Deferred assets for hedging relationships qualifying for and applying the special accounting treatment described in *SSAP No. 108*. See *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees* for guidance.

## LIABILITIES, SURPLUS AND OTHER FUNDS

- Line 1 – Aggregate Reserve for Life Contracts
- Exclude: Reserves relating to uninsured accident and health plans and the uninsured portions of partially insured accident and health plans.
- 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* for accounting guidance. Report the total amount shown on the Exhibit of Deposit-Type Contracts.
- Line 4.2 – Contract Claims – Accident and Health
- Exclude: Liabilities relating to uninsured accident and health plans and the uninsured portions of partially insured accident and health plans.
- Line 5 – Policyholders’ Dividends/Refunds to Members and Coupons Due and Unpaid
- Include: Coupons, guaranteed annual pure endowments not exceeding the annual premium and similar benefits contingent on payment of deferred and uncollected premiums, and dividends to policyholders/refunds to members contingent on payment of deferred and uncollected premiums.
- Line 6 – Provision for Policyholders’ Dividends, Refunds to Members and Coupons Payable in Following Calendar Year
- Include: Coupons, guaranteed annual pure endowments not exceeding the annual premium and similar benefits contingent on payment of renewal premiums, and dividends to policyholders/refunds to members contingent on the payment of renewal premiums.
- Line 8 – Premiums and Annuity Considerations For Life and Accident and Health Contracts Received in Advance
- Include: Any amount received by the company for payments that are received 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 9.2 – Provision for Experience Rating Refunds
- Include: Accrued return retrospective premiums net of reinsurance, refer to *SSAP No. 66—Retrospectively Rated Contracts* for accounting guidance. Per *SSAP No. 66*, retrospective premium adjustments shall be estimated based on the experience to date.
- The first inset amount should be the accrual for all experience rating refunds for accident and health business. This will include any amount reported in the second inset, which is the amount of the accrual specifically for medical loss ratio rebates as provided for in Section 2718(b)(1)(a) of the Public Health Service Act net of reinsurance.
- Inset amount #2 should equal Note 24, Retrospectively Rated Contracts & Contracts Subject to Redetermination, Line 24D(12), Column 5.



- Line 9.3 – 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 9.4 – Interest Maintenance Reserve
- Report the amount calculated on the Form for Calculating Interest Maintenance Reserve, Line 6.
- Line 10 – Commissions to Agents 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 under Page 3, Line 11.
- Commissions on nonadmitted uncollected accident and health premiums.
- Line 12 – 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 the year-end. Refer to *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses* for accounting guidance.
- Unfunded postretirement benefit obligation.
- Line 13 – Transfers to Separate Accounts Due or Accrued (Net) (including \$\_\_\_\_\_ accrued for expense allowances recognized in reserves, net of reinsured allowances)
- 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 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 net of any reinsured expense allowances.
- Exclude from the parenthetical disclosure all other types of accruals, such as accruals for fees and charges.

- Line 14 – Taxes, Licenses and Fees Due or Accrued, Excluding Federal Income Taxes
- Include: Guaranty fund assessments accrued in accordance with *SSAP No. 35R—Guaranty Fund and Other Assessments*.
- Exclude: Any amounts withheld or retained by the company acting as agents for others. (See instructions for Line 17.)
- Income and excess profit taxes of any foreign country or of any possession of the U.S.
- Line 15.1 – Current Federal & Foreign Income Taxes (including \$ \_\_\_\_\_ on realized capital gains (losses))
- Include: Income and excess profit taxes of any foreign country or of any possession of the U.S.
- Exclude: Income taxes recoverable.
- Deferred tax liabilities.
- This line is not applicable to Fraternal Benefit Societies.**
- Refer to *SSAP No. 101—Income Taxes* for accounting guidance.
- Line 15.2 – Net Deferred Tax Liability
- Refer to *SSAP No. 101—Income Taxes* for accounting guidance.
- This line is not applicable to Fraternal Benefit Societies.**
- Line 16 – 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 17 – Amounts Withheld or Retained by Reporting Entity 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 a fiduciary capacity for the account of others (excluding reinsurance funds held).
- If, however, a reporting entity has separate bank accounts for exclusive use in connection with employee bond purchases or escrow F.H.A. payments or other amounts withheld or retained in a similar manner, or other assets deposited to guarantee performance, the related assets should be shown separately on the asset page and extended at zero value, unless such assets are income-producing for the reporting entity, in which case they should be shown both as assets and liabilities in the statement.
- Exclude: Liabilities relating to uninsured accident and health plans and the uninsured portions of partially insured accident and health plans.
- Refer to *SSAP No. 67—Other Liabilities* for accounting guidance.

- Line 18 – Amounts Held for Agents’ Account
- Include: Agents’ credit balances as well as any other amounts due or contingently due to agents (but not commissions, which should be included in Line 10). Do not offset the debit balance of one agent against the credit balance of another.
- Line 19 – 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 20 – 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 20, 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 21 – Liability for Benefits for Employees and Agents if not Included Above
- This item should include all liabilities for benefits to employees and agents under an uninsured plan.
- Line 22 – 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 23 – Dividends to Stockholders Declared and Unpaid
- Include: The amount of dividends on outstanding shares of capital stock (excluding stock dividends of the company’s own shares) that are declared by the board of directors, but are unpaid at the balance sheet date.
- This line is not applicable to Fraternal Benefit Societies.**
- Line 24.01 – Asset Valuation Reserve
- Report the amount calculated on the Asset Valuation Reserve, Line 16, Column 7.
- Line 24.02 – Reinsurance in Unauthorized and Certified Companies
- Total net amount from Schedule S, Part 4 (Column 8 minus Column 15) plus Schedule S, Part 5 (Column 26 x 1000).
- Line 24.03 – 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 24.04 – Payable to Parent, Subsidiaries and Affiliates
- A liability is recognized and identified as due to affiliates for expenditures incurred on behalf of the reporting entity by a parent, affiliates or subsidiaries; or for amounts owed through other intercompany transactions. Refer to *SSAP No. 67—Other Liabilities* for accounting guidance.
- Include: Unreimbursed expenditures on behalf of the reporting entity by a parent, affiliates or subsidiaries; or amounts owing through other intercompany transactions.
- Exclude: Amounts owed due to intercompany tax-sharing agreements.
- Amounts related to intercompany reinsurance transactions. Report reinsurance between affiliated companies through the appropriate reinsurance accounts.
- Loans from affiliates that are reported as borrowed money. See *SSAP No. 15—Debt and Holding Company Obligations* for accounting guidance.
- Refer to *SSAP No. 25—Affiliates and Other Related Parties* for accounting guidance.
- Line 24.06 – Liability for Amounts Held Under Uninsured Plans
- The term uninsured plans includes the uninsured portion of partially insured plans.
- Include: A liability for funds held by an administrator in its general assets for the benefit of an uninsured plan or for funds which may be owed by the administrator in connection with the administration of an uninsured plan.
- Refer to *SSAP No. 47—Uninsured Plans* for accounting guidance.
- This line is not applicable to Fraternal Benefit Societies.**

- Line 24.07 – Funds Held Under Coinsurance
- Report the amount of funds withheld from reinsurers under coinsurance treaties other than amounts reported on Line 24.03.
- Line 24.08 – Derivatives
- Derivative liability amounts shown as credit balances. Should equal Schedule DB, Part D, Section 1, Column 7, 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 24.09 – Payable for Securities
- Include: Amounts that are due to brokers when a security has been purchased but has not yet been paid.
- Line 24.10 – Payable for Securities Lending
- Include Liability for securities lending collateral received by the reporting entity that can be reinvested or repledged.
- Line 24.11 – Capital Notes
- Report the unpaid balance outstanding at year-end on any capital notes plus accrued interest and any unamortized premium or discount. Furnish pertinent information concerning conditions of repayment, redemption price, interest features, etc. in the Notes to Financial Statements.
- This line is not applicable to Fraternal Benefit Societies.**
- Line 25 – Aggregate Write-ins for Liabilities
- Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 25 for Liabilities.
- Line 27 – From Separate Accounts Statement
- Report the total liabilities shown on the company’s Separate Accounts Statement.
- Line 29 – Common Capital Stock
- Should equal the par value per share multiplied by the number of issued shares, or in the case of no-par shares, the total stated value.
- Authorized capital stock is the number of shares that the state has authorized a corporation to issue.
- Outstanding capital stock is the number of authorized shares that have been issued and are presently held by stockholders (excludes treasury stock, as defined in the instructions for Line 36).
- Issued capital stock is the cumulative total number of authorized shares that have been issued to date. The number of issued shares includes treasury stock.
- Mutual companies should enter amount of Guaranty Capital, if any, with appropriate designation. Canadian companies should enter amount of Statutory Deposit with appropriate designation.
- This line is not applicable to Fraternal Benefit Societies.**

- Line 30 – Preferred Capital Stock
- Should equal the par value per share multiplied by the number of shares, or in the case of no-par shares, the total stated or liquidation value.
- Authorized, outstanding and issued stocks have the same meaning as in Line 29.
- This line is not applicable to Fraternal Benefit Societies.**
- Line 31 – Aggregate Write-ins for Other-Than-Special Surplus Funds
- Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 31 for Other-Than-Special Surplus Funds.
- Line 32 – Surplus Notes
- Include: That portion of any subordinated indebtedness, surplus debenture, contribution certificate, surplus note, debenture premium income note, bond or other contingent evidence of indebtedness, not included in Line 26 that is a financing vehicle for increasing surplus. Furnish pertinent information concerning conditions of repayment, redemption price, interest features, etc., in the Notes to Financial Statements. Report discount or premium, if any, in the balance sheet as a direct deduction from or addition to the face amount of the note.
- Exclude: Surplus notes that are required, or are a prerequisite for, purchasing an insurance contract and are held by the policyholder.
- 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 33 – Gross Paid In and Contributed Surplus
- Include: Amounts for quasi-reorganizations. Refer to *SSAP No. 72—Surplus and Quasi-Reorganizations* for accounting guidance.
- Line 34 – Aggregate Write-ins for Special Surplus Funds
- Enter the total of write-ins listed in schedule Details of Write-ins Aggregated at Line 34 for Special Surplus Funds.
- Line 35 – Unassigned Funds (Surplus)
- Unassigned funds (surplus) are the undistributed and unappropriated amounts of surplus.
- Include: Reductions for unearned employee stock ownership plan shares.
- Amounts for quasi-reorganizations. Refer to *SSAP No. 72—Surplus and Quasi-Reorganizations* for accounting guidance.
- Changes in the additional minimum pension liability. Refer to *SSAP No. 102—Pensions* for accounting guidance.

Line 36 – Treasury Stock, at Cost

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

Include: In the description the number of shares and the value in the appropriate spaces provided in Lines 36.1 and 36.2 for the current year. Cost method of accounting should determine the cost basis of treasury stock acquired.

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

**This line is not applicable to Fraternal Benefit Societies.**

Line 37 – Surplus (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 25 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.

Estimated amount of rate credits to group policyholders on premiums earned to and including December 31, if not included elsewhere.

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

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

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

Deferred liabilities for hedging relationships qualifying for and applying the special accounting treatment described in *SSAP No. 108*. See *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees* for guidance.

Exclude: Accumulations of coupons, guaranteed annual pure endowments not exceeding the annual premium and similar benefits.

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 31 for Items Other-Than-Special Surplus Funds

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

#### Details of Write-ins Aggregated at Line 34 for Special Surplus Funds

Enter separately only voluntary and general contingency reserves, group life contingency reserves, and other special surplus funds that are not in the nature of liabilities.

Include: For hedging relationships qualifying for and applying the special accounting treatment described in *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees* include an amount equal to the net deferred asset and deferred liability. (Net amount for all deferrals made in accordance with SSAP No. 108) shall be allocated from unassigned funds to special surplus.)



**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).

Include in the premium, deposit, benefit, withdrawal or other appropriate captioned lines of this Summary of Operations, all separate accounts premiums, deposits, benefit, withdrawal or other types of transactions that are transferred to or from the Separate Accounts Statement (Line 26). Such transactions are also to be reported as premiums, deposits, benefits, withdrawals or other types of transactions in the Summary of Operations of the Separate Accounts Statement.

Lines 1 through 33 should agree to Analysis of Operations by Lines of Business – Summary, Lines 1 through 33, 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 contracts not taken, “free-look” provision, reformation of contract, other contractual return premium provisions, erroneously computed premiums or similar returns.

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

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 policy 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 investments, including investment fees earned relating to uninsured plans.
- Dividends from Subsidiary, Controlled and Affiliated (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.
- Investment income credited to uninsured plans.
- Interest on borrowed money.
- Exclude: Capital gains and (losses) on investments.
- Equity in undistributed income or loss of SCA entities, Joint Ventures, Partnerships, and Limited Liability Companies as defined in *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* and *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies*.
- Line 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 Accounts. 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 Aggregated 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. These should be reported under Line 14.
- Line 12 – Annuity Benefits
- Exclude: Matured endowment, disability or surrender benefits under annuity contracts. These should be reported on Lines 11, 13 and 15, 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 15 – 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 17 – Interest and Adjustments on Contract 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 policy/certificate holder 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 19 – Increase in Aggregate Reserves for Life and Accident and Health Contracts
- Include: Any deficiency reserves.
- Exclude: Any increase in reserves on account of change in valuation basis.
- Line 21 – Commissions on Premiums, Annuity Considerations and Deposit-type Contract Funds (Direct Business Only)
- Include: Collection or service fees; Contract, membership and other fees; Commuted renewal commissions.
- Exclude: Commissions on reinsurance either assumed or ceded.

- Line 22 – 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 23 – 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 24 – Insurance Taxes, Licenses and Fees, Excluding Federal Income Taxes
- Report all guaranty fund assessments, insurance taxes (excluding federal income taxes), licenses and fees, net of reinsurance ceded.
- Should equal Exhibit 3 Line 7 the sum of Columns 1, 2, 3 and 5.
- Line 26 – Net Transfers To or (From) Separate Accounts Net of Reinsurance
- Include: The amount of decrease or (increase), if any, in the excess of policy/certificate holder account values as appropriate, over modified reserves such as the expense allowance provided by the use of CARVM or CRVM included in Line 13, 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 27 – Aggregate Write-ins for Deductions
- Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 27 for Deductions.
- Line 30 – Dividends to Policyholders and Refunds to Members
- Include: Dividends to life policyholders net of reinsurance ceded and dividends on Accident and Health Policies.
- Refunds to members net of reinsurance ceded.
- Exclude: Coupon, guaranteed annual pure endowment benefits that do not exceed the annual premium and similar benefits. These should be reported under Line 14.
- Should equal Exhibit 4 Line 17 (Column 1 plus Column 2).

Line 32 – Federal and Foreign Income Taxes Incurred

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

Exclude: Taxes on capital gains and (losses).

**This line is not applicable to Fraternal Benefit Societies.**

Line 34 – Net Realized Capital Gains (Losses)

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

Exclude: Unrealized capital gains (losses).

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

### **CAPITAL AND SURPLUS ACCOUNT**

The purpose of the Capital and 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 capital and surplus during the year.

Line 38 – 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 39 – 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 40 – Change in Net Deferred Income Tax

Record the change in net deferred income tax. Refer to *SSAP No. 101—Income Taxes* for accounting guidance. The amount shown on this line should represent the gross change in net deferred tax, with any change in the nonadmitted deferred tax asset reported on Line 41.

**This line is not applicable to Fraternal Benefit Societies.**

Line 41 – Change in Nonadmitted Assets

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

- Line 42 – 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 43 – 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 44 – Change in Asset Valuation Reserve
- Report the amount calculated on (Page 29, Lines 2 + 3 + 4 + 5 - 6 + 7 + 11 + 14 + 15, Column 7) x – 1.
- Line 45 – Change in Treasury Stock
- Include: Change between years in ownership of treasury stock at cost.
- This line is not applicable to Fraternal Benefit Societies.**
- Line 46 – 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 47 – 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 53, 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 49 – Cumulative Effect of Changes in Accounting Principles
- Exclude: Corrections of errors in previously issued financial statements. Corrections of errors should be reported on Line 53, Aggregate Write-ins for Gains and (Losses) on Surplus.
- Changes in accounting estimates. A change in an accounting estimate should be included in the Summary of Operations.

Line 50.1 – Paid in Capital

Include: The value attributable to stock purchase warrants.

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

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

**This line is not applicable to Fraternal Benefit Societies.**

Line 50.2 – Capital Transferred From Surplus (Stock Dividend)

Report the increase in capital resulting from a stock dividend (corresponding to the decrease in surplus shown on Line 51.2).

**This line is not applicable to Fraternal Benefit Societies.**

NOTE: The sum of lines 50.1 through 50.3 should equal the change between years from Liabilities page, lines 29 and 30, current year minus prior year.

Line 51.1 – Surplus Adjustment Paid In

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

Any other infusions of capital/surplus.

This should equal the change between years of Liabilities page, Line 33, column 1 minus column 2. Refer to *SSAP No. 72—Surplus and Quasi-Reorganizations* for accounting guidance.

**This line is not applicable to Fraternal Benefit Societies.**

Line 51.2 – Surplus Transferred to Capital

Report the decrease in surplus resulting from a stock dividend (corresponding to the increase in Line 50.2).

**This line is not applicable to Fraternal Benefit Societies.**

Line 51.4 – 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. 61R—Life, Deposit-Type and Accident and Health Reinsurance*, *SSAP No. 72—Surplus and Quasi-Reorganizations* and Appendix A-791.

Line 52 – Dividends to Stockholders

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

Exclude: Dividends on unallocated employee stock ownership plan shares. Losses in surplus on account of stock dividends (show as a transfer to capital, Lines 50.2 and 51.2).

**This line is not applicable to Fraternal Benefit Societies.**

Line 53 – Aggregate Write-ins for Gains and (Losses) in Surplus

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 53 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 and (losses) not related to investment income. Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance.

Gains (losses) on fixed assets.

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

As income, 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.

Exclude: Investment foreign exchange gains (losses).

Details of Write-ins Aggregated at Line 27 for Deductions

List separately each category of deductions 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 entity.

Reserve adjustment on modified coinsurance assumed.

Exclude: Expenses to be recorded on a specific line on Exhibit 2, 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 53 for Gains and (Losses) in Surplus

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

**Include:** The initial transition obligation for unfunded postretirement benefits obligation if a company elects to immediately recognize such obligation.

Corrections of errors in previously issued financial statements.

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

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

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

**Exclude:** Cumulative effect of changes in accounting principles. The effect of changes in accounting principles should be reported on Line 49, 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, expenditures, purchases and sale transactions involving cash should be entered gross. Pursuant to *SSAP No. 69—Statement of Cash Flow*, for purposes of the Cash Flow Statement, cash is defined to include cash, cash equivalents and short-term investments. Refer to SSAP No. 69 for accounting guidance regarding the disclosure of non-cash operating, investing and financing transactions.

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

Amounts generally described as restricted cash or restricted cash equivalents shall be included in the beginning and ending balance in the cash flow statement beginning with Dec. 31, 2019 reporting. Early adoption is allowed. Transfers between cash, cash equivalents, amounts generally described as restricted cash or restricted cash equivalents, and short-term investments are not part of the entity’s operating, investing and financing activities, and details of those transfers are not reported as cash flow activities in the statement of cash flows.

**Cash from Operations Worksheet**

**Ref. #    Premiums Collected Net of Reinsurance**

1.1	Summary of Operations (Page 4) Lines 1 + 2 – 25, current year	_____
1.2	Assets (Page 2) Lines 15 + 16.2 ( <u>In part</u> for amount related to earned premiums) + 16.3 ( <u>In part</u> for experience rating and other amounts related to earned premiums), Column 1, current year less previous year	_____
1.3	Liabilities (Page 3) Lines 8 + 9.2, 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) Lines 14 + 22, Column 1, current year less previous year	_____
2.3	Liabilities (Page 3) Lines 12 ( <u>In part</u> for investment related expenses) + 16 + 20, current year less previous year	_____
2.4	Amortization of premium from Investment Worksheet            B8 + S8 + M9 + O9	_____
2.5	Accrual of discount from Investment Worksheet            B9 + S9 + M5 + O5	_____
2.6	Depreciation expense (included in 2.1)	_____
2.7	_____	_____
2.8	Total of 2.1 – 2.2 + 2.3 + 2.4 – 2.5 + 2.6 + 2.7            (Report on Line 2 of the Cash Flow)	_____

**Miscellaneous Income**

3.1	Summary of Operations (Page 4)	Lines 5 + 6 + 8, current year	_____
3.2	Assets (Page 2)	Lines 16.2 ( <u>In part</u> for all amounts not reported in Line 1.2 above) + 16.3, ( <u>In part</u> for all amounts not reported in Line 1.2 above or Line 7.2 below) Column 1, current year less previous year	_____
3.3	_____		_____
3.4	Total of 3.1 – 3.2 + 3.3	(Report on Line 3 of the Cash Flow)	_____

**Benefit and Loss Related Payments**

5.1	Summary of Operations (Page 4)	Lines 20 – 43 – 7, current year	_____
5.2	Assets (Page 2)	Line 16.1, Column 1, current year less previous year	_____
5.3	Liabilities (Page 3)	Lines 1 + 2 + 4 + 6.3 + 9.1 + 9.3, current year less previous year	_____
5.4	_____		_____
5.5	Total of 5.1 + 5.2 – 5.3 + 5.4	(Report on Line 5 of the Cash Flow)	_____

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

6.1	Summary of Operations (Page 4)	Line 26, current year	_____
6.2	Liabilities (Page 3)	Line 13, 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)		
	Lines 21 + 22 + 23 + 24 + 27, current year		_____
7.2	Assets (Page 2)		
	Lines 16.3 ( <u>In part</u> for commissions and expense allowance due) + 17 + 19, Column 1, current year less previous year		_____
7.3	Liabilities (Page 3)		
	Lines 10 + 11 + 12 ( <u>In part</u> for amount not included in Lines 2.3 above; i.e., non-investment expenses) + 14 + 24.06, current year less previous year		_____
7.4	Depreciation expense (included in 7.1)		_____
7.5	_____		_____
7.6	Total of 7.1 + 7.2 – 7.3 – 7.4 + 7.5	(Report on Line 7 of the Cash Flow)	_____

**Dividends Paid to Policyholders**

8.1	Summary of Operations (Page 4)		
	Line 30, current year		_____
8.2	Liabilities (Page 3)		
	Lines 5 + 6.1 + 6.2 + 7, current year less previous year		_____
8.3	_____		_____
8.4	Total of 8.1 – 8.2 + 8.3	(Report on Line 8 of the Cash Flow)	_____

**Federal and Foreign Income Taxes Paid (Recovered)**

9.1	Summary of Operations and Capital and Surplus Account (Page 4)		
	Line 32 + 40 + tax amount included in Lines 34, 38 and 39, current year		_____
9.2	Assets (Page 2)		
	Lines 18.1 + 18.2, Column 1, current year less previous year		_____
9.3	Liabilities (Page 3)		
	Lines 15.1 + 15.2, current year less previous year		_____
9.4	Total of 9.1 + 9.2 – 9.3	(Report on Line 9 of the Cash Flow)	_____

### Cash from Investments Worksheet

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

**Bonds**

B1	Change in net admitted asset value for Bonds (Page 2)		
	Column 3 current less previous year		_____
B2	Change in assets nonadmitted for Bonds (Page 2)		
	Column 2 current less previous year		_____
B3	Sum of B1 + B2		_____
B4	Cost of Acquired		
	Line 2 Schedule D-Verification Between Years, <u>In part</u> 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), <u>In part</u>		
Plus	Line 8 Total Foreign Exchange Change in Book/Adjusted Carrying Value, <u>In part</u>		
Minus	Line 9 Current Year's Other-Than-Temporary Impairment, <u>In part</u>		_____
B6	Total Gain (Loss) on Disposals		
	Line 5 Schedule D-Verification Between Years, <u>In part</u>		_____
B7	Consideration on Disposals		
	Line 6 Schedule D-Verification Between Years, <u>In part</u> for cash disposal of bonds (Report B7 minus B10 on Line 12.1 of the Cash Flow)		_____
B8	Amortization of Premium		
	Line 7 Schedule D-Verification Between Years, <u>In part</u>		_____
B9	Accrual of Discount		
	Line 3 Schedule D-Verification Between Years, <u>In part</u>		_____
B10	Total Investment Income Recognized as a Result of Prepayment Penalties and/or Acceleration Fees		
	Line 10 Schedule D-Verification Between Years, <u>In part</u> for cash received for investment income recognized		_____
B11	Other amount increases/(decreases)		
	Include non-cash items not already included in B4 through B10		_____

B12 Total of B4 + B5 + B6 – B7 – B8 + B9 + B10 + B11 \_\_\_\_\_  
 B3 – B12 (If difference is not = 0, identify differences and add to amount(s) in the  
 appropriate line(s) or in B11) \_\_\_\_\_ 0

**Stocks**

S1 Change in net admitted asset value for Stocks (Page 2)  
 Column 3 current less previous year \_\_\_\_\_

S2 Change in assets nonadmitted for Stocks (Page 2)  
 Column 2 current less previous year \_\_\_\_\_

S3 Sum of S1 + S2 \_\_\_\_\_

S4 Cost of Acquired  
 Line 2 Schedule D-Verification Between Years, In part for cash acquisition of  
 stocks (Report on Line 13.2 of the Cash Flow) \_\_\_\_\_

S5 Calculate from Schedule D-Verification Between Years  
 Line 4 Unrealized Valuation Increase/(Decrease), In part  
 Plus Line 8 Total Foreign Exchange Change in Book/Adjusted Carrying Value, In part  
 Minus Line 9 Current Year’s Other-Than-Temporary Impairment, In part \_\_\_\_\_

S6 Total Gain (Loss) on Disposals  
 Line 5 Schedule D-Verification Between Years, In part \_\_\_\_\_

S7 Consideration on Disposals  
 Line 6 Schedule D-Verification Between Years, In part for cash disposal of stocks  
 (Report on Line 12.2 of the Cash Flow) \_\_\_\_\_

S8 Amortization of Premium  
 Line 7 Schedule D-Verification Between Years, In part \_\_\_\_\_

S9 Accrual of Discount  
 Line 3 Schedule D-Verification Between Years, In part \_\_\_\_\_

S10 Other amount increases/(decreases)  
 Include non-cash items not already included in S4 through S9 \_\_\_\_\_

S11 Total of S4 + S5 + S6 – S7 – S8 + S9 + S10 \_\_\_\_\_  
 S3 – S11 (If difference is not = 0, identify differences and add to amount(s) in the appropriate  
 line(s) or in S10) \_\_\_\_\_ 0

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

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

**Mortgage Loans**

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

**Schedule B – Verification Between Years**

M4	Line 2	Cost of Acquired, <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)		<u>0</u>

**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, <u>In part</u> for cash acquisitions	
	Plus Line 2.2	Cost of Additional Investments Made, <u>In part</u> for cash investments	
	Plus Line 3	Current Year Change in Encumbrances, <u>In part</u> 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, <u>In part</u> 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)	_____ <u>0</u>

**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	Amount Received on Disposals, <u>In part</u> for cash disposals (Report on Line 12.5 of the Cash Flow)	_____
O9	Line 8	Amortization of Premium and Depreciation	_____
O10	Other amounts increases/(decreases)		
	Include non-cash items not already included in O4 through O9		_____
O11	Total of O4 + O5 + O6 + O7 – O8 – O9 + O10		_____
	O3 – O11	(If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in O10)	_____ <u>0</u>



**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)			_____ <u>0</u>

**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)			_____ <u>0</u>

**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 9.4, current year less previous year	_____
2	Current period amounts transferred to IMR Primarily from Form for Calculating IMR, Line 2	_____
3	Current period amounts recognized in income Summary of Operations, Page 4, Line 4	_____
4	Other amount 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)	_____ <u>0</u>

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

1	Change in AVR liability Page 3, Line 24.01, current year less previous year	_____
2	Current period amounts transferred to AVR Page 4, Line 44	_____
3	Other amount 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)	_____ <u>0</u>

**Reconcile Unrealized Capital Gains (Losses)**

1	Capital and Surplus Account (Page 4)	
	Line 38 ( <u>In part</u> excluding tax) + 39 ( <u>In part</u> excluding tax), 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)	_____ <u>0</u>

**Reconcile Realized Capital Gains (Losses)**

1	Summary of Operations (Page 4)	
	Line 34, 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)	_____ <u>0</u>

**Cash from Financing Worksheet**

These lines calculate Line 16 of the Cash Flow.

**Cash Provided (Applied):**

**Surplus Notes and Capital Notes**

1.1	Change in Surplus Notes	
	Liabilities, Surplus (Page 3) Line 32, current year less previous year	_____
1.2	Change in Capital Notes	
	Liabilities (Page 3) Line 24.11, current year less previous year	_____
1.3	_____	_____
1.4	Total of 1.1 + 1.2 + 1.3 (Report on Line 16.1 of the Cash Flow)	_____

**Capital and Paid In Surplus, Less Treasury Stock**

2.1	Change in Capital	
	Liabilities, Surplus (Page 3) Lines 29 + 30, current year less previous year	_____
2.2	Change in Paid in Surplus	
	Liabilities (Page 3) Line 33, current year less previous year	_____
2.3	Change in Treasury Stock	
	Liabilities, Surplus (Page 3) Line 36, current year less previous year	_____
2.4	Transfer from Unassigned Surplus to lines included in 2.1 or 2.2	_____
2.5	_____	_____
2.6	Total of 2.1 + 2.2 – 2.3 – 2.4 + 2.5 (Report on Line 16.2 of the Cash Flow)	_____

**Borrowed Money**

3.1	Change in Borrowed Money	
	Liabilities, Surplus (Page 3) Line 22, current year less previous year	_____
3.2	_____	_____
3.3	Total of 3.1 + 3.2 (Report on Line 16.3 of the Cash Flow)	_____

**Net Deposits on Deposit-type Contracts and Other Liabilities**

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**

5.1	Dividends to Stockholders	
	Capital and Surplus Account (Page 4) Line 52	_____
5.2	Change in Dividends to Stockholders	
	Liabilities, Surplus (Page 3) Line 23 of current year less previous year	_____
5.3	Total of 5.1 – 5.2 (Report on Line 16.5 of the Cash Flow)	_____

**Other Cash Provided (Applied)**

6.1	Aggregate Write-ins for Gains (Losses) to Surplus  Capital and Surplus Account (Page 4) Lines 51.4 and 53	_____
6.2	Change in Misc. Liabilities  Liabilities, Surplus (Page 3) Lines 17 + 18 + 19 + 21 +24.03 to 24.05 + 24.07 + 24.08 + 24.10 + 25 + 31 + 34, current year less previous year	_____
6.3	Change in Misc. Assets  Assets (Page 2) Lines 20 + 21 + 23 + 24 ( <u>In part</u> for amounts not included elsewhere) + 25 ( <u>In part</u> 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 of Cash from Operations Worksheet)	_____
6.6	_____	_____
6.7	Total of 6.1 + 6.2 – 6.3 – 6.4 + 6.5 + 6.6 (Report of 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 42	_____
2	Change in liability for Reinsurance in Unauthorized and Certified Companies  Liabilities, Surplus (Page 3) Line 24.02, 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)	_____ <u>0</u>

**Reconcile Nonadmitted Assets**

1	Capital and Surplus Account  Page 4, Line 41, 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)	_____ <u>0</u>

**Reconcile Change in Accounting**

Capital and Surplus Account, (Page 4) Line 49, 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\_\_:

	<u>Current</u> <u>Year</u>	<u>Prior</u> <u>Year</u>
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

## **ANALYSIS OF OPERATIONS BY LINES OF BUSINESS – SUMMARY**

This exhibit shows Lines 1 through 33 of the Summary of Operations by Line of Business. Columns 2 through 6 of this exhibit reflect the total column from the Analysis of Operations by Lines of Business pages for Individual Life, Group Life, Individual Annuities, Group Annuities and Accident and Health, with additional columns included for Fraternal Line of Business and Other Lines of Business, which do not have a separate Analysis of Operations by Lines of Business pages.

For Fraternal Benefit Societies Only:

Companies operating on a one-fund basis may, at their option, omit the use of Column 7, in which case fraternal and/or general expense disbursements in Lines 22, 23, 24, 25 and 26 must be distributed appropriately by line of insurance in Columns 2 through 6 and Column 8. The disbursements also must be distributed appropriately by line of insurance on the detail columns of the detail Analysis of Operations by Lines of Business pages (Individual Life, Group Life, Individual Annuities, Group Annuities and Accident and Health) whose Total Columns tie to specific columns of the summary page.

Column 1 – Total

The lines in this column should equal Page 4, Column 1.

The lines in this column should equal the sum of Columns 2 through 9.

Column 2 – Individual Life

The lines in this column should equal the Analysis of Operations by Lines of Business – Individual Life, Column 1 minus Column 12.

Column 3 – Group Life

The lines in this column should equal the Analysis of Operations by Lines of Business – Group Life, Column 1 minus Column 9.

Column 4 – Individual Annuities

The lines in this column should equal the Analysis of Operations by Lines of Business – Individual Annuities, Column 1.

Column 5 – Group Annuities

The lines in this column should equal the Analysis of Operations by Lines of Business – Group Annuities, Column 1.

Column 6 – Accident and Health

The lines in this column should equal the Analysis of Operations by Lines of Business – Accident and Health, Column 1.

Column 7 – Fraternal

Transactions related to the fraternal mission.

Column 8 – Other Lines of Business

A company that is engaged in one or more insurance businesses (other than life business e.g., workers' compensation, aviation reinsurance) that cannot be reported in the columns on pages for Individual Life Insurance, Group Life Insurance, Individual Annuities, Group Annuities and Accident and Health shall add the amounts for each additional line of business and shall enter the total in Column 8.

Include Any Business that is not reported in Columns 2 through 7 or Column 9.

Column 8, Line 21 should agree with Exhibit 1 Part 2, Line 31, Column 8.

Column 9 – YRT Mortality Risk Only

The lines in this column should equal the Analysis of Operations by Lines of Business – Individual Life Column 12 plus Analysis of Operations by Lines of Business – Group Life Column 9.

Line 34 – Policies/Certificates in Force End of Year

The number provided should be count of direct written policies/certificates in force at the end of the year.



**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS – INDIVIDUAL LIFE INSURANCE**

This exhibit shows Lines 1 through 33 of the Summary of Operations by Line of Business, in part.

Reporting for the columns of this schedule should be consistent with the policy type language per the product contract.

Policies where the product was issued with secondary guarantees, but those secondary guarantees have since expired should be reported consistent with how the policy was issued (i.e., still report product as one with secondary guarantees).

For definitions of lines of business, see the appendix of these instructions.

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 26. 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.

Blocks of business in run-off (no new policies issued) as of Dec. 31, 2019, comprising less than five percent (5%) of premiums and less than five percent (5%) of reserve and loans liability, may be grouped with more material blocks. A footnote shall be added at the end of the page indicating when this has occurred and which columns are affected.

If separating Credit Life Insurance into individual and group is a hardship, the reporting entity may combine this line of business on either the individual or group page and indicate by including a footnote on both pages.

Supplementary contracts with life contingencies should be reported on the annuities pages. Supplementary contracts without life contingencies should be included in Exhibit 7, Deposit-Type Contracts. For these contracts, continue to report to the income statement amounts consistently with prior year reporting.

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 1 – Total

The lines in this column are to agree with Page 4, Column 1, in part.

Column 5 – Indexed Life

Exclude: Indexed universal life with secondary guarantees.

Column 7 – Universal Life with Secondary Guarantees

Include: Indexed universal life with secondary guarantees.

Column 10 – Credit Life

Include: Business not exceeding 120 months.

**This column is not applicable to Fraternal Benefit Societies.**

- Column 11 – Other Individual Life
- Include: All individual life insurance not included in columns 2 through 10.
- Column 12 – YRT Mortality Risk Only
- This column should only be completed for assumed and retained (net) yearly-renewable-term (YRT) reinsurance business where the only risk included is mortality.
- If a company reports YRT assumed business in Columns 2 through 11, then that business should not be reported in column 12.
- Line 1 – Premiums for Life Contracts Footnote
- Include: Policies used to fund funeral and final expenses as defined in the Definitions Appendix to this Manual under Preneed.
- Line 4 – Amortization of the Interest Maintenance Reserve
- Report the amount shown on Page 4, Line 4, in part, and on Page 28, Line 5, in part.
- 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 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, in part, excluding the portion due to unrealized capital gains or (losses).
- 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 sum of Line 8.2 for the Analysis of Operations by Lines of Business pages for life (individual and group) and annuities (individual and group) 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 16 – Group Conversions
- Include: The customary charges, in the appropriate columns, to cover the excess cost arising from group conversions.
- This line is not applicable to Fraternal Benefit Societies.**

Line 21 – Commissions on Premiums (Direct Business Only)

Columns 2 through 11 should agree with Exhibit 1 Part 2, Line 31, Column 2.

Line 27 – Aggregate Write-ins for Deductions

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 27 for Deductions.

#### 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 – Individual.

#### Details of Write-ins Aggregated at Line 27 for Deductions

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

Include:                    The amount from the Form for Calculating the Interest Maintenance Reserve, Line 3, in part.

## ANALYSIS OF OPERATIONS BY LINES OF BUSINESS – GROUP LIFE INSURANCE

This exhibit shows Lines 1 through 33 of the Summary of Operations by Line of Business, in part.

Reporting for the columns of this schedule should be consistent with the policy type language per the product contract.

Policies where the product was issued with secondary guarantees, but those secondary guarantees have since expired should be reported consistent with how the policy was issued (i.e., still report product as one with secondary guarantees).

For definitions of lines of business, see the appendix of these instructions.

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 26. 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.

Blocks of business in run-off (no new policies issued) as of Dec. 31, 2019, comprising less than five percent (5%) of premiums and less than five percent (5%) of reserve and loans liability, may be grouped with more material blocks. A footnote shall be added at the end of the page indicating when this has occurred and which columns are affected.

If separating Credit Life Insurance into individual and group is a hardship, the reporting entity may combine this line of business on either the individual or group page and indicate by including a footnote on both pages.

Supplementary contracts with life contingencies should be reported on the annuities pages. Supplementary contracts without life contingencies should be included in Exhibit 7, Deposit-Type Contracts. For these contracts, continue to report to the income statement amounts consistently with prior year reporting.

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 1 – Total

The lines in this column are to agree with Page 4, Column 1, in part.

Column 7 – Credit Life

Include: Business not exceeding 120 months.

Column 8 – Other Group Life

Include: All group life insurance not included elsewhere.

Federal Employees' Group Life Insurance (FEGLI) and Servicemen's Group Life Insurance (SGLI)

- Column 9 – YRT Mortality Risk Only
- This column should only be completed for assumed and retained (net) yearly-renewable-term (YRT) reinsurance business where the only risk included is mortality.
- If a company reports YRT assumed business in Columns 2 through 8, then that business should not be reported in column 9.
- Line 1 – Premiums for Life Contracts Footnote
- Include: Policies used to fund funeral and final expenses as defined in the Definitions Appendix to this Manual under Preneed.
- Line 4 – Amortization of the Interest Maintenance Reserve
- Report the amount shown on Page 4, Line 4, in part, and on Page 28, Line 5, in part.
- 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 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, in part, excluding the portion due to unrealized capital gains or (losses).
- 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 sum of Line 8.2 for the Analysis of Operations by Lines of Business pages for life (individual and group) and annuities (individual and group) 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 16 – Group Conversions
- Include: The customary charges, in the appropriate columns, to cover the excess cost arising from group conversions.
- This line is not applicable to Fraternal Benefit Societies.**
- Line 21 – Commissions on Premiums (Direct Business Only)
- Columns 2 through 8 should agree with Exhibit 1 Part 2, Line 31, Column 3.

Line 27 – Aggregate Write-ins for Deductions

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 27 for Deductions.

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 – Group.

Details of Write-ins Aggregated at Line 27 for Deductions

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

Include:                   The amount from the Form for Calculating the Interest Maintenance Reserve, Line 3, in part.

## **ANALYSIS OF OPERATIONS BY LINES OF BUSINESS – INDIVIDUAL ANNUITIES**

This exhibit shows Lines 1 through 33 of the Summary of Operations by Line of Business, in part.

For definitions of lines of business, see the appendix of these instructions.

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 26. 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.

Blocks of business in run-off (no new policies issued) as of Dec. 31, 2019, comprising less than five percent (5%) of premiums and less than five percent (5%) of reserve and loans liability, may be grouped with more material blocks. A footnote shall be added at the end of the page indicating when this has occurred and which columns are affected.

Supplementary contracts with life contingencies should be reported on the annuities pages. Supplementary contracts without life contingencies should be included in Exhibit 7, Deposit-Type Contracts. For these contracts, continue to report to the income statement amounts consistently with prior year reporting.

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 1 – Total

The lines in this column are to agree with Page 4, Column 1, in part.

Column 6 – Life Contingent Payout Annuities

Include: Individual supplementary contracts with life contingencies.

Any individual annuity-type contract that is in a payout phase.

Column 7 – Other Annuities

Include: All individual annuity amounts not included elsewhere.

Line 4 – Amortization of the Interest Maintenance Reserve

Report the amount shown on Page 4, Line 4 in part, and on Page 28, Line 5, in part.

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 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, in part, excluding the portion due to unrealized capital gains or (losses).

- 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 sum of Line 8.2 for the Analysis of Operations by Lines of Business pages for life (individual and group) and annuities (individual and group) should agree with 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 16 – Group Conversions
- Include: The customary charges, in the appropriate columns, to cover the excess cost arising from group conversions.
- This line is not applicable to Fraternal Benefit Societies.**
- Line 21 – Commissions on Annuity Considerations and Deposit-Type Contracts (Direct Business Only)
- Column 1 should agree with Exhibit 1 Part 2, Line 31, Column 4.
- Line 27 – Aggregate Write-ins for Deductions
- Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 27 for Deductions.

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 – Individual Annuities.

Details of Write-ins Aggregated at Line 27 for Deductions

List separately each category of deductions for which there is no pre-printed line on Analysis of Operations by Lines of Business – Individual Annuities.

Include: The amount from the Form for Calculating the Interest Maintenance Reserve, Line 3, in part.



## **ANALYSIS OF OPERATIONS BY LINES OF BUSINESS – GROUP ANNUITIES**

This exhibit shows Lines 1 through 33 of the Summary of Operations by Line of Business, in part.

For definitions of lines of business, see the appendix of these instructions.

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 26. 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.

Blocks of business in run-off (no new policies issued) as of Dec. 31, 2019, comprising less than five percent (5%) of premiums and less than five percent (5%) of reserve and loans liability, may be grouped with more material blocks. A footnote shall be added at the end of the page indicating when this has occurred and which columns are affected.

Supplementary contracts with life contingencies should be reported on the annuities pages. Supplementary contracts without life contingencies should be included in Exhibit 7, Deposit-Type Contracts. For these contracts, continue to report to the income statement amounts consistently with prior year reporting.

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 1 – Total

The lines in this column are to agree with Page 4, Column 1, in part.

Column 6 – Life Contingent Payout Annuities

Include: Group supplementary contracts with life contingencies.

Any group annuity-type contract that is in a payout phase.

Column 7 – Other Annuities

Include: All group annuity amounts not included elsewhere.

Line 4 – Amortization of the Interest Maintenance Reserve

Report the amount shown on Page 4, Line 4, in part, and on Page 28, Line 5, in part.

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 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, in part, excluding the portion due to unrealized capital gains or (losses).

- 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 sum of Line 8.2 for the Analysis of Operations by Lines of Business pages for life (individual and group) and annuities (individual and group) 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 16 – Group Conversions
- Include: The customary charges, in the appropriate columns, to cover the excess cost arising from group conversions.
- This line is not applicable to Fraternal Benefit Societies.**
- Line 21 – Commissions on Annuity Considerations and Deposit-Type Contracts (Direct Business Only)
- Column 1 should agree with Exhibit 1 Part 2, Line 31, Column 5.
- Line 27 – Aggregate Write-ins for Deductions
- Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 27 for Deductions.

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 – Group Annuities.

Details of Write-ins Aggregated at Line 27 for Deductions

List separately each category of deductions for which there is no pre-printed line on Analysis of Operations by Lines of Business – Group Annuities.

Include: The amount from the Form for Calculating the Interest Maintenance Reserve, Line 3, in part.

**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS – ACCIDENT AND HEALTH**

This exhibit shows Lines 1 through 33 of the Summary of Operations by Line of Business, in part.

For definitions of lines of business, see the appendix of these instructions.

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

Blocks of business in run-off (no new policies issued) as of Dec. 31, 2019, comprising less than five percent (5%) of premiums and less than five percent (5%) of reserve and loans liability, may be grouped with more material blocks. A footnote shall be added at the end of the page indicating when this has occurred and which columns are affected.

Riders/Endorsements/Floaters:

If a rider, endorsement or floater acts like a separate policy with separate premium, deductible and limit, 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. If there is no additional premium, separate deductible or limit, the rider, endorsement or floater should be reported on the same line of business as the base policy.

Column 1 – Total

Line 6 plus the sum of Lines 21 through 24 should equal Health Analysis of Operations by Lines of Business Supplement Line 19 plus 20 (Column 1 minus Column 14).

Column 2 & 3 – Comprehensive (Hospital & Medical)

Include: Business that provides for medical coverages, including hospital, surgical and major medical. Include State Children’s Health Insurance Program (SCHIP) Medicaid Program (Title XXI) risk contracts.

Exclude: Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefit plan (FEHBP) premiums, Medicare (Title XVIII) and Medicaid (Title XIX) risk contracts, Medicare Supplement, Vision only, Dental only and limited benefit plans.

Column 4 – Medicare Supplement

Include: Business reported in the Medicare Supplement Insurance Experience Exhibit of the annual statement.

Exclude: Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefit plan (FEHBP) premiums, comprehensive hospital and medical policies, Medicare (Title XVIII) and Medicaid (Title XIX) risk contracts, Vision only and Dental only business.

Column 5 – Vision Only

Include: Policies providing for vision only coverage issued as stand-alone vision or as a rider to a medical policy that is not related to the medical policy through premiums, deductibles or out-of-pocket limits.

Exclude: Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefit plan (FEHBP) premiums, comprehensive hospital and medical policies, Medicare (Title XVIII) and Medicaid (Title XIX) risk contract, Medicare Supplement, and Dental only business.

Column 6	–	Dental Only	
		Include:	Policies providing for dental only coverage issued as standalone dental or as a rider to a medical policy that is not related to the medical policy through premiums, deductibles or out-of-pocket limits.
		Exclude:	Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefit plan (FEHBP) premiums, comprehensive hospital and medical policies, Medicare (Title XVIII) and Medicaid (Title XIX) risk contracts, Medicare Supplement and Vision only business.
Column 7	–	Federal Employees Health Benefits Plans (FEHBP)	
		Include:	Business allocable to the Federal Employees Health Benefits Plan (FEHBP) premium that is exempted from state taxes or other fees by Section 8909(f)(1) of Title 5 of the United States Code.
		Exclude:	Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), comprehensive hospital and medical policies, Medicare (Title XVIII) and Medicaid (Title XIX) risk contracts, Medicare Supplement, Vision only and Dental only business.
Column 8	–	Title XVIII – Medicare	
		Include:	Business where the reporting entity charges a premium and agrees to cover the full medical costs of Medicare subscribers. Policies providing Medicare Part D Prescription Drug Coverage through a Medicare Advantage product.
		Exclude:	Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefits plan (FEHBP) premiums, comprehensive hospital and medical policies, Medicaid (Title XIX) risk contracts, Medicare Supplement, Vision only and Dental only business. Policies providing standalone Medicare Part D Prescription Drug Coverage.
Column 9	–	Title XIX – Medicaid	
		Include:	Business where the reporting entity charges a premium and agrees to cover the full medical costs of Medicaid subscribers.
		Exclude:	Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefits plan (FEHBP) premiums, comprehensive hospital and medical policies, Medicare (Title XVIII) risk contracts, Medicare Supplement, Vision only and Dental only business.
Column 10	–	Credit Accident and Health	
		Include:	Business not exceeding 120 months.
Column 11	–	Disability	
		Include:	Contracts providing disability income coverage, both short-term and long-term.

- Column 12 – Long-Term Care
- Include: Any insurance policy or rider that provides coverage for not less than twelve (12) consecutive months for each covered person on an expense incurred, indemnity, prepaid or other basis, for one or more necessary or medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance or personal care services, provided in a setting other than an acute care unit of a hospital.
- A policy or rider that provides for payment of benefits based upon cognitive impairment or the loss of functional capacity.
- Column 13 – Other Health
- Include: Other health coverages such as stop loss, limited benefit plans and prescription drug plans and coverages not specifically addressed in any other columns. Policies providing standalone Medicare Part D Prescription Drug Coverage.
- On Line 20, expenses and reimbursements from administrative services only (ASO), other non-underwritten business and administrative services contracts (ASC).
- Exclude: Policies providing Medicare Part D Prescription Drug Coverage through a Medicare Advantage product.
- Line 1 – Premiums for Accident and Health Contracts
- Should equal Health Analysis of Operations by Lines of Business Supplement, Line 7 minus Line 6 (Column 1 minus Column 14).
- Line 4 – Amortization of the Interest Maintenance Reserve
- Report the amount shown on Page 4, Line 4, in part, and on Page 28, Line 5, in part.
- 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 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, in part, excluding the portion due to unrealized capital gains or (losses).
- 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 8.3 – 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 13 – Disability Benefits and Benefits Under Accident and Health Contracts

Should equal

Health Supplement – Analysis of Operations by Lines of Business, Line 17, Column 1 minus Column 14.

Plus Exhibit 6, Line 16, Column 1 CY.

Minus Exhibit 6, Line 16, Column 1 PY.

Line 16 – Group Conversions

Include: The customary charges, in the appropriate columns, to cover the excess cost arising from group conversions.

**This line is not applicable to Fraternal Benefit Societies.**

Line 19 – Increase in Aggregate Reserves for Life and Accident and Health Contracts

Should equal the Health Supplement – Analysis of Operations by Lines of Business, Column 1 minus Column 14, Line 21 plus Line 22

Include: Increase in policy reserves reported in Exhibit 6.

Change in premium deficiency reserve reported in Exhibit 6.

Line 21 – Commissions on Premiums (Direct Business Only)

Column 1 should agree with Exhibit 1 Part 2, Line 31, Column 6.

Line 27 – Aggregate Write-ins for Deductions

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 27 for Deductions.

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 – Accident and Health.

Details of Write-ins Aggregated at Line 27 for Deductions

List separately each category of deductions for which there is no pre-printed line on Analysis of Operations by Lines of Business – Accident and Health.

Include: The amount from the Form for Calculating the Interest Maintenance Reserve, Line 3, in part.

## **ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR – INDIVIDUAL LIFE INSURANCE**

This exhibit analyzes the development of life policy 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 individual variable life insurance business of the company, excluding separate accounts items, shall be included in Columns 8 or 9, as applicable.

This analysis applies to items reported in Exhibit 5.

Blocks of business in run-off (no new policies issued) as of Dec. 31, 2019, comprising less than five percent (5%) of premiums and less than five percent (5%) of reserve and loans liability, may be grouped with more material blocks. A footnote shall be added at the end of the page indicating when this has occurred and which columns are affected.

If separating Credit Life Insurance into individual and group is a hardship, the reporting entity may combine this line of business on either the individual or group page and indicate by including a footnote on both pages.

Supplementary contracts with life contingencies should be reported on the annuities pages. Supplementary contracts without life contingencies should be included in Exhibit 7, Deposit-Type Contracts.

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.

Column 10 – Credit Life

Include: Business not exceeding 120 months.

**This column is not applicable to Fraternal Benefit Societies.**

Column 12 – YRT Mortality Risk Only

This column should only be completed for assumed and retained (net) yearly-renewable-term (YRT) reinsurance business where the only risk included is mortality.

If a company reports YRT assumed business in Columns 2 through 11, then that business should not be reported in column 12.

Line 1 – Reserve December 31 of Prior Year

Enter individual reserves from the Life Insurance Section, Accidental Death Benefits Section, Disability-Active Lives Section, Disability-Disabled Lives Section and the Miscellaneous Reserves Section of Exhibit 5.

Include: Both active and disabled life reserves on Ordinary Life.

Line 2 – Tabular Net Premium or Considerations

Enter tabular net premiums or considerations as determined by valuation bases employed. Tabular premiums on Industrial business should be increased by one-half year’s interest thereon.

Include: The full variable life insurance net premiums in Columns 8 and 9 corresponding to the gross premiums included in Analysis of Operations by Line of Business, Line 1, Columns 8 and 9.

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 through 9 – 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 10 – For yearly renewable term, use Formula 1 for (C-I), and use only the first two items in Formula 1 for calculating Tabular Interest, changing “One-half” to “Full” in each item; otherwise use Formula 1.

**This column is not applicable to Fraternal Benefit Societies.**

- 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 7 – Other Increases (Net)  
Enter amounts that affect reserves but that are not included elsewhere (transfers between lines of business, group conversions, 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 causes other than by 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 12 – Annuity, Supplementary Contract, 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.  
Include: Policies used to fund funeral and final expenses as defined in the Definitions Appendix to this Manual under Preneed in same line of business as Analysis of Operations.

An Analysis of Increase in Reserves is done by annual statement line of business, and within each line according to these formula types: insurance 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.

**Cash Surrender Value (CSV) and Policy Loans:**

Line 16 – CSV Ending Balance December 31, current year

The CSV is to be reported net of any policy loans taken and still outstanding.

Line 17 – Amount Available for Policy Loans Based upon Line 16 CSV

Report the current year balance of policy loans available to be taken by category.

**ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR – GROUP LIFE INSURANCE**

This exhibit analyzes the development of life policy and contract reserves by showing how the reserve may be traced mathematically from one year end to the next by taking into account 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 group variable life insurance business of the company, excluding separate accounts items, shall be included in Column 5 or 6, as applicable.

This analysis applies to items reported in Exhibit 5.

Blocks of business in run-off (no new policies issued) as of Dec. 31, 2019, comprising less than five percent (5%) of premiums and less than five percent (5%) of reserve and loans liability, may be grouped with more material blocks. A footnote shall be added at the end of the page indicating when this has occurred and which columns are affected.

If separating Credit Life Insurance into individual and group is a hardship, the reporting entity may combine this line of business on either the individual or group page and indicate by including a footnote on both pages.

Supplementary contracts with life contingencies should be reported on the annuities pages. Supplementary contracts without life contingencies should be included in Exhibit 7, Deposit-Type Contracts.

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

Column 7 – Credit Life

Include: Business not exceeding 120 months.

Column 9 – YRT Mortality Risk Only

This column should only be completed for assumed and retained (net) yearly-renewable-term (YRT) reinsurance business where the only risk included is mortality.

If a company reports YRT assumed business in Columns 2 through 8, then that business should not be reported in column 9.

Line 1 – Reserve December 31 of Prior Year

Enter group reserves from the Life Insurance Section, Accidental Death Benefits Section, Disability-Active Lives Section, Disability-Disabled Lives Section and the Miscellaneous Reserves Section of Exhibit 5.

Line 2 – Tabular Net Premium or Considerations

Enter tabular net premiums or considerations as determined by valuation bases employed. Tabular premiums on Industrial business should be increased by one-half year’s interest thereon.

Include: The full variable life insurance net premiums in Columns 4 and 6 corresponding to the gross premiums included in Analysis of Operations by Line of Business, Line 1, Columns 4 and 6.

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 through 6 – 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 7 – For yearly renewable term, use Formula 1 for (C-I), and use only the first two items in Formula 1 for calculating Tabular Interest, changing “One-half” to “Full” in each item; otherwise use Formula 1.

Column 8 – For yearly renewable term (life insurance and disability, active lives), use Formula 1 for (C-I) and use only the first two items in Formula 1 for calculating Tabular interest, changing “One-half” to “Full” in each item; use Formula 1 for group permanent. Use Formula 2 for disability, disabled lives. Companies including supplementary contracts under group contracts in this column should use Formula 2 for Group supplementary contracts with life contingencies. Use Formula 3 for benefits valued at interest only.

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 7 – Other Increases (Net)  
 Enter amounts that affect reserves but that are not included elsewhere (transfers between lines of business, group conversions, 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.
- Line 11 – Reserves Released by Other Terminations (Net)  
Enter reserves released by causes other than by death. The computation should be on a net basis so as to take account of revivals, increases, changes, etc.
- Line 12 – Annuity, Supplementary Contract, 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(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.  
Include: Policies used to fund funeral and final expenses as defined in the Definitions Appendix to this Manual under Preneed in same line of business as Analysis of Operations.

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 multiplied by 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 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.

#### **Cash Surrender Value and Policy Loans:**

- Line 16 – CSV Ending Balance December 31, current year  
The CSV is to be reported net of any policy loans taken and still outstanding.
- Line 17 – Amount Available for Policy Loans Based upon Line 16 CSV  
Report the current year balance of policy loans available to be taken by category.

**ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR – INDIVIDUAL ANNUITIES**

This exhibit analyzes the development of life policy and contract reserves by showing how the reserve may be traced mathematically from one year end to the next by taking into account 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.

This analysis applies to items reported in Exhibit 5.

Blocks of business in run-off (no new policies issued) as of Dec. 31, 2019, comprising less than five percent (5%) of premiums and less than five percent (5%) of reserve and loans liability, may be grouped with more material blocks. A footnote shall be added at the end of the page indicating when this has occurred and which columns are affected.

Supplementary contracts with life contingencies should be reported on the annuities pages. Supplementary contracts without life contingencies should be included in Exhibit 7, Deposit-Type Contracts.

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

Line 1 – Reserve December 31 of Prior Year  
 Enter individual annuity reserves from the Annuities Section, Supplementary Contracts with Life Contingencies Section, Disability-Active Lives Section, Disability-Disabled Lives Section and the Miscellaneous Section of Exhibit 5.

Line 2 – Tabular Net Considerations  
 Enter tabular net considerations as determined by valuation bases employed.

Line 3 – Present Value of Disability Claims Incurred  
 Not applicable to Annuities.

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	

Columns 2

Through 7 – 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.

- 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 7 – Other Increases (Net)

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

Include:                    Adjustments due to fluctuations in foreign exchange rates.
- Line 11 – Reserves Released by Other Terminations (Net)

Enter reserves released by all causes. The computation should be on a net basis to take into account revivals, increases, changes, etc.
- Line 12 – Annuity, Supplementary Contract, 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, in part.

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 active life disability reserves is tabular cost. Tabular cost for life insurance can be expressed as the summation of the products of mortality rates multiplied by 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.

**Cash Surrender Value and Policy Loans:**

Line 16 – CSV Ending Balance December 31, current year

The CSV is to be reported net of any policy loans taken and still outstanding.

Line 17 – Amount Available for Policy Loans Based upon Line 16 CSV

Report the current year balance of policy loans available to be taken by category.

**ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR – GROUP ANNUITIES**

This exhibit analyzes the development of life policy and contract reserves by showing how the reserve may be traced mathematically from one year end to the next by taking into account 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.

This analysis applies to items reported in Exhibit 5.

Blocks of business in run-off (no new policies issued) as of Dec. 31, 2019, comprising less than five percent (5%) of premiums and less than five percent (5%) of reserve and loans liability, may be grouped with more material blocks. A footnote shall be added at the end of the page indicating when this has occurred and which columns are affected.

Supplementary contracts with life contingencies should be reported on the annuities pages. Supplementary contracts without life contingencies should be included in Exhibit 7, Deposit-Type Contracts.

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

Line 1 – Reserve December 31 of Prior Year  
 Enter group annuity reserves from the Annuities Section, Supplementary Contracts With Life Contingencies Section, Disability-Active Lives Section, Disability-Disabled Lives Section and the Miscellaneous Reserves Section of Exhibit 5.

Line 2 – Tabular Net Premium or Considerations  
 Enter tabular net premiums or considerations as determined by valuation bases employed.

Line 3 – Present Value of Disability Claims Incurred  
 Not applicable to annuities.

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 \_\_\_\_\_

Columns 2

Through 7 – 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.

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 7 – Other Increases (Net)  
 Enter amounts that affect reserves but that are not included elsewhere (transfers between lines of business, group conversions, etc.).  
 Include: Adjustments due to fluctuations in foreign exchange rates.

Line 11 – Reserves Released by Other Terminations (Net)  
 Enter reserves released by all causes. The computation should be on a net basis to take into account revivals, increases, changes, etc.

Line 12 – Annuity, Supplementary Contract, 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, in part.

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 active life disability reserves is tabular cost. Tabular cost for life insurance can be expressed as the summation of the products of mortality rates multiplied by 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.

**Cash Surrender Value and Policy Loans:**

Line 16 – CSV Ending Balance December 31, current year

The CSV is to be reported net of any policy loans taken and still outstanding.

Line 17 – Amount Available for Policy Loans Based upon Line 16 CSV

Report the current year balance of policy loans available to be taken by category.

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### 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 collectability. 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 risks (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 fee.

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

Nonrefundable fees other than points.

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

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

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

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

Servicing fees paid to correspondents and others unless included in:

Exhibit 2 for **life and fraternal companies**

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

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

Amortization of premium.

- Line 4 – Real Estate
- Include: Income from ownership of Schedule A properties.
- Adequate rent for the reporting entity’s occupancy, in whole or in part, of its own buildings, and for space therein occupied by agencies.
- Exclude: Reimbursements of amounts previously capitalized; such amounts should normally be credited to the item to which the expenditure was charged originally.
- Deduct: Interest on encumbrances.
- Line 6 – Cash, Cash Equivalents and Short-term Investments
- Include: Earned investment income on investments for which maturities (or repurchase dates) at the time of acquisition were one year or less.
- Line 7 – Derivative Instruments
- Include: Amount of investment income from Schedule DB.
- Line 8 – Other Invested Assets
- Include: Earned investment income, for any class of investments includable in Schedule BA.
- Line 9 – Aggregate Write-ins for Investment Income
- Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 9 for Investment Income.
- Line 13 – Interest Expense
- Include: All interest on debt, surplus notes and other related items.
- Debt issuance costs that must be charged in the period incurred.
- Subsequent to the issuance of convertible debt securities, consideration issued to induce conversion of convertible debt.
- Exclude: Interest on encumbrances on real estate.
- Interest on debt that is offset against another asset.
- Capitalized interest on debt.
- Line 14 – Depreciation on Real Estate and Other Invested Assets
- Include: Depreciation reported in Schedule A, Part 1, Column 11 and Schedule A, Part 3, Column 9.

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

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

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

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

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

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

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

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

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

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

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

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

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

- Column 1 – Realized Gain (Loss) on Sales or Maturity
  - Exclude: Realized foreign exchange gain or (loss).
  
- Column 2 – Other Realized Adjustments
  - Include: Other-than-temporary impairment write-downs as negative amounts.
  - Realized foreign exchange gain or (loss).
  
- Column 4 – Change in Unrealized Capital Gain (Loss)
  - Include: Any unrealized valuation changes reported in the investment schedules.
  - The change in any valuation allowance between the current period and previous year-end amount.
  - Exclude: Other-than-temporary impairment write-downs.
  - Amounts reported in the Unrealized Foreign Exchange Change in Book/Adjusted Carrying Value column in the detailed investment schedules.
  
- Column 5 – Change in Unrealized Foreign Exchange Capital Gain (Loss)
  - Include: Amounts reported in the foreign exchange change in book/adjusted carrying value column in the detailed investment schedules.
  
- Lines 1, 1.1, 1.2 and 1.3 – Bonds
  - Include: Amounts from Schedule D, Part 1 and Part 4 that represent either realized or unrealized adjustments on bonds.
  - In Column 2, the decline in the fair value of a bond that is other-than-temporary.
  
- Line 1.1 – Bonds Exempt from U.S. Tax
  - Applicable to Property/Casualty entities only.**
  
- Lines 2.1, 2.11, 2.2, and 2.21 – Stocks
  - Include: Amounts from Schedule D, Part 2 and Part 4 that represent either realized or unrealized adjustments on stocks.
  - Exclude: Proceeds from sale of rights, etc. (Reduce the stock asset accordingly.)

- Line 3 – Mortgage Loans
- Include: Amounts from Schedule B that represent either realized or unrealized adjustments.
- Amounts from Schedule B that represent adjustments to statement value for recognizing an impairment of a mortgage loan by creating a valuation allowance or by adjusting an existing valuation allowance for an impaired loan.
- Line 4 – Real Estate
- Include: Amounts from Schedule A that represent either realized or unrealized adjustments.
- Line 5 – Contract Loans
- Include: Any realized or unrealized adjustments on contract loans.
- Line 6 – Cash, Cash Equivalents and Short-term Investments
- Include: Gains or (losses) arising from the transfer of funds to or from other countries. Also include in Column 4, the net change in deduction for deposits in suspended depositories.
- Line 7 – Derivative Instruments
- Include: Amounts from Schedule DB that represent either realized or unrealized adjustments.
- Line 8 – Other Invested Assets
- Include: Amounts from Schedule BA that represent either realized or unrealized adjustments.
- Line 9 – Aggregate Write-ins for Capital Gains (Losses)
- Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 9 for Capital Gains and (Losses).

Line 10 – Total Capital Gains (Losses)

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

Column 3, Line 10 should equal:

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

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

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

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

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

Column 4, Line 10 should equal:

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

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

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

For Clearly Defined Hedging Strategies qualifying for and applying the provisions of SSAP No. 108 include total current year amortization of SSAP No. 108 deferred liabilities and deferred assets as realized capital gains (losses).

For hedging strategies no longer identified as highly effective within the scope of SSAP No. 108 or which the reporting entity has elected to terminate include total current year amortization of deferred liabilities and deferred assets as unrealized capital gains (losses).

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

**EXHIBIT 1 – 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 4.

- Include: Contract, membership and other fees whether or not retained by agents.  
  
Experience rating refunds and accrued return retrospective premiums. Refer to *SSAP No. 66—Retrospectively Rated Contracts* for accounting guidance.
- Exclude: Amounts attributable to uninsured plans and the uninsured portions of partially insured plans.
- Deduct: Refunds to policyholders for direct payment of industrial premiums.  
  
Premiums and annuity considerations returned.
- Do not deduct: Commissions and allowances on reinsurance premiums assumed and ceded.

The 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 reporting entity, 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.

Column 7 – Fraternal  
  
Transactions related to the fraternal mission.

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 contracts 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.

The Column 6 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 }  
  
Include: Change in experience rating refund liability and accrued return retrospective premiums.

These are premiums and considerations on policies in force that 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.



- 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 that are due on or after the next certificate anniversary date.  
Reporting entities 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 8, or to this item prior to deduction of discount depending upon the basis used for crediting advance premiums to the premium account.  
The Column 6 should equal 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 the first contract 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 dividends/refunds, coupons, guaranteed annual pure endowments and similar benefits applied to provide paid-up additions and annuities.
- Line 16 – Collected During Year - Renewal  
Include: All other premiums and considerations, including dividends/refunds, coupons, guaranteed annual pure endowments and similar benefits 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 less Column 8 should agree with Summary of Operations, Line 1, and all appropriate columns should agree with Line 1 of Analysis of Operations by Lines of Business – Summary. (Column 9 – YRT Mortality Risk Only on the Analysis of Operations by Lines of Business - Summary is not included in Exhibit 1, Part 1)..

**EXHIBIT 1 – PART 2 – POLICYHOLDERS’ DIVIDENDS, REFUNDS TO MEMBERS AND COUPONS APPLIED,  
REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES AND COMMISSIONS INCURRED**

The separation into first-year, single and renewal is required only for Columns 2 and 4.

- Column 7 – Fraternal  
Transactions related to the fraternal mission.
- Line 22 – Dividends and Coupons Applied All Other  
Include: Coupons, guaranteed annual pure endowments and similar benefits.
- Line 26.1 – Reinsurance Ceded  
The Column 6 should equal Schedule H, Part 4, Line B4, Column 1.
- Line 26.2 – Reinsurance Assumed  
The Column 6 should equal 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. General expenses include virtually all of the expenses of a life insurance company other than benefits to policyholders; commissions; and taxes, licenses and fees.

The statutory financial statement provides for two broad categories of general expenses: (1) insurance, subdivided into life insurance, accident and health insurance, and all other lines of business; and (2) investment. In addition, the Analysis of Operations by Lines of business requires allocation of general expenses to more detailed lines of business. The Summary of Operations classifies the investment expense portion of general expenses as an offset to investment income while classifying general insurance expenses separately in the expense section of the summary.

### **General Expenses Due or Accrued**

The amount included in the balance sheet under this caption represents the company's liability for general expenses applicable to the current year that are unpaid at year end. There are a number of guidelines to consider with respect to whether an item represents a liability of the company at the statement date. Distinguish between: (1) bills for items purchased or services rendered; and (2) the recognition of accruals for such things as payroll. With respect to accruals, the liability should be established so that each period bears its pro rata share of the expense even though no bill has been received. Accrual payroll, for example, represents the cost for the period from the last payroll to period-end.

Generally, the liability for purchases of supplies and materials should be established as of the receipt date or shipment date if FOB. If a company has an irrevocable contract as of the statement date, the liability must be established even though the supplies or materials have not been received.

### **Functional Costs**

General expenses are not to be reported on a functional basis unless specifically permitted and then only if: (1) services are independently organized; (2) rent, salaries and wages, and other major items of direct expense are charted to the functions; and (3) adequate accounting for the functional classifications is maintained. Those expense classifications that companies may specifically report on a functional basis are rent, salaries and wages, other employee and agent welfare and printing and stationery.

### **Allocation of Expenses**

As stated above, companies must allocate general expenses to life insurance, accident and health insurance, or investment expense. The "All Other Lines of Business" category should include the corporate overhead line of business where that normal designation exists. In addition, the Analysis of Operations by Lines of Business requires allocation of general insurance expenses to more detailed lines of business. The *Annual Statement Instructions* discuss the allocation of receipts and expenses to lines of business.

The *Annual Statement Instructions* state that the company shall employ those principles and methods that reflect the actual incidence of cost by lines of business. Companies should consider the relative time spent, the extent of usage and the varying volume of work performed. The instructions further state that companies should base the allocations upon objective measurement rather than estimates unless the cost of the measurement clearly outweighs the benefit derived. Where estimates are used, individuals familiar with the nature of the activity should make these estimates and thoroughly responsible persons should review these estimates.

The *Annual Statement Instructions* also state that companies should not use general indices such as premium volume, number of policies and insurance in force unless the incidence of cost is closely related to the indices or there is no more appropriate basis. In no event should such indices be used to distribute claims costs to secondary lines of business.

Report expenses incurred by the reporting entity for uninsured accident and health plans on a gross basis by type of expense. However, administrative fees and expense reimbursements relating to uninsured business are reduced in the general expense and general insurance expenses are to be reported in the Summary of Operations net of such fees and reimbursements.

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*.

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 jointly underwritten group contracts and joint mortality and morbidity studies.

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 Contract 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 percent 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 classifications 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 percent of the total General Expenses Incurred (Line 10). If the total is less than 10 percent, the payments may be reported on Line 7.1.

The total management and service 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.

Column 6 – Fraternal  
Transactions related to the fraternal mission.

Line 1 – Rent  
Rent expense includes, in addition to rent paid for leased properties, an estimated amount that represents “rent” for properties owned and occupied by the company. Report the offset to this amount as investment income. Net rents received for property under sublease against rent expense.

Include: Rent for all premises occupied by the company, including any 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 service, etc.

Amortization expense for leasehold improvements as lessee.

Deduct: Rent under sublease.

Line 2 – Salaries and Wages

Salaries and wages, in addition to virtually all direct payments of compensation to employees, should include all payments to directors for attendance at board or committee meetings.

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.

Agency compensation other than commissions.

Line 3.11 – Contributions for Benefit Plans for Employees and  
 Line 3.12 – Contributions for Benefit Plans for Agents }

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 trustee plan or for the purchase 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 Surplus Account.

Benefit payments (to be reported in the appropriate benefit item of the Summary of Operations when 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 21).

Line 3.21 – Payments to Employees Under Non-Funded Benefit Plans and  
 Line 3.22 – Payments to Agents Under Non-Funded Benefit Plans }

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*.

- Line 3.31 – Other Employee Welfare and
- Line 3.32 – Other Agent Welfare



Expenses included in this line may be reported on a functional basis.

**Include:** Meals to employees. Companies so desiring may exclude this item from Other Employee Welfare and Other Agent Welfare and include it under 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 agents in military service.

Expense of periodical medical or dental examinations or of medical dispensary, convalescent home or sanitarium for employees and agents.

- Line 4.1 – Legal Fees and Expenses

**Include:** Cost of outside counsel, as well as court costs to the extent that these costs do not relate to the claims or investment functions, 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 contract 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, contract changes and applications for employment.

**Exclude:** Fees for medical examinations for the welfare of employees and agents.

Medical examination fees in connection with the investigation, litigation and settlement of contract claims.

- Line 4.3 – Inspection Report Fees

**Include:** Fees for inspection reports in connection with new business, reinstatements, contract 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 contract 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 Policy Claims
- Include: Payment to other than employees of fees and expenses for the investigation, litigation and settlement of policy claims.
- Exclude: Payments to a policyholder, agent, broker, or a third party for administration of group claims.
- Line 5.1 – Traveling Expenses
- Include: Traveling expense of officers, other employees, directors and agents, 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: All costs relating to advertising for new insurance business except salaries and expenses of an advertising department.
- 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, contract/certificate illustration forms and other sales aids, printed material, etc., prepared for distribution to the public by agents 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: Contract/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 policyholders/members and stockholders if not included in Line 5.2.

Line 5.5 – Cost or Depreciation of Furniture and Equipment

The general practice with respect to “Cost or depreciation of furniture and equipment” is to either: (1) charge depreciation to this expense classification and write off the remaining asset balance to surplus as a nonadmitted asset; or (2) charge expenditures for furniture and equipment directly to expense, in which case, those expenditures would be included in this classification.

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 Fees
- Include: All dues and assessments of organizations of which the company is a member.
- All dues for employees’ and agents’ memberships on the company’s behalf.
- Exclude: Contributions in connection with scientific, disease prevention, or other activity directly pertaining to the welfare of policyholders 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 and (Losses), Line 10, Column 2).

- Line 6.6 – Sundry General Expenses
- Amounts paid to agents for administering group, credit, or individual blocks of business.
- Include: Direct expense of local agency meetings, luncheons and dinners.
- Tabulating service rendered by outside organizations.
- Gifts and donations.
- Any portion of commissions and expense allowances on reinsurance assumed for group business that represents specific reimbursement of expenses.
- Reimbursement to another insurer for expense of jointly underwritten group contracts.
- Exclude: Any one type of expense that would represent more than 25 percent of the total for this line. Such items should be reported on Line 9.3.
- Deduct: Any portion of commissions and expense allowances on reinsurance ceded for group business that represents specific reimbursement of expenses.
- Reimbursement from other insurers for expense of jointly underwritten group contracts.
- Line 6.7 – Group Service and Administration Fees
- Include: Administration fees, service fees, or any other form of allowance, reimbursement of expenses, or compensation (other than commissions) to agents, brokers, applicants, policyholders or third parties in connection with the solicitation, sale, issuance, service and administration of group business.
- Line 6.8 – Reimbursements by Uninsured Plans
- Report as a negative amount, administrative fees, direct reimbursement of expenses, or other similar receipts or credits attributable to uninsured plans and the uninsured portion of partially insured plans.
- Line 7.1 – Agency Expense Allowance
- Include: All bona fide allowances for agency expense, but not allowances constituting additional compensation.
- Line 7.2 – Agents' Balances Charged Off (Net)
- Include: Agents' balances charged off less any amounts recovered during the year.
- Line 7.3 – Agency 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 8.1 – Official Publication (Fraternal Benefit Societies Only)
- Expenses incurred by a fraternal benefit society for publications related to the society and its fraternal mission. Does not include publications related to the insurance operations.
- Line 8.2 – Expense of Supreme Lodge Meetings (Fraternal Benefit Societies Only)
- Expenses incurred by a fraternal benefit society for supreme lodge meetings of the society and its fraternal mission. Does not include meetings related to the insurance operations.
- 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 automatically be subject to allocation as “insurance” or “investment,” in Exhibit 2. The same rule applies to other expenses or 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.
- Line 9.3 – Aggregate Write-ins for Expenses
- Enter the total of the 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 and 4 should agree with Page 4, Line 23.

Column 5 should agree with Exhibit of Net Investment Income, Line 11, Column 2.

Column 2 plus Column 3 should agree with Schedule H, Part 1, Line 4 plus Line 8, Column 1 amount.

Sum of Columns 1 and 4 should equal the sum of Line 23, Column 1 for the following pages:

Analysis of Operations by Lines of Business – Individual Life Insurance

Analysis of Operations by Lines of Business – Group Life Insurance

Analysis of Operations by Lines of Business – Individual Annuities

Analysis of Operations by Lines of Business – Group Annuities

Sum of Columns 2 and 3 should equal Line 23, Column 1 for the Analysis of Operations by Lines of Business – Accident and Health.

Details of Write-ins Aggregated on 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 percent of Line 6.6, Sundry General Expenses.

Adjustments due to fluctuations in foreign exchange rates.

### **EXHIBIT 3 – TAXES, LICENSES AND FEES (EXCLUDING FEDERAL INCOME TAXES)**

Taxes, licenses and fees general include all payments to federal, state, local and foreign governments, with the exception of federal income taxes.

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.

#### **Taxes, Licenses and Fees Due or Accrued**

Taxes, licenses and fees that are unpaid but applicable to the accounting period should be accrued and reported as a liability in the balance sheet. With respect to premium taxes and state income taxes, the amount accrued should relate to the related premiums or taxable income recorded in the period, less prepayments of those taxes. Payroll taxes accrued should include all unpaid taxes applicable to salaries and wages that have been paid, plus taxes applicable to accrued payroll.

#### **Allocation of Expenses**

The *Annual Statement Instructions* state that the company shall employ those principles and methods that reflect the actual incidence of cost by lines of business. Companies should consider the relative time spent, the extent of usage and the varying volume of work performed. The instructions further state that companies should base the allocations upon objective measurement rather than estimates unless the cost of the measurement clearly outweighs the benefit derived. Where estimates are used, individuals familiar with the nature of the activity should make these estimates, and thoroughly responsible persons should review these estimates.

The *Annual Statement Instructions* also state that companies should not use general indices such as premium volume, number of policies and insurance in force unless the incidence of cost is closely related to the indices or there is no more appropriate basis. In no event should such indices be used to distribute claims costs to secondary lines of business.

Taxes, licenses and fees are generally allocated to the same line of business as the items to which the specific tax, license or fee relates. For examples, premium taxes would follow the allocation of premiums, while real estate taxes would be classified as an investment expenditure. As with general expense, the overriding allocation principle should be that of reasonableness.

Column 5	–	Fraternal	
			Transactions related to the fraternal mission.
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 27 for Deductions.

- Line 3 – State Taxes on Premiums
- Include: State taxes based on contract reserves, if in lieu of premium taxes. Canadian and other foreign taxes should be included appropriately.
- Deduct: Any portion of commissions or allowances on reinsurance ceded that represents specific reimbursement of premium taxes.
- Any portion of a guaranty fund assessment used as an offset to the payment of premium taxes.
- Line 4 – 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 are to 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.
- State income taxes.
- Line 6 – All Other Taxes
- Include: Guaranty fund assessments and 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.
- Adjustments due to fluctuations in foreign exchange rates.
- Line 7 – Taxes, Licenses and Fees Incurred
- Column 2 should agree with Schedule H, Part 1, Line 9, Column 1.
- Column 4 should agree with Exhibit of Net Investment Income, Line 12, Column 2.
- The sum of Columns 1, 2, 3 and 5 should agree with Page 4, Line 24.
- Sum of Columns 1 and 3 should equal the sum of Line 24, Column 1 for the following pages:
- Analysis of Operations by Lines of Business – Individual Life Insurance
  - Analysis of Operations by Lines of Business – Group Life Insurance
  - Analysis of Operations by Lines of Business – Individual Annuities
  - Analysis of Operations by Lines of Business – Group Annuities
- Column 2 should equal Line 24, Column 1 for the Analysis of Operations by Lines of Business – Accident and Health.
- Line 10 – Taxes, Licenses and Fees Paid During Year
- Line 10 should equal Line 7 + Line 8 – Line 9.

**EXHIBIT 4 – DIVIDENDS OR REFUNDS**

The term refund is limited to amounts declared by Fraternal Organizations, paid or payable, to its members. Experience rating refunds are excluded.

Dividends/refunds may include interest allowed in excess of guaranteed rate on supplementary contracts and dividend/refunds 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 Options  
Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated on Line 8 for Dividend or Refund Options.
- Line 9 – Total Lines 5 through 8  
Report on Lines 1 through 4 and 6 through 8 dividends that have been paid or credited according to the elected dividend/refunds option and recorded as such in respective ledger accounts.
- Line 10 – Amount Due and Unpaid  
Report dividends or refunds that do not exceed the annual premium and similar benefits contingent on payment of deferred and uncollected premiums, due during the current and prior years that have not been paid or credited to policyholders as of December 31 of the current year. Should agree with amount on the line for Dividends or Refunds Due and Unpaid, of the Liability page.
- Line 11 – Provision for Dividends or Refunds Payable in the Following Calendar Year  
Report policyholders’ 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 13 – Provision for Deferred Dividend Contracts  
Include: Dividends contingent on payment of renewal premiums.
- Line 17 – Total Dividends or Refunds  
Include: Refunds and similar benefits.  
Should agree with Summary of Operations Line 30, Dividends to Policyholders and Refunds to Members plus Line 14 (in part for coupons).  
Column 2 should agree with Schedule H, Part 1, Line 13, Column 1.  
Column 1 should equal the sum of Line 30, Column 1 for the following pages:
  - Analysis of Operations by Lines of Business – Individual Life Insurance
  - Analysis of Operations by Lines of Business – Group Life Insurance
  - Analysis of Operations by Lines of Business – Individual Annuities
  - Analysis of Operations by Lines of Business – Group AnnuitiesColumn 2 should equal Line 30, Column 1 for the Analysis of Operations by Lines of Business – Accident and Health.

**Details of Write-ins Aggregated on Line 8 for Dividend or Refund Options**

List separately all dividends or refund options for which there is no pre-printed line on Exhibit of Dividends or Refunds.

**EXHIBIT 5 – AGGREGATE RESERVES 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. 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-20NPR.....	Net Premium Reserve Component of VM-20 Reserve.
VM-20DET/STO .....	Deterministic/Stochastic Reserve Component of VM-20 Reserve (Excess over Net Premium Reserve).
VM-22.....	Any CARVM Reserve Calculated Using Valuation Interest Rates Defined in Section VM-22 of the <i>Valuation Manual</i> .

**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. 58 CSO 4%/10/2% CRVM ALB CNF ..... 1978–1980
3. 2001 CSO 4%/10/2% CRVM ALB CNF..... 2006–2016
4. 2017 CSO VM-20 4% NPR..... 2017
5. VM-20 DET/STO ..... 2017

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)

**Annuities**

For any annuity contracts valued using valuation interest rates defined in Section VM-22 of the *Valuation Manual*, include the reserve for Jumbo and Non-Jumbo contracts on separate lines in 50 basis point valuation interest rate intervals.

For example, typical entries in Exhibit 5 might be:

1. 2012 IAR VM-22 Jumbo 2% - 2.49% ..... 2018 – 20XX
2. 2012 IAR VM-22 Jumbo 2.5% - 2.99%... ..... 2018 – 20XX
3. 2012 IAR VM-22 Non-Jumbo 2% - 2.49% ..... 2018 – 20XX
4. 2012 IAR VM-22 Non-Jumbo 2.5% - 2.99% ..... 2018 – 20XX

## 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 3 of this section do not refer to benefits under so-called return premium contracts, 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 excess of valuation net premiums over corresponding gross premiums on respective contracts, computed according to the standard of valuation required by this state.

                                  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.

Footnote (a):

Deposit-type contracts such as GICs and supplemental contracts are generally reported in Exhibit 7 – Deposit Type Contracts. However, certain contracts (which have similar characteristics to deposit-type contracts) incorporate mortality risk components which qualify those contracts to be reported in Exhibit 5 – Aggregate Reserve for Life Contracts. A common example is a supplemental contract which provides for a life-contingent payout with a specified certain period. Because the contract was life-contingent at issue, it is reported in Exhibit 5 and remains in Exhibit 5 after the death of the annuitant as remaining guaranteed payments continue to the beneficiary. Additionally, state insurance departments have the discretion to approve or require a contract to be classified as a life insurance contract. This footnote captures the amounts reported on Exhibit 5 for deposit-type contracts that originally contained a mortality risk, but no longer contain that risk.

## **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 bases 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 varies 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 the income section of the Summary of Operations page and the Analysis of Operations by Line of Business page.

Include supplementary contracts set up on a basis other than that used to determine benefits.

Life Contract 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 Contracts 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.

Blocks of business in run-off (no new policies issued) as of Dec. 31, 2019, comprising less than five percent (5%) of premiums and less than five percent (5%) of reserve and loans liability, may be grouped with more material blocks. A footnote shall be added at the end of the page indicating when this has occurred and which columns are affected.

Reserves or other amounts relating to uninsured accident and health plans and the uninsured portion of partially insured accident and health plans should be excluded from this exhibit.

Do not include amounts for loss/claims adjusting expenses.

Column 10 – Credit Accident and Health (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.

**This column is not applicable to Fraternal Benefit Societies.**

Column 13 – 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.

Line 2 – Additional Contract Reserves

A reserve must be carried in this line for any contract or block of contracts:

- (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 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 3 – Additional Actuarial Reserves – Asset/Liability Analysis

Include: Premium deficiency reserves.

- Line 4 – Reserve for Future Contingent Benefits (Active Life Reserve) or
- Line 12 – 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 contract/certificate that provides for the extension of benefits after termination of the contract/certificate or of any insurance thereunder. 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 insurance entity. 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, Line 10.

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 contracts may also provide benefits similar to those under the Extension of Benefits section of a group contract.

- Line 5 – Reserve for Rate Credits

Reserves for rate credits, or experience refund reserves, should be included in Page 3, Line 9.2 of the statement with a parenthetical “including \$ \_\_\_\_\_ on Accident and Health.”

- Line 6 – Aggregate Write-ins for Reserves

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 6 for Reserves.

- Line 10 – 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 13 – Aggregate Write-ins for Reserves

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 13 for Reserves.

- Line 17 – Total of Lines 9 and 16

Column 1, Line 17 minus Line 5 should agree with the Aggregate Accident and Health Reserve, Line 2 of the Liability page.

- Line 18 – 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 6 for Reserves

List all reserves for which there is no pre-printed line on 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 13 for Reserves

List all reserves for which there is no pre-printed line on 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 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 Line 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.
- Exclude: Interest earned and/or credited to the account 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 company.
- 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 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**

Amounts relating to uninsured accident and health plans and the uninsured portion of partially insured accident and health plans should be excluded from this exhibit.

Do not include amounts for loss/claims adjusting expenses.

### **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 reporting entity, excluding separate accounts items, shall be included in Column 3.

Exclude liabilities reported in the Separate Accounts Statement.

For each item:

Net = Direct + Reinsurance Assumed – Reinsurance Ceded

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

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.

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.



**NOTES TO FINANCIAL STATEMENTS**

**Notes to the Annual Statement are to be filed on March 1.**

These instructions include guidance for the annual statement. These instructions provide specific examples that illustrate the disclosures required by the *Accounting Practices and Procedures Manual* and depict the application of certain Statements of Statutory Accounting Principles (SSAP). UNLESS OTHERWISE INDICATED, the format and level of detail in the illustrations are not requirements. The NAIC encourages a format that provides the information in the most understandable manner in the specific circumstances. Entities are not required to display the disclosure information contained herein in the specific manner illustrated, except where indicated in the illustrations provided for specific notes.

To facilitate comparison to the electronic notes database, the following data-captured disclosures should be presented in whole dollars in the same format and level of detail in the specific manner shown in the illustration. When the disclosure for a particular illustration is not applicable or the reporting entity has nothing to report, the reporting entity is not required to present the disclosure in the illustrated format with zero amounts except for the reconciliation table illustrated in Note 1A, which must be provided regardless of whether the reporting entity has any state prescribed or permitted practices. It will still be acceptable to indicate “none” or “not applicable” for the whole disclosure or specific parts of the disclosure, as appropriate, as long as the numbering format of the disclosure is preserved. Following the presentation of the illustration is not meant to preclude reporting entities from providing additional clarification before or after the illustration to enable users to better understand the disclosure.

Note #	Parts to be presented in whole dollars in the same format and level of detail in the specific manner shown in the illustration.
1	1A(1) through 1A(8)
3	3A and 3E
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(2), 5F(3), 5F(5) through 5F(11), 5G(2), 5G(3), 5G(5) through 5G(10), 5H(2), 5H(3), 5H(5) through 5H(9), 5I(2), 5I(3), 5I(5) through 5I(8), 5L, 5M(1), 5M(2), 5N, 5O, 5P, 5Q, 5R and 5S
7	7C, 7D and 7E
8	8A(8), 8A(9) and 8B(2) through 8B(4)
9	9A1, 9A2, 9A3, 9A4, 9C and 9I
10	10C, 10M, 10N(2) and 10O
11	11B(2) through 11B(4)
12	12A(1) through 12A(7), 12A(10) and 12C(1)
13	13K and 13L 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(2)c
16	16(1)
17	17B and 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), 21H and 21I
23	23B, 23C, 23D(1)a, 23D(2)a and 23G
24	24D and 24E
27	All
28	All
30	All
31	31(6)

Note #	Parts to be presented in whole dollars in the same format and level of detail in the specific manner shown in the illustration.
32	32A through 32D
33	33A through 33F
34	34A
35	35A(2), 35A(3), 35B(1) through 35B(4) and 35C

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**

Illustration:

A. Statutory Purchase Method

The Company purchased 100% interest of XYZ Insurance Company on 6/30/\_\_\_\_. XYZ Insurance Company is licensed in 49 states and sells workers’ compensation products exclusively.

The transaction was accounted for as a statutory purchase and reflects the following:

1 Purchased entity	2 Acquisition date	3 Cost of acquired entity	4 Original amount of admitted goodwill	5 Admitted goodwill as of the reporting date	6 Amount of goodwill amortized during the reporting period	7 Admitted goodwill as a % of SCA BACV, gross of admitted goodwill
.....	.....	\$ .....	\$ .....	\$ .....	\$ .....	..... %
.....	.....	\$ .....	\$ .....	\$ .....	\$ .....	..... %
.....	.....	\$ .....	\$ .....	\$ .....	\$ .....	..... %
.....	.....	\$ .....	\$ .....	\$ .....	\$ .....	..... %

\* For Columns 5 and 6, 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.

- (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.

Illustration:

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 35, 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	<u>\$ .....</u>	<u>\$ .....</u>
SURPLUS					
(5) ABC Company state basis (Page 3, Line 38, 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	<u>\$ .....</u>	<u>\$ .....</u>

**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.

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 scope of SSAP No. 30R and is reported at fair value on Schedule D-2-2.

The company previously utilized systematic value for the reporting of an SVO-Identified bond ETF reported on Schedule D-1. As of Dec. 31, XX, the SVO-Identified bond ETF had an NAIC designation of 3. Pursuant to the guidance in SSAP No. 26R, a non-AVR reporting entity is only permitted to utilize systematic value for SVO-Identified bond ETFs with an NAIC designation of 1 or 2. As this ETF no longer qualifies for systematic value but is still on the SVO-Identified list, it is captured within scope of SSAP No. 26R, reported on Schedule D-1, but is now reported at fair value.

- (3) Common Stocks are stated at market except those 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. 32R—Preferred Stock*.
- (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 actuarial assumptions affecting pension costs. Disclosure of the effect on those income statement amounts is not necessary for estimates made each period in the ordinary course of accounts for items such as uncollectible accounts. However, disclosure is recommended if the effect of a change in the estimate is material.
- Changes in accounting that are changes in reserve valuation basis as described in *SSAP No. 51R—Life Contracts* which have elected phase-in provided for in the Valuation Manual section VM-21, shall also include in the change in accounting disclosures information regarding the application of any phase-in as provided for in *SSAP No. 51R*.

Reporting entities shall provide disclosure of the following:

- ❖ The phase-in period being applied, and the remaining time period of the phase in.
  - ❖ Any adjustments to the phase-in period.
  - ❖ Amount of change in valuation basis phase-in.
  - ❖ The remaining amount to be phased-in.
- 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.

In 2020, the Company elected a phase-in period of three years of a change in reserve valuation basis as described in *SSAP No. 51R—Life Contracts* for its variable annuity reserves. This change in valuation basis, which impacts annuities reserves written from 1981 to 2019 is permitted under the revisions to the Commissioners Annuity Reserve Valuation Method (CARVM) adopted in *Valuation Manual Requirements for Principle-Based Reserves for Variable Annuities (VM-21)*, and Actuarial Guideline 43 CARVM for variable annuities (AG 43). There have been no adjustments to the phase-in period. The amount of phase-in, which has been recognized in unassigned funds is \$\_\_\_\_\_. The remaining amount to be phased-in is \$\_\_\_\_\_.

### 3. Business Combinations and Goodwill

#### Instruction:

#### A. Statutory Purchase Method

For business combinations accounted for under the statutory purchase method, disclose the following for as long as unamortized goodwill is reported as a component of the investment:

- The name and brief description of the acquired entity.
- That the method of accounting is the statutory purchase method.
- Acquisition date, cost of the acquired entity, the original amount of goodwill and the original amount of admitted goodwill.
- Each SCA's book value, amount of amortized of goodwill recorded for the period and the admitted goodwill as of the reporting date.
- Total admitted goodwill as of the reporting date.
- Admitted goodwill as a percentage of the SCA's book/adjusted carrying value (gross of admitted goodwill). (Admitted goodwill as of the reporting date divided by book value of the SCA.

#### 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 entity;
- (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.

E. Subcomponents and Calculation of Adjusted Surplus and Total Admitted Goodwill

A reporting entity shall disclose the subcomponents and calculation of adjusted surplus and total admitted goodwill as a percentage of adjusted surplus.

Illustration:

A. Statutory Purchase Method

The Company purchased 100% interest of XYZ Insurance Company on 6/30/\_\_\_\_. XYZ Insurance Company is licensed in 49 states and sells workers' compensation products exclusively.

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

The transaction was accounted for as a statutory purchase and reflects the following:

1 Purchased entity	2 Acquisition date	3 Cost of acquired entity	4 Original amount of goodwill	5 Original amount of admitted goodwill
.....	.....	\$ .....	\$ .....	\$ .....
.....	.....	\$ .....	\$ .....	\$ .....
.....	.....	\$ .....	\$ .....	\$ .....
.....	.....	\$ .....	\$ .....	\$ .....
Total	XXX	\$ .....	\$ .....	\$ .....

1 Purchased entity	6 Admitted goodwill as of the reporting date	7 Amount of goodwill amortized during the reporting period	8 Book Value of SCA	9 Admitted goodwill as a % of SCA BACV, gross of admitted goodwill Col. 6/Col. 8
.....	\$ .....	\$ .....	\$ .....	.....%
.....	\$ .....	\$ .....	\$ .....	.....%
.....	\$ .....	\$ .....	\$ .....	.....%
.....	\$ .....	\$ .....	\$ .....	.....%
Total	\$ .....	\$ .....	\$ .....	XXX%

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.

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

E. Subcomponents and Calculation of Adjusted Surplus and Total Admitted Goodwill

	Calculation of Limitation Using Prior Quarter Numbers	Current Reporting Period
(1) Capital & Surplus	.....	XXX
Less:		
(2) Admitted Positive Goodwill	.....	XXX
(3) Admitted EDP Equipment & Operating System Software	.....	XXX
(4) Admitted Net Deferred Taxes	.....	XXX
(5) Adjusted Capital and Surplus (Line 1-2-3-4)	.....	XXX
(6) Limitation on amount of goodwill (adjusted capital and surplus times 10% goodwill limitation [Line 5*10%])	.....	XXX
(7) Current period reported Admitted Goodwill	XXX	.....
(8) Current Period Admitted Goodwill as a % of prior period Adjusted Capital and Surplus (Line 7/Line 5)	XXX	..... %

#### 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.

Illustration:

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

A. Discontinued Operation Disposed of or Classified as Held for Sale

(1) List of Discontinued Operations Disposed of or Classified as Held for Sale

Discontinued Operation Identifier	Description of Discontinued Operation
.....	.....
.....	.....
.....	.....
.....	.....

(2) The Company entered into a definitive agreement dated \_\_\_\_ \_\_\_\_, 20\_\_ to sell its Group Health Operations (Identifier XXX) to ABC Company for \$ \_\_\_\_\_ in cash, subject to various closing adjustments. The net loss from disposal is expected to be \$ \_\_\_\_\_. The sale is expected to be completed no later than midyear 20\_\_\_. The sale is subject to state regulatory approval and other customary conditions. Results of the Discontinued Operations will be included in the Company’s Statement of Revenue and Expenses until the closing and be consistently with the company’s reporting of continuing operations.

(3) Loss Recognized on Discontinued Operations

Discontinued Operation Identifier	Amount for Reporting Period	Cumulative Amount Since Classified as Held for Sale
.....	\$ .....	\$ .....
.....	\$ .....	\$ .....
.....	\$ .....	\$ .....
.....	\$ .....	\$ .....

(4) Carrying Amount and Fair Value of Discontinued Operations and the Effect on Assets, Liabilities, Surplus and Income

a. Carrying Amount of Discontinued Operations

Discontinued Operation Identifier	Carrying Amount Immediately Prior to Classification as Held for Sale	Current Fair Value Less Costs to Sell
.....	\$ .....	\$ .....
.....	\$ .....	\$ .....
.....	\$ .....	\$ .....
.....	\$ .....	\$ .....

b. Effect of Discontinued Operations on Assets, Liabilities, Surplus and Income

Discontinued Operation Identifier	Line Number	Line Description	Amount Attributable to Discontinued Operations
1. Assets			
.....	.....	.....	\$ .....
.....	.....	.....	\$ .....
.....	.....	.....	\$ .....
2. Liabilities			
.....	.....	.....	\$ .....
.....	.....	.....	\$ .....
.....	.....	.....	\$ .....
3. Surplus			
.....	.....	.....	\$ .....
.....	.....	.....	\$ .....
.....	.....	.....	\$ .....
4. Income			
.....	.....	.....	\$ .....
.....	.....	.....	\$ .....
.....	.....	.....	\$ .....

## 5. Investments

### 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. 100R—Fair Value*.
- (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 that it or its agent receives as collateral that can be sold or repledged.
  - a. The aggregate amount of the reinvested cash collateral (amortized cost and fair value). Reinvested cash collateral should be broken down by the maturity date of the invested asset – under 30-day, 60-day, 90-day, 120-day, 180-day, less than 1 year, 1-2 years, 2-3 years and greater than 3 years.
  - b. To the extent that the maturity dates of the liability (collateral to be returned) does not match the invested assets, the reporting entity should explain the additional sources of liquidity to manage those mismatches.
- (6) If the entity has accepted collateral that it is not permitted by contract or custom to sell or repledge, provide detail on these transactions, including the terms of the contract, and the current fair value of the collateral.
- (7) For all securities lending transactions, disclose collateral for transactions that extend beyond one year from the reporting date.

**NOTE:** The paragraph below pertains to completion of the disclosures for repurchase/reverse repurchase accounted for as a sale or secured borrowing in Notes 5F through 5I.

**Reporting entities should complete the disclosures that are relevant to the repurchase/reverse repurchase activity they engaged within the annual and interim reporting periods. For example, if the reporting entity only participated in repurchase transactions accounted for as secured borrowings, only those disclosures shall be included in the financial statement. Those disclosures that are not applicable shall just be noted as “none.” (The use of the “sale” accounting method to account for repurchase/reverse repurchase agreements is anticipated to be very limited. Therefore, those disclosures are not anticipated to be applicable to most reporting entities.)**

**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 borrowing transactions, disclose the following:

- (1) Information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral.

Also include a discussion of the potential risks associated with the agreements and related collateral received, including the impact of arising changes in the fair value of the collateral received and/or the provided security and how those risks are managed.

To the extent that the maturity dates of the liability (collateral to be returned) do not match the invested assets, the reporting entity shall explain the additional sources of liquidity to manage those mismatches.

The maximum amount 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.

If the reporting entity answers “Yes” for any of the quarters for 5F(2)a or 5F(2)b, then it is expected the detail for the remaining disclosures for 5F below will be provided. If the repo activity has ended at year end, then at a minimum the maximum amount data would be provided.

- (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 narrative disclosure of 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.)
- (5) Fair value of securities sold in the aggregate, with identification of nonadmitted assets. (Book/adjusted carrying value shall be provided as an end balance only.)

- (6) Fair value of securities sold by type of security and categorized by NAIC designation, with identification of nonadmitted assets. (Book/adjusted carrying value shall be provided as an end balance only.) Although legally sold as a secured borrowing, these assets are still reported by the insurer and shall be coded as restricted pursuant to the annual statement instructions, disclosed in accordance with *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* (SSAP No. 1), reported in the general interrogatories, and included in any other statutory schedules or disclosure requirements requesting information for restricted assets.
- (7) Cash collateral and the fair value of security collateral (if any) received in the aggregate.
- (8) Cash collateral and the fair value of security collateral received by type of security and categorized by NAIC designation with identification of collateral securities received that do not qualify as admitted assets.
- (9) For collateral received, aggregate allocation of the collateral by the remaining contractual maturity of the repurchase agreements (gross): overnight and continuous, up to 30 days, 30-90 days and greater than 90 days.
- (10) For cash collateral received that has been reinvested, the total reinvested cash and the aggregate amortized cost and fair value of the invested asset acquired with the cash collateral. This disclosure shall be reported by the maturity date of the invested asset: under 30 days, 60 days, 90 days, 120 days, 180 days, less than 1 year, 1-2 years, 2-3 years and greater than 3 years.
- (11) Liability recognized to return cash collateral and the liability recognized to return securities received as collateral as required pursuant to the terms of the secured borrowing transaction.

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

If the entity has entered into repurchase agreements, accounted for as secured borrowing 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 maximum amount 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.  
  
If the reporting entity answers “Yes” for any of the quarters for 5G(2)a or 5G(2)b, then it is expected the detail for the remaining disclosures for 5G below will be provided. If the repo activity has ended at year end, then at a minimum the maximum amount data would be provided.
- (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 narrative disclosure of 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.)

- (5) Fair value of securities acquired in the aggregate.
- (6) Fair value of securities acquired by type of security and categorized by NAIC designation, with identification of whether acquired assets would not qualify as admitted assets.
- (7) Cash collateral and the fair value of security collateral (if any) provided. (If security collateral was provided, book/adjusted carrying value shall be provided as an end balance only.) Disclosure shall identify the book/adjusted carrying value of any nonadmitted securities provided as collateral.
- (8) For collateral pledged, the aggregate allocation of the collateral by the remaining contractual maturity of the repurchase agreements (gross): overnight and continuous, up to 30 days, 30-90 days and greater than 90 days.
- (9) Recognized receivable for the return of collateral. (Generally, cash collateral, but including securities provided as collateral as applicable under the terms of the secured borrowing transaction. Receivables are not recognized for securities provided as collateral if those securities are still reported as assets of the reporting entity.)
- (10) Liability recognized to return cash collateral and the liability recognized to return securities received as collateral as required pursuant to the terms of the secured borrowing transaction.

H. Repurchase Agreements Transactions Accounted for as a Sale

If the entity has entered into repurchase agreements, accounted for as sale transactions, disclose the following:

- (1) Disclose information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral.

The maximum amount 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.

If the reporting entity answers “Yes” for any of the quarters for 5H(2)a or 5H(2)b, then it is expected the detail for the remaining disclosures for 5H below will be provided. If the repo activity has ended at year end, then at a minimum the maximum amount data would be provided.

- (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 narrative disclosure of 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.)
- (5) Fair value of securities sold (derecognized from the financial statements) in the aggregate, with information on the book/adjusted carrying value of nonadmitted assets sold. (Book/adjusted carrying value shall be provided as an end balance only reflecting the amount derecognized from the sale transaction.)
- (6) Fair value and book/adjusted carrying value of securities sold (derecognized from the financial statements) by type of security and categorized by NAIC designation, with identification of nonadmitted assets, with information on the book/adjusted carrying value of nonadmitted assets sold.

- (7) Cash collateral and the fair value of security collateral (if any) received as proceeds and recognized in the financial statements in the aggregate with identification of received assets nonadmitted.
- (8) Cash collateral and the fair value of security collateral (if any) received as proceeds and recognized in the financial statements by type of security and categorized by NAIC designation with identification of received assets nonadmitted. All securities received shall be coded as restricted pursuant to the annual statement instructions, disclosed in accordance with SSAP No. 1, reported in the general interrogatories, and included in any other statutory schedules or disclosure requirements requesting information for restricted assets.
- (9) The forward repurchase commitment recognized to return the cash or securities received. Amount reported shall reflect the stated repurchase price under the repurchase transaction.

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

If the entity has entered into repurchase agreements, accounted for as sale transactions, disclose the following:

- (1) Disclose information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral.

The maximum amount 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.  
  
If the reporting entity answers “Yes” for any of the quarters for 5I(2)a or 5I(2)b, then it is expected the detail for the remaining disclosures for 5I below will be provided. If the repo activity has ended at year end, then at a minimum the maximum amount data would be provided.
- (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 narrative disclosure of 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.)
- (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 and separate 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. 5GI Securities

For each annual reporting period, a comparable disclosure to the prior annual reporting period of the number of 5GI securities, by investment type, and the book/adjusted carrying value and fair value for those securities.

P. 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.

Q. Prepayment Penalty and Acceleration Fees

For securities sold, redeemed or otherwise disposed as a result of a callable or tender offer 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.

R. The financial statements shall disclose the reporting entity's share of the cash pool by asset type (cash, cash equivalents, or short-term investments).

This note shall only be completed in the event the reporting entity has a reported balance in a qualified cash pool (Line 8409999999 in Schedule E, Part 2). As an example, if a reporting entity has a \$1M cash balance in a qualified cash pool, and the cash pool report indicated their \$1M position represented \$700K in cash, \$200k in cash equivalents and \$100k in short-term investments, the disclosure would indicate cash at 70%, cash equivalents at 20% and short-term investments at 10%. **The summation of investment makeup percentages must equal 100%.**

S. Aggregate Collateral Loans by Qualifying Investment Collateral

Pursuant to *SSAP No. 21 R – Other Admitted Assets*, nonadmittance of a collateral loan is required when the fair value of the collateral is not sufficient to cover the collateral loan or if the collateral securing the loan is not a qualifying investment. This includes situations in which collateral in form of joint ventures, partnerships, limited liability companies (LLCs) or subsidiaries, controlled, and affiliates (SCAs) is not supported by an audit as required by *SSAP No. 48* or *SSAP No. 97*.

Collateral loans shall be reported based on the type of qualifying investment that secures the loan. An aggregate note disclosure shall identify the total amount of collateral loans, and the collateral loans admitted and nonadmitted by qualifying investment type.

The other qualifying investment category shall only be used to capture collateral loans secured by collateral in the form of contract loans, derivatives, other invested assets not separately reported, receivables for securities, securities lending and any investments that would qualify as a write-in for invested assets. All collateral loans secured by collateral that does not qualify as an investment are required to be nonadmitted under *SSAP No. 21R*.

Note: Collateral Loans with collateral that does not qualify as an investment are not permitted under *SSAP No. 21R*. Amounts reported as admitted within this category shall be supported by a prescribed or permitted practice disclosure.

Illustration:

A. Mortgage Loans, including Mezzanine Real Estate Loans

- (1) The maximum and minimum lending rates for mortgage loans during 20\_\_ were:  
Farm loans 10.5% and 9%, City loans 11.5% and 9.5%, Purchase money mortgages 10.5% and 9.5%.
- (2) The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was: \_\_\_\_%

**THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES (LINES 3 THROUGH 8) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THESE ILLUSTRATIONS.**

- (3) Taxes, assessments and any amounts advanced and not included in the mortgage loan total:
 

Current Year	Prior Year
\$ _____	\$ _____
- (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:

Farm	Residential		Commercial		Mezzanine	Total
	Insured	All Other	Insured	All Other		

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	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
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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	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
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(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:

	<u>Current Year</u>	<u>Prior Year</u>
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 (a+b-c-d)	\$ _____	\$ _____

(8) Mortgage Loans Derecognized as a Result of Foreclosure:

	<u>Current Year</u>
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.

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(2)

	(1) Amortized Cost Basis Before Other-than-Temporary Impairment	(2) Other-than-Temporary Impairment Recognized in Loss		(3) Fair Value 1 – (2a + 2b)
		(2a) Interest	(2b) Non-interest	
OTTI recognized 1 <sup>st</sup> 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 1 <sup>st</sup> Quarter (a+b)	\$ _____	\$ _____	\$ _____	\$ _____
OTTI recognized 2 <sup>nd</sup> 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 2 <sup>nd</sup> Quarter (d+e)	\$ _____	\$ _____	\$ _____	\$ _____
OTTI recognized 3 <sup>rd</sup> 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 3 <sup>rd</sup> Quarter (g+h)	\$ _____	\$ _____	\$ _____	\$ _____
OTTI recognized 4 <sup>th</sup> 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 4 <sup>th</sup> Quarter (j+k)	\$ _____	\$ _____	\$ _____	\$ _____
m. Annual Aggregate Total (c+f+i+l)		\$ _____	\$ _____	

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(3)

1 CUSIP	2 Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	3 Present Value of Projected Cash Flows	4 Recognized Other-Than-Temporary Impairment	5 Amortized Cost After Other-Than-Temporary Impairment	6 Fair Value at time of OTTI	7 Date of Financial Statement Where Reported
Total	XXX	XXX	\$	XXX	XXX	XXX

NOTE: Each CUSIP should be listed separately each time an OTTI is recognized.

For Securities with amortized cost or adjusted amortized cost:

Column 2 minus Column 3 should equal Column 4

Column 2 minus Column 4 should equal Column 5

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

(4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses:

- 1. Less than 12 Months \$ \_\_\_\_\_
- 2. 12 Months or Longer \$ \_\_\_\_\_

b. The aggregate related fair value of securities with unrealized losses:

- 1. Less than 12 Months \$ \_\_\_\_\_
- 2. 12 Months or Longer \$ \_\_\_\_\_

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

(1) From Lending Activities. For securities lending agreements, the Company requires a minimum of 102% and 105% of the fair value of the domestic and foreign securities loaned at the outset of the contract as collateral. Cash collateral received is invested in short-term investments and the offsetting collateral liability is included in Collateral From Lending Activities. The fair value of the collateral is \$XXX.

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

(3) Collateral Received

a. Aggregate Amount Collateral Received

		<u>Fair Value</u>
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 (a+b+c+d+e)	\$	
(g) Securities Received		
(h) Total Collateral Received (f+g)	\$	
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 (a+b+c+d+e)	\$	
(g) Securities Received		
(h) Total Collateral Received (f+g)	\$	
b. The fair value of that collateral and of the portion of that collateral that it has sold or repledged	\$	
c. The reporting entity receives primarily cash collateral in an amount in excess of the fair value of the securities lent. The reporting entity reinvests the cash collateral into higher-yielding securities than the securities which the reporting entity has lent to other entities under the arrangement.		

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

(5) Collateral Reinvestment

a. Aggregate Amount Collateral Reinvested

	<u>Amortized</u>	<u>Fair</u>
	<u>Cost</u>	<u>Value</u>
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 Year	_____	_____
(j) Greater Than 3 Years	_____	_____
(k) Sub-Total (Sum of a through j)	\$ _____	\$ _____
(l) Securities Received	_____	_____
(m) Total Collateral Reinvested (k+l)	\$ _____	\$ _____
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 Year	_____	_____
(j) Greater Than 3 Years	_____	_____
(k) Sub-Total (Sum of a through j)	\$ _____	\$ _____
(l) Securities Received	_____	_____
(m) Total Collateral Reinvested (k+l)	\$ _____	\$ _____

b. The reporting entity’s sources of cash that it uses to return the cash collateral is dependent upon the liquidity of the current market conditions. Under current conditions, the reporting entity has \$1 billion of par value bonds (fair value of \$920 million) that are currently tradable securities that could be sold and used to pay for the \$850 million in collateral calls that could come due under a worst-case scenario.

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- (7) Collateral for securities lending transactions that extend beyond one year from the reporting date

Description of Collateral	Amount
.....	\$ .....
.....	.....
.....	.....
.....	.....
.....	.....
<b>Total Collateral Extending beyond one year of the reporting date</b>	<b>\$ .....</b>

- F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

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**REPURCHASE TRANSACTION – CASH TAKER – OVERVIEW  
OF SECURED BORROWING TRANSACTIONS**

- (2) Type of Repo Trades Used

FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
------------------	-------------------	------------------	-------------------

- a. Bilateral (YES/NO)
- b. Tri-Party (YES/NO)

.....	.....	.....	.....
.....	.....	.....	.....

- (3) Original (Flow) & Residual Maturity

FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
------------------	-------------------	------------------	-------------------

- a. Maximum Amount
  - 1. Open – No Maturity
  - 2. Overnight
  - 3. 2 Days to 1 Week
  - 4. > 1 Week to 1 Month
  - 5. > 1 Month to 3 Months
  - 6. > 3 Months to 1 Year
  - 7. > 1 Year
- b. Ending Balance
  - 1. Open – No Maturity
  - 2. Overnight
  - 3. 2 Days to 1 Week
  - 4. > 1 Week to 1 Month
  - 5. > 1 Month to 3 Months
  - 6. > 3 Months to 1 Year
  - 7. > 1 Year

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(5) Securities “Sold” Under Repo – Secured Borrowing

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
a. Maximum Amount				
1. BACV	XXX	XXX	XXX	.....
2. Nonadmitted – Subset of BACV	XXX	XXX	XXX	.....
3. Fair Value	.....	.....	.....	.....
b. Ending Balance				
1. BACV	XXX	XXX	XXX	.....
2. Nonadmitted – Subset of BACV	XXX	XXX	XXX	.....
3. 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
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	.....	.....	.....	.....

ENDING BALANCE

	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 NONADMITTED
a. Bonds – BACV	.....	.....	.....	.....
b. Bonds – FV	.....	.....	.....	.....
c. LB & SS – BACV	.....	.....	.....	.....
d. LB & SS – FV	.....	.....	.....	.....
e. Preferred Stock – BACV	.....	.....	.....	.....
f. Preferred Stock – FV	.....	.....	.....	.....
g. Common Stock	.....	.....	.....	.....
h. Mortgage Loans – BACV	.....	.....	.....	.....
i. Mortgage Loans – FV	.....	.....	.....	.....
j. Real Estate – BACV	.....	.....	.....	.....
k. Real Estate – FV	.....	.....	.....	.....
l. Derivatives – BACV	.....	.....	.....	.....
m. Derivatives – FV	.....	.....	.....	.....
n. Other Invested Assets – BACV	.....	.....	.....	.....
o. Other Invested Assets – FV	.....	.....	.....	.....
p. Total Assets – BACV	.....	.....	.....	.....
q. Total Assets – FV	.....	.....	.....	.....

p=a+c+e+g+h+j+l+n    q=b+d+f+g+i+k+m+o

(7) Collateral Received – Secured Borrowing

FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
---------------	----------------	---------------	----------------

- a. Maximum Amount
  - 1. Cash .....
  - 2. Securities (FV) .....
- b. Ending Balance
  - 1. Cash .....
  - 2. Securities (FV) .....

(8) Cash & Non-Cash Collateral Received – Secured Borrowing by NAIC Designation

ENDING BALANCE

1 NONE	2 NAIC 1	3 NAIC 2	4 NAIC 3
-----------	-------------	-------------	-------------

- a. Cash .....
- b. Bonds – FV .....
- c. LB & SS – FV .....
- d. Preferred Stock – FV .....
- e. Common Stock .....
- f. Mortgage Loans – FV .....
- g. Real Estate – FV .....
- h. Derivatives – FV .....
- i. Other Invested Assets – FV .....
- j. Total Collateral Assets – FV  
(Sum of a through i) .....

ENDING BALANCE

5 NAIC 4	6 NAIC 5	7 NAIC 6	8 DOES NOT QUALIFY AS ADMITTED
-------------	-------------	-------------	---

- a. Cash .....
- b. Bonds – FV .....
- c. LB & SS – FV .....
- d. Preferred Stock – FV .....
- e. Common Stock .....
- f. Mortgage Loans – FV .....
- g. Real Estate – FV .....
- h. Derivatives – FV .....
- i. Other Invested Assets – FV .....
- j. Total Collateral Assets – FV  
(Sum of a through i) .....

(9) Allocation of Aggregate Collateral by Remaining Contractual Maturity

FAIR VALUE
---------------

- a. Overnight and Continuous .....
- b. 30 Days or Less .....
- c. 31 to 90 Days .....
- d. > 90 Days .....



(10) Allocation of Aggregate Collateral Reinvested by Remaining Contractual Maturity

	AMORTIZED COST	FAIR VALUE
a. 30 Days or Less	.....	.....
b. 31 to 60 Days	.....	.....
c. 61 to 90 Days	.....	.....
d. 91 to 120 Days	.....	.....
e. 121 to 180 Days	.....	.....
f. 181 to 365 Days	.....	.....
g. 1 to 2 Years	.....	.....
h. 2 to 3 Years	.....	.....
i. > 3 Years	.....	.....

(11) Liability to Return Collateral – Secured Borrowing (Total)

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
a. Maximum Amount				
1. Cash (Collateral – All)	.....	.....	.....	.....
2. Securities Collateral (FV)	.....	.....	.....	.....
b. Ending Balance				
1. Cash (Collateral – All)	.....	.....	.....	.....
2. Securities Collateral (FV)	.....	.....	.....	.....

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

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**REPURCHASE TRANSACTION – CASH PROVIDER – OVERVIEW OF SECURED BORROWING TRANSACTIONS**

(2) Type of Repo Trades Used

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
a. Bilateral (YES/NO)	.....	.....	.....	.....
b. Tri-Party (YES/NO)	.....	.....	.....	.....

(3) Original (Flow) & Residual Maturity

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
a. Maximum Amount				
1. Open – No Maturity	.....	.....	.....	.....
2. Overnight	.....	.....	.....	.....
3. 2 Days to 1 Week	.....	.....	.....	.....
4. > 1 Week to 1 Month	.....	.....	.....	.....
5. > 1 Month to 3 Months	.....	.....	.....	.....
6. > 3 Months to 1 Year	.....	.....	.....	.....
7. > 1 Year	.....	.....	.....	.....
b. Ending Balance				
1. Open – No Maturity	.....	.....	.....	.....
2. Overnight	.....	.....	.....	.....
3. 2 Days to 1 Week	.....	.....	.....	.....
4. > 1 Week to 1 Month	.....	.....	.....	.....
5. > 1 Month to 3 Months	.....	.....	.....	.....
6. > 3 Months to 1 Year	.....	.....	.....	.....
7. > 1 Year	.....	.....	.....	.....

(5) Fair Value of Securities Acquired Under Repo – Secured Borrowing

FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
---------------	----------------	---------------	----------------

- a. Maximum Amount .....
- b. Ending Balance .....

(6) Securities Acquired Under Repo – Secured Borrowing by NAIC Designation

ENDING BALANCE

1 NONE	2 NAIC 1	3 NAIC 2	4 NAIC 3
-----------	-------------	-------------	-------------

- a. Bonds – FV .....
- b. LB & SS – FV .....
- c. Preferred Stock – FV .....
- d. Common Stock .....
- e. Mortgage Loans – FV .....
- f. Real Estate – FV .....
- g. Derivatives – FV .....
- h. Other Invested Assets – FV .....
- i. Total Assets – FV .....
- (Sum of a through h) .....

ENDING BALANCE

5 NAIC 4	6 NAIC 5	7 NAIC 6	8 DOES NOT QUALIFY AS ADMITTED
-------------	-------------	-------------	---

- a. Bonds – FV .....
- b. LB & SS – FV .....
- c. Preferred Stock – FV .....
- d. Common Stock .....
- e. Mortgage Loans – FV .....
- f. Real Estate – FV .....
- g. Derivatives – FV .....
- h. Other Invested Assets – FV .....
- i. Total Assets – FV .....
- (Sum of a through h) .....

(7) Collateral Provided – Secured Borrowing

FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
---------------	----------------	---------------	----------------

- a. Maximum Amount
  - 1. Cash .....
  - 2. Securities (FV) .....
  - 3. Securities (BACV)                   XXX                   XXX                   XXX                   XXX
  - 4. Nonadmitted Subset (BACV)       XXX                   XXX                   XXX                   XXX
- b. Ending Balance
  - 1. Cash .....
  - 2. Securities (FV) .....
  - 3. Securities (BACV) .....
  - 4. Nonadmitted Subset (BACV) .....

(8) Allocation of Aggregate Collateral Pledged by Remaining Contractual Maturity

AMORTIZED COST	FAIR VALUE
----------------	------------

- a. Overnight and Continuous .....
- b. 30 Days or Less .....
- c. 31 to 90 Days .....
- d. > 90 Days .....

(9) Recognized Receivable for Return of Collateral – Secured Borrowing

FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
---------------	----------------	---------------	----------------

- a. Maximum Amount
  - 1. Cash .....
  - 2. Securities (FV) .....
- b. Ending Balance
  - 1. Cash .....
  - 2. Securities (FV) .....

(10) Recognized Liability to Return Collateral – Secured Borrowing (Total)

FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
---------------	----------------	---------------	----------------

- a. Maximum Amount
  - 1. Repo Securities Sold/Acquired with Cash Collateral .....
  - 2. Repo Securities Sold/Acquired with Securities Collateral (FV) .....
- b. Ending Balance
  - 1. Repo Securities Sold/Acquired with Cash Collateral .....
  - 2. Repo Securities Sold/Acquired with Securities Collateral (FV) .....

H. Repurchase Agreements Transactions Accounted for as a Sale

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**REPURCHASE TRANSACTION – CASH TAKER – OVERVIEW OF SALE TRANSACTIONS**

(2) Type of Repo Trades Used

FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
---------------	----------------	---------------	----------------

- a. Bilateral (YES/NO) .....
- b. Tri-Party (YES/NO) .....

(3) Original (Flow) & Residual Maturity

FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
---------------	----------------	---------------	----------------

- a. Maximum Amount
  - 1. Open – No Maturity .....
  - 2. Overnight .....
  - 3. 2 Days to 1 Week .....
  - 4. > 1 Week to 1 Month .....
  - 5. > 1 Month to 3 Months .....
  - 6. > 3 Months to 1 Year .....
  - 7. > 1 Year .....
- b. Ending Balance
  - 1. Open – No Maturity .....
  - 2. Overnight .....
  - 3. 2 Days to 1 Week .....
  - 4. > 1 Week to 1 Month .....
  - 5. > 1 Month to 3 Months .....
  - 6. > 3 Months to 1 Year .....
  - 7. > 1 Year .....

(5) Securities “Sold” Under Repo – Sale

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
a. Maximum Amount				
1. BACV	XXX	XXX	XXX	.....
2. Nonadmitted – Subset of BACV	XXX	XXX	XXX	.....
3. Fair Value	.....	.....	.....	.....
b. Ending Balance				
1. BACV	XXX	XXX	XXX	.....
2. Nonadmitted – Subset of BACV	XXX	XXX	XXX	.....
3. Fair Value	.....	.....	.....	.....

(6) Securities Sold Under Repo – Sale by NAIC Designation

ENDING BALANCE

	1 NONE	2 NAIC 1	3 NAIC 2	4 NAIC 3
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	.....	.....	.....	.....

ENDING BALANCE

	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 NONADMITTED
a. Bonds – BACV	.....	.....	.....	.....
b. Bonds – FV	.....	.....	.....	.....
c. LB & SS – BACV	.....	.....	.....	.....
d. LB & SS – FV	.....	.....	.....	.....
e. Preferred Stock – BACV	.....	.....	.....	.....
f. Preferred Stock – FV	.....	.....	.....	.....
g. Common Stock	.....	.....	.....	.....
h. Mortgage Loans – BACV	.....	.....	.....	.....
i. Mortgage Loans – FV	.....	.....	.....	.....
j. Real Estate – BACV	.....	.....	.....	.....
k. Real Estate – FV	.....	.....	.....	.....
l. Derivatives – BACV	.....	.....	.....	.....
m. Derivatives – FV	.....	.....	.....	.....
n. Other Invested Assets – BACV	.....	.....	.....	.....
o. Other Invested Assets – FV	.....	.....	.....	.....
p. Total Assets – BACV	.....	.....	.....	.....
q. Total Assets – FV	.....	.....	.....	.....

p=a+c+e+g+h+j+l+n    q=b+d+f+g+i+k+m+o

(7) Proceeds Received – Sale

FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
---------------	----------------	---------------	----------------

a. Maximum Amount

1. Cash	.....	.....	.....	.....
2. Securities (FV)	.....	.....	.....	.....
3. Nonadmitted	.....	.....	.....	.....

b. Ending Balance

1. Cash	.....	.....	.....	.....
2. Securities (FV)	.....	.....	.....	.....
3. Nonadmitted	.....	.....	.....	.....

(8) Cash & Non-Cash Collateral Received – Sale by NAIC Designation

ENDING BALANCE

1 NONE	2 NAIC 1	3 NAIC 2	4 NAIC 3
-----------	-------------	-------------	-------------

a. Bonds – FV	.....	.....	.....	.....
b. LB & SS – FV	.....	.....	.....	.....
c. Preferred Stock – FV	.....	.....	.....	.....
d. Common Stock	.....	.....	.....	.....
e. Mortgage Loans – FV	.....	.....	.....	.....
f. Real Estate – FV	.....	.....	.....	.....
g. Derivatives – FV	.....	.....	.....	.....
h. Other Invested Assets – FV	.....	.....	.....	.....
i. Total Assets – FV (Sum of a through h)	.....	.....	.....	.....

ENDING BALANCE

5 NAIC 4	6 NAIC 5	7 NAIC 6	8 NONADMITTED
-------------	-------------	-------------	------------------

a. Bonds – FV	.....	.....	.....	.....
b. LB & SS – FV	.....	.....	.....	.....
c. Preferred Stock – FV	.....	.....	.....	.....
d. Common Stock	.....	.....	.....	.....
e. Mortgage Loans – FV	.....	.....	.....	.....
f. Real Estate – FV	.....	.....	.....	.....
g. Derivatives – FV	.....	.....	.....	.....
h. Other Invested Assets – FV	.....	.....	.....	.....
i. Total Assets – FV (Sum of a through h)	.....	.....	.....	.....

(9) Recognized Forward Resale Commitment

FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
---------------	----------------	---------------	----------------

a. Maximum Amount

.....	.....	.....	.....
-------	-------	-------	-------

b. Ending Balance

.....	.....	.....	.....
-------	-------	-------	-------



(6) Securities Acquired Under Repo – Sale by NAIC Designation

ENDING BALANCE

	1 NONE	2 NAIC 1	3 NAIC 2	4 NAIC 3
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	.....	.....	.....	.....

ENDING BALANCE

	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 NONADMITTED
a. Bonds – BACV	.....	.....	.....	.....
b. Bonds – FV	.....	.....	.....	.....
c. LB & SS – BACV	.....	.....	.....	.....
d. LB & SS – FV	.....	.....	.....	.....
e. Preferred Stock – BACV	.....	.....	.....	.....
f. Preferred Stock – FV	.....	.....	.....	.....
g. Common Stock	.....	.....	.....	.....
h. Mortgage Loans – BACV	.....	.....	.....	.....
i. Mortgage Loans – FV	.....	.....	.....	.....
j. Real Estate – BACV	.....	.....	.....	.....
k. Real Estate – FV	.....	.....	.....	.....
l. Derivatives – BACV	.....	.....	.....	.....
m. Derivatives – FV	.....	.....	.....	.....
n. Other Invested Assets – BACV	.....	.....	.....	.....
o. Other Invested Assets – FV	.....	.....	.....	.....
p. Total Assets – BACV	.....	.....	.....	.....
q. Total Assets – FV	.....	.....	.....	.....

$p=a+c+e+g+h+j+l+n$      $q=b+d+f+g+i+k+m+o$

(7) Proceeds Provided – Sale

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
a. Maximum Amount	.....	.....	.....	.....
1. Cash	.....	.....	.....	.....
2. Securities (FV)	.....	.....	.....	.....
3. Securities (BACV)	XXX	XXX	XXX	XXX
4. Nonadmitted Subset (BACV)	XXX	XXX	XXX	XXX
b. Ending Balance	.....	.....	.....	.....
1. Cash	.....	.....	.....	.....
2. Securities (FV)	.....	.....	.....	.....
3. Securities (BACV)	.....	.....	.....	.....
4. Nonadmitted Subset (BACV)	.....	.....	.....	.....

(8) Recognized Forward Resale Commitment

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
a. Maximum Amount	.....	.....	.....	.....
b. Ending Balance	.....	.....	.....	.....

L. Restricted Assets

**THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR TABLES 5L(1) THROUGH 5L(4) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.**

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted						
	Current Year					6 Total From Prior Year	7 Increase/ (Decrease) (5 minus 6)
	1 Total General Account (G/A)	2 G/A Supporting S/A Activity (a)	3 Total Separate Account (S/A) Restricted Assets	4 S/A Assets Supporting G/A Activity (b)	5 Total (1 plus 3)		
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 (Sum of a through n)	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....

(a) Subset of Column 1  
 (b) Subset of Column 3



Restricted Asset Category	Current Year			
	8 Total Nonadmitted Restricted	9 Total Admitted Restricted (5 minus 8)	Percentage	
			10 Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	11 Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown	\$ .....	\$ .....	.....%	.....%
b. Collateral held under security lending agreements	.....	.....	.....	.....
c. Subject to repurchase agreements	.....	.....	.....	.....
d. Subject to reverse repurchase agreements	.....	.....	.....	.....
e. Subject to dollar repurchase agreements	.....	.....	.....	.....
f. Subject to dollar reverse repurchase agreements	.....	.....	.....	.....
g. Placed under option contracts	.....	.....	.....	.....
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock	.....	.....	.....	.....
i. FHLB capital stock	.....	.....	.....	.....
j. On deposit with states	.....	.....	.....	.....
k. On deposit with other regulatory bodies	.....	.....	.....	.....
l. Pledged as collateral to FHLB (including assets backing funding agreements)	.....	.....	.....	.....
m. Pledged as collateral not captured in other categories	.....	.....	.....	.....
n. Other restricted assets	.....	.....	.....	.....
o. Total Restricted Assets (Sum of a through n)	\$ .....	\$ .....	.....%	.....%

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

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

Description of Assets	Gross (Admitted & Nonadmitted) Restricted							8 Total Current Year Admitted Restricted	Percentage	
	Current Year					6 Total From Prior Year	7 Increase/ (Decrease) (5 minus 6)		9 Gross (Admitted & Nonadmitted) Restricted to Total Assets	10 Admitted Restricted to Total Admitted Assets
	1 Total General Account (G/A)	2 G/A Supporting S/A Activity (a)	3 Total Separate Account (S/A) Restricted Assets	4 S/A Assets Supporting G/A Activity (b)	5 Total (1 plus 3)					
.....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	.....%	.....%	
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	
Total (c)	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	.....%	.....%	

- (a) Subset of column 1
- (b) Subset of column 3
- (c) Total Line for Columns 1 through 7 should equal 5L(1)m Columns 1 through 7 respectively and Total Line for Columns 8 through 10 should equal 5L(1)m Columns 9 through 11 respectively

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

Description of Assets	Gross (Admitted & Nonadmitted) Restricted							8 Total Current Year Admitted Restricted	Percentage	
	Current Year					6 Total From Prior Year	7 Increase/ (Decrease) (5 minus 6)		9 Gross (Admitted & Nonadmitted) Restricted to Total Assets	10 Admitted Restricted to Total Admitted Assets
	1 Total General Account (G/A)	2 G/A Supporting S/A Activity (a)	3 Total Separate Account (S/A) Restricted Assets	4 S/A Assets Supporting G/A Activity (b)	5 Total (1 plus 3)					
.....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	.....%	.....%	
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	
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

(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 **
<b>General Account:</b>				
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	.....	.....	..... %	..... %
<b>j. Total Collateral Assets (a+b+c+d+e+f+g+h+i)</b>	<b>\$ .....</b>	<b>\$ .....</b>	<b>..... %</b>	<b>..... %</b>
<b>Separate Account:</b>				
k. Cash, Cash Equivalents and Short-Term Investments	\$ .....	\$ .....	..... %	..... %
l. Schedule D, Part 1	.....	.....	..... %	..... %
m. Schedule D, Part 2, Section 1	.....	.....	..... %	..... %
n. Schedule D, Part 2, Section 2	.....	.....	..... %	..... %
o. Schedule B	.....	.....	..... %	..... %
p. Schedule A	.....	.....	..... %	..... %
q. Schedule BA, Part 1	.....	.....	..... %	..... %
r. Schedule DL, Part 1	.....	.....	..... %	..... %
s. Other	.....	.....	..... %	..... %
<b>t. Total Collateral Assets (k+l+m+n+o+p+q+r+s)</b>	<b>\$ .....</b>	<b>\$ .....</b>	<b>..... %</b>	<b>..... %</b>

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

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

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

\* u = Column 1 divided by Liability Page, Line 26 (Column 1)  
v = Column 1 divided by Liability Page, Line 27 (Column 1)

M. Working Capital Finance Investments

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

- (1) Aggregate Working Capital Finance Investments (WCFI) Book/Adjusted Carrying Value by NAIC Designation:

	Gross Asset CY	Non-admitted Asset CY	Net Admitted Asset CY
a. WCFI Designation 1	\$ .....	\$ .....	\$ .....
b. WCFI Designation 2	.....	.....	.....
c. WCFI Designation 3	.....	.....	.....
d. WCFI Designation 4	.....	.....	.....
e. WCFI Designation 5	.....	.....	.....
f. WCFI Designation 6	.....	.....	.....
g. Total (a+b+c+d+e+f)	<u>\$ .....</u>	<u>\$ .....</u>	<u>\$ .....</u>

**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:

	<u>Book/Adjusted Carrying Value</u>
a. Up to 180 Days	_____
b. 181 Days to 365 Days	_____
c. Total (a+b)	\$ <u>_____</u>

N. Offsetting and Netting of Assets and Liabilities

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

	Gross Amount Recognized	Amount Offset*	Net Amount Presented on Financial Statements
(1) Assets			
.....	\$ .....	\$ .....	\$ .....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
(2) Liabilities			
.....	\$ .....	\$ .....	\$ .....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

\* For derivative assets and derivative liabilities, the amount offset shall agree to Schedule DB, Part D, Section 1.

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

O. 5GI Securities

Investment	Number of 5GI Securities		Aggregate BACV		Aggregate Fair Value	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
(1) Bonds – AC	.....	.....	\$ .....	\$ .....	\$ .....	\$ .....
(2) 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.**

P. Short Sales

(1) Unsettled Short Sale Transactions (Outstanding as of Reporting Date)

	Proceeds Received	Current Fair Value of Securities Sold Short	Unrealized Gain or (Loss)	Expected Settlement (# of Days)	Fair Value of Short Sales Exceeding (or expected to exceed) 3 Settlement Days	Fair Value of Short Sales Expected to be Settled by Secured Borrowing
a. Bonds	\$ .....	.....	.....	.....	.....	.....
b. Preferred Stock	.....	.....	.....	.....	.....	.....
c. Common Stock	.....	.....	.....	.....	.....	.....
d. Totals (a+b+c)	\$ .....	\$ .....	\$ .....	XXX	\$ .....	\$ .....

(2) Settled Short Sale Transactions

	Proceeds Received	Current Fair Value of Securities Sold Short	Realized Gain or (Loss) on Transaction	Fair Value of Short Sales that Exceeded 3 Settlement Days	Fair Value of Short Sales Settled by Secured Borrowing
a. Bonds	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
b. Preferred Stock	.....	.....	.....	.....	.....
c. Common Stock	.....	.....	.....	.....	.....
d. Totals (a+b+c)	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....

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

Q. Prepayment Penalty and Acceleration Fees

	General Account	Separate Account
(1) Number of CUSIPs	_____	_____
(2) Aggregate Amount of Investment Income	_____	_____

**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. Reporting Entity’s Share of Cash Pool by Asset type.

	<u>Asset Type</u>	<u>Percent Share</u>
(1)	Cash	..... %
(2)	Cash Equivalents	..... %
(3)	Short-Term Investments	..... %
(4)	Total (Must equal 100%)	..... %

S. Aggregate Collateral Loans by Qualifying Investment Collateral

**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.**

Collateral Type	Aggregate Collateral Loan*	Admitted	Nonadmitted
(1) Cash, Cash Equivalent & ST Investments			
a. Affiliated	.....	.....	.....
b. Unaffiliated	.....	.....	.....
(2) Bonds			
a. Affiliated	.....	.....	.....
b. Unaffiliated	.....	.....	.....
(3) Loan-Backed and Structured Securities			
a. Affiliated	.....	.....	.....
b. Unaffiliated	.....	.....	.....
(4) Preferred Stocks			
a. Affiliated	.....	.....	.....
b. Unaffiliated	.....	.....	.....
(5) Common Stocks			
a. Affiliated	.....	.....	.....
b. Unaffiliated	.....	.....	.....
(6) Real Estate			
a. Affiliated	.....	.....	.....
b. Unaffiliated	.....	.....	.....
(7) Mortgage Loans			
a. Affiliated	.....	.....	.....
b. Unaffiliated	.....	.....	.....
(8) Joint Ventures, Partnerships, LLC			
a. Affiliated	.....	.....	.....
b. Unaffiliated	.....	.....	.....
(9) Other Qualifying Investments			
a. Affiliated	.....	.....	.....
b. Unaffiliated	.....	.....	.....

(10) Collateral Does not Qualify as an Investment			
a. Affiliated	.....	.....	.....
b. Unaffiliated	.....	.....	.....
(11) Total	.....	.....	.....

\* Aggregate Collateral Loan Total Line should equal Schedule BA, Part 1, Column 12, Book Adjusted Carrying Value

**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.
- C. The gross, nonadmitted and admitted amounts for interest income due and accrued.
  - (1) Gross amount for interest income due and accrued. (Should equal Assets Page, Line 14, Column 1)
  - (2) Nonadmitted amount for interest income due and accrued. (Should equal Assets Page, Line 14, Column 2)
  - (3) Admitted amount for interest income due and accrued. (Should equal Assets Page, Line 14, Column 3)
- D. The aggregate deferred interest.

Some investments allow for interest payments to be deferred past the originally scheduled payment date without being considered past due under the agreement terms. Include the amount of interest reported as due and accrued for which the reporting entity has not received within 90 days of the originally scheduled payment date, that has not been nonadmitted under *SSAP No. 34 – Investment Income Due and Accrued*. For the avoidance of doubt, this should also include all accrued interest for investments that pay interest in full less frequently than annually per the agreement terms.

- E. The cumulative amounts of paid-in-kind (PIK) interest included in the current principal balance.

Include the amount of reported interest in which the terms of the investment permit paid-in-kind (PIK) instead of cash. The amount captured shall reflect the cumulative amount of PIK interest included in the current principal balance.

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 \$\_\_\_\_\_.

**THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES (7C, 7D, AND 7E) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THESE ILLUSTRATIONS.**

- C. The gross, nonadmitted and admitted amounts for interest income due and accrued.

<u>Interest Income Due and Accrued</u>	<u>Amount</u>
1. Gross	\$ _____
2. Nonadmitted	\$ _____
3. Admitted	\$ _____

- D. The aggregate deferred interest.

	<u>Amount</u>
Aggregate Deferred Interest	\$ _____

- E. The cumulative amounts of paid-in-kind (PIK) interest included in the current principal balance.

	<u>Amount</u>
Cumulative amounts of PIK interest included in the current principal balance	\$ _____

**8. Derivative Instruments**

Instruction:

Disclose the following information by category of derivative financial instrument:

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

Disclose the following information by category of derivative financial instrument:

- (1) A discussion of the market risk, credit risk and cash requirements of the derivative.
- (2) A description of the reporting entity’s objectives for using derivatives, i.e., hedging, income generation or replication, as well as a description of the context needed to understand those objectives and its strategies for achieving those objectives, including the identification of the category, e.g., fair value hedges, cash flow hedges, or foreign currency hedges, and for all objectives, the type of instrument(s) used.
- (3) A description of the accounting policies for recognizing (or reasons for not recognizing) and measuring the derivatives used, and when recognized and where those instruments and related gains and losses are reported.
- (4) Identification of whether the reporting entity has derivative contracts with financing premiums. (For purposes of this term, this includes scenarios in which the premium cost is paid at the end of the derivative contract or throughout the derivative contract.)
- (5) The net gain or loss recognized in unrealized gains or losses during the reporting period representing the component of the derivative instruments’ gain or loss, if any, excluded from the assessment of hedge effectiveness.
- (6) The net gain or loss recognized in unrealized gains or losses during the reporting period resulting from derivatives that no longer qualify for hedge accounting.
- (7) For derivatives accounted for as cash flow hedges of a forecasted transaction, disclose:
  - a. The maximum length of time over which the entity is hedging its exposure to the variability in future cash flows for forecasted transactions excluding those forecasted transactions related to the payment of variable interest on existing financial instruments; and
  - b. The amount of gains and losses classified in unrealized gains/losses related to cash flow hedges that have been discontinued because it was no longer probable that the original forecasted transactions would occur by the end of the originally specified time period or within 2 months of that date.
- (8) Disclose the aggregate, non-discounted total premium cost for these contracts and the premium cost due in each of the following four years, and thereafter. Also disclose the aggregate fair value of derivative instruments with financing premiums, excluding the impact of the deferred or financing premiums.



- (9) Disclose information on the aggregate excluded components by category: Time Value, Volatility Value, Cross Currency Basis Spread and Forward Points. The aggregate amounts reported should include the following (as applicable): current fair value, recognized unrealized gain/loss, the fair value reflected in Book/Adjusted Carry Value, the aggregate amount owed at maturity, current year amortization, and remaining amortization.
- Current Fair Value – The fair value of the excluded component at the reporting date regardless how the excluded component is reported.
  - Recognized Unrealized Gain (Loss) – This represents the change in fair value reported as an unrealized gain (loss). Where the reporting entity does not have a specific excluded component or the excluded component is not required to be held at fair value, an amount of \$0 may be input.
  - Fair Value Reflected in BACV – The fair value of the excluded component that is reflected in the reported book/adjusted carry value. Not applicable for foreign currency forwards and currency swaps where the forward points or cross-currency basis, respectively, are the excluded component.
  - Aggregate Amount Owed at Maturity – The total value of forward points (premium) at trade inception.
  - Current Year Amortization – The forward point (premium) amortization year to date.
  - Remaining Amortization – The forward point (premium) for outstanding trades as of reporting date.
- B. Derivatives under *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees (Life/Fraternal Only)*
- (1) Discussion of hedged item/hedging instruments and hedging strategy:
- Discussion of hedged item, including information on the guarantees sensitive to interest rate risk, along with information on the designated hedging instruments being used to hedge the risk.
  - Discussion of the hedging instruments shall identify whether a hedging instrument is a single instrument or portfolio, as well as information on the hedging strategy (including whether there have been changes in strategy from the prior reporting period, along with detailed information on the changes), and assessment of hedging effectiveness and compliance with the “Clearly Defined Hedging Strategy” of VM-21.
  - Identification shall occur on whether the hedged item is intended to be fully hedged under the hedging strategy, or if the strategy is only focused on a portion of the liability characteristics or a portion of the interest rate sensitivity.
  - Hedging strategies shall be identified as highly effective or not highly effective.
  - If the strategy for a particular hedging relationship excludes a specific component of the gain or loss, or related cash flows, from the assessment of hedge effectiveness, details on the excluded components shall be disclosed.
- Note: The narrative discussion for this disclosure shall incorporate a unique identifier for each hedging strategy referenced. Use the same identifier as used for Schedule DB, Part E.

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

Provide the following:

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

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

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

(3) Hedging Strategies Identified as No Longer Highly Effective

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

- a. Information on the determination of ineffectiveness, including variations from prior assessments resulting in the change from classification as a highly effective hedge.
- b. Identification of outstanding hedging instruments previously captured within scope of this standard and subsequently identified as no longer part of a highly effective hedging strategy. (Open derivative transactions no longer captured within the special accounting provision would be subject to the accounting and reporting guidance within SSAP No. 86.) This disclosure shall identify the date in which the domiciliary state was notified that the hedging strategy had been identified by the reporting entity as no longer highly effective.
- c. Deferred assets and deferred liabilities previously recognized when the program was highly effective, with a schedule that shows the amortization that would have occurred if the program had remained highly effective, as well as a schedule that details the amortization that will occur as the program is no longer highly effective (maximum five-year time frame).
- d. Disclosure on whether the reporting entity is electing to accelerate amortization (in advance of the remaining scheduled amortization or the maximum five-year time frame), along with amounts immediately recognized to unrealized gains/losses, and how the election impacts the scheduled amortization.

(4) Hedging Strategies Terminated

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

- a. The key elements in the reporting entity's decision to terminate, identifying changes in the reporting entity's objectives or perspectives from initial application.
- b. Identification of outstanding hedging instruments previously captured within scope of this standard and the accounting impact as a result of the termination/discontinuation. (Open derivative transactions no longer captured within the special accounting provision would be subject to the accounting and reporting guidance within SSAP No. 86.) This disclosure shall identify the date in which the domiciliary state was notified that the hedging strategy or the election to use the special accounting provision in this SSAP had been terminated.

- c. Deferred assets and deferred liabilities previously recognized under the hedging strategy and/or program, with a schedule that shows the amortization that would have occurred if the strategy and/or program had remained highly effective, as well as a schedule that details the amortization that will occur with the termination of the strategy and/or program (maximum five-year time frame).
- d. Disclosure on whether the reporting entity is electing to accelerate amortization (in advance of the remaining scheduled amortization or the maximum five-year time frame), along with amounts immediately recognized to unrealized gains/losses, and the resulting impact to the scheduled amortization.

Illustration:

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

A. Derivatives under SSAP No. 86—Derivatives

(8)

a.

	<u>Fiscal Year</u>	<u>Derivative Premium Payments Due</u>
1.	2025	\$ .....
2.	2026	.....
3.	2027	.....
4.	2028	.....
5.	Thereafter	.....
6.	Total Future Settled Premiums (Sum of 1 through 5)	<u>\$ .....</u>

b.

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

(9)

<u>Type of Excluded Component</u>	<u>Current Fair Value</u>	<u>Recognized Unrealized Gain (Loss)</u>	<u>Fair Value Reflected in BACV</u>	<u>Aggregate Amount Owed at Maturity</u>	<u>Current Year Amortization</u>	<u>Remaining Amortization</u>
a. Time Value	\$ .....	\$ .....	\$ .....	XXX .	XXX	XXX
b. Volatility Value	\$ .....	\$ .....	\$ .....	XXX .	XXX	XXX
c. Cross Current Basis Spread	\$ .....	\$ .....	XXX	XXX .	XXX	XXX
d. Forward Points	\$ .....	\$ .....	XXX	\$ .....	\$ .....	\$ .....

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

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

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

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

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

a. Scheduled Amortization

Amortization Year	Deferred Assets	Deferred Liabilities
1. 2025	.....	.....
2. 2026	.....	.....
3. 2027	.....	.....
4. 2028	.....	.....
5. 2029	.....	.....
6. 2030	.....	.....
7. 2031	.....	.....
8. 2032	.....	.....
9. 2033	.....	.....
10. 2034	.....	.....
11. Total (Sum of 1 through 10)	.....	.....

- b. Total Deferred Balance \* .....

\* Should agree to Column 19 of Schedule DB, Part E

c. Reconciliation of Amortization:

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

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

- 1. Total Derivative Fair Value Change \$ .....
- 2. Change in Fair Value Reflected as a Natural Offset to VM-21 Liability under SSAP No. 108 \$ .....
- 3. Change in Fair Value Reflected as a Deferred Asset/Liability Under SSAP No. 108 \$ .....
- 4. Other Changes \$ .....
- 5. Unrealized Gain/Loss Recognized for Derivative Under SSAP No. 86 [1-(sum of 2 through 4)] \$ .....

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

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

(3) Hedging Strategies Identified as No Longer Highly Effective

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

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

c. Amortization

Amortization Year	Recognized Deferred Assets	Recognized Deferred Liabilities	Accelerated Amortization	Original Amortization
1. 2025	.....	.....	.....	.....
2. 2026	.....	.....	.....	.....
3. 2027	.....	.....	.....	.....
4. 2028	.....	.....	.....	.....
5. 2029	.....	.....	.....	.....
6. Total Adjusted Amortization	.....	.....	.....	.....

(4) Hedging Strategies Terminated

b. Details of Hedging Strategies Terminated

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

c. Amortization

Amortization Year	Recognized Deferred Assets	Recognized Deferred Liabilities	Accelerated Amortization	Original Amortization
1. 2025	.....	.....	.....	.....
2. 2026	.....	.....	.....	.....
3. 2027	.....	.....	.....	.....
4. 2028	.....	.....	.....	.....
5. 2029	.....	.....	.....	.....
6. Total Adjusted Amortization	.....	.....	.....	.....

## 9. Income Taxes

### Instruction:

A. Disclose the components of the net deferred income tax asset (DTA) or deferred tax liability (DTL) recognized in the reporting entity's financial statements as follows:

- (1) Disclose for the current year, the prior year and the change between years by tax character (ordinary and capital) the following:
  - a. The total of all gross deferred tax assets.
  - b. The total of all statutory valuation allowance adjustments.
  - c. The total of all adjusted gross deferred tax assets.
  - d. The total of all deferred tax assets nonadmitted as the result of the application of *SSAP No. 101—Income Taxes*.
  - e. The total of all net adjusted gross admitted deferred tax assets.
  - f. The total of all deferred tax liabilities.
  - g. The total of all net adjusted gross deferred tax assets (net deferred tax liabilities).
- (2) Admission Calculation Components per *SSAP No. 101—Income Taxes*

For the current year, prior year and the change between years, disclose the amount of each result or component of the deferred tax asset admission calculation as provided in *SSAP No. 101—Income Taxes*.

- a. The amount of federal income taxes paid in prior years that can be recovered through loss carrybacks, by tax character (ordinary and capital).
- b. The amount of adjusted gross DTAs expected to be realized (excluding the amount of DTAs reported in 9A(2)a) after application of the threshold limitations, by tax character (ordinary and capital). (The amount determined in 9A(2)b1 limited by the amount determined in 9A(2)b2.)
  1. The amount of adjusted gross DTAs, expected to be realized within the applicable period following the balance sheet date, by tax character (ordinary and capital). Refer to the applicable Realization Threshold Limitation Table in *SSAP No. 101—Income Taxes* to determine the applicable period.
  2. The amount of the applicable percentage of statutory capital and surplus as required to be shown on the statutory balance sheet of the reporting entity for the current reporting period's statement filed with the domiciliary state commissioner adjusted to exclude any net DTAs, EDP equipment and operating system software and any net positive goodwill. Refer to *SSAP No. 101—Income Taxes* to determine the applicable percentage to be applied.

- c. The amount of adjusted gross DTAs (excluding the amount of DTAs reported in 9A(2)a and 9A(2)b) that can be offset against existing gross DTLs, by tax character (ordinary and capital).
  - d. The amount of DTAs admitted as the result of the application of *SSAP No. 101—Income Taxes* by tax character (ordinary and capital). (The sum of 9A(2)a, 9A(2)b and 9A(2)c.)
- (3) Disclose the ratio used to determine applicable period used in 9A(2)b1 for determining the amount of adjusted gross DTAs, expected to be realized and the amount of adjusted capital and surplus used to determine the percentage threshold limitation in 9A(2)b2.
- (4) Disclose the impact of tax-planning strategies:
- a. On the determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage of total. The disclosure should provide the following information for current year, prior year and change between years.
    - 1. Adjusted gross DTAs by tax character Note 9A(1)c.
    - 2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies.
    - 3. Net admitted adjusted gross DTAs by tax character Note 9A(1)e.
    - 4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies.
  - b. State whether the tax-planning strategies include the use of reinsurance-related tax-planning strategies.

Refer to *SSAP No. 101—Income Taxes*, Exhibit A – Implementation Questions and Answers, Question No. 13, for guidance on tax-planning strategies.

- B. To the extent that DTLs are not recognized for amounts described in paragraph 31 of FAS 109, disclose the following:
- (1) A description of the types of temporary differences for which a DTL has not been recognized and the types of events that would cause those temporary differences to become taxable;
  - (2) The cumulative amount of each type of temporary difference;
  - (3) The amount of the unrecognized DTL for temporary differences related to investments in foreign subsidiaries and foreign corporate joint ventures that are essentially permanent in duration, if determination of that liability is practicable, or a statement that determination is not practicable; and
  - (4) The amount of the DTL for temporary differences other than those in item (3) above that is not recognized.



- C. Disclose the significant components of income taxes incurred (i.e., current income tax expenses) and the changes in DTAs and DTLs. These components would include, for example:
- Current tax expense or benefit;
  - The change in DTAs and DTLs (exclusive of the effects of other components listed below);
  - Investment tax credits;
  - The benefits of operating loss carry forwards;
  - Adjustments of a DTA or DTL for enacted changes in tax laws or rates or a change in the tax status of the reporting entity; and
  - Adjustments to gross deferred tax assets because of a change in circumstances that causes a change in judgment about the realizability of the related deferred tax asset, and the reason for the adjustment and change in judgment.

NOTE: The illustration below for this disclosure reflects the setup for the data capture of the electronic notes.

- D. To the extent that the sum of a reporting entity's income tax incurred and the change in its DTAs and DTLs is different from the result obtained by applying the federal statutory rate to its pretax net income, a reporting entity should disclose the nature of the significant reconciling items.

- E. A reporting entity should also disclose the following:

- (1) The amounts, origination dates and expiration dates of operating loss and tax credit carry forwards available for tax purposes;
- (2) The amount of federal income taxes incurred in the current year and each preceding year that are available for recoupment in the event of future net losses; and
- (3) The aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Service Code.

- F. If the reporting entity's federal income tax return is consolidated with those of any other entity or entities, provide the following:

- (1) A list of names of the entities with which the reporting entity's federal income tax return is consolidated for the current year, and
- (2) The substance of the written agreement approved by the reporting entity's Board of Directors that sets forth the manner in which the total consolidated federal income tax for all entities is allocated to each entity that is a party to the consolidation. (If no written agreement has been executed, explain why such an agreement has not been executed.) Describe the method of allocation, setting forth the manner in which the entity has an enforceable right to recoup federal income taxes in the event of future net losses that it may incur or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

- G. For any federal or foreign income tax loss contingencies as determined in accordance with *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets* with the modifications provided in *SSAP No. 101—Income Taxes* for which it is reasonably possible that the total liability will significantly increase within 12 months of the reporting date, the reporting entity shall disclose an estimate of the range of the reasonably possible increase or a statement that an estimate of the range cannot be made.

Refer to *SSAP No. 101—Income Taxes* for accounting guidance on disclosure requirements, and INT 06-12 for more detail on protective tax deposits.

H. Repatriation Transition Tax (RTT)

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

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

I. Alternative Minimum Tax (AMT) Credit

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

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

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

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

Illustration:

**THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES (9A1, 9A2, 9A3 AND 9A4) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.**

**NOTE: DUE TO THE SIZE OF THIS TABLE, REPORTING ENTITIES MAY BE LIMITED IN THEIR ABILITY TO PRESENT THIS DISCLOSURE IN THE EXACT FORMAT SHOWN DUE TO FONT LIMITATIONS AND THE SIZE OF THE AMOUNTS BEING DISCLOSED. IT WILL BE CONSIDERED ACCEPTABLE AND IN COMPLIANCE WITH THE INSTRUCTIONS IF THIS TABLE IS SPLIT INTO THREE SEPARATE TABLES (CURRENT YEAR COLUMNS, PRIOR YEAR COLUMNS AND CHANGE COLUMNS).**

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

12/31/2024			12/31/2023			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)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

12/31/2024			12/31/2023			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
(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. 

2024	2023
------	------
- (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. 

12/31/2024		12/31/2023		Change	
(1)	(2)	(3)	(4)	(5)	(6)
Ordinary	Capital	Ordinary	Capital	(Col 1-3) Ordinary	(Col 2-4) Capital

Impact of Tax-Planning Strategies

- (a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.
- |    |   |       |       |       |       |       |
|----|---|-------|-------|-------|-------|-------|
| 1. | Adjusted Gross DTAs Amount From Note 9A1(c)   | _____ | _____ | _____ | _____ | _____ |
| 2. | Percentage Of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies                  | _____ | _____ | _____ | _____ | _____ |
| 3. | Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)  | _____ | _____ | _____ | _____ | _____ |
| 4. | Percentage Of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies | _____ | _____ | _____ | _____ | _____ |
- (b) Does the Company's tax-planning strategies include the use of reinsurance? Yes \_\_\_\_\_ No \_\_\_\_\_

Line 9A1g, Column 3

If greater than zero, it should equal the Asset Page, Line 18.2, Column 3 and the Liability Page, Line 15.2, Column 1 should equal zero.

If not greater than zero, it should equal the Liability Page, Line 15.2, Column 1 and the Asset Page, Line 18.2, Column 3 should equal zero.

If equal to zero, the Liability Page, Line 15.2, Column 1 should equal zero and the Asset Page, Line 18.2, Column 3 should equal zero.

B. Regarding deferred tax liabilities that are not recognized:

See example in paragraph 12.20 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) 12/31/2024	(2) 12/31/2023	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ _____	\$ _____	\$ _____
(b) Foreign	\$ _____	\$ _____	\$ _____
(c) Subtotal (1a+1b)	\$ _____	\$ _____	\$ _____
(d) Federal income tax on net capital gains	\$ _____	\$ _____	\$ _____
(e) Utilization of capital loss carry-forwards	\$ _____	\$ _____	\$ _____
(f) Other	\$ _____	\$ _____	\$ _____
(g) Federal and foreign income taxes incurred (1c+1d+1e+1f)	\$ _____	\$ _____	\$ _____
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	\$ _____	\$ _____	\$ _____
(99) Subtotal (sum of 2a1 through 2a13)	\$ _____	\$ _____	\$ _____
(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	\$ _____	\$ _____	\$ _____
(99) Subtotal (2e1+2e2+2e3+2e4)	\$ _____	\$ _____	\$ _____
(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	\$ _____	\$ _____	\$ _____
(99) Subtotal (3a1+3a2+3a3+3a4+3a5)	\$ _____	\$ _____	\$ _____
(b) Capital:			
(1) Investments	\$ _____	\$ _____	\$ _____
(2) Real estate	\$ _____	\$ _____	\$ _____
(3) Other	\$ _____	\$ _____	\$ _____
(99) Subtotal (3b1+3b2+3b3)	\$ _____	\$ _____	\$ _____
(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 12.24 of the *SSAP No. 101—Income Taxes Q&A*.

E. See example in paragraph 12.25 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 12.26 of the *SSAP No. 101—Income Taxes Q&A*.

I. Alternative Minimum Tax Credit

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

	<u>Amount</u>
a. Current year recoverable	\$ .....
b. Deferred tax asset (DTA)	\$ .....
(2) Beginning Balance of AMT Credit Carryforward	\$ .....
(3) Amounts Recovered	\$ .....
(4) Adjustments	\$ .....
(5) Ending Balance of AMT Credit Carryforward (5=2–3–4)	\$ .....
(6) Reduction for Sequestration	\$ .....
(7) Nonadmitted by Reporting Entity	\$ .....
(8) Reporting Entity Ending Balance (8=5–6–7)	\$ .....

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

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

**10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

Instruction:

The financial statements shall include disclosures of all material related party transactions. In some cases, aggregation of similar transactions that on a stand-alone basis are not material may be appropriate. Sometimes, the effect of the relationship between the parties may be so pervasive that disclosure of the relationship alone will be sufficient. If necessary, to the understanding of the relationship, disclose the name of the related party. Transactions shall not be purported to be arm’s-length transactions unless there is demonstrable evidence to support such statement. Note 10 is primarily for SCAs under SSAP No. 97, but the disclosure for 10O should also be completed of SSAP No. 48 entities. The disclosures shall include:

A. The nature of the relationship involved.

- B. A description of the transactions for each of the periods for which financial statements are presented, and such other information considered necessary to obtain an understanding of the effects of the transactions on the financial statements. Exclude reinsurance transactions, any non-insurance transactions that are less than ½ of 1% of the total admitted assets of the reporting entity, and cost allocation transactions. The following information shall be provided if applicable:

- Date of transaction;
- Explanation of transaction;
- Name of reporting entity;
- Name of affiliate;
- Description of assets received by reporting entity;
- Statement value of assets received by reporting entity;
- Description of assets transferred by reporting entity; and
- Statement value of assets transferred by reporting entity.

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.

- C. Transactions with related parties who are not reported on Schedule Y

A reference number should be provided for each transaction with the related party to be used in the tables for the disclosures below. In each disclosure the transaction for each related party should be reported contiguously and not separated by other transactions with other related parties. (Multiple transactions with the same related party shall not be aggregated into a single row.)

Example: Company A has three separate transactions with Related Party B. All of transactions with Related Party B would be reported together on three consecutive rows of the disclosure table before reporting transaction with the next related party.)

- (1) Detail of material related party transactions

- Date of transaction
- Name of related party
- Nature of relationship
- Type of transaction

Options for type of transaction:

- ❖ Loan
  - ❖ Exchange of assets or liabilities (e.g., buys, sells and secured borrowing transactions)
  - ❖ Management services
  - ❖ Cost-sharing agreement
  - ❖ Other transactions involving services
  - ❖ Guarantee (e.g., guarantees to related parties, on behalf of, and when beneficiary is related party)
  - ❖ Other
- Written agreement (Yes/No)
  - Due date
  - Reporting period date amount due from (to)

- (2) Detail of material related party transactions involving services
    - Name of related party
    - Overview description
    - Amount charged
    - Amount based on allocation of costs or market rates
    - Amount charged modified or waived (Yes/No)
  - (3) Detail of material related party transactions involving exchange of assets and liabilities
    - Name of related party
    - Overview description
    - Description of assets received
    - Description of assets transferred
    - Statement value of assets received
    - Statement value of assets transferred
    - Have terms changed from preceding period? (Yes/No)
  - (4) Detail of amounts owed to/from a related party
    - Name of related party
    - Aggregate reporting period amount due from
    - Aggregate reporting period amount due to
    - Amount offset in financial statement (if qualifying)
    - Net amount recoverable/(payable) by related party
    - Admitted recoverable
- 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. 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.
- F. 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.
- 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 Entities shall disclose for all SCA investments (except 8bi entities).

- (1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (except 8bi entities)

Disclose the percentage of ownership and aggregate total of all SCA entities (except 8bi entities) with detail of the aggregate gross value under SSAP No. 97 with the admitted and nonadmitted amounts reflected on the balance sheet. See SSAP No. 97 for additional guidance.

- (2) NAIC Filing Response Information

Provide the following information regarding the NAIC response to the SCA filing. (except 8bi entities):

- The type of NAIC filing
- The date of the NAIC filing
- The NAIC valuation for the SCA entity
- If a response was received from the NAIC
- If the NAIC disallowed the reporting entities valuation method
- If changes in the reported SCA amount were immaterial (I) or material (M)

N. Investment in Insurance SCAs

A reporting entity that reports an investment in an insurance SCA (per SSAP No. 97) for which the audited statutory equity reflects a departure from the NAIC statutory accounting practices and procedures (e.g., permitted or prescribed practices) shall disclose the following:

- (1) A description of the accounting practice, with a statement that the practice differs from the NAIC statutory accounting practices and procedures.
- (2) The monetary effect on net income and surplus reflected by the insurance SCA as a result of using an accounting practice that differed from NAIC statutory accounting practices and procedures.

The reported entity's investment in the insurance SCA per the audited statutory equity and the investment in the insurance SCA the reporting entity would have reported if the insurance SCA had completed statutory financial statements in accordance with the NAIC statutory accounting practices and procedures.

- (3) Whether the RBC of the insurance SCA would have triggered a regulatory event had it not used a prescribed or permitted practice.

O. SCA and SSAP No. 48 Entity Loss Tracking

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

This disclosure shall include:

- The name of the SCA or SSAP No. 48 entity
- The reporting entity's current period share of SCA or SSAP No. 48 entity net income (loss)
- The reporting entity's accumulated share of SCA or SSAP No. 48 entity losses not recognized during the period that the equity method was suspended
- The reporting entity's share of the SCA or SSAP No. 48 entity equity, including negative equity
- Whether a guaranteed obligation or commitment for financial support exists
- The amount of the recognized guarantee under SSAP No. 5R.

Additionally, the reporting entity shall detail in a narrative disclosure whether losses in the SCA or SSAP No. 48 entity have impacted other investments as required by INT 00-24: *EITF 98-13: Accounting by an Equity Method Investor for Investee Losses When the Investor Has Loans to and Investments in Other Securities of the Investee* and *EITF 99-10: Percentage Used to Determine the Amount of Equity Method Losses*.

Illustration:

B. The Company paid common stock dividends to the Parent Company, The ABC Insurance Company, on July 15, 20\_\_\_\_, totaling \$\_\_\_\_\_.

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C Transactions with related party who are not reported on Schedule Y

(1) Detail of Material Related Party Transactions

Ref #	Date of Transaction	Name of Related Party	Nature of Relationship	Type of Transaction	Written Agreement (Yes/No)	Due Date	Reporting Period Date Amount Due From (To)

Options for Type of Transaction:

- Loan
- Exchange of Assets or Liabilities (e.g., buys, sells and secured borrowing transactions)
- Management Services
- Cost-Sharing Agreement
- Other Transactions Involving Services
- Guarantee (e.g., guarantees to related parties, on behalf of, and when beneficiary is related party)
- Other

(2) Detail of Material Related Party Transactions Involving Services

Ref #	Name of Related Party	Overview Description	Amount Charged	Amount Based on Allocation of Costs or Market Rates	Amount Charged Modified or Waived (Yes/No)
Total					

(3) Detail of Material Related Party Transactions Involving Exchange of Assets and Liabilities

a. Description of Transaction

Ref #	Name of Related Party	Overview Description	Have Terms Changed from Preceding Period? (Yes/No)

b. Assets Received

Ref #	Name of Related Party	Description of Assets Received	Statement Value of Assets Received
Total			

c. Assets Transferred

Ref #	Name of Related Party	Description of Assets Transferred	Statement Value of Assets Transferred
Total			

(4) Detail of Amounts Owed To/From a Related Party

Ref #	Name of Related Party	Aggregate Reporting Period Amount Due From	Aggregate Reporting Period (Amount Due To)	Amount Offset in Financial Statement (if qualifying)	Net Amount Recoverable / (Payable) by Related Party	Admitted Recoverable
Total	XXX					

- 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 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.
- F. 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.

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 Securities Valuation Office guidelines, the asset value of The ABC Insurance Company has been reduced by \$ \_\_\_\_\_, and the asset value of the XYZ Insurance Company has been reduced by \$ \_\_\_\_\_.
- I. The Company owns a \_\_\_\_\_ % interest in ABC Non-Insurance Company, whose carrying value is equal to or exceeds 10% of the admitted assets of The Company. The Company carries ABC Non-Insurance Company at GAAP equity plus the remaining Goodwill balance of \$ \_\_\_\_\_. Goodwill is amortized on a straight-line basis over a ten-year period.

At 12/31/20\_\_\_, The Company’s interest in ABC Non-Insurance Company per the New York Stock Exchange quoted price was valued at \$ \_\_\_\_\_, that was \$ \_\_\_\_\_ in excess of the carrying value.

Based on The Company’s ownership percentage of ABC Non-Insurance Company, the statement value of ABC Non-Insurance Company assets and liabilities as of 12/31/20\_\_ were \$ \_\_\_\_\_ and \$ \_\_\_\_\_, respectively.

The Company’s share of net income of ABC Non-Insurance Company was \$ \_\_\_\_\_ for the year ended 12/31/20\_\_.

The Company has a 25% limited partnership interest in XYZ 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 XYZ 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 paragraphs SSAP No. 97. All liabilities, commitments, contingencies, guarantees or obligations of the ABC Company, which are required to be recorded as liabilities, commitments, contingencies, guarantees or obligations under applicable accounting guidance, are reflected in XYZ Company’s determination of the carrying value of the investment in ABC Company, if not already recorded in the financial statements of ABC Company.

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M. All SCA Investments

(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities)

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities		\$ .....	\$ .....	\$ .....
.....		.....	.....	.....
.....		.....	.....	.....
Total SSAP No. 97 8a Entities	XXX	\$ .....	\$ .....	\$ .....
b. SSAP No. 97 8b(ii) Entities		\$ .....	\$ .....	\$ .....
.....		.....	.....	.....
.....		.....	.....	.....
Total SSAP No. 97 8b(ii) Entities	XXX	\$ .....	\$ .....	\$ .....
c. SSAP No. 97 8b(iii) Entities		\$ .....	\$ .....	\$ .....
.....		.....	.....	.....
.....		.....	.....	.....
Total SSAP No. 97 8b(iii) Entities	XXX	\$ .....	\$ .....	\$ .....
d. SSAP No. 97 8b(iv) Entities		\$ .....	\$ .....	\$ .....
.....		.....	.....	.....
.....		.....	.....	.....
Total SSAP No. 97 8b(iv) Entities	XXX	\$ .....	\$ .....	\$ .....
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)	XXX	\$ .....	\$ .....	\$ .....
f. Aggregate Total (a+e)	XXX	\$ .....	\$ .....	\$ .....

(2) NAIC Filing Response Information

SCA Entity (Should be same entities as shown in M(1) above.)	Type of NAIC Filing*	Date of Filing to the NAIC	NAIC Valuation Amount	NAIC Response Received Yes/No	NAIC Disallowed Entities Valuation Method, Resubmission Required Yes/No	Code**
a. SSAP No. 97 8a Entities			\$.....			
.....			.....			
.....			.....			
Total SSAP No. 97 8a Entities	XXX	XXX	\$.....	XXX	XXX	XXX
b. SSAP No. 97 8b(ii) Entities			\$.....			
.....			.....			
.....			.....			
Total SSAP No. 97 8b(ii) Entities	XXX	XXX	\$.....	XXX	XXX	XXX
c. SSAP No. 97 8b(iii) Entities			\$.....			
.....			.....			
.....			.....			
Total SSAP No. 97 8b(iii) Entities	XXX	XXX	\$.....	XXX	XXX	XXX
d. SSAP No. 97 8b(iv) Entities			\$.....			
.....			.....			
.....			.....			
Total SSAP No. 97 8b(iv) Entities	XXX	XXX	\$.....	XXX	XXX	XXX
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)	XXX	XXX	\$.....	XXX	XXX	XXX
f. Aggregate Total (a+e)	XXX	XXX	\$.....	XXX	XXX	XXX

\* S1 – Sub-1, S2 – Sub-2 or RDF – Resubmission of Disallowed Filing

\*\* 1 – Immaterial or M – Material

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N. Investment in Insurance SCAs

(2) The monetary effect on net income and surplus as a result of using an accounting practice that differed from NAIC Statutory Accounting Practices and Procedures (NAIC SAP), the amount of the investment in the insurance SCA per audited statutory equity and amount of the investment if the insurance SCA had completed statutory financial statements in accordance with the AP&P Manual.

SCA Entity (Investments in Insurance SCA Entities)	Monetary Effect on NAIC SAP		Amount of Investment	
	Net Income Increase/ (Decrease)	Surplus Increase/ (Decrease)	Per Audited Statutory Equity	If the Insurance SCA Had Completed Statutory Financial Statements *
.....	\$ .....	\$ .....	\$ .....	\$ .....
.....	\$ .....	\$ .....	\$ .....	\$ .....
.....	\$ .....	\$ .....	\$ .....	\$ .....
.....	\$ .....	\$ .....	\$ .....	\$ .....
.....	\$ .....	\$ .....	\$ .....	\$ .....

\* Per AP&P Manual (without permitted or prescribed practices)





- (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 insurerAlso provide a description of how the borrowing capacity was determined.
    - b. For membership stock (Class A and Class B), report the amount of FHLB capital stock eligible and not eligible for redemption (for FHLB membership stock to be eligible for redemption, written notification must have been provided to the FHLB prior to the reporting date) and the anticipated time frame for redemption showing:
      - Total Current Year
      - Not Eligible for Redemption
      - Less than 6 months
      - 6 months to 1 year
      - 1 year to 3 years
      - 3 years to 5 years
  - (3) Collateral Pledged to FHLB
    - a. Amount (fair value and carrying value) of collateral pledged to the FHLB as of the reporting date and total aggregate borrowing.
    - b. Maximum amount of collateral (fair value and carrying amount) pledged to the FHLB at any time during the current reporting period and amount borrowed at time of maximum collateral. (Maximum shall be determined on the basis of carrying value, but with fair amount also reported.)

(4) Borrowing from FHLB

a. Aggregate amount of borrowings from the FHLB, reflecting compilation of all advances, loans, funding agreements, repurchase agreements, securities lending, etc., outstanding with the FHLB, and classify whether the borrowing is in substance:

- Debt (SSAP No. 15—Debt and Holding Company Obligations)
- A funding agreement (SSAP No. 52—Deposit-Type Contracts)
- Other
- Aggregate Total

For funding agreements, report the total reserves established.

b. Report the maximum amount of aggregate borrowings from an FHLB at any time during the current reporting period for:

- Debt (SSAP No. 15—Debt and Holding Company Obligations)
- A funding agreement (SSAP No. 52—Deposit-Type Contracts),
- Other
- Aggregate Total

c. Disclose whether current borrowings are subject to prepayment penalties for:

- Debt (SSAP No. 15—Debt and Holding Company Obligations)
- A funding agreement (SSAP No. 52—Deposit-Type Contracts)
- Other

Illustration:

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

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

The company does not have any reverse repurchase agreements.

**THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE (LINES 2 THROUGH 4) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.**

B. FHLB (Federal Home Loan Bank) Agreements

(1) The Company is a member of the Federal Home Loan Bank (FHLB) of \_\_\_\_\_. Through its membership, the Company has conducted business activity (borrowings) with the FHLB. It is part of the Company's strategy to utilize these funds as \_\_\_\_\_. (For example, backup liquidity, to increase profitability, as tactical funding and/or to improve spread lending liquidity.) The Company has determined the actual/estimated maximum borrowing capacity as \$ \_\_\_\_\_, The Company calculated this amount in accordance with \_\_\_\_\_ (e.g., current FHLB capital stock, limitations in the FHLB capital plan, current and potential acquisitions of FHLB capital stock, etc.).

(2) FHLB Capital Stock

a. Aggregate Totals

	1 Total 2+3	2 General Account	3 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

	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
Membership Stock						
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—Pensions*. Disclosures shall be as of the date of each statement of financial position presented. Disclosures about pension plans with assets in excess of the accumulated benefit obligation generally may be aggregated with disclosures about pension plans with accumulated benefit obligations in excess of assets. The same aggregation is permitted for other postretirement benefit plans. If aggregate disclosures are presented, a reporting entity shall disclose:

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

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

NOTE: For amounts that increase the benefit obligation report as a positive number and for amounts that decrease the benefit obligation report as a negative number, with a total summation at the ending balance.

- 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.

NOTE: For amounts that increase the benefit obligation report as a positive number and for amounts that decrease the benefit obligation report as a negative number, with a total summation at the ending balance.

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

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

- (4) The amount of net periodic benefit cost recognized for pension benefits, postretirement benefits, and special or contractual termination benefits, showing separately each of the below. For special or contractual termination benefits, see *SSAP No. 11—Postemployment Benefits and Compensated Absences* for additional information.
  - a. Service cost
  - b. Interest cost
  - c. Expected return on plan assets for the period
  - d. Transition asset or obligation
  - e. Gains and losses
  - f. Prior service cost or credit
  - g. Gain or loss recognized due to a settlement or curtailment
  - h. Total net periodic benefit cost
- (5) Separately the net gain or loss and net prior service cost or credit recognized in unassigned funds (surplus) for the period and reclassification adjustments of unassigned funds (surplus) for the period, as those amounts, including amortization of the net transition asset or obligation, are recognized as components of net periodic benefit cost.
- (6) The amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation.
- (7) On a weighted-average basis, the following assumptions used in accounting for the plans:
  - Discount rate
  - Rate of compensation increase (for pay-related plans)
  - Expected long-term rate of return on plan assets
  - Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates)
- (8) The amount of the accumulated benefit obligation for defined benefit pension plans.
- (9) For postretirement benefits other than pensions, the assumed health care cost trend rate(s) for the next year used to measure the expected cost of benefits covered by the plan (gross eligible charges) and a general description of the direction and pattern of change in the assumed trend rates thereafter, together with the ultimate trend rate(s) and when that rate is expected to be achieved
- (10) The benefits (as of the date of the latest statement of financial position presented) expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter. The expected benefits should be estimated based on the same assumptions used to measure the company's benefit obligation at the end of the year and should include benefits attributable to estimated future employee service.
- (11) The reporting entity's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the next fiscal year beginning after the date of the latest statement of financial position presented. Estimated contributions may be presented in the aggregate combining (1) contributions required by funding regulations or laws, (2) discretionary contributions, and (3) noncash contributions.
- (12) If applicable, the amounts and types of securities of the reporting entity and related parties included in plan assets.
- (13) If applicable, any alternative method used to amortize prior service amounts or net gains and losses.
- (14) If applicable, any substantive commitment, such as past practice or a history of regular benefit increases, used as the basis for accounting for the benefit obligation.

- (15) If applicable, the cost of providing special or contractual termination benefits recognized during the period and a description of the nature of the event.
- (16) An explanation of the following information:
- The reasons for significant gains and losses related to changes in the defined benefit obligation for the period.
  - Any other significant change in the benefit obligation or plan assets not otherwise apparent in the other required disclosures in this statement.
- (17) Reporting entities are required to disclose the accumulated postretirement and pension benefit obligation and the fair value of plan assets for defined postretirement and pension benefit plans in the first reporting period after the effective date of this standard and in each subsequent reporting period. This disclosure shall specifically note the funded/underfunded status of the postretirement benefit plan. Reporting entities shall also specifically note the surplus impact necessary, at each reporting date, to reflect the full benefit obligation within the financial statements.
- (18) Reporting entities electing to apply the transition guidance set forth in *SSAP No. 102—Pensions* and *SSAP No. 92—Postretirement Benefits Other Than Pensions* must disclose the full transition surplus impact calculated from applying guidance in the first quarter statutory financial statements after the transition date and each reporting period thereafter. This disclosure shall include the initial “transition liability” calculated under guidance and the annual amortization amount of the “unrecognized items” into net periodic benefit cost. This disclosure shall include a schedule of the entity’s anticipated recognition of the remaining surplus impact over the transition period.
- See *SSAP No. 102—Pensions* and *SSAP No. 92—Postretirement Benefits Other Than Pensions* for details of the transition guidance.

Information about plan assets:

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

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

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

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



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

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

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

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

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

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

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

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

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

E. Defined Contribution Plans

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

F. Multiemployer Plans

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

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

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

G. Consolidated/Holding Company Plans

A reporting entity shall disclose that its employees participate in a plan sponsored by the parent company or holding company for which the reporting entity has no legal obligation for benefits under the plan. The amount of pension, 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, divestitures, 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).

Illustration:

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

	<u>Overfunded</u>		<u>Underfunded</u>	
	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

	<u>Overfunded</u>		<u>Underfunded</u>	
	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

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

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(2) Change in plan assets

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

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(3) Funded status

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

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(4) Components of net periodic benefit cost

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

**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) 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.)**

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

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

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

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

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

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

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

**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.**

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

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

- (11) The Company does not have any regulatory contribution requirements for 20\_\_\_, however, the Company currently intends to make voluntary contributions to the defined benefit pension plan of \$245 million in 20\_\_\_.
- (17) See implementation guide for *SSAP No. 102—Pensions* for examples of disclosure.
- (18) See implementation guide for *SSAP No. 102—Pensions* for examples of disclosure.

C.

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

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

<u>Description for each class of plan assets</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
.....	\$ .....	\$ .....	\$ .....	\$ .....
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
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 were less than 5 percent of each plan's assets. There are no funding improvement or rehabilitation plans implemented or pending for any of the pension and postretirement benefit plans the Company participates in. The Company did not pay any surcharges during the reporting period ended December 31, 20\_\_. The Company is not responsible for the underfunded status of the plan because the plan operates in a jurisdiction that does not require withdrawing participants to pay a withdrawal liability or other penalty. The collective-bargaining agreement requires contributions on the basis of hours worked. The agreement also has a minimum contribution requirement of \$1,000,000 each year.

G. Consolidated/Holding Company Plans

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

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

(1) Recognition of the existence of the Act

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

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

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



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

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

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

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

(3) Disclosure of Gross Benefit Payments

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

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

Instruction:

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

- A. 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.
- B. The dividend rate, liquidation value and redemption schedule (including prices and dates) of any preferred stock issues.
- C. Dividend restrictions, if any, and an indication if the dividends are cumulative.
- D. The dates and amounts of dividends paid. Note for each payment whether the dividend was ordinary or extraordinary.
- E. The portion of the reporting entity's profits that may be paid as ordinary dividends to stockholders.
- F. A description of any restrictions placed on the unassigned funds (surplus), including for whom the surplus is being held.
- G. For mutual reciprocals, and similarly organized entities, the total amount of advances to surplus not repaid, if any.

- H. 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
- I. A description of the reasons for changes in the balances of any special surplus funds from the prior period.
- J. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses
- K. 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:

- Date issued
- Description and fair value of the assets received
- Holder of the note or, if public, the names of the underwriter and trustee with identification on whether the holder of the surplus note is a related party per SSAP No. 25
- Original issue amount of note
- Carrying value of note (current year and prior year)
- The rate at which interest accrues
- Maturity dates or repayment schedules, if stated
- Unapproved interest and/or principal
- Approved interest recognized and principal paid current year and life-to-date
- Percentage of interest payments offset through administrative offsetting (not inclusive of amounts paid to a 3<sup>rd</sup> party liquidity provider). I.E., if \$100 in interest was recognized through the year, \$10 of which was remitted to a 3<sup>rd</sup> party liquidity provider and the remainder \$90 was offset, the reporting entity shall report 100% as offset.
- Disclosure of whether the surplus note was issued as part of a transaction with any of the following attributes:
  - ❖ Do surplus note/associated asset terms negate or reduce cash flow exchanges, and/or are amounts payable under surplus note and amounts receivable under other agreements contractually linked (For example, the asset provides interest payments only when the surplus note provides interest payments).
  - ❖ Are any amounts due under surplus notes and associated assets netted or offset (partially or in full) thus eliminating or reducing the exchange of cash or assets that would normally occur throughout the duration, or at maturity, of the agreement (This may be referred to as administrative offsetting.)
  - ❖ Were the proceeds from the issuance of a surplus note used to purchase an asset directly or indirectly from the holder of the surplus note.

- Principal amount value of assets received upon Surplus Note issuance, if applicable.
- Subordination terms
- Liquidation preference to the reporting entity’s common and preferred shareholders
- The repayment conditions and restrictions
- Information about any guarantees, support agreements, or related party transactions associated with the surplus note issuance, and whether payments have been made under such agreements.

If a reporting entity has ceded business to a surplus note issuer that is a related party as part of a reinsurance transaction in which the surplus note meets any of the criteria above, the ceding entity shall provide a description of the transaction, including whether the criteria above were met with respect to the surplus note issuance, as long as the reinsurance agreement remains in force.

The ceding entity should provide a description of the risks reinsured, the related party reinsurer, any guarantees or support agreements and the amount of notes outstanding.

- If the proceeds from the issuance of a surplus note used to purchase an asset directly or indirectly from the holder of the surplus note, the following information shall be disclosed regarding the assets received:
  - ❖ Identification of asset, including the investment schedule where the asset is reported and reported NAIC designation;
  - ❖ Book/adjusted carrying value of asset as of the current reporting date.
  - ❖ A description of terms under which liquidity would be provided should a triggering event occur.
- 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.

**NOTE: For the table illustrated for the disclosures above provide an “Item Number” (4 digits) to identify each surplus note being disclosed and should remain the same between years.**

- L. The impact of the restatement in a quasi-reorganization as long as financial statements for the period of the reorganization are presented.
- M. The effective date of a quasi-reorganization for a period of ten years following the reorganization.

Illustration:

- A. The Company has \_\_\_\_\_ shares authorized, \_\_\_\_\_ shares issued and \_\_\_\_\_ shares outstanding. All shares are Class A shares.
- B. The Company has no preferred stock outstanding.
- C. 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.
- D. An ordinary dividend in the amount of \$ \_\_\_\_\_ on \_\_\_\_\_ was paid by the Company.

- E. 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.
- F. There were no restrictions placed on the Company’s surplus, including for whom the surplus is being held.
- G. The total amount of advances to surplus not repaid is \$ \_\_\_\_\_.
- H. 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
- I. Changes in balances of special surplus funds from the prior year are due to: \_\_\_\_\_
- J. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$ \_\_\_\_\_

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

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

- K. The Company issued the following surplus debentures or similar obligations:

1	2	3	4	5	6	7	8
Item Number	Date Issued	Interest Rate	Original Issue Amount of Note	Is Surplus Note Holder a Related Party (Y/N)	Carrying Value of Note Prior Year	Carrying Value of Note Current Year *	Unapproved Interest And/Or Principal
.....	.....	.....	\$ .....	.....	\$ .....	\$ .....	\$ .....
.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....
Total	XXX	XXX	\$	XXX	\$	\$	\$

\* Total should agree with Page 3, Line 32.

1	9	10	11	12	13	14
Item Number	Current Year Interest Expense Recognized	Life-To-Date Interest Expense Recognized	Current Year Interest Offset Percentage (not including amounts paid to a 3 <sup>rd</sup> party liquidity provider).	Current Year Principal Paid	Life-To-Date Principal Paid	Date of Maturity
.....	\$ .....	\$ .....	.....	\$ .....	\$ .....	.....
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
Total	\$	\$	XXX	\$	\$	XXX

1	15	16	17	18	19
Item Number	Are Surplus Note payments contractually linked? (Y/N)	Surplus Note payments subject to administrative offsetting provisions? (Y/N)	Were Surplus Note proceeds used to purchase an asset directly from the holder of the surplus note? (Y/N)	Is Asset Issuer a Related Party (Y/N)	Type of Assets Received Upon Issuance
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
Total	XXX	XXX	XXX	XXX	XXX

1	20	21	22
Item Number	Principal Amount of Assets Received Upon Issuance	Book/Adjusted Carry Value of Assets	Is Liquidity Source a Related Party to the Surplus Note Issuer? (Y/N)
.....	\$ .....	\$ .....	.....
.....	.....	.....	.....
.....	.....	.....	.....
Total	\$ .....	\$ .....	XXX

The surplus note in the amount of \$ \_\_\_\_\_, listed as item \_\_\_\_\_ in the above table, was issued to \_\_\_\_\_ (parent) in exchange for \_\_\_\_\_.

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

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

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

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

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

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

The \_\_\_\_\_ (an affiliate) holds \$ \_\_\_\_\_ or \_\_\_\_\_% of the surplus debenture listed as item \_\_\_\_\_ in the above table.

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

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

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L. 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	\$ _____	\$ _____
<i>etc.</i>		

M. 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;
  - ❖ Identify the ranges of years used to discount the assets and the range of years used to discount the liabilities (e.g., 2-10, 5-20);
  - ❖ The weighted average numbers of years of the discounting time period for long-term care guaranty fund assessment liabilities; and
  - ❖ The weighted average number of years of the discounting time period for the asset recoverables.

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

C. Gain Contingencies

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

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

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

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

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

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

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

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

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



E. Joint and Several Liabilities

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

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

F. All Other Contingencies

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

Illustration:

- A. The Company has given XYZ Homes, Inc., a real estate development partnership, a standby commitment until January 1, 20\_\_, in the form of capital notes on equity contributions not to exceed the aggregate \$ \_\_\_\_\_ in the event of a loan default by XYZ Homes, Inc., on various of its subordinated debt issues.
- (1) Total *SSAP No. 97—Investments in Subsidiary, Controlled, and Affiliated Entities* and *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* contingent liabilities: \$ \_\_\_\_\_.

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(2)

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

(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 (1+2+3+4+5) (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.

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(2)

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

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

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(3)

- a. Discount Rate Applied ..... %
- b. The Undiscounted and Discounted Amount of the Guaranty Fund Assessments and Related Assets by Insolvency

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

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

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

**C. Gain Contingencies**

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

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

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

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

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

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

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

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

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. 22R—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.

Illustration:

A. Lessee Operating Lease

- (1)
  - a. The Company leases office equipment under various noncancelable operating lease agreements that expire through December 20\_\_\_. Rental expense for 20\_\_\_, and 20\_\_\_ was approximately \$\_\_\_, and \$\_\_\_, respectively.
  - c. Certain rental commitments have renewal options extending through the year 20\_\_\_. Some of these renewals are subject to adjustments in future periods.

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- (2)
  - a. At December 31, 20\_\_\_, the minimum aggregate rental commitments are as follows:

	<u>Year Ending December 31</u>	<u>Operating Leases</u>
1.	20__	\$ _____
2.	20__	\$ _____
3.	20__	\$ _____
4.	20__	\$ _____
5.	20__	\$ _____
6.	Thereafter	\$ _____
7.	Total (sum of 1 through 6)	\$ _____

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

B. Lessor Leases

(1) Operating Leases

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

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

	<u>Year Ending</u> <u>December 31</u>	<u>Operating Leases</u>
1.	20__	\$ _____
2.	20__	\$ _____
3.	20__	\$ _____
4.	20__	\$ _____
5.	20__	\$ _____
6.	Thereafter	\$ _____
7.	Total (sum of 1 through 6)	\$ _____

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

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

(2) Leveraged Leases

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

	20__	20__
1. Income from leveraged leases before income tax including investment tax credit	\$ _____	\$ _____
2. Less current income tax	\$ _____	\$ _____
3. Net income from leveraged leases (1-2)	\$ _____	\$ _____

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

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

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

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

Instruction:

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

- (1) The face or contract amount (or notional principal amount if there is no face or contract amount).
- (2) The nature and terms, including, at a minimum, a discussion of (i) the credit and market risk of those instruments, (ii) the cash requirements of those instruments, and (iii) the related accounting policy pursuant to the requirements of APB Opinion No. 22, Disclosure of Accounting Policies.
- (3) The amount of accounting loss the entity would incur if any party to the financial instrument failed completely to perform according to the terms of the contract and the collateral or other security, if any, for the amount due proved to be of no value to the entity.
- (4) The entity’s policy of requiring collateral or other security to support financial instruments subject to credit risk, information about the entity’s access to that collateral or other security, and the nature and a brief description of the collateral or other security supporting those financial instruments.

Illustration:

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

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

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

	<u>Assets</u>		<u>Liabilities</u>	
	20__	20__	20__	20__
a. Swaps	\$ _____	\$ _____	\$ _____	\$ _____
b. Futures	\$ _____	\$ _____	\$ _____	\$ _____
c. Options	\$ _____	\$ _____	\$ _____	\$ _____
d. Total (a+b+c)	\$ _____	\$ _____	\$ _____	\$ _____

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



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

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

- (3) The Company is exposed to credit-related losses in the event of nonperformance by counterparties to financial instruments, but it does not expect any counterparties to fail to meet their obligations given their high credit ratings. The credit exposure of interest rate swaps and currency swaps is represented by the fair value (market value) of contracts with a positive fair value (market value) at the reporting date. Because exchange-traded futures and options are affected through a regulated exchange and positions are marked to market on a daily basis, the Company has little exposure to credit-related losses in the event of nonperformance by counterparties to such financial instruments.
- (4) The Company is required to put up collateral for any futures contracts that are entered. The amount of collateral that is required is determined by the exchange on which it is traded. The Company currently puts up cash and U.S. Treasury Bonds to satisfy this collateral requirement.

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

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

### Instruction:

#### A. Transfers of Receivables Reported as Sales

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

- (1) The proceeds to the transferor.
- (2) The gain or loss recorded on the sale.

#### B. Transfer and Servicing of Financial Assets

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

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

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

- (2) For all servicing assets and servicing liabilities:
- a. A description of the risks inherent in servicing assets and servicing liabilities and, if applicable, the instruments used to mitigate the income statement effect of changes in fair value to the servicing assets and servicing liabilities. (Disclosure of quantitative information about the instruments used to manage the risks inherent in servicing assets and servicing liabilities is encouraged but not required.)
  - b. The amount of **contractually specified servicing fees**, late fees and ancillary fees earned for each period for which results of operations are presented, including a description of where each amount is reported in the statement of income.
  - c. Quantitative and qualitative information about the assumptions used to estimate the fair value (for example, discount rates, anticipated credit losses, and prepayment speeds). An entity that provides quantitative information about the instruments used to manage the risks inherent in the servicing assets and servicing liabilities, as encouraged by *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, also is encouraged but not required to disclose the quantitative and qualitative information about the assumptions used to estimate the fair value of those instruments.

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

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

- a. The beginning and ending balances.
  - b. Additions (through purchases of servicing assets, assumptions of servicing obligations, and recognition of servicing obligations that result from transfers of financial assets).
  - c. Disposals.
  - d. Changes in fair value during the period resulting from (i) changes in valuation inputs or assumptions used in the valuation model and (ii) other changes in fair value and a description of those changes.
  - e. Other changes that affect the balance and a description of those changes.
- (4) For securitizations, asset-backed financing arrangements and similar transfers accounted for as sales when the transferor has continuing involvement (as defined in the glossary of the *Accounting Practices and Procedures Manual*) with the transferred financial assets:
- a. For each income statement presented:
    1. The characteristics of the transfer including a description of the transferor's continuing involvement with the transferred financial assets, the nature and initial fair value of the assets obtained as proceeds and the liabilities incurred in the transfer, and the gain or loss from the sale of transferred financial assets. For initial fair value measurements of assets obtained and liabilities incurred in the transfer, the following information:
      - (a) The level within the fair value hierarchy in which the fair value measurements in their entirety fall, segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2) and significant unobservable inputs (Level 3).

- (b) The key inputs and assumptions used in measuring the fair value of assets obtained and liabilities incurred as a result of the sale that relate to the transferor's continuing involvement (including, at a minimum, but not limited to, and if applicable, quantitative information about discount rates; expected prepayments, including the expected weighted-average life of prepayable financial assets; and anticipated credit losses, including expected static pool losses).
- If an entity has aggregated multiple transfers during a period, it may disclose the range of assumptions.
  - The weighted-average life of prepayable assets in periods (for example, months or years) can be calculated by multiplying the principal collections expected in each future period by the number of periods until that future period, summing those products, and dividing the sum by the initial principal balance.
  - Expected static pool losses can be calculated by summing the actual and projected future credit losses and dividing the sum by the original balance of the pool of assets.
2. Cash flows between a transferor and transferee, including proceeds from new transfers, proceeds from collections reinvested in revolving-period transfers, purchases of previously transferred financial assets, servicing fees and cash flows received from a transferor's beneficial interests.
- b. For each statement of financial position presented, regardless of when the transfer occurred:
1. Qualitative and quantitative information about the transferor's continuing involvement with transferred financial assets that provides financial statement users with sufficient information to assess the reasons for the continuing involvement and the risks related to the transferred financial assets to which the transferor continues to be exposed after the transfer and the extent that the transferor's risk profile has changed as a result of the transfer (including, but not limited to, credit risk, interest rate risk and other risks), including:
    - (a) The total principal amount outstanding (BACV), the amount that has been derecognized and the amount that continues to be recognized in the statement of financial position. The amount recognized (allocated fair value) by the reporting entity for the acquired participation in the transferred assets. The reporting schedules of both the transferred and reacquired assets. The percentage of beneficial interests from the reporting entity's transferred assets acquired by affiliated entities.

The purpose of the table illustrated below is to provide for data capture of certain disclosures required in *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, paragraph 28g. As detailed in paragraph 28.g.ii, disclosure is required for each statement of financial position presented, regardless of when the transfer occurred. Determination of continuing involvement shall be applied in accordance with the definition reflected in SSAP No. 103R, Appendix A.

Columns requesting information that results in a null result (i.e., if column 5 results in a zero balance as 100% of the asset was transferred), shall indicate zero (0). In the event a column is not applicable, (i.e., if affiliated entities did not acquire an interest in the transferred asset), the column shall be referenced as zero (0).

In circumstances where an entity has multiple assets associated with a sale (i.e., several limited partnerships are sold as a single transaction), the assets should be aggregated and reported as a single transaction.

Column 1	Identification of Transaction	Identification of each material transaction. Identification should be consistent across reporting periods so that the circumstances for each item are adequately associated with the applicable transaction.
Column 2	BACV Prior to Transfer	The aggregate book value, at the time of transfer, of all assets associated with the transaction.
Column 3	Original Reporting Schedule of the Transferred Assets	The investment schedule(s) in which the transferred assets were reported, immediately prior to the transfer. If the transferred assets were reported on multiple schedules, all reporting schedules shall be identified. (For example, input BA-1 for Schedule BA-Part 1)
Column 4	Amount Derecognized from Sale Transaction	The aggregate book value derecognized from the investment schedules as a result of the transfer. If the assets were transferred in their entirety, Column 4 will equal Column 2.
Column 5	Amount That Continues to be Recognized in the Statement of Financial Position	The amount that continues to be recognized in the statement of financial position. This should equal Column 2 less Column 4.
Column 6	BACV of Acquired Interests in Transferred Assets	The original BACV reported for acquired beneficial interests (or any other interest) in the previously transferred asset. (BACV for these transactions is often the allocated fair value associated with the transaction.)
Column 7	Reporting Schedule of Acquired Interests	The reporting schedule of the acquired beneficial interest reported in Column 6. (For example, input D-1 for Schedule D, Part 1)
Column 8	Percentage of Interests of a Reporting Entity's Transferred Assets Acquired by Affiliated Entities	The percentage of interest of a reporting entity's transferred assets acquired by an affiliate as defined in <i>SSAP No. 25—Affiliates and Other Related Parties</i> .

- (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* for all affiliated investment transactions (including items originally classified as cash equivalents and short-term investments) and for non-affiliated investment transactions with an NAIC designation of 3 or below, or that do not have an NAIC designation. For non-affiliated investments, all cash equivalents, derivative instruments and short-term investments with credit assessments equivalent to an NAIC 1 or 2 designation are excluded from this disclosure. This disclosure shall be included in the financial statements for when the investment was initially sold. For example, if the investment was sold and is only applicable for sales and purchases that cross quarter-end or year-end reporting periods on Dec. 20, 2024, and reacquired on Jan. 10, 2025, the transaction shall be captured in the wash sale disclosure included in the year-end 2024 financial statements, while an investment sold on May 1, 2024 and reacquired on May 20, 2024 would not be required to be disclosed. (The disclosures shall be made for the current quarter in the quarterly statement, and for the year in the annual statement.)

- (1) A description of the reporting entity’s objectives regarding these transactions; and
- (2) An aggregation of transactions by NAIC Designation 3 or below, or unrated.

Include

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

Illustration:

A. Transfers of Receivables Reported as Sales

- (1) During 20\_\_ the company sold \$ \_\_\_\_\_ of agent balances without recourse to the ABC Company.
- (2) The company realized a loss of \$ \_\_\_\_\_ as a result of the sale.

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B. Transfer and Servicing of Financial Assets

1	2	3	4	5	6	7	8
Identification of Transaction	BACV at Time of Transfer	Original Reporting Schedule of the Transferred Assets	Amount Derecognized from Sale Transaction	Amount that continues to be recognized in the statement of financial position (Col. 2 minus 4)	BACV of acquired interests in transferred assets	Reporting Schedule of Acquired Interests	Percentage of interests of a reporting entity’s transferred assets acquired by affiliated entities
.....	.....	.....	.....	.....	.....	.....	.....%
.....	.....	.....	.....	.....	.....	.....	.....%
.....	.....	.....	.....	.....	.....	.....	.....%
.....	.....	.....	.....	.....	.....	.....	.....%
.....	.....	.....	.....	.....	.....	.....	.....%
.....	.....	.....	.....	.....	.....	.....	.....%

C. Wash Sales

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

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

<u>Description</u>	<u>NAIC Designation</u>	<u>Number of Transactions</u>	<u>Book Value of Securities Sold</u>	<u>Cost of Securities Repurchased</u>	<u>Gain (Loss)</u>
_____	_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____	\$ _____

**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) 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\_\_:

	<u>ASO Uninsured Plans</u>	<u>Uninsured Portion of Partially Insured Plans</u>	<u>Total ASO</u>
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 (a+b)	\$ _____	\$ _____	\$ _____
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\_\_:

	<u>ASC Uninsured Plans</u>	<u>Uninsured Portion of Partially Insured Plans</u>	<u>Total ASC</u>
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) (a+b+c)	\$ _____	\$ _____	\$ _____
e. Total net gain or loss from operations	\$ _____	\$ _____	\$ _____

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

- (1) Revenue from the Company’s Medicare (or similarly structured cost based reimbursement contract) contract for the year 20\_\_, consisted of \$\_\_\_\_\_ for medical and hospital related services and \$\_\_\_\_\_ for administrative expenses.
- (2) As of December 31, 20\_\_, the Company has recorded receivables from the following payors whose account balances are greater than 10% of the Company’s amounts receivable from uninsured accident and health plans or \$10,000:
  - ABC Company \$ \_\_\_\_\_
  - XYZ Company \$ \_\_\_\_\_
- (3) In connection with the Company’s Medicare (or similarly structured cost based reimbursement contract) contract, the Company has recorded allowances and reserves for adjustment of recorded revenues in the amount of \$\_\_\_\_\_ at December 31, 20\_\_.
- (4) The Company has made no adjustment to revenue resulting from audit of receivables related to revenues recorded in the prior period.

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

Instruction:

Disclose the aggregate amount of direct premiums written through 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:

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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. The objective of the disclosure requirements is to provide information about assets and liabilities measured at fair value in the financial statements as well as fair value amounts disclosed in the Notes to Financial Statements or reporting schedules:

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<sup>1</sup> at fair value or NAV in the statement of financial position after initial recognition. The reporting entity shall determine appropriate classes of assets and liabilities in accordance with the annual statement instructions.

- (1) The level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2 or 3). (Investments reported at NAV shall not be captured within the fair value hierarchy but shall be separately identified.)
- (2) For fair value measurements categorized within Level 3 of the fair value hierarchy a reconciliation from the opening balances to the closing balances disclosing separately changes during the period attributable to the following:
  - a. Total gains or losses for the period recognized in income or surplus.
  - b. Purchases, sales, issues and settlements (each type disclosed separately).
  - c. The amounts of any transfers into or out of Level 3 and the reasons for those transfers. Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.

- (3) A reporting entity shall consistently follow its policy for determining when transfers between levels are recognized. The policy about the timing of recognizing transfers shall be the same for transfers into Level 3 as that for transfers out of Level 3. Examples of policies for when to recognize the transfers are as follows:
- a. The actual date of the event or change in circumstances that caused the transfer.
  - b. The beginning of the reporting period.
  - c. The end of the reporting period.

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

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

- a. Quantitative information about the input, for example, for certain debt securities or derivatives, information such as, but not limited to, prepayment rates, rates of estimated credit losses, interest rates (for example the LIBOR swap rate) or discount rates and volatilities.
- b. The nature of the item being measured at fair value, including the characteristics of the item being measured that are considered in the determination of relevant inputs. For example, for residential mortgage-backed securities, a reporting entity might disclose the following:
  - The types of underlying loans (for example, prime loans or subprime loans)
  - Collateral
  - Guarantees or other credit enhancements
  - Seniority level of the tranches of securities
  - The year of issue
  - The weighted-average coupon rate of the underlying loans and the securities
  - The weighted-average maturity of the underlying loans and the securities
  - The geographical concentration of the underlying loans
  - Information about the credit ratings of the securities
- c. How third-party information such as broker quotes, pricing services, net asset values and relevant market data was considered in measuring fair value.

- (5) For derivative assets and liabilities, the reporting entity shall present both of the following:
- a. The disclosures required by paragraph (1) and (2) above on a gross basis.
  - b. The reconciliation disclosures required by paragraphs (2), (3) and (4) on either a gross or net basis.

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

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

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

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

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

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

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

- D. If it is not practicable for an entity to estimate the fair value of a financial instrument or a class of financial instruments, the following shall be disclosed:
- (1) Information pertinent to estimating the fair value of that financial instrument or class of financial instruments and the investment does not qualify for the NAV practical expedient, such as the carrying amount, effective interest rate and maturity; and
  - (2) The reasons why it is not practicable to estimate fair value.

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

- The NAV along with a description of the investment/investment strategy of the investee.
- If the investment that can never be redeemed with the investees, but the reporting entity receives distributions through the liquidation of the underlying assets of the investees, the period of time over which the underlying assets are expected to be liquidated by the investees if the investee has communicated the timing to the reporting entity or announced the timing publicly. If the timing is unknown, the reporting entity shall disclose that fact.
- The amount of the reporting entity's unfunded commitments related to investments in the class.
- A general description of the terms and conditions upon which the investor may redeem the investment.
- The circumstances in which an otherwise redeemable investment in the class (or a portion thereof) might not be redeemable (e.g., investments subject to a lockup or gate). Also, for those otherwise redeemable investments that are restricted from redemption as of the reporting entity's measurement date, the reporting entity shall disclose when the restriction from redemption might lapse if the investee has communicated that timing to the reporting entity or announced the timing publicly. If the timing is unknown, the reporting entity shall disclose that fact and how long the restriction has been in effect.
- Any other significant restriction on the ability to sell investments in the class at the measurement date.
- If a group of investments would otherwise meet the criteria in *SSAP No. 100R—Fair Value* but the individual investments to be sold have not been identified (e.g., if a reporting entity decides to sell 20% of its investments in private equity funds but the individual investments to be sold have not been identified), so the investments continue to qualify for the practical expedient in *SSAP No. 100R—Fair Value*, the reporting entity shall disclose its plans to sell and any remaining actions required to complete the sale(s).

Illustration:

A.

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

(1) Fair Value Measurements at Reporting Date

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

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

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

Description	Beginning Balance at 01/01/20XX	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/20XX
<b>a. Assets:</b>										
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										
.....										
.....										
.....										
<b>Total Assets</b>										
<b>b. Liabilities</b>										
.....										
.....										
.....										
<b>Total Liabilities</b>										

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.

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C.

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

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

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

D. Not Practicable to Estimate Fair Value

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

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

**21. Other Items**

Instruction:

A. Unusual or Infrequent Items

Disclose the nature, including a general description of the transactions, 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.

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

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

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

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

J. Reporting entities admitting net negative (disallowed) IMR are required to complete the following disclosures in the quarterly and annual financial statements. (*Note 5S only applies to Life/Fraternal companies*).

- (1) Net negative (disallowed) IMR in aggregate and allocated between the general account, insulated separate account and non-insulated account.
- (2) Amounts of negative IMR admitted in the general account and reported as an asset in the insulated separate account and non-insulated blank. (Note: If a company completes this Note, consideration should be given to updating Note 13I – Reasons for Changes in Balance of Special Surplus Funds from Prior Period.)
- (3) The calculated adjusted capital and surplus.
- (4) Percentage of adjusted capital and surplus for which the admitted net negative (disallowed) IMR represents (including what is admitted in the general account and what is recognized as an asset in the separate account).
- (5) Reporting entities that have allocated gains/losses to IMR from derivatives that were reported at fair value prior to the termination of the derivative shall disclose the unamortized balances in IMR from these allocations separately between the gains and losses.

Illustration:

A. Unusual or Infrequent Items

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

B. Troubled Debt Restructuring

- (1) The Company has one mortgage loan payable with restructured terms. The principal changes in terms include the modification of terms from \_\_ years to \_\_ years and an increase in the interest rate from \_\_% to \_\_%.
- (2) The aggregate gain on restructuring the payable and the related income tax effect were \$ \_\_\_\_\_ and \$ \_\_\_\_\_, respectively.

- (3) The aggregate gain on the transfer of assets during 20\_\_ was \$\_\_\_\_\_.
- (4) As of December 31, 20\_\_, the Company has \$\_\_\_\_\_ that is considered contingently payable on the restructured loan, of which \$\_\_\_\_\_ is included in the loan’s carrying amount. The Company will be required to pay the contingent amount if its financial condition improves to the degree specified in the loan agreements.

C. Other Disclosures

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

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

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

- D. The company received \$\_\_\_\_\_ and \$\_\_\_\_\_ in 20\_\_ and 20\_\_, respectively, in business interruption insurance recoveries related to flooding that occurred at the company’s main administrative office in August 20\_\_\_. The recoveries were reported within the line item “xxx” on the 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

<u>Description of State Transferable and Non-transferable Tax Credits</u>	<u>State</u>	<u>Carrying Value</u>	<u>Unused Amount</u>
_____	_____	_____	_____
_____	_____	_____	_____
<b>Total</b>			

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

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

- (3) Impairment Loss

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

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

(4) State Tax Credits Admitted and Nonadmitted

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

F. Subprime-Mortgage-Related Risk Exposure

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

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

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

\* 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 (Sum of a through c)				

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 (a+b+c+d+e+f)		\$		\$



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(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 Contracts	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	.....	\$ .....

**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.**

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

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

**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.**

J. Reporting Net Negative (Disallowed) Interest Maintenance Reserve (IMR)

(1)	Net negative (disallowed) IMR				
		Total	General Account	Insulated Separate Account	Non-Insulated Separate Account
		\$ .....	\$ .....	\$ .....	\$ .....
(2)	Negative (disallowed) IMR admitted				
		Total	General Account	Insulated Separate Account	Non-Insulated Separate Account
		\$ .....	\$ .....	\$ .....	\$ .....
(3)	Calculated adjusted capital and surplus				Total
	a. Prior Period General Account Capital & Surplus From Prior Period SAP Financials				\$ .....
	b. Net Positive Goodwill (admitted)				\$ .....
	c. EDP Equipment & Operating System Software (admitted)				\$ .....
	d. Net DTAs (admitted)				\$ .....
	e. Net Negative (disallowed) IMR (admitted)				\$ .....
	f. Adjusted Capital & Surplus (a-(b+c+d+e))				\$ .....
(4)	Percentage of adjusted capital and surplus				Total
	Percentage of Total Net Negative (disallowed) IMR admitted in General Account or recognized in Separate Account to adjusted capital and surplus				%

(5) Allocated gains/losses to IMR from derivatives

a. General Account

	Gains	Losses
1. Unamortized Fair Value Derivative Gains & Losses Realized to IMR – Prior Period	\$ .....	\$ .....
2. Fair Value Derivative Gains & Losses Realized to IMR – Added in Current Period	\$ .....	\$ .....
3. Fair Value Derivative Gains & Losses Amortized Over Current Period	\$ .....	\$ .....
4. Unamortized Fair Value Derivative Gains & Losses Realized to IMR – Current Period		
Total	\$ .....	\$ .....

b. Separate Account - Insulated

	Gains	Losses
1. Unamortized Fair Value Derivative Gains & Losses Realized to IMR – Prior Period	\$ .....	\$ .....
2. Fair Value Derivative Gains & Losses Realized to IMR – Added in Current Period	\$ .....	\$ .....
3. Fair Value Derivative Gains & Losses Amortized Over Current Period	\$ .....	\$ .....
4. Unamortized Fair Value Derivative Gains & Losses Realized to IMR – Current Period		
Total	\$ .....	\$ .....

c. Separate Account – Non-Insulated

	Gains	Losses
1. Unamortized Fair Value Derivative Gains & Losses Realized to IMR – Prior Period	\$ .....	\$ .....
2. Fair Value Derivative Gains & Losses Realized to IMR – Added in Current Period	\$ .....	\$ .....
3. Fair Value Derivative Gains & Losses Amortized Over Current Period	\$ .....	\$ .....
4. Unamortized Fair Value Derivative Gains & Losses Realized to IMR – Current Period		
Total	\$ .....	\$ .....

## 22. Events Subsequent

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

### Instruction:

Subsequent events shall be considered either:

#### Type I – Recognized Subsequent Events:

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

#### Type II – Nonrecognized Subsequent Events:

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

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

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

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

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

### 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.

## 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 reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate.  
\$ \_\_\_\_\_

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

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

#### H. Reinsurance Credit

- (1) Disclose any ceding reinsurance contracts (or multiple contracts with the same reinsurer or its affiliates) subject to A-791 that includes a provision, which limits the reinsurer's assumption of significant risks identified as in A-791. Examples of risk limiting features include provisions such as a deductible, a loss ratio corridor, a loss cap, an aggregate limit or similar effect. If true, indicate the number of reinsurance contracts to which such provisions apply. For contracts subject to A-791, indicate if deposit accounting was applied for all contracts, which limit significant risks.
- (2) Disclose any ceding reinsurance contracts (or multiple contracts with the same reinsurer or its affiliates) not subject to A-791, for which reinsurance accounting was applied and includes a provision that limits the reinsurer's assumption of risk. Examples of risk limiting features include provisions such as a deductible, a loss ratio corridor, a loss cap, an aggregate limit or similar effect. Note that a stop loss or excess of loss reinsurance agreement with deductibles or loss caps which apply to the entire contract and are not adjustable based on other features, do not require disclosure under this paragraph. If true, indicate the number of reinsurance contracts to which such provisions apply. If affirmative, indicate if the reinsurance credit was reduced for the risk limiting features.
- (3) Disclose if any assumed or ceded reinsurance contracts contain features (except reinsurance contracts with a federal or state facility) described below which result in delays in payment in form or in fact:
  - Provisions which permit the reporting of losses, or settlements are made, less frequently than quarterly or payments due from the reinsurer are not made in cash within ninety (90) days of the settlement date (unless there is no activity during the period).
  - Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.
- (4) Disclose if the reporting entity has reflected reinsurance accounting credit for any contracts not subject to Appendix A-791 and not yearly renewable term, which meet the risk transfer requirements of SSAP No. 61R and identify the type of contracts and the reinsurance contracts.
  - Assumption Reinsurance – as discussed in SSAP No. 61R, which are new for the reporting period.
- (5) Disclose if the reporting entity ceded any risk which is not subject to A-791 and not yearly renewable term reinsurance, under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
  - Accounted for that contract as reinsurance under statutory accounting principles (“SAP”) and as a deposit under U.S. generally accepted accounting principles (“GAAP”); or
  - Accounted for that contract as reinsurance under U.S. GAAP and as a deposit under SAP.

If the reporting entity does not prepare U.S. GAAP financial statements or its financial statements are not part of upstream U.S. GAAP financial statements, this disclosure can be answered not applicable.

- (6) If affirmative disclosure is required for Paragraph 23H(5) above, explain why the contract(s) is treated differently for GAAP and SAP.

Illustration:

B. Uncollectible Reinsurance

**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) 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 \$5 million has not been received. Reinsurers ABC and XYZ have indicated their intent to provide the collateral by the required date. This collateral deficiency is expected to have a minimal impact as the reinsurers do not provide a significant amount of reinsurance coverage for the reporting entity.

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

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

a.

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

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

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 30)	\$ .....
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—Retrospectively Rated Contracts* (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 for the permanent risk adjustment program regarding the risk-sharing provisions of the Affordable Care Act for the reporting periods that are impacted by a program. The disclosure should include the following:

- Permanent ACA Risk Adjustment Program
  - Premium adjustments receivable due to ACA Risk Adjustment (including high-risk pool payments)
  - Risk adjustment user fees payable for ACA Risk Adjustment
  - Premium adjustments payable due to ACA Risk Adjustment (including high-risk pool premium)
  - Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment
  - Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)

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

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

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

Illustration:

- A. The Company estimates accrued retrospective premium adjustments for its group health insurance business through a mathematical approach using an algorithm of the company's underwriting rules and experience rating practices.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. The amount of net premiums written by the Company at December 31, 20\_\_ that are subject to retrospective rating features was \$\_\_\_\_\_ million, that represented \_\_\_% of the total net premiums written. No other net premiums written by the Company are subject to retrospective rating features.

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

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

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

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

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

**NOTE:** Any reporting entity that reports accident and health insurance premium and losses on their statement that is subject to the federal Affordable Care Act risk-sharing provisions **MUST** complete the tables (24E(2) and 24E(3)) 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 adjustments program due a lack of sufficient data to estimate the recoverable amounts.

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

AMOUNT

a. Permanent ACA Risk Adjustment Program

Assets

1. Premium adjustments receivable due to ACA Risk Adjustment (including high-risk pool payments) \$ \_\_\_\_\_

Liabilities

2. Risk adjustment user fees payable for ACA Risk Adjustment \$ \_\_\_\_\_

3. Premium adjustments payable due to ACA Risk Adjustment (including high risk-pool premium) \$ \_\_\_\_\_

Operations (Revenue & Expense)

4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment \$ \_\_\_\_\_

5. Reported in expenses as ACA Risk Adjustment user fees (incurred/paid) \$ \_\_\_\_\_

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

Accrued During the Prior Year on Business Written Before Dec 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before Dec 31 of the Prior Year		Differences		Adjustments		Unsettled Balances as of the Reporting Date		
				Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances	Cumulative Balance from Prior Years (Col 1-3+7)	Cumulative Balance from Prior Years (Col 2-4+8)	
1	2	3	4	5	6	7	8	9	10	
Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)

a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable (including high-risk pool payments)	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		A	\$ .....	\$ .....
2. Premium adjustments (payable) (including high-risk pool premium)	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		B	\$ .....	\$ .....
3. Subtotal ACA Permanent Risk Adjustment Program	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....			\$ .....	\$ .....



## 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.	<u>Loss Reserves Eliminated by Annuities</u>		<u>Unrecorded Loss Contingencies</u>
	\$ _____		\$ _____
B.	<u>Life Insurance Company and Location</u>	<u>Licensed in Company’s State of Domicile Yes/No</u>	<u>Statement Value (i.e., Present Value) of Annuities</u>
	_____	_____	\$ _____
	_____	_____	\$ _____
	_____	_____	\$ _____

**28. Health Care Receivables**

Instruction:

- A. In accordance with *SSAP No. 84—Health Care and Government Insured Plans 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
12/31/2024	\$ 150	\$ 147			
9/30/2024	130	133	\$ 62		
6/30/2024	142	143	70	\$ 55	
3/31/2024	157	152	65	42	\$ 20
12/31/2023	125	132	70	27	20
9/30/2023	123	129	62	31	14
6/30/2023	112	120	54	20	16
3/31/2023	110	118	57	39	20
12/31/2022	68	75	34	20	10
9/30/2022	60	59	27	17	10
6/30/2022	57	60	31	15	10
3/31/2022	45	50	25	18	7

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

B. Risk-Sharing Receivables

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable Not Yet Billed	Actual Risk Sharing Amounts Received in Year Billed	Actual Risk Sharing Amounts Received First Year Subsequent	Actual Risk Sharing Amounts Received Second Year Subsequent	Actual Risk Sharing Amounts Received All Other
2024	2024	\$ 245	\$ 237	\$ 155	\$ 77	\$ 0			
	2025	XXX	\$ 189	XXX	XXX	XXX	XXX		
2023	2023	\$ 223	\$ 225	\$ 232	\$ 0	\$ 0	\$ 140		
	2024	XXX	\$ 245	XXX	XXX	XXX	XXX	XXX	XXX
2022	2022	\$ 190	\$ 178	\$ 174	\$ 0	\$ 0	\$ 125	\$ 50	
	2023	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 <input type="checkbox"/> No <input type="checkbox"/> |

### 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:

ITEM	Total	Industrial Life	ORDINARY			Credit Life Group and Individual	GROUP	
			Life Ins.	Individual Annuities	Supplementary Contracts		Life Ins.	Annuities
3106999 Total								

**32. Analysis of Annuity Actuarial Reserves and Deposit-Type Contract 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 the disclosures below, disclose the general account and separate account with guarantees, separate account nonguaranteed amounts, as well as the total, a separate section for Individual Annuities, Group Annuities, and Deposit-Type Contracts (with no life contingencies). Supplementary contracts with life contingencies are reported in the appropriate Annuities section (Individual or Group).

- Subject to discretionary withdrawal:
  - ❖ 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:
    - 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
    - In installments over five years or more, with or without a reduction in the interest rate during the installment period.
  - ❖ 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.
  - ❖ 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.
  - ❖ Total with market value adjustment or at fair value.
  - ❖ 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:
    - In a lump sum without adjustment;
    - In installments over less than five years, with or without a reduction in interest rate during the installment period;
    - In a lump sum subject to a fixed surrender charge of less than 5%;

- 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;
  - All others.
- Not subject to discretionary withdrawal.
  - Total (Gross: Direct + Assumed).
  - Reinsurance ceded.
  - Total (net) [Total (Gross: Direct + Assumed) minus Reinsurance ceded].
  - Amount with current surrender charge of 5% or more included in A(1)b, B(1)b and C(1)b (from the tables illustrated below) in the current year that will have less than a 5% surrender charge (and thus be reported in A(1)e, B(1)e and C(1)e (from the tables illustrated below) for the first time within the year subsequent to the balance sheet year (% column is not required).
  - Reconcile total annuity reserves (all non-life reserves from Exhibit 5) and deposit-type contract fund liabilities (per Exhibit 7) 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. The reconciliation is a single presentation including all amounts from the sections on Individual Annuities, Group Annuities, and Deposit-Type Contracts.

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.**

A. INDIVIDUAL ANNUITIES:

	General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
(1). Subject to discretionary withdrawal:					
a. With market value adjustment	\$ _____	\$ _____	\$ _____	\$ _____	_____ %
b. At book value less current surrender charge of 5% or more	_____	_____	_____	_____	_____
c. At fair value	_____	_____	_____	_____	_____
d. Total with market value adjustment or at fair value (total of a through c)	_____	_____	_____	_____	_____
e. At book value without adjustment (minimal or no charge or adjustment)	_____	_____	_____	_____	_____
(2) Not subject to discretionary withdrawal	_____	_____	_____	_____	_____
(3) Total (gross: direct + assumed)	_____	_____	_____	_____	100%
(4) Reinsurance ceded	_____	_____	_____	_____	_____
(5) Total (net) (3) – (4)	\$ _____	\$ _____	\$ _____	\$ _____	_____
(6) Amount included in A(1)b above that will move to A(1)e for the first time within the year after the statement date:	\$ _____	\$ _____	\$ _____	\$ _____	_____

B. GROUP ANNUITIES:

	General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
(1) Subject to discretionary withdrawal:					
a. With market value adjustment	\$ _____	\$ _____	\$ _____	\$ _____	_____ %
b. At book value less current surrender charge of 5% or more	_____	_____	_____	_____	_____
c. At fair value	_____	_____	_____	_____	_____
d. Total with market value adjustment or at fair value (total of a through c)	_____	_____	_____	_____	_____
e. At book value without adjustment (minimal or no charge or adjustment)	_____	_____	_____	_____	_____
(2) Not subject to discretionary withdrawal	_____	_____	_____	_____	_____
(3) Total (gross: direct + assumed)	_____	_____	_____	_____	100%
(4) Reinsurance ceded	_____	_____	_____	_____	_____
(5) Total (net) (3) – (4)	\$ _____	\$ _____	\$ _____	\$ _____	_____
(6) Amount included in B(1)b above that will move to B(1)e for the first time within the year after the statement date:	\$ _____	\$ _____	\$ _____	\$ _____	_____

C. DEPOSIT-TYPE CONTRACTS

(no life contingencies):

	General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
(1) Subject to discretionary withdrawal:					
a. With market value adjustment	\$ _____	\$ _____	\$ _____	\$ _____	_____ %
b. At book value less current surrender charge of 5% or more	_____	_____	_____	_____	_____
c. At fair value	_____	_____	_____	_____	_____
d. Total with market value adjustment or at fair value (total of a through c)	_____	_____	_____	_____	_____
e. At book value without adjustment (minimal or no charge or adjustment)	_____	_____	_____	_____	_____
(2) Not subject to discretionary withdrawal	_____	_____	_____	_____	_____
(3) Total (gross: direct + assumed)	_____	_____	_____	_____	100%
(4) Reinsurance ceded	_____	_____	_____	_____	_____
(5) Total (net) (3) – (4)	\$ _____	\$ _____	\$ _____	\$ _____	_____
(6) Amount included in C(1)b above that will move to C(1)e for the first time within the year after the statement date:	\$ _____	\$ _____	\$ _____	\$ _____	_____



**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.

	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 (1+2+3)	=====
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 (5+6+7+8+9+10)	=====
(12) Combined Total (4+11)	\$ =====

**33. Analysis of Life Actuarial Reserves by Withdrawal Characteristics**

Instruction:

Disclose the amounts of account value, cash value and reserve for the breakouts of life insurance by withdrawal characteristics, separately for General Account products, Separate Account with Guarantees products and Separate Account Nonguaranteed products, as follows:

Note: The difference between the account value and the cash value is the surrender charge, if any. After the surrender period is over, there is no difference. Some contract types have no account value such as traditional whole life, term, etc. So, if there is no account value, leave it blank. UL typically has an account value and a cash surrender value.

Just as account values are not reduced for policy loans taken and outstanding, the cash value amount reported in this note should not be reduced for policy loans taken and outstanding. This will ensure the difference between account value and cash value is the actual surrender charge.

- Subject to discretionary withdrawal, surrender values or policy loans:
  - ❖ Term Policies with Cash Value
  - ❖ Universal Life
  - ❖ Universal Life with Secondary Guarantees
  - ❖ Indexed Universal Life
  - ❖ Indexed Universal Life with Secondary Guarantees
  - ❖ Indexed Life
  - ❖ Other Permanent Cash Value Life Insurance
  - ❖ Variable Life
  - ❖ Variable Universal Life
  - ❖ Miscellaneous Reserves

- Not subject to discretionary withdrawal or no cash value.
  - ❖ Term Policies without Cash Value
  - ❖ Accidental Death Benefits
  - ❖ Disability - Active Lives
  - ❖ Disability - Disabled Lives
  - ❖ Miscellaneous Reserves
- Total (Gross: Direct + Assumed).
- Reinsurance ceded.
- Total (net).

$$\text{Total (net)} = \text{Total (Gross: Direct + Assumed)} - \text{Reinsurance ceded}$$

- Reconcile total life insurance reserves amount disclosed to the appropriate sections of the Aggregate Reserves for Life Policies and Contracts Exhibit (Exhibit 5) of the Life, Accident and Health Annual Statement and the corresponding lines in the Separate Accounts Statement. The reconciliation is a single presentation including all amounts from the sections on Individual Life Insurance and Group Life Insurance.

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.**

	<u>Account Value</u>	<u>Cash Value</u>	<u>Reserve</u>
A. General Account			
(1) Subject to discretionary withdrawal, surrender values or policy loans:			
a. Term Policies with Cash Value	.....	.....	.....
b. Universal Life	.....	.....	.....
c. Universal Life with Secondary Guarantees	.....	.....	.....
d. Indexed Universal Life	.....	.....	.....
e. Indexed Universal Life with Secondary Guarantees	.....	.....	.....
f. Indexed Life	.....	.....	.....
g. Other Permanent Cash Value Life Insurance	.....	.....	.....
h. Variable Life	.....	.....	.....
i. Variable Universal Life	.....	.....	.....
j. Miscellaneous Reserves	.....	.....	.....
(2) Not subject to discretionary withdrawal or no cash values			
a. Term Policies without Cash Value	XXX	XXX	.....
b. Accidental Death Benefits	XXX	XXX	.....
c. Disability – Active Lives	XXX	XXX	.....
d. Disability – Disabled Lives	XXX	XXX	.....
e. Miscellaneous Reserves	XXX	XXX	.....
(3) Total (gross: direct + assumed)	.....	.....	.....
(4) Reinsurance Ceded	.....	.....	.....
(5) Total (net) (3) - (4)	.....	.....	.....

		<u>Account Value</u>	<u>Cash Value</u>	<u>Reserve</u>
B.	Separate Account with Guarantees			
(1)	Subject to discretionary withdrawal, surrender values or policy loans:			
a.	Term Policies with Cash Value	.....	.....	.....
b.	Universal Life	.....	.....	.....
c.	Universal Life with Secondary Guarantees	.....	.....	.....
d.	Indexed Universal Life	.....	.....	.....
e.	Indexed Universal Life with Secondary Guarantees	.....	.....	.....
f.	Indexed Life	.....	.....	.....
g.	Other Permanent Cash Value Life Insurance	.....	.....	.....
h.	Variable Life	.....	.....	.....
i.	Variable Universal Life	.....	.....	.....
j.	Miscellaneous Reserves	.....	.....	.....
(2)	Not subject to discretionary withdrawal or no cash values			
a.	Term Policies without Cash Value	XXX	XXX	.....
b.	Accidental Death Benefits	XXX	XXX	.....
c.	Disability – Active Lives	XXX	XXX	.....
d.	Disability – Disabled Lives	XXX	XXX	.....
e.	Miscellaneous Reserves	XXX	XXX	.....
(3)	Total (gross: direct + assumed)	.....	.....	.....
(4)	Reinsurance Ceded	.....	.....	.....
(5)	Total (net) (3) - (4)	.....	.....	.....
		<u>Account Value</u>	<u>Cash Value</u>	<u>Reserve</u>
C.	Separate Account Nonguaranteed			
(1)	Subject to discretionary withdrawal, surrender values or policy loans:			
a.	Term Policies with Cash Value	.....	.....	.....
b.	Universal Life	.....	.....	.....
c.	Universal Life with Secondary Guarantees	.....	.....	.....
d.	Indexed Universal Life	.....	.....	.....
e.	Indexed Universal Life with Secondary Guarantees	.....	.....	.....
f.	Indexed Life	.....	.....	.....
g.	Other Permanent Cash Value Life Insurance	.....	.....	.....
h.	Variable Life	.....	.....	.....
i.	Variable Universal Life	.....	.....	.....
j.	Miscellaneous Reserves	.....	.....	.....
(2)	Not subject to discretionary withdrawal or no cash values			
a.	Term Policies without Cash Value	XXX	XXX	.....
b.	Accidental Death Benefits	XXX	XXX	.....
c.	Disability – Active Lives	XXX	XXX	.....
d.	Disability – Disabled Lives	XXX	XXX	.....
e.	Miscellaneous Reserves	XXX	XXX	.....
(3)	Total (gross: direct + assumed)	.....	.....	.....
(4)	Reinsurance Ceded	.....	.....	.....
(5)	Total (net) (3) - (4)	.....	.....	.....

**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.**

**AMOUNTS REPORTED IN D TO BALANCE TO THE APPROPRIATE AMOUNTS FROM Sections A, B AND C REPORTED ABOVE.**

D.

	Amount
Life & Accident & Health Annual Statement:	
(1) Exhibit 5, Life Insurance Section, Total (net)	\$ _____
(2) Exhibit 5, Accidental Death Benefits Section, Total (net)	_____
(3) Exhibit 5, Disability – Active Lives Section, Total (net)	_____
(4) Exhibit 5, Disability – Disabled Lives Section, Total (net)	_____
(5) Exhibit 5, Miscellaneous Reserves Section, Total (net)	_____
(6) Subtotal (1+2+3+4+5)	=====
Separate Accounts Annual Statement:	
(7) Exhibit 3, Line 0199999, Column 2	_____
(8) Exhibit 3, Line 0499999, Column 2	_____
(9) Exhibit 3, Line 0599999, Column 2	_____
(10) Subtotal (7+8+9)	=====
(11) Combined Total (6+10)	\$ =====

**34. 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:

	<u>Type</u>	<u>Gross</u>	<u>Net of Loading</u>
(1)	Industrial	\$ _____	\$ _____
(2)	Ordinary new business	\$ _____	\$ _____
(3)	Ordinary renewal	\$ _____	\$ _____
(4)	Credit Life	\$ _____	\$ _____
(5)	Group Life	\$ _____	\$ _____
(6)	Group Annuity	\$ _____	\$ _____
(7)	Totals (1+2+3+4+5+6)	\$ _____	\$ _____

### 35. 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
    - ❖ 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.**

<u>Product/Transaction</u>	<u>Legally Insulated Assets</u>	<u>Separate Account Assets (Not Legally Insulated)</u>
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
<b>Total</b> _____	<b>\$</b> _____	<b>\$</b> _____

**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. 2024 \$\_\_\_\_\_;
- b. 2023 \$\_\_\_\_\_;
- c. 2022 \$\_\_\_\_\_;
- d. 2021 \$\_\_\_\_\_;
- e. 2020 \$\_\_\_\_\_.

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.)



**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* (a+b)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
(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 (1+2+3+4)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
b. Not subject to discretionary withdrawal					
c. Total (a+b)					
* 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 Life, Accident & Health Annual Statement

(1c) + (2) = (Page 4, Line 26) \$ \_\_\_\_\_

**36. 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, losses or their associated adjusting expenses. Refer to *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses* for accounting guidance.

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 \$ \_\_\_\_\_.

## GENERAL INTERROGATORIES

### PART 1 – COMMON INTERROGATORIES

#### GENERAL

- 1.2 N/A is an acceptable response only if Interrogatory 1.1 was answered NO.
- 1.4 Answer “YES” if the reporting entity is publicly traded or part of a publicly traded group.
- “Publicly traded company” is defined as a company whose securities are required to be registered under Section 12 and is subject to periodic reporting under Section 15(d) of the Securities Exchange Act of 1934.
- 1.5 Provide the Central Index Key (CIK) issued by the SEC to the publicly traded entity or group. Do not provide a CIK issued for a variable insurance product written by the entity.
- 3.1 The date of the financial examination that should be reported is for a financial examination conducted by a state regulatory authority. (It is not a CPA annual audit.) The financial examination is considered “being made” for a given calendar year as soon as a formal notice is received from the domiciliary state that it intends to conduct the examination.
- 4.2 A sales/service organization for purposes of this question is one that provides the company with a sales/distribution network and/or a customer relations/service capability that is independent of the company and its employees.
- 7.1 For purposes of this interrogatory, control is defined to include ownership as well as control via management or attorney-in-fact.
- 7.2 Report this amount as a percentage (e.g., 10.0%, not .10) of ownership.
- 8.4 Enter “YES” or “NO” in Columns 3 through 6.
- 10.5 Indicate whether the reporting entity has established an audit committee in compliance with the Annual Financial Reporting Model Regulation (formerly known as Model Audit Rule) or similar state statute adopted by the domiciliary state.
14. The response to this interrogatory applies to the reporting entity’s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.
- 14.31 Include the nature of any waiver, including any implicit waiver, from a provision of the code of ethics granted by the reporting entity, an affiliate that provides management services to the entity, or the entity’s ultimate parent to one of 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

25. 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 25.01 and “YES” to 26.1.
- 25.03 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.
- 25.04 Report amount of collateral for conforming programs as outlined in the Risk-Based Capital Instructions.
- 25.05 Report amount of collateral for other programs.
- 25.091 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).
- 25.092 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.
- 25.093 The payable for securities lending amount reported should equal current year column for payable for securities lending line on the liability page.

26. Disclose the statement value of investments that are not under the exclusive control of the reporting entity within the categories listed in 26.2.
28. 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.
29. The question, regarding whether items are held in accordance with the *Financial Condition Examiners Handbook*, must be answered.
- 29.01 If the answer to 29 is “YES,” then list all of the agreements in 29.01. 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 29.01.
- 29.02 If the answer to 29 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:
- [https://content.naic.org/sites/default/files/committee\\_related\\_documents/committees\\_e\\_examover\\_fehgt\\_Custodial\\_or\\_Safekeeping\\_Agreements.pdf](https://content.naic.org/sites/default/files/committee_related_documents/committees_e_examover_fehgt_Custodial_or_Safekeeping_Agreements.pdf)
- 29.03 This question, regarding changes in custodian, must be answered.
- 29.04 If the answer to 29.03 is “YES,” list the change(s).
- 29.05 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. This includes both primary and sub-advisors. For assets that are managed internally by employees of the reporting entity, note as such.

Name of Firm or Individual:

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

Affiliation:

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

- A Investment management is handled by firms/individuals affiliated with the reporting entity.
- U Investment management is handled by firms/individuals unaffiliated with the reporting entity.
- I Investment management is handled internally by individuals that are employees of the reporting entity.

- 29.0597 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 29.05 are greater than 10% of the reporting entity’s invested assets (Line 12 of the Asset page), answer “YES” to Question 29.0597.
- 29.0598 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 29.05 are greater than 50% of the reporting entity’s invested assets (Line 12 of the Asset page), answer “YES” to Question 29.0598. 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.

29.06 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.

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.

Name of Firm or Individual:

Should be name of firm or individual provided for 29.05.

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.

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

30.2 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.

30.3 "Significant Holding" means the top five largest holdings of the mutual fund. For each diversified mutual fund disclosed in Interrogatory 30.2, 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.

31. Include bonds reported as cash equivalents in Schedule E, Part 2.
33. 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.

- 38.1 Answer “YES” if the company directly owns cryptocurrencies. Answer “NO” if the company does not directly own cryptocurrencies or only holds cryptocurrencies indirectly through funds (ETFs, Mutual Funds, etc.) *INT 21-01: Accounting for Cryptocurrencies* established that directly held cryptocurrencies do not meet the definition of cash or an admitted asset and are therefore considered to be a nonadmitted asset for statutory accounting.
- 38.2 If the answer to 38.1 is “YES”, specify on which schedule they are reported. (e.g., Schedule BA, etc.)
- 39.2 If the answer to 39.1 is “YES”, indicate if it is the policy of the reporting entity to directly hold cryptocurrency accepted as payment for premiums or immediately convert to U.S. dollars. Select “YES” for both questions if some cryptocurrencies are held directly and others are immediately converted to U.S. dollars.
- 39.21 Answer “YES” if it is the policy of the reporting entity to directly hold cryptocurrency that was accepted as payment for premiums.
- 39.22 Answer “YES” if it is the policy of the reporting entity to immediately convert cryptocurrency accepted as payment for premiums to U.S. dollars.
- 39.3 If the answer to 38.1 or 39.1 is “YES”, complete Columns 1 through 3 for each cryptocurrency accepted for payments of premiums or held directly.

Name of Cryptocurrency:

Provide the name of each cryptocurrency accepted for payments of premiums or held directly.

Immediately Converted to USD, Directly Held, or Both:

For each cryptocurrency listed, provide one of the following responses:

- Immediately converted to USD
- Directly held,
- Both.

Accepted for Payment of Premiums:

If the cryptocurrencies are accepted for the payment of premiums provide the response of “YES” in the column otherwise the response in the column should be “NO”.

**OTHER**

40. 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.
41. 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. 40 and No. 42.
42. 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. 40 and No. 41.



## **PART 2 – LIFE ACCIDENT HEALTH COMPANIES/FRATERNAL BENEFIT SOCIETIES INTERROGATORIES**

### **Life and Accident Health Companies/Fraternal Benefit Societies:**

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

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

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

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

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

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

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

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

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

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

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

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

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

All reporting entities should file the test; however, a reporting entity that is required to also file the Separate Accounts Statement is not subject to the results of the Health Statement Test, and should continue to complete the life, accident and health/fraternal blank.

Premium and reserve information is obtained from the annual statement sources referenced on the form relating to the current and prior reporting periods. The premium and reserve ratios are calculated on the net basis reporting.

Item	Description	Reporting Year Annual Statement Data	Prior Year Annual Statement Data
2.1	Premium Numerator	Health Premium values listed in the Analysis of Operations by Lines of Business – Accident and Health:  The sum of Line 1, Columns 2-9 (Column 9 Medicaid should include Medicaid Pass-Through Payments Reported as Premium) plus  Line 1, Column 13 in part (exclude automobile medical coverage, workers’ compensation, accidental death and dismemberment policies) of the reporting year’s annual statement.	Health Premium values listed in the Analysis of Operations by Lines of Business – Accident and Health:  The sum of Line 1, Columns 2-9 (Column 9 Medicaid should include Medicaid Pass-Through Payments Reported as Premium) plus  Line 1, Column 13 in part (exclude automobile medical coverage, workers’ compensation, accidental death and dismemberment policies) of the prior year’s annual statement.
2.2	Premium Denominator	Analysis of Operations by Lines of Business – Summary, Column 1, Line 1 of the reporting year’s annual statement.	Analysis of Operations by Lines of Business – Summary, Column 1, Line 1 of the prior year’s annual statement
2.3	Premium Ratio	<b>2.1/2.2</b>	<b>2.1/2.2</b>
2.4(a)	Reserve Numerator	Net A&H Policy and Contract Claims without Credit Health (Exhibit 8, Part 1, Line 4.4, Column 6 (excluding Dread Disease, Disability Income and Long-Term Care)) plus Aggregate Reserves for A&H Policies without Credit Health (Exhibit 6, Column 1 less Columns 10, 11, 12 and Dread Disease included in Column 13) for Total (Net) (Line 17) or the reporting year’s annual statement.	Net A&H Policy and Contract Claims without Credit Health (Exhibit 8, Part 1, Line 4.4, Column 6 (excluding Dread Disease, Disability Income and Long-Term Care)) plus Aggregate Reserves for A&H Policies without Credit Health (Exhibit 6, Column 1 less Columns 10, 11, 12 and Dread Disease included in Column 13) for Total (Net) (Line 17) of the prior year’s annual statement.
2.5	Reserve Denominator	Aggregate Reserve (Exhibit 5, Column 2, Line 9999999 plus Exhibit 6, Column 1, Line 17 plus Exhibit 8, Part 1, Column 1, Line 4.4) of the reporting year’s annual statement.	Aggregate Reserve (Exhibit 5, Column 2, Line 9999999 plus Exhibit 6, Column 1, Line 17 plus Exhibit 8, Part 1, Column 1, Line 4.4) of the prior year’s annual statement.
2.6	Reserve Ratio	<b>2.4/2.5</b>	<b>2.4/2.5</b>

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

3.3 The total amount of capital and 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 13 - Transfers to Separate Accounts due or accrued (net) (including \$ \_\_\_\_\_ accrued for expense allowances recognized in reserves, net of 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 37 - 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 3.7.

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 all 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.

- 3.4 Cite applicable insurance statutes for the establishment of separate accounts.
- 3.7 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 13, Transfers to Separate Accounts Due or Accrued (Net) (including \$\_\_\_\_\_ accrued for expense allowances recognized in reserves, net of reinsured allowances).
- 4.1 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.
- 4.2 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.
- 6.2 If the response to 6.1 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.

7. Ordinary Life Insurance (U.S. business only) for the current year for Lines 7.1, 7.2 and 7.3 (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.

8. A “YES” answer indicates the reporting entity is a multistate company based on the information reported in Schedule T – Exhibit of Premiums Written.

If the sum of codes L, R, E and Q provided in Column 1 of Schedule T is greater than 1, the answer to Question 8 should be “YES.”

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

9. Answer “YES” if the company is admitting net negative (disallowed) interest maintenance reserve (IMR).

10. Disclose information for completing the C-2 mortality risk in the Life Risk-Based Capital (RBC). This disclosure provides information by certain product characteristics not found elsewhere in the Life/Fraternal Annual Statement but used in the Life/Fraternal Risk-Based Capital (RBC). The amounts are used to calculate the net (direct plus assumed minus ceded) amount at risk for life insurance by product characteristics for the RBC C-2 risk.

NOTE: Life/Fraternal entities are not required to complete this general interrogatory if they are not required to generate an RBC because of certain state statutes.

Definitions for the lines of business can be found in the Appendix of the Life, Accident and Health Annual Statement Instructions.

Pricing flexibility is defined as the ability to materially adjust rates on inforce contracts through changing premiums and/or non-guaranteed elements as of the valuation date and within the next five policy years and reflecting typical business practices.

Modified coinsurance life reserves are the portion of modified coinsurance life reserves which relates to policy reserves that, if written on a direct basis, would be included in Exhibit 5.

In force amounts originate in the Exhibit of Life Insurance but need to be reported by the individual policy characteristic. Life reserves are part of Exhibit 5 reporting in the General Account statement and/or Exhibit 3 in the Separate Accounts statement. Modified coinsurance assumed is included in Schedule S, Part 1, Section 1, Column 12, while modified coinsurance ceded is included in Schedule S, Part 3, Section 1, Column 14.

**Life Accident and Health Companies Only:**

- 11.1 The response is “YES” if subsidiaries or affiliates use or provide personnel or facilities. Third-party expenditures should be excluded.
- 11.2 Report the amount of expense paid this year by this company for services received in the paid line. Report the amount received by this company for services it provided in the received line.
- 15.1 Worker’s compensation carve-out business is defined as reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death benefits of the occupational illness and accident exposures, but not the employer’s liability exposures, of business originally written as workers compensation insurance.

**Fraternal Benefit Societies Only:**

- 34.2 N/A is an acceptable response only if Interrogatory 32.1 was answered NO.
- 35.2 N/A is an acceptable response only if Interrogatory 33.1 was answered NO.
- 37.2 If there are multiple liens, they should be listed individually.

**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 48 and 49 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.

**Life Insurance In Force**  
**(Exhibit of Life Insurance)**

Line 1 – Ordinary – Whole Life and Endowment

All years ..... Exhibit of Life Insurance, Line 34, Column 4

Line 2 – Ordinary – Term

All years ..... Exhibit of Life Insurance, Line 21, Column 4 less Line 34, Column 4

Line 3 – Credit Life

All years ..... Exhibit of Life Insurance, Line 21, Column 6

Line 4 – Group, Excluding FEGLI/SGLI

All years ..... Exhibit of Life Insurance, Line 21, Column 9 less Lines 43 & 44, Column 4

Line 5 – Industrial

All years ..... Exhibit of Life Insurance, Line 21, Column 2

Line 6 – FEGLI/SGLI

All years ..... Exhibit of Life Insurance, Lines 43 & 44, Column 4

**New Business Issued**  
**(Exhibit of Life Insurance)**

Line 8 – Ordinary – Whole Life and Endowment

All years ..... Exhibit of Life Insurance, Line 34, Column 2

Line 9 – Ordinary – Term

All years ..... Exhibit of Life Insurance, Line 2, Column 4 less Line 34, Column 2

- Line 10 – Credit Life  
All years ..... Exhibit of Life Insurance, Line 2, Column 6
- Line 11 – Group  
All years ..... Exhibit of Life Insurance, Line 2, Column 9
- Line 12 – Industrial  
All years ..... Exhibit of Life Insurance, Line 2, Column 2

**Premium Income - Lines of Business**  
**(Exhibit 1 – Part 1)**

- Line 14 – Individual Life  
All years ..... Exhibit 1, Part 1, Line 20.4, Column 2
- Line 15 – Group Life  
All years ..... Exhibit 1, Part 1, Line 20.4, Column 3
- Line 16 – Individual Annuities  
All years ..... Exhibit 1, Part 1, Line 20.4, Column 4
- Line 17 – Group Annuities  
All years ..... Exhibit 1, Part 1, Line 20.4, Column 5
- Line 18 – Accident & Health  
All years ..... Exhibit 1, Part 1, Line 20.4, Column 6
- Line 19 – Other Lines of Business  
All years ..... Exhibit 1, Part 1, Line 20.4, Column 8

**Balance Sheet**  
**(Pages 2 and 3)**

- Line 21 – Total Admitted Assets Excluding Separate Accounts Business  
All years ..... Page 2, Line 26, Column 3
- Line 22 – Total Liabilities Excluding Separate Accounts Business  
All years ..... Page 3, Line 26
- Line 23 – Aggregate Life Reserves  
All years ..... Page 3, Line 1
- Line 24 – Aggregate A & H Reserves  
All years ..... Page 3, Line 2

- Lines 25 – Deposit-type Contract Funds
  - All years ..... Page 3, Line 3
- Line 26 – Asset Valuation Reserve
  - All years ..... Page 3, Line 24.01
- Line 27 – Capital
  - All years ..... Page 3, Lines 29 and 30
- Line 28 – Surplus
  - All years ..... Page 3, Line 37

**Cash Flow (Page 5)**

- Line 29 – Net cash from operations
  - All years ..... Line 11

**Risk-Based Capital Analysis**

- Line 30 – Total Adjusted Capital
  - This amount must agree with the amount identified as the Total Adjusted Capital in the NAIC Risk-Based Capital Report.
- Line 31 – Authorized Control Level Risk-Based Capital
  - This amount must agree with the amount identified as the Authorized Control Level Risk-Based Capital in the NAIC Risk-Based Capital Report.

**Percentage Distribution of Cash, Cash Equivalents and Invested Assets**

- All years ..... (Page 2, Column 3) (Line No./Page 2, Line 12, Column 3) x 100.0
- Line 32 – Bonds
  - All years ..... Page 2, Line 1
- Line 33 – Stocks
  - All years ..... Page 2, Line 2.1 and 2.2
- Line 34 – Mortgage Loans on Real Estate
  - All years ..... Page 2, Lines 3.1 and 3.2
- Line 35 – Real Estate
  - All years ..... Page 2, Lines 4.1, 4.2 and 4.3



- Line 36 – Cash, Cash Equivalents and Short-term Investments  
All years ..... Page 2, Line 5
- Line 37 – Contract Loans  
All years ..... Page 2, Line 6
- Line 38 – Derivatives  
All years ..... Page 2, Line 7
- Line 39 – Other Invested Assets  
All years ..... Page 2, Line 8
- Line 40 – Receivables for Securities  
All years ..... Page 2, Line 9
- Line 41 – Securities Lending Reinvested Collateral Assets  
All years ..... Page 2, Line 10
- Line 42 – Aggregate Write-ins for Invested Assets  
All years ..... Page 2, Line 11
- Line 43 – Cash, Cash Equivalents and Invested Assets  
All years ..... Page 2, Line 12

**Investments in Parent, Subsidiaries and Affiliates**

- Line 44 – Affiliated Bonds  
All years ..... Schedule D Summary, Line 12, Column 1
- Line 45 – Affiliated Preferred Stocks  
All years ..... Schedule D Summary, Line 18, Column 1
- Line 46 – Affiliated Common Stocks  
All years ..... Schedule D Summary, Line 24, Column 1
- Line 47 – Affiliated Short-term Investments  
All years ..... Subtotal included in Schedule DA, Verification Between Years, Column 5,  
Line 10
- Line 51 – Total Investment in Parent  
Report the amount of investments reported in Lines 44 to 49 above that are in an immediate or indirect parent.

**Total Nonadmitted and Admitted Assets**

- Line 52 – Total Nonadmitted Assets  
All years ..... Page 2, Line 28, Column 2
- Line 53 – Total Admitted Assets  
All years ..... Page 2, Line 28, Column 3

**Investment Data**

- Line 54 – Net Investment Income  
All years ..... Exhibit of Net Investment Income, Line 17
- Line 55 – Realized Capital Gains (Losses)  
All years ..... Summary of Operations, Line 34, Column 1
- Line 56 – Unrealized Capital Gains (Losses)  
All years ..... Summary of Operations, Line 38, Column 1

**Benefits and Reserve Increase**  
**(Page 6)**

- Line 58 – Total Contract/Certificate Benefits – Life  
All years ..... Lines 10, 11, 12, 13, 14 and 15, Column 1 less Lines 10, 11, 12, 13, 14 and 15  
Columns 6, 7 and 8
- Line 59 – Total Contract/Certificate Benefits – A&H  
All years ..... Lines 13 & 14, Column 6
- Line 60 – Increase in Life Reserves – Other than Group and Annuities  
All years ..... Line 19, Columns 2
- Line 61 – Increases in A&H Reserves  
All years ..... Line 19, Columns 6
- Line 62 – Dividends to Policyholders and Refunds to Members  
All years ..... Line 30, Column 1

**Operating Percentages**

Line 63 – Insurance Expense Percent

All years .....(Page 6, Column 1, Lines 21, 22 & 23 less Line 6) / (Page 6, Column 1, Line 1 plus Exhibit 7, Column 2, Line 2) x 100.0

Line 64 – Lapse Percent (ordinary only)

All years .....(Exhibit of Life Insurance, Column 4, Lines 14 & 15) / ½ (Exhibit of Life Insurance, Column 4, Lines 1 & 21) x 100.0

Line 65 – A&H Loss Percent

All years ..... Schedule H, Part 1, Lines 5 & 6, Column 2

Line 66 – A&H Cost Containment

All years ..... Schedule H, Part 1, Line 4, Column 2

Line 67 – A&H Expense Percent Excluding Cost Containment Expenses

All years ..... Schedule H, Part 1, Line 10, Column 2

**A & H Claim Reserve Adequacy**

Line 68 – Incurred Losses on Prior Years’ Claims – Comprehensive Group Health

2022 through current year ..... Schedule H, Part 3, Line 3.1, Column 3

Line 69 – Prior Years’ Claim Liability and Reserve – Comprehensive Group Health

2022 through current year ..... Schedule H, Part 3, Line 3.2, Column 3

Line 70 – Incurred Losses on Prior Years’ Claims – Health Other than Comprehensive Group Health

2022 through current year ..... Schedule H, Part 3, Line 3.1, Column 1 less Column 3

Line 71 – Prior Years’ Claim Liability and Reserve – Health Other than Comprehensive Group Health

2022 through current year ..... Schedule H, Part 3, Line 3.2, Column 1 less Column 3

**Net Gains From Operations After Dividends to Policyholders, Refunds to Members and Federal Income Taxes and Before Realized Capital Gains or (Losses) by Lines of Business**

Line 72 – Individual Industrial Life

All years ..... Page 6.1, Line 33, Column 2

Line 73 – Individual Whole Life

All years ..... Page 6.1, Line 33, Column 3

Line 74 – Individual Term Life

All years ..... Page 6.1, Line 33, Column 4

Line 75 – Individual Indexed Life  
All years ..... Page 6.1, Line 33, Column 5

Line 76 – Individual Universal Life  
All years ..... Page 6.1, Line 33, Column 6

Line 77 – Individual Universal Life With Secondary Guarantees  
All years ..... Page 6.1, Line 33, Column 7

Line 78 – Individual Variable Life  
All years ..... Page 6.1, Line 33, Column 8

Line 79 – Individual Variable Universal Life  
All years ..... Page 6.1, Line 33, Column 9

Line 80 – Individual Credit Life  
All years ..... Page 6.1, Line 33, Column 10

Line 81 – Individual Other Life  
All years ..... Page 6.1, Line 33, Column 11

Line 82 – Individual YRT Mortality Risk Only  
All years ..... Page 6.1, Line 33, Column 12

Line 83 – Group Whole Life  
All years ..... Page 6.2, Line 33, Column 2

Line 84 – Group Term Life  
All years ..... Page 6.2, Line 33, Column 3

Line 85 – Group Universal Life  
All years ..... Page 6.2, Line 33, Column 4

Line 86 – Group Variable Life  
All years ..... Page 6.2, Line 33, Column 5

Line 87 – Group Variable Universal Life  
All years ..... Page 6.2, Line 33, Column 6

Line 88 – Group Credit Life  
All years ..... Page 6.2, Line 33, Column 7

Line 89 – Group Other Life  
All years ..... Page 6.2, Line 33, Column 8

Line 90 – Group YRT Mortality Risk Only  
All years ..... Page 6.2, Line 33, Column 9

Line 91 – Individual Deferred Fixed Annuities  
All years ..... Page 6.3, Line 33, Column 2

Line 92 – Individual Deferred Indexed Annuities  
All years ..... Page 6.3, Line 33, Column 3

Line 93 – Individual Deferred Variable Annuities with Guarantees  
All years ..... Page 6.3, Line 33, Column 4

Line 94 – Individual Deferred Variable Annuities Without Guarantees  
All years ..... Page 6.3, Line 33, Column 5

Line 95 – Individual Contingent Payout (Immediate and Annuitization)  
All years ..... Page 6.3, Line 33, Column 6

Line 96 – Individual Other Annuities  
All years ..... Page 6.3, Line 33, Column 7

Line 97 – Group Deferred Fixed Annuities  
All years ..... Page 6.4, Line 33, Column 2

Line 98 – Group Deferred Indexed Annuities  
All years ..... Page 6.4, Line 33, Column 3

Line 99 – Group Deferred Variable Annuities With Guarantees  
All years ..... Page 6.4, Line 33, Column 4

Line 100 – Group Deferred Variable Annuities Without Guarantees  
All years ..... Page 6.4, Line 33, Column 5

Line 101 – Group Contingent Payout (Immediate and Annuitization)  
All years ..... Page 6.4, Line 33, Column 6

Line 102 – Group Other Annuities  
All years ..... Page 6.4, Line 33, Column 7

Line 103 – A & H – Comprehensive Individual  
All years ..... Page 6.5, Line 33, Column 2

Line 104 – A & H – Comprehensive Group  
All years ..... Page 6.5, Line 33, Column 3

Line 105 – A & H – Medicate Supplement  
All years ..... Page 6.5, Line 33, Column 4

Line 106 – A & H – Vision Only  
All years ..... Page 6.5, Line 33, Column 5

Line 107 – A & H – Dental Only  
All years ..... Page 6.5, Line 33, Column 6

Line 108 – A & H – Federal Employees Health Benefits Plan  
All years ..... Page 6.5, Line 33, Column 7

Line 109 – A & H – Title XVII Medicare  
All years ..... Page 6.5, Line 33, Column 8

Line 110 – A & H – Title XIX Medicaid  
All years ..... Page 6.5, Line 33, Column 9

Line 111 – A&H – Credit  
All years ..... Page 6.5, Line 33, Column 10

Line 112 – A & H – Disability Income  
All years ..... Page 6.5, Line 33, Column 11

Line 113 – A & H – Long-Term Care  
All years ..... Page 6.5, Line 33, Column 12

Line 114 – A&H – Other Health  
All years ..... Page 6.5, Line 33, Column 13

Line 115 – Aggregate of All Other Lines of Business  
All years ..... Page 6, Line 33, Column 8

Line 116 – Fraternal  
Page 6, Line 33, Column 7

**Life Insurance (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 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.

All premium adjustments (both increases and decreases), including but not limited to Affordable Care Act (ACA) premium adjustments related to the risk adjustment program, shall be allocated as premium in the respective jurisdiction.

Company’s participation in the FEGLI and SGLI policies is shown in this exhibit as direct business.

This exhibit should be shown excluding reinsurance assumed. Reinsurance ceded should not be deducted.

Fraternal entities should leave blank any data elements not applicable such as group and credit.

For definitions of lines of business, see the appendix of the Life/Fraternal Annual Statement Instructions.

Column 1 – Premiums and Annuities Considerations

Line 11 plus Line 19 should equal Schedule T, Column 2, by State.  
 Line 26 plus Line 33 should equal Schedule T, Column 3, by State.  
 Line 46 should equal Schedule T, Column 4, by State.

Column 2 – Other Considerations

Include: Unallocated annuity considerations and other unallocated deposits that incorporate any mortality or morbidity risk and are not reported on Column 1, The amounts reported should be consistent with those reported on Schedule T, Column 5. See the instructions to the Life, Health & Annuity Guaranty Association Assessable Premium Exhibit for allocated and unallocated annuities. Report allocated annuities on Column 1.

Line 47 should equal Schedule T, Column 5, by State.  
 Line 47 (Column 1 plus Column 2) should equal Schedule T, Column 6, by State.

**Dividends to Policyholders/Refunds to Members**

Column 3 – Paid in Cash or Left on Deposit  
 Column 4 – Applied to Pay Renewal Premiums  
 Column 5 – Applied to Provide Paid-Up Additions or Shorten the Endowment or Premium-Paying Period  
 Column 6 – Other

Report dividends to policyholders/refunds to members paid or left on deposit, dividends applied to policyholders/refunds to members to pay premiums or considerations or applied to provide paid-up additions or annuities. Also report dividends to policyholders/refunds to members used to shorten the endowment or premium paying period.

**Claims and Benefits Paid**

Column 8 – Death and Annuity Benefits  
 Column 9 – Matured Endowments  
 Column 10 – Surrender Values and Withdrawals for Life Contracts

These columns are only applicable to life and annuity contracts (Lines 1 through 33)

Column 11 – All Other Benefits

Report claims benefits paid for accident and health contracts (Lines 34 through 46) in this column.

**Death Benefits and Matured Endowments Incurred**

This section is only applicable to life and annuity contracts (Lines 1 through 33).

Column 13 – Incurred During Current Year

Column 14 – Totals Paid – Pols\Certs }  
 Column 15 – Totals Paid – Amount }

Provide the amount for claims paid and the number of policies\certificates for the claims paid.

Column 16 – Reduction by Compromise – Pols\Certs }  
 Column 17 – Reduction by Compromise – Amount }

Provide the amount for claims reduced by compromise and the number of policies\certificates for the claims reduced by compromise.

Column 18 – Amount Rejected – Pols\Certs }  
 Column 19 – Amount Rejected – Amount }

Provide the amount for claims rejected and the number of policies\certificates for the claims rejected.

Column 20 – Total Settled During Current Year - Pols\Certs (Col 14+16+18)

Provide the total number of policies\certificates for claims settled during the current year.

Column 21 – Total Settled During Current Year - Amount (Col 15+17+19)

Total Settled should be for claims that are paid in full.

Column 22 – Unpaid December 31, Current Year

Should equal Column 22 (prior year) plus Column 13 minus Column 21.

**Policy Exhibit**

Column 24 – Issued During Year – Amount

For Individual Life and Group Life lines of business, use the Amount of Insurance amount.  
 For Individual Annuities and Group Annuities lines of business, use the Account Balance amount.  
 For Accident and Health lines of business, use the Premiums in Force amount.

Column 26 – Other Changes to in Force – Amount

For Individual Life and Group Life lines of business, use the Amount of Insurance amount.  
 For Individual Annuities and Group Annuities lines of business, use the Account Balance amount.  
 For Accident and Health lines of business, use the Premiums in Force amount.

Column 27 – In Force December 31, Current Year – Number of Pols\Certs

Should equal Column 27 (prior year) plus Column 23 plus Column 25.



Column 28 – In Force December 31, Current Year – Amount

For Individual Life and Group Life lines of business, use the Amount of Insurance amount.  
For Individual Annuities and Group Annuities lines of business, use the Account Balance amount.  
For Accident and Health lines of business, use the Premiums in Force amount.

Should equal Column 28 (prior year) plus Column 24 plus Column 26.

Footnote c: Total considerations amount should equal Schedule T, Column 7, by State.

For Health Business: Complete the information in Footnote d regarding number of persons covered under PPO managed care products and number of persons covered under indemnity only products. Include in PPO business health insurance products that provide access to a higher level of benefits whenever participating provider networks are used.

## EXHIBIT OF LIFE INSURANCE

This exhibit displays current year information on increases and decreases to the life insurance in force at the beginning of the year. Data is reported on an incurred basis, that is, policies (or certificates) are considered issued when the first premium is paid and are considered terminated as closely as possible to the time when the event occurs rather than when actual cash payment is made.

For policies and riders that provide a level amount of insurance payable in installments in the event of death, the commuted value of the installments should be used as the amount of insurance. Include variable life insurance business.

Report all amounts of insurance in thousands of dollars (omit \$000).

Columns 5  
and 6

– Credit Life (Group and Individual)

Include: Business not exceeding 120 months duration.

**This column is not applicable to Fraternal Benefit Societies.**

Line 1 – In Force End of Prior Year

This amount equals the amount reported on Line 21 in the prior year's annual statement.

Line 2 – Issued During Year

Include: Permanent insurance issued as conversions of individual or family term insurance or group insurance. For group insurance include original issues and additional new business consisting of extensions to new classes and upward revisions of amount of insurance.

Exclude: New dividend additions issued (reported on Line 7).

Line 3 – Reinsurance Assumed

Report all reinsurance assumed including modified coinsurance. If a block of business has been assumed during the year, a footnote should be added showing the figures for each column for each such transaction.

**Fraternal Benefit Societies Only:**

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 policies, 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. In determining the net for Group business, add new persons covered who are not included in Line 2 or Line 3, and deduct those withdrawing. The net figures for number of policies, for number of certificates, and for amount of insurance may not necessarily be on the same line.
  
- Line 7        –     Additions by Dividends During Year
  
- Report additions to life insurance in force as the result of application of dividends 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 policies/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 policy 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 policies/certificates, extended insurance term riders) where the term has expired and the policy/certificate 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 policies/certificates that were surrendered by the owners for their cash value, or where a policy/certificates 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 or family term insurance converted to permanent insurance.

- Line 18 – Reinsurance
- Report discontinuance of reinsurance assumed by transfer of risk to the original or other insurer. If one or more blocks of business have been ceded by reinsurance during the year, it should be reported in this line with a footnote showing the figures for each column for each such cession. Do not include reinsurance ceded on individual risks.
- 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.
- Line 23 – Line 21 minus Line 22
- Report the in force at the end of the year less ceded.
- Line 24 – Additions by Dividends
- Report the total acquired by Line 7 transactions since inception in force at the end of the year.
- Line 25 – Other Paid-Up Insurance
- Report all non-premium-paying insurance (single premium, fully paid-up, reduced paid-up and extended term) except additions by dividends.
- Line 26 – Debit Ordinary Insurance
- Report that portion of ordinary in force that is maintained by a debit premium collection system.
- Lines 27 to 30 – Additional Information on Ordinary Insurance
- Amounts of term insurance on wives and children under family policies should be included in Lines 29 and 30 and excluded from Lines 27 and 28.
- Lines 36 to 40 – Classification of Amount of Insurance by Participating Status
- Totals should prove to Lines 2 and 21, Column 10.
- Line 38 – Credit Life (Group and Individual)
- Include: Business not exceeding 120 months duration.
- Lines 41 to 45 – Additional Information on Credit Life and Group Insurance
- Columns 1 and 2 should include business not exceeding 120 months duration.

Line 42 – Number In Force End of Year if the Number Under Shared Groups is Counted on a Pro-rata Basis

If part of the insurance on each life in a group is provided by policies of other insurance companies (except for the Federal Employees' Group Life Insurance Policy and the Servicemen's Group Life Insurance Policy), report in Line 42 the adjusted total number of group life certificates in force at end of year. The adjusted total should include for each such policy the number of certificates in force multiplied by the proportion of insurance provided by the company. If none of the group insurance in force at the end of the year is in a shared group, the figure in this line should be the same as that in Line 21, Column 8. Adjust credit life number in a similar manner.

Line 46 – Amount of Additional Accidental Death Benefits in Force End of Year Under Ordinary Policies

Exclude: Amounts payable only in event of death resulting from specific types of accidents, such as travel accidents.

Lines 48  
to 52 – Policies with Disability Provisions

Report the face amounts of the insurance policies to which the disability provision apply.

Detail of Items Aggregated on Line 8 for Other Increases

List separately each increase for which there is no pre-printed line on this exhibit.

Detail of Items Aggregated on Line 19 for Other Decreases

List separately each decrease for which there is no pre-printed line on this exhibit.

**EXHIBIT OF NUMBER OF POLICIES, CONTRACTS, CERTIFICATES, INCOME PAYABLE AND ACCOUNT VALUES IN FORCE FOR SUPPLEMENTARY CONTRACTS, ANNUITIES, ACCIDENT AND HEALTH AND OTHER POLICIES**

The purposes of these exhibits are:

1. To provide a control mechanism on in force for the reporting entity and the regulator when auditing in force and reserve liabilities.
2. To provide information on the activity, primarily sales or new cases on these various lines of business.
3. To provide information on how much business (number of cases) the reporting entity is administering.

**Supplementary Contracts**

- Line 3 – Reinsurance Assumed  
Provide number of all cases involved whether reinsured on a case-by-case basis, assumption reinsurance assumed (100%) or a percent of a block is assumed.
- Line 7 – Reinsurance Ceded  
Provide number of all cases under assumption reinsurance ceded (100%). No data is provided here where a portion of business is ceded case by case, or where a percent of a block is ceded.
- Line 10 – Amount on Deposit  
Report amount on deposit on deposit-type contracts.
- Line 11 – Income Now Payable  
Provide number of supplementary contracts with periodic payments.
- Line 12 – Amount of Income Payable  
Report the annual amount payable on each contract.

**Annuities**

- Line 10 – Amount of Income Payable  
Report annual income payable for annuities where payments are currently being paid. For contracts where the amounts paid may vary from year to year, include the amount to be paid in the following year.
- Line 11 – Deferred Fully Paid Account Balance and  
Line 12 – Deferred Fully Not Paid Account Balance }  
Report the amount held on account for each contract as of the end of the year.

**Accident and Health Insurance**

Columns 2, 4,  
and 6 – Premiums in Force

Premiums in force are the premiums last collected on in force policies. For policies with premiums paid more often than annually, the last modal premium payable should be multiplied by the payment frequency. For Group policies with retrospective premium arrangements or retrospective rate credits, the premium in force is the premium excluding such adjustments.

Line 1 should be the same as reported on Line 10 for the prior year.

Line 3 should show policies or certificates and premiums in force for new reinsurance assumed only.

**Deposit Funds and Dividend Accumulations**

Line 10 – Amount of Account Balance

These amounts are the amounts held for policyholders at year-end.

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## 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 non-interest-related (default) realized capital gains and (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 into income (Column 2, Lines 1 through 31) according to Table 1 or the seriatim method. Realized capital gains (losses) must be classified as either interest (IMR) or non-interest (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 Asset Valuation Reserve (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 redeemable preferred stocks whose National Association of Insurance Commissioners (NAIC)/Securities Valuation Office (SVO) designation at the end of the holding period is different from its NAIC designation at the beginning of the holding period by one or less NAIC designation. However, if the security sold also includes the following, it should not be included in IMR:

- Between the purchase and sale date there was an acute credit event (a known event that significantly negatively impacts the price of the security), that was not yet reflected in CRP ratings and/or the SVO feed at the time of the sale, where the resulting gain (loss) from the sale was predominantly credit related.

Exchange Traded Funds (ETFs) as listed on the SVO Identified Bond ETF List (hereafter subject to bond IMR guidelines. Include any capital gains (losses) realized by the Company, whether from sale of the ETF or capital gains distributions by the ETF. If the ETF is removed from either SVO ETF list, the ETF is reported and treated as common stock, with any capital gains/(losses) excluded from the IMR. (Mandatory convertible preferred stocks (regardless if redeemable or perpetual) and investments on the SVO-Identified Preferred Stock List are captured as perpetual preferred stock and treated as equity investments, with gains and losses excluded from IMR.)

SVO Identified Funds designated for systematic value

Called bonds, tendered bonds, and sinking fund payments.

Mortgage loans where the realized gains (losses) more predominantly reflect interest-related changes. By default, mortgage loans that meet any of the following criteria shall not be considered to reflect interest-related losses. Realized gains (losses) from mortgage loans with these characteristics shall be reported in the AVR:

- Any mortgage loan sold/disposed with an established valuation allowance under SSAP No. 37, or
- Interest is more than 90 days past due, or
- The loan is in process of foreclosure, or
- The loan is in course of voluntary conveyance, or
- The terms of the loan have been restructured during the prior two years.

Additional Provisions for Including/Excluding Gains (Losses) from IMR:

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 and (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 (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 non-interest-related gain (loss) in the AVR.

Realized capital gains (losses) on redeemable preferred stock that had an NAIC/SVO designation of 6 at any time during the holding period should be reported as non-interest-related gains (losses) in the AVR.

The holding period for debt securities (excluding loan-backed and structured securities) and redeemable preferred stocks 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 Jan. 1, 1991, the holding period is presumed to have begun on Dec. 31, 1990. For redeemable preferred stocks acquired before Jan. 1, 1993, the holding period is presumed to have begun on Dec. 31, 1992. For SVO-Identified Bond ETFs, the holding period is defined as one calendar year to expected maturity. For SVO-Identified Bond Funds designated for systematic value, the holding period is the weighted-average life of the underlying bonds.

In accordance with *SSAP No. 26R—Bonds*, securities with other-than-temporary impairment losses shall be recorded entirely to either AVR or IMR and not bifurcated between interest and non-interest components.

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.

In accordance with *SSAP No. 43R—Loan-Backed and Structured Securities* for loan-backed and structured securities only:

- Other-Than-Temporary Impairment – Non-interest-related other-than-temporary impairment losses shall be recorded through the AVR. 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 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. The analysis for bifurcating impairment losses between AVR and IMR shall be completed as of the date when the other-than-temporary impairment is determined.
- Security Sold at a Loss Without Prior OTTI – An entity shall bifurcate the loss into AVR and IMR portions depending on interest- and non-interest-related declines in accordance with the analysis performed as of the date of sale. As such, an entity shall report the loss in separate AVR and IMR components as appropriate.
- Security Sold at a Loss With Prior OTTI – An entity shall bifurcate the current realized loss into AVR and IMR portions depending on interest- and non-interest-related declines in accordance with the analysis performed as of the date of sale. An entity shall not adjust previous allocations to AVR and IMR that resulted from previous recognition of other-than-temporary impairments.
- Security Sold at a Gain With Prior OTTI – An entity shall bifurcate the gain into AVR and IMR portions depending on interest and non-interest factors in accordance with the analysis performed as of the date of sale. The bifurcation between AVR and IMR that occurs as of the date of sale may be different from the AVR and IMR allocation that occurred at the time of previous other-than-temporary impairments. An entity shall not adjust previous allocations to AVR and IMR that resulted from previous recognition of other-than-temporary impairments.
- Security Sold at a Gain Without Prior OTTI – An entity shall bifurcate the gain into AVR and IMR portions depending on interest and non-interest factors in accordance with the analysis performed as of the date of sale.

The following guidance pertains to instruments in Scope of *SSAP No. 86—Derivatives*:

- 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 non-interest-related and as to sub-component within the AVR 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 non-interest-related and as to sub-component within the AVR as if they were gains and (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 AVR.
- 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 and (losses), net of capital gains tax will be excluded from the realized gains (losses) reported on Page 4, Line 34 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 (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 26.  
  
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 above. 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 (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 (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 that 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 are 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					
Year	Asset (\$ million)				Liability (\$ million)
	Past (Included in P28 C1)	Present (Included in P28 C2)	Future	Total	Total (Included in P28 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 the Aggregate Write-ins for Deductions on the Summary of Operations and 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 (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 reporting entity 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 reporting entity 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 if it holds the applicable unamortized IMR liability adjustment, otherwise, the complementary offsetting amount must be held by the assuming company.

### **Market Value Adjustments**

Material gains or (losses) resulting from market value adjustments on policies and contracts backed by assets that are valued at book/adjusted carrying value 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 and the Analysis of Operations by Lines of Business on the Aggregate Write-ins for Deductions line.

Line 5 – Current Year’s Amortization Released to Summary of Operations

Report the amount from the Amortization Table, 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 and (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 9.4 of the General Account Statement and 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 41 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 the write-in line, 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 and (losses) should be excluded from the IMR. If the company had asset sales of less than 19.5, all of the associated gains or (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 (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 (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 preferred(s), 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 SVO Identified ETFs, use one calendar year to expected maturity. For SVO Identified Funds designated for systematic value, the expected maturity is the weighted-average life of the underlying bonds. 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 year 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 SVO Identified ETFs, 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 2024 Gains (Losses)  
Interest Rate = 6.00%

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)
2024	0.7%	1.0%	1.6%	2.6%	5.0%	13.2%	49.3%	100.0%
2025	1.5%	2.2%	3.3%	5.5%	10.5%	27.6%	50.7%	
2026	1.6%	2.3%	3.5%	5.8%	11.1%	25.3%		
2027	1.6%	2.5%	3.8%	6.1%	11.8%	18.5%		
2028	1.8%	2.6%	3.9%	6.5%	12.5%	11.5%		
2029	1.9%	2.7%	4.2%	6.9%	13.3%	3.9%		
2030	2.0%	3.0%	4.5%	7.4%	12.4%			
2031	2.1%	3.1%	4.8%	7.8%	10.0%			
2032	2.3%	3.3%	5.0%	8.2%	7.3%			
2033	2.4%	3.5%	5.3%	8.8%	4.6%			
2034	2.5%	3.7%	5.7%	9.3%	1.5%			
2035	2.7%	3.9%	6.0%	8.7%				
2036	2.8%	4.2%	6.3%	7.0%				
2037	3.1%	4.4%	6.8%	5.1%				
2038	3.2%	4.7%	7.2%	3.2%				
2039	3.4%	5.0%	7.6%	1.1%				
2040	3.6%	5.3%	7.1%					
2041	3.8%	5.6%	5.7%					
2042	4.1%	5.9%	4.2%					
2043	4.3%	6.3%	2.6%					
2044	4.6%	6.7%	0.9%					
2045	4.8%	6.3%						
2046	5.2%	5.0%						
2047	5.4%	3.7 %						
2048	5.8%	2.3%						
2049	6.2%	0.8%						
2050	5.8%							
2051	4.6%							
2052	3.4%							
2053	2.1%							
2054	0.7%							
	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.

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## ASSET VALUATION RESERVE

This exhibit and its supporting calculations are designed to address the non-interest-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 Account Statement. 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 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 non-interest-related (default) and equity capital gains (losses) (which includes, but is not limited to, common stock, perpetual preferred stock, mandatory convertible preferred stock (regardless if redeemable or perpetual) and SVO-Identified Preferred Stock ETFs), 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 designation shall be considered to reflect non-interest-related changes. Gains (losses) from those debt instruments shall be reported in the AVR. However, securities without more than one designation change shall be included in the AVR if it includes the following:

- Between the purchase and sale date there was an acute credit event (a known event that significantly negatively impacts the price of the security), that was not yet reflected in CRP ratings and/or the SVO feed at the time of the sale, where the resulting gain (loss) from the sale was predominantly credit related. Determination of AVR gain (loss) on multiple lots of the same fixed income securities should follow the underlying accounting treatment in determining gain (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).

In accordance with *SSAP No. 26R—Bonds*, securities with other-than-temporary impairment losses shall be recorded entirely to either AVR or IMR and not bifurcated between interest and non-interest components.

In accordance with *SSAP No. 43R—Loan-Backed and Structured Securities*, for loan-backed and structured securities only:

- Other-Than-Temporary Impairment – Non-interest-related other-than-temporary impairment losses shall be recorded through the AVR. 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 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. The analysis for bifurcating impairment losses between AVR and IMR shall be completed as of the date when the other-than-temporary impairment is determined.

- Security Sold at a Loss Without Prior OTTI – An entity shall bifurcate the loss into AVR and IMR portions depending on interest- and non-interest-related declines in accordance with the analysis performed as of the date of sale. As such, an entity shall report the loss in separate AVR and IMR components as appropriate.
- Security Sold at a Loss with Prior OTTI – An entity shall bifurcate the current realized loss into AVR and IMR portions depending on interest- and non-interest-related declines in accordance with the analysis performed as of the date of sale. An entity shall not adjust previous allocations to AVR and IMR that resulted from previous recognition of other-than-temporary impairments.
- Security Sold at a Gain with Prior OTTI – An entity shall bifurcate the gain into AVR and IMR portions depending on interest and non-interest factors in accordance with the analysis performed as of the date of sale. The bifurcation between AVR and IMR that occurs as of the date of sale may be different from the AVR and IMR allocation that occurred at the time of previous other-than-temporary impairments. An entity shall not adjust previous allocations to AVR and IMR that resulted from previous recognition of other-than-temporary impairments.
- Security Sold at a Gain Without Prior OTTI – An entity shall bifurcate the gain into AVR and IMR portions depending on interest and non-interest factors in accordance with the analysis performed as of the date of sale.

In addition, all gains (losses), net of capital gains tax, on mortgage loans where the realized gains (losses) more predominantly reflect non-interest-related changes. By default, mortgage loans that meet any of the following criteria shall be considered to reflect non-interest-related changes and realized gains (losses) from mortgage loans with these characteristics shall be reported in the AVR:

- Any mortgage loan sold/disposed with an established valuation allowance under SSAP No. 37, or
- Interest is more than 90 days past due, or
- The loan is in the process of foreclosure, or
- 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 redeemable preferred stock that had an NAIC/SVO designation of 6 at any time during the holding period should be reported as on-interest-related gains (losses) in the AVR.

However, for a convertible bond or redeemable preferred stock purchased while its conversion value exceeds its par value, any gain (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.

The following guidance pertains to instruments in Scope of *SSAP No. 86—Derivatives*:

- 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 Gains (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 30 through 35 (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 30, Line 34, Column 6 (General Account) and Page 15, Line 34, Col. 6 (Separate Accounts), if applicable; and the total for replication (synthetic asset) transactions contained on Page 35, Line 0199999, Column 7 (General Account) and Page 20, Line 0199999, Column 7 (Separate Accounts).

Column 2: Report the total mortgage loans from Page 31, Line 60, Column 6 (General Account) and Page 16, Line 60, Col. 6 (Separate Accounts), if applicable; and the total for replication (synthetic asset) transactions contained on Page 35, Line 0299999, Column 7 (General Account) and Page 20, Line 0299999, Column 7 (Separate Accounts).

Column 4: Report the total common stock from Page 32, Line 17, Column 6 (General Account) and Page 17, Line 17, Col. 6 (Separate Accounts), if applicable; and the total for replication (synthetic asset) transactions contained on Page 35, Line 0399999, Column 7 (General Account) and Page 20, Line 0399999, Column 7 (Separate Accounts).

Column 5: Report the total real estate from Page 32, 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 34, Line 99, Column 6 (General Account) and from Page 19, Line 99, Column 6 (Separate Accounts), if applicable; and the total for replication (synthetic asset) transactions contained on Page 35, 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 30 through 35 (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 30, Line 34, Column 10 (General Account) and Page 15, Line 34, Col. 10 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page 35, Line 0199999, Column 9 (General Account) and Page 20, Line 0199999, Column 9 (Separate Accounts).

Column 2: Report the total mortgage loans from Page 31, Line 60, Column 10 (General Account) and Page 16, Line 60, Col. 10 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page 35, Line 0299999, Column 9 (General Account) and Page 20, Line 0299999, Column 9 (Separate Accounts).

Column 4: Report the total common stock from Page 32, Line 17, Column 10 (General Account) and Page 17, Line 17, Col. 10 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page 35, Line 0399999, Column 9 (General Account) and Page 20, Line 0399999, Column 9 (Separate Accounts).

Column 5: Report the total real estate from Page 32, Line 21, Column 10 (General Account) and from Page 17, Line 21, Column 10 (Separate Accounts), if applicable, plus the total other invested assets from Page 34, Line 99, Column 10 (General Account) and from Page 19, Line 99, Column 10 (Separate Accounts), if applicable; and the total for replication (synthetic asset) transactions contained on Page 35, 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 30 through 35 (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 30, Line 34, Column 8 (General Account) and Page 15, Line 34, Column 8 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page 35, Line 0199999, Column 8 (General Account) and Page 20, Line 0199999, Column 8 (Separate Accounts).

Column 2: Report the total mortgage loans from Page 31, Line 60, Column 8 (General Account) and Page 16, Line 60, Col. 8 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page 35, Line 0299999, Column 8 (General Account) and Page 20, Line 0299999, Column 8 (Separate Accounts).

Column 4: Report the total common stock from Page 32, Line 17, Column 8 (General Account) and Page 17, Line 17, Col. 8 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page 35, Line 0399999, Column 8 (General Account) and Page 20, Line 0399999, Column 8 (Separate Accounts).

Column 5: Report the total real estate from Page 32, 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 34, Line 99, Column 8 (General Account) and from Page 19, Line 99, Column 8 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page 35, 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 24.01.

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 ETFs on the SVO Identified Bond ETF List 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 Mortgage-Backed/Asset-Backed Securities Acquired by Conversion

“Unrated Mortgage-Backed/Asset-Backed 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 2509999999.

- 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 4509999999.
- 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 0109999999, 0309999999, 0509999999, 0709999999, 0909999999, 1109999999, 1309999999, 1509999999, 1619999999, 1909999999 and 2019999999) and short-term bonds included on Schedule DL, Part 1, Line 9509999999 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 8. 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 29, Line 7, Column 1.
- Column 8 must be reported on Page 29, Line 10, Column 1.
- Column 10 must be reported on Page 29, Line 9, Column 1.



Lines 35  
through 57 – Mortgage Loans

The classification methodology for mortgages is outlined in the Life 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 9309999999.

Line 59 – Total Schedule DA Mortgages

Report the book/adjusted carrying value of all Schedule DA mortgage loans (Lines 7019999999 and 7309999999) and any applicable investments from Schedule DL, Part 1, Line 9509999999 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 29, 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 Factors

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 publicly issued common stock, including mutual funds, unit investment trusts, closed-end funds and ETFs (reported as common stock) in unaffiliated companies in Columns 1 and 4. Exclude money market mutual funds appropriately reported on Schedule E, Part 2. Multiply Column 4 by the reserve factor calculated for Columns 5, 7 and 9, and report the products in Columns 6, 8 and 10, respectively.

See Footnote (a) on the Annual Statement Blank for reference on the minimum and maximum reserve factors for Line 1, Column 7 and 9.

The reserve factor is equal to 15.8% 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 (Line 5, Column 3 above, divided by Line 5, Column 1 above)		X.XX	

\* 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 500 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 (see Footnote (a) for maximum AVR factor).

- Line 2 – Unaffiliated Common Stocks – Private
- Report the book/adjusted carrying value of all privately held common stocks, including mutual funds, unit investment trusts, closed-end funds and ETFs (reported as common stock) 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 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 P6, 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 subsidiary, controlled or affiliated company common stocks owned 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 that portion of the book/adjusted carrying value of all common stocks of all subsidiary, controlled or affiliated companies, that have not been 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 598999999. 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 9209999999 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 7, 10 and 9, 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 1399999, 1499999, 1599999 and 1699999 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.

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 1399999, 1499999, 1599999 and 1699999 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 2799999 and 2899999) and capital notes (included in Lines 3399999 and 3499999) 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 a CRP rating equivalent to an NAIC 1 or NAIC 2 designation may be included in this section (in Lines 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: Surplus debentures and capital notes that possess a CRP rating equivalent to an NAIC 1 or NAIC 2 designation.

Exclude: All surplus debentures and capital notes that do NOT possess an 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 1199999, 1299999, 2399999 and 2499999), 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 55.

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 1999999 and 2099999) in Columns 1 and 4. Line 68 should show all Schedule BA assets owned where the characteristics of the underlying investments are similar to subsidiary, controlled or affiliated company common stocks owned 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 32 and 33, Lines 1 through 4, 15 and 16. For Line 65, the reserve factor must be calculated on an individual company basis. It is equal to 15.8% times the beta factor as discussed in the Pages 32 and 33, Line 1 instructions, and must be at least 12.15% but not more than 24.31%. 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 2199999 and 2299999 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 3599999 + Line 3699999.

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 3799999 + Line 3899999.

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 3999999 + Line 4099999.

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 4199999 + Line 4299999.

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 4399999 + Line 4499999.

Multiply the amount in Column 4 for each category by the reserve factors for Page 34, Columns 5, 7 and 9, Lines 75 through 79. Report the products by category in Columns 6, 8 and 10, respectively.

Lines 81  
through 91

– Residual Tranches or Interests

Line 81

– Fixed Income Instruments – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 4699999 in Columns 1 and 4. 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

Line 82

– Fixed Income Instruments – Affiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 4799999 in Columns 1 and 4. 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.



- Line 83 – Common Stock – Unaffiliated
- Report the book/adjusted carrying value of all Schedule BA assets in Line 4899999 in Columns 1 and 4. 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.
- Line 84 – Common Stock – Affiliated
- Report the book/adjusted carrying value of all Schedule BA assets in Line 4999999 in Columns 1 and 4. 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.
- Line 85 – Preferred Stock – Unaffiliated
- Report the book/adjusted carrying value of all Schedule BA assets in Line 5099999 in Columns 1 and 4. 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.
- Line 86 – Preferred Stock – Affiliated
- Report the book/adjusted carrying value of all Schedule BA assets in Line 5199999 in Columns 1 and 4. 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.
- Line 87 – Real Estate – Unaffiliated
- Report the book/adjusted carrying value of all Schedule BA assets in Line 5299999 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.
- Line 88 – Real Estate – Affiliated
- Report the book/adjusted carrying value of all Schedule BA assets in Line 5399999 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.
- Line 89 – Mortgage Loans – Unaffiliated
- Report the book/adjusted carrying value of all Schedule BA assets in Line 5499999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.
- Line 90 – Mortgage Loans – Affiliated
- Report the book/adjusted carrying value of all Schedule BA assets in Line 5599999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

- Line 91 – Other – Unaffiliated
- Report the book/adjusted carrying value of all Schedule BA assets in Line 5699999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.
- Line 92 – Other – Affiliated
- Report the book/adjusted carrying value of all Schedule BA assets in Line 5799999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.
- Line 94 & 95 – Working Capital Finance Investments
- Report the book/adjusted carrying value of all working capital finance investments owned (Schedule BA, Part 1, Line 4599999) 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 96 – 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, 0999999, 1099999, 1799999, 1899999, 2599999, 2699999, 2799999, 2899999, 3399999, 3499999, 5899999 and 5999999) in Column 1 and any encumbrances on these assets in Column 3. Schedule DL, Part 1 investments reported on Line 9409999999 would be included in this total if not classified in one of the above categories. Collateral loans (Lines 2999999 and 3099999) 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 96, EXCEPT those with a CRP rating equivalent to an NAIC 1 or NAIC 2 designation (which are reported in Lines 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.
- 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 97 – Other Short-Term Invested Assets – Schedule DA
- Report the book/adjusted carrying value of all other Schedule DA (Lines 7029999999 and 7509999999) and Schedule DL, Part 1 (Line 9509999999) 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 on 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 98 – 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 Asset(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 is 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 29, Lines 7, 10 and 9 should be the sum of the total calculated on Pages 31, 32, 33, 35 and 36 (General Account) and Pages 16, 17, 18, 20 and 21 (Separate Account) as follows:

**Basic Contribution:**

G/A Page 29, Line 7, Column 1 =	G/A	[P31, L34, C6]	+ G/A	[P36, L0199999, C7]
	+ S/A	[P16, L34, C6]	+ S/A	[P21, L0199999, C7]
G/A Page 29, Line 7, Column 2 =	G/A	[P32, L60, C6]	+ G/A	[P36, L0299999, C7]
	+ S/A	[P17, L60, C6]	+ S/A	[P21, L0299999, C7]
G/A Page 29, Line 7, Column 4 =	G/A	[P33, L17, C6]	+ G/A	[P36, L0399999, C7]
	+ S/A	[P18, L17, C6]	+ S/A	[P21, L0399999, C7]
G/A Page 29, Line 7, Column 5 =	G/A	[P33, L21, C6 + P35, L99, C6]	+ G/A	[P36, L0499999, C7]
	+ S/A	[P18, L21, C6 + P20, L99, C6]	+ S/A	[P21, L0499999, C7]

**Reserve Objective:**

G/A Page 29, Line 10, Column 1 =	G/A	[P31, L34, C8]	+ G/A	[P36, L0199999, C8]
	+ S/A	[P16, L34, C8]	+ S/A	[P21, L0199999, C8]
G/A Page 29, Line 10, Column 2 =	G/A	[P32, L60, C8]	+ G/A	[P36, L0299999, C8]
	+ S/A	[P17, L60, C8]	+ S/A	[P21, L0299999, C8]
G/A Page 29, Line 10, Column 4 =	G/A	[P33, L17, C8]	+ G/A	[P36, L0399999, C8]
	+ S/A	[P18, L17, C8]	+ S/A	[P21, L0399999, C8]
G/A Page 29, Line 10, Column 5 =	G/A	[P33, L21, C8 + P35, L99, C8]	+ G/A	[P36, L0499999, C8]
	+ S/A	[P18, L21, C8 + P20, L99, C8]	+ S/A	[P21, L0499999, C8]

**Maximum Reserve:**

G/A Page 29, Line 9, Column 1 =	G/A	[P30, L34, C10]	+ G/A	[P36, L0199999, C9]
	+ S/A	[P15, L34, C10]	+ S/A	[P21, L0199999, C9]
G/A Page 29, Line 9, Column 2 =	G/A	[P33, L60, C10]	+ G/A	[P36, L0299999, C9]
	+ S/A	[P18, L60, C10]	+ S/A	[P21, L0299999, C9]
G/A Page 29, Line 9, Column 4 =	G/A	[P33, L17, C10]	+ G/A	[P36, L0399999, C9]
	+ S/A	[P18, L17, C10]	+ S/A	[P21, L0399999, C9]
G/A Page 29, Line 9, Column 5 =	G/A	[P33, L21, C10 + P34, L99, C10]	+ G/A	[P36, L0499999, C9]
	+ S/A	[P18, L21, C10 + P19, L99, C10]	+ S/A	[P21, L0499999, C9]

Where the AVR Default Component supports assets valued at market, gains or (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.

SEPARATE ACCOUNTS

AVR/IMR CRITERIA

Asset Loss

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.

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**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:

<u>Group or Category</u>	<u>Line Number</u>
Claims Disposed of During Current Year:	
Death Claims:	
Ordinary .....	0199999
Credit.....	0299999
Group .....	0399999
Industrial .....	0499999
Subtotals – Disposed – Death Claims .....	0599999
Additional Accidental Death Benefit Claims:	
Ordinary .....	0699999
Credit.....	0799999
Group .....	0899999
Industrial .....	0999999
Subtotals – Disposed – Add'l Acc. Death Benefit .....	1099999
Disability Benefit Claims:	
Ordinary .....	1199999
Credit.....	1299999
Group .....	1399999
Industrial .....	1499999
Subtotals – Disposed – Disability Benefit Claims .....	1599999
Matured Endowment Claims:	
Ordinary .....	1699999
Credit.....	1799999
Group .....	1899999
Industrial .....	1999999
Subtotals – Disposed – Matured Endowment Claims .....	2099999
Annuities With Life Contingencies Claims:	
Ordinary .....	2199999
Credit.....	2299999
Group .....	2399999
Industrial .....	2499999
Subtotals – Disposed – Annuities with Life Contin. ....	2599999
Subtotals – Claims Disposed of During Current Year .....	2699999

Activity for resisted claims incurred on direct business should be classified in the following categories:

Claims Resisted During Current Year:	
Death Claims:	
Ordinary .....	2799999
Credit.....	2899999
Group .....	2999999
Industrial .....	3099999
Subtotals – Resisted – Death Claims .....	3199999
Additional Accidental Death Benefit Claims:	
Ordinary .....	3299999
Credit.....	3399999
Group .....	3499999
Industrial .....	3599999
Subtotals – Resisted – Add'l Acc. Death Benefit .....	3699999

Disability Benefit Claims:	
Ordinary .....	3799999
Credit.....	3899999
Group .....	3999999
Industrial .....	4099999
Subtotals – Resisted – Disability Benefit Claims.....	4199999
Matured Endowment Claims:	
Ordinary .....	4299999
Credit.....	4399999
Group .....	4499999
Industrial .....	4599999
Subtotals – Resisted – Matured Endowment Claims .....	4699999
Annuities With Life Contingencies Claims:	
Ordinary .....	4799999
Credit.....	4899999
Group .....	4999999
Industrial .....	5099999
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 policies. 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 items 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, Column 1, Line 2.11.

## SCHEDULE H

### ACCIDENT AND HEALTH EXHIBIT

Life/Fraternal: “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 only be possible with respect to Total Accident and Health (Column 1) of Schedule H – Accident and Health Exhibit.

For definitions of lines of business, see the appendix of these instructions.

All amounts reportable in Parts 1 through 3 are net of reinsurance; 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.

### 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

Life/Fraternal: Column 1 should agree with Schedule T, Column 4 Line 97 minus Line 98 if prepared on a written basis.

Property: Column 1 should agree with Underwriting and Investment Exhibit, Part 1B sum of Lines 13 through 15 (Column 6).

Columns 3, 5, 7, 9, 11, 13, 15, 17, 19, 21, 23 and 25 should agree with Underwriting and Investment Exhibit, Part 1B Column 6 Lines 13.1, 13.2, 15.4, 15.1, 15.2, 15.8, 15.6, 15.5, 14, 15.3, 15.7 and 15.9 respectively.

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.

Life/Fraternal: Should agree appropriately with both Exhibit 8, Part 2, Line 6.4 and also with Analysis of Operations by Lines of Business – Summary, Column 6, Line 13, in each case adjusted for the change in Exhibit 6 of Aggregate Accident and Health Reserves, Line 16 reserves.

Property: Column 1 should agree with Underwriting and Investment Exhibit, Part 2 sum of Lines 13 through 15 (Column 7).

Should agree with Schedule H, Part 2, Section C, Line 3; plus Schedule H, Part 3, Line 1.1; plus Schedule H, 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*.

Life/Fraternal: Should agree with Exhibit 2, Column 2, Line 10.

Property: Column 1 (Line 4 plus Line 8) should agree with the Insurance Expense Exhibit, Part II (Columns 9 + 11 + 27 + 29) sum of Lines 13 through 15.

Column 3 – Line 4 plus Line 8 should agree with the Insurance Expense Exhibit, Part II (Columns 9 + 11 + 27 + 29), Line 13.1.

Column 5 – Line 4 plus Line 8 should agree with the Insurance Expense Exhibit, Part II (Columns 9 + 11 + 27 + 29), Line 13.2.

Column 7 – Line 4 plus Line 8 should agree with the Insurance Expense Exhibit, Part II (Columns 9 + 11 + 27 + 29), Line 15.4.

Column 9 – Line 4 plus Line 8 should agree with the Insurance Expense Exhibit, Part II (Columns 9 + 11 + 27 + 29), Line 15.1

Column 11 – Line 4 plus Line 8 should agree with the Insurance Expense Exhibit, Part II (Columns 9 + 11 + 27 + 29), Line 15.2.

Column 13 – Line 4 plus Line 8 should agree with the Insurance Expense Exhibit, Part II (Columns 9 + 11 + 27 + 29), Line 15.8.

Column 15 – Line 4 plus Line 8 should agree with the Insurance Expense Exhibit, Part II (Columns 9 + 11 + 27 + 29), Line 15.6.

Column 17 – Line 4 plus Line 8 should agree with the Insurance Expense Exhibit, Part II (Columns 9 + 11 + 27 + 29), Line 15.5.

Column 19 – Line 4 plus Line 8 should agree with the Insurance Expense Exhibit, Part II (Columns 9 + 11 + 27 + 29), Line 14.

Column 21 – Line 4 plus Line 8 should agree with the Insurance Expense Exhibit, Part II (Columns 9 + 11 + 27 + 29), Line 15.3.

Column 23 – Line 4 plus Line 8 should agree with the Insurance Expense Exhibit, Part II (Columns 9 + 11 + 27 + 29), Line 15.7.

Column 25 – Line 4 plus Line 8 should agree with the Insurance Expense Exhibit, Part II (Columns 9 + 11 + 27 + 29), Line 15.9.

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.

Life/Fraternal: 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 by Lines of Business – Summary, Column 6, Line 21 plus Line 22, minus Line 6, Accident and Health columns.

Property: Column 1 should agree with Insurance Expense Exhibit, Part II sum of Lines 13 through 15 (Column 23).

Column 3 – Should agree with the Insurance Expense Exhibit, Part II, Column 23, Line 13.1.

Column 5 – Should agree with the Insurance Expense Exhibit, Part II, Column 23, Line 13.2.

Column 7 – Should agree with the Insurance Expense Exhibit, Part II, Column 23, Line 15.4.

Column 9 – Should agree with the Insurance Expense Exhibit, Part II, Column 23, Line 15.1

Column 11 – Should agree with the Insurance Expense Exhibit, Part II, Column 23, Line 15.2.

Column 13 – Should agree with the Insurance Expense Exhibit, Part II, Column 23, Line 15.8.

Column 15 – Should agree with the Insurance Expense Exhibit, Part II, Column 23, Line 15.6.

Column 17 – Should agree with the Insurance Expense Exhibit, Part II, Column 23, Line 15.5.

Column 19 – Should agree with the Insurance Expense Exhibit, Part II, Column 23, Line 14.

Column 21 – Should agree with the Insurance Expense Exhibit, Part II, Column 23, Line 15.3.

Column 23 – Should agree with the Insurance Expense Exhibit, Part II, Column 23, Line 15.7.

Column 25 – Should agree with the Insurance Expense Exhibit, Part II, Column 23, Line 15.9.

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.

Life/Fraternal: Should agree appropriately with Exhibit 2, Column 3, Line 10.

- Line 9 – Taxes, Licenses and Fees
- Report total taxes (excluding federal income taxes) plus state insurance department licenses and fees.
- Life/Fraternal: Should agree appropriately with Exhibit 3, Column 2, Line 7 and also with Analysis of Operations by Lines of Business – Summary, Column 6, Line 24, Accident and Health columns.
- Property: Column 1 should agree with Insurance Expense Exhibit, Part II sum of Lines 13 through 15 (Column 25).
- Column 3 – Should agree with the Insurance Expense Exhibit, Part II, Column 25, Line 13.1.
  - Column 5 – Should agree with the Insurance Expense Exhibit, Part II, Column 25, Line 13.2.
  - Column 7 – Should agree with the Insurance Expense Exhibit, Part II, Column 25, Line 15.4.
  - Column 9 – Should agree with the Insurance Expense Exhibit, Part II, Column 25, Line 15.1
  - Column 11 – Should agree with the Insurance Expense Exhibit, Part II, Column 25, Line 15.2.
  - Column 13 – Should agree with the Insurance Expense Exhibit, Part II, Column 25, Line 15.8.
  - Column 15 – Should agree with the Insurance Expense Exhibit, Part II, Column 25, Line 15.6.
  - Column 17 – Should agree with the Insurance Expense Exhibit, Part II, Column 25, Line 15.5.
  - Column 19 – Should agree with the Insurance Expense Exhibit, Part II, Column 25, Line 14.
  - Column 21 – Should agree with the Insurance Expense Exhibit, Part II, Column 25, Line 15.3.
  - Column 23 – Should agree with the Insurance Expense Exhibit, Part II, Column 25, Line 15.7.
  - Column 25 – Should agree with the Insurance Expense Exhibit, Part II, Column 25, Line 15.9.
- 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, less increase in policy reserves and less total expenses incurred. Line 2 less the sum of Lines 5, 6, 10 and 11.

Line 13 – Dividends or Refunds

Life/Fraternal: Should agree appropriately with Analysis of Operations by Lines of Business – Summary, Column 6, Line 30, Accident and Health columns, and also with Exhibit 4, Dividends or Refunds, Column 2, Line 17.

Property: Column 1 should agree with Insurance Expense Exhibit, Part II sum of Lines 13 through 15 (Column 5).

Column 3 – Should agree with the Insurance Expense Exhibit, Part II, Column 5, Line 13.1.

Column 5 – Should agree with the Insurance Expense Exhibit, Part II, Column 5, Line 13.2.

Column 7 – Should agree with the Insurance Expense Exhibit, Part II, Column 5, Line 15.4.

Column 9 – Should agree with the Insurance Expense Exhibit, Part II, Column 5, Line 15.1

Column 11 – Should agree with the Insurance Expense Exhibit, Part II, Column 5, Line 15.2.

Column 13 – Should agree with the Insurance Expense Exhibit, Part II, Column 5, Line 15.8.

Column 15 – Should agree with the Insurance Expense Exhibit, Part II, Column 5, Line 15.6.

Column 17 – Should agree with the Insurance Expense Exhibit, Part II, Column 5, Line 15.5.

Column 19 – Should agree with the Insurance Expense Exhibit, Part II, Column 5, Line 14.

Column 21 – Should agree with the Insurance Expense Exhibit, Part II, Column 5, Line 15.3.

Column 23 – Should agree with the Insurance Expense Exhibit, Part II, Column 5, Line 15.7.

Column 25 – Should agree with the Insurance Expense Exhibit, Part II, Column 5, Line 15.9.

Line 14 – Gain From Underwriting After Dividends or Refunds

Line 12 minus Line 13.

Details of Write-ins Aggregated on Line 11 for Deductions

List separately all deductions for which there is no pre-printed line on Schedule H – Part 1.

Include: Group conversions, transfers on account of group package policies and contracts, etc.

**PART 2 – RESERVES AND LIABILITIES**

**SECTION A – PREMIUM RESERVES**

Line 1 – Unearned Premiums  
Life/Fraternal: Should agree appropriately with Exhibit 6, Line 1, net of applicable reinsurance ceded.  
Property: Column 1 should agree with Underwriting and Investment Exhibit, Part 1A, Column 1 plus Column 2, sum of Lines 13, 14 and 15.

Line 2 – Advance Premiums  
Life/Fraternal: Should agree appropriately with the sum of Exhibit 1, Part 1, Lines 4 and 14.

Line 3 – Reserve for Rate Credits  
Life/Fraternal: Should agree appropriately with the net of Exhibit 6, Line 5, net of applicable reinsurance ceded, plus Page 3, Line 9.2 parenthetical amount #1 minus Page 2, Line 15.3, Column 3, accident and health portion.

**Not applicable to Fraternal Benefit Societies.**

Property: Column 1 should agree with Underwriting and Investment Exhibit, Part 1A, Column 4, sum of Lines 13, 14 and 15.

Column 2 – Should agree with the Underwriting and Investment Exhibit, Part 1A, Column 4, Line 13.1.

Column 3 – Should agree with the Underwriting and Investment Exhibit, Part 1A, Column 4, Line 13.2.

Column 4 – Should agree with the Underwriting and Investment Exhibit, Part 1A, Column 4, Line 15.4.

Column 5 – Should agree with the Underwriting and Investment Exhibit, Part 1A, Column 4, Line 15.1

Column 6 – Should agree with the Underwriting and Investment Exhibit, Part 1A, Column 4, Line 15.2.

Column 7 – Should agree with the Underwriting and Investment Exhibit, Part 1A, Column 4, Line 15.8.

Column 8 – Should agree with the Underwriting and Investment Exhibit, Part 1A, Column 4, Line 15.6.

Column 9 – Should agree with the Underwriting and Investment Exhibit, Part 1A, Column 4, Line 15.5.

Column 10 – Should agree with the Underwriting and Investment Exhibit, Part 1A, Column 4, Line 14.



Column 11 – Should agree with the Underwriting and Investment Exhibit, Part 1A, Column 4, Line 15.3.

Column 12 – Should agree with the Underwriting and Investment Exhibit, Part 1A, Column 4, Line 15.7.

Column 13 – Should agree with the Underwriting and Investment Exhibit, Part 1A, Column 4, Line 15.9.

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 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  
Life/Fraternal: Should agree appropriately with the sum of Exhibit 6, Line 16 and Exhibit 8, Part 1, Line 4.4.  
Property: Column 1 should agree with Underwriting and Investment Exhibit, Part 2 sum of Lines 1 through 15 (Column 5).  
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.  
Property: Column 13 should agree with Underwriting and Investment Exhibit, Part 2, Column 6, sum of Lines 13, 14 and 15.
- 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.  
Life/Fraternal: The sum of Lines 1.1 and 1.2 should agree appropriately with Exhibit 8, Part 2, Lines 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 policy reserves that has been treated as a separate deduction.

**PART 5 – HEALTH CLAIMS**

**A. DIRECT**

Line 1 – Incurred Claims

Should agree with Line 3 plus Line 4 minus Line 2.

Line 2 – Beginning Claim Reserves and Liabilities

Life/Fraternal: Column 13 should agree with Exhibit 8, Part 2, Line 4.1, sum of Columns 9, 10 and 11, plus direct portion of Exhibit 6, Line 14, Column 1, Prior Year.

Line 3 – Ending Claim Reserves and Liabilities

Life/Fraternal: Column 13 should agree with Exhibit 8, Part 2, Line 2.1, sum of Columns 9, 10 and 11, plus direct portion of Exhibit 6, Line 14, Column 1.

Line 4 – Claims Paid

Life/Fraternal: Column 13 should agree with Exhibit 8, Part 2, Line 1.1, Column 6.

Property: Column 13 should agree with Underwriting and Investment Exhibit, Part 2, Column 1, sum of Lines 13, 14 and 15.

Column 1 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 1, Line 13.1.

Column 2 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 1, Line 13.2.

Column 3 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 1, Line 15.4.

Column 4 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 1, Line 15.1

- Column 5 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 1, Line 15.2.
- Column 6 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 1, Line 15.8.
- Column 7 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 1, Line 15.6.
- Column 8 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 1, Line 15.5.
- Column 9 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 1, Line 14.
- Column 10 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 1, Line 15.3.
- Column 11 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 1, Line 15.7.
- Column 12 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 1, Line 15.9.

**B. ASSUMED REINSURANCE**

Line 1 – Incurred Claims

Columns 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13 should agree with Schedule H, Part 4, Line A3, Columns 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 1, respectively.

Should also agree with Line 3 plus Line 4, minus Line 2.

Line 2 – Beginning Claim Reserves and Liabilities

Life/Fraternal: Column 13 should agree with Exhibit 8, Part 2, Line 4.2, sum of Columns 9, 10 and 11 plus assumed portion of Exhibit 6, Line 14, Column 1, Prior Year.

Line 3 – Ending Claim Reserves and Liabilities

Life/Fraternal: Column 13 should agree with Exhibit 8, Part 2, Line 2.2, sum of Columns 9, 10 and 11, plus assumed portion of Exhibit 6, Line 14, Column 1.

Line 4 – Claims Paid

Life/Fraternal: Column 13 should agree with Exhibit 8, Part 2, Line 1.2, Column 6.

Property: Column 13 should agree with Underwriting and Investment Exhibit, Part 2, Column 2, sum of Lines 13, 14 and 15.

Column 1 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 2, Line 13.1.

Column 2 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 2, Line 13.2.

- Column 3 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 2, Line 15.4.
- Column 4 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 2, Line 15.1
- Column 5 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 2, Line 15.2.
- Column 6 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 2, Line 15.8.
- Column 7 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 2, Line 15.6.
- Column 8 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 2, Line 15.5.
- Column 9 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 2, Line 14.
- Column 10 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 2, Line 15.3.
- Column 11 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 2, Line 15.7.
- Column 12 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 2, Line 15.9.

**C. CEDED REINSURANCE**

Line 1 – Incurred Claims

Columns 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13 should agree with Schedule H, Part 4, Line B3, Columns 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 1, respectively.

Should also agree with Line 3, plus Line 4, minus Line 2.

Line 2 – Beginning Claim Reserves and Liabilities

Include: Amounts recoverable from reinsurers.

Life/Fraternal: Column 13 should agree with Exhibit 8, Part 2, Line 4.3, plus Line 5, Column 6, plus Exhibit 6, Line 15, Column 1, Prior Year.

Line 3 – Ending Claim Reserves and Liabilities

Include: Amounts recoverable from reinsurers.

Life/Fraternal: Column 13 should agree with Exhibit 8, Part 2, Line 2.3, plus Line 3, Column 6, plus Exhibit 6, Line 15, Column 1.

Line 4 – Claims Paid

Life/Fraternal: Column 13 should agree with Exhibit 8, Part 2, Line 1.3, Columns 6.

Property: Column 13 should agree with Underwriting and Investment Exhibit, Part 2, Column 3, sum of Lines 13, 14 and 15.

Column 1 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 3, Line 13.1.

Column 2 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 3, Line 13.2.

Column 3 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 3, Line 15.4.

Column 4 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 3, Line 15.1

Column 5 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 3, Line 15.2.

Column 6 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 3, Line 15.8.

Column 7 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 3, Line 15.6.

Column 8 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 3, Line 15.5.

Column 9 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 3, Line 14.

Column 10 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 3, Line 15.3.

Column 11 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 3, Line 15.7.

Column 12 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 3, Line 15.9.

**D. NET**

Line 1 – Incurred Claims

Columns 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13 should agree with Schedule H, Part 1, Line 3, Columns 3, 5, 7, 9, 11, 13, 15, 17, 19, 21, 23, 25 and 1, respectively.

Should also agree with Line 3, plus Line 4, minus Line 2.

Line 2 – Beginning Claim Reserves and Liabilities

Life/Fraternal: Column 13 should agree with Schedule H, Part 2, Line C2, Column 1, minus Exhibit 8, Part 2, Line 5, Column 6.

Property: Columns 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13 should agree with Schedule H, Part 2, Line C2, Columns 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 1, respectively.

Line 3 – Ending Claim Reserves and Liabilities

Exclude: Amounts recoverable from reinsurers.

Life/Fraternal: Column 13 should agree with Schedule H, Part 2, Line C1, Column 1, minus Exhibit 8, Part 2, Line 3, Column 6.

Property: Columns 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13 should agree with Schedule H, Part 2, Line C1, Columns 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 1, respectively.

Line 4 – Claims Paid

Life/Fraternal: Column 13 should agree with Exhibit 8, Part 2, Line 1.4, Column 6.

Property: Column 13 should agree with Underwriting and Investment Exhibit, Part 2, Column 4, sum of Lines 13, 14 and 15.

Column 1 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 4, Line 13.1.

Column 2 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 4, Line 13.2.

Column 3 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 4, Line 15.4.

Column 4 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 4, Line 15.1

Column 5 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 4, Line 15.2.

Column 6 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 4, Line 15.8.

- Column 7 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 4, Line 15.6.
- Column 8 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 4, Line 15.5.
- Column 9 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 4, Line 14.
- Column 10 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 4, Line 15.3.
- Column 11 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 4, Line 15.7.
- Column 12 – Should agree with the Underwriting and Investment Exhibit, Part 2, Column 4, Line 15.9.

**E. NET INCURRED CLAIMS AND COST CONTAINMENT EXPENSES**

Line 1 – Incurred Claims and Cost Containment Expenses

Should agree with Schedule H, Part 1, Line 5.

Line 2 – Beginning Reserves and Liabilities

Life/Fraternal: Column 13 should agree with Exhibit 2, Column 2, Line 11 plus Line D2 above.

Property: Should agree with Underwriting and Investment Exhibit, Part 3, Column 1 (in part), plus Line D2 above.

Line 3 – Ending Reserves and Liabilities

Life/Fraternal: Column 13 should agree with Exhibit 2, Column 2, Line 12 plus Line D3 above.

Property: Should agree with Underwriting and Investment Exhibit, Part 3, Column 1 (in part), plus Line D3 above.

Line 4 – Paid Claims and Cost Containment Expenses

Line 1 plus Line 2 minus Line 3.



## 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. Reciprocal jurisdiction reinsurer status applies on a prospective basis and is for reinsurance agreements entered into, amended, or renewed on or after the effective date of the domiciliary state of the ceding entity enacting the 2019 revisions to the Credit for Reinsurance Models, and only with respect to losses incurred and reserves reported on or after the later of (i) the date on which the assuming insurer has met all eligibility requirements, and (ii) the effective date of the new reinsurance agreement, amendment, or renewal. 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. This will also be the case for reciprocal jurisdiction reinsurance, which may have been classified as certified reinsurance prior to the enactment of the 2019 revisions to the Credit for Reinsurance Models by the domiciliary state of the ceding entity. 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).

### 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 9 and 12 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 9 and 12 along with the other relevant information.

### 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
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## **ID Number**

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

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

A ceding insurer can have unauthorized reinsurance, certified reinsurance and reciprocal jurisdiction reinsurance with the same reinsurer, based on when the contract became effective. It is important that the ceding insurer report all types correctly. The same reinsurer may be listed on the same Schedule S by the ceding insurer with an AIIN for unauthorized reinsurance, a CRIN for certified reinsurance, and a RJIN for reciprocal jurisdiction reinsurance.

## **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](mailto: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 nonaffiliated 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](mailto: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, Alien Insurer Identification Number (AIIN) or Reciprocal Jurisdiction Reinsurer Identification Number (RJIN). 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](mailto: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.

### **Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)**

In order to report transactions involving reciprocal jurisdiction reinsurers correctly, the appropriate Reciprocal Jurisdiction Reinsurer Identification Number (RJIN) must be included on Schedule S instead of the FEIN, AIN or CRIN. The RJIN number is assigned by the NAIC and is listed in the NAIC *Listing of Companies*. If a company does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at [FDRCCREQ@NAIC.ORG](mailto: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](mailto: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, reciprocal jurisdiction, 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:

<u>Group or Category</u>	<u>Line Number</u>
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)
- Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)
- 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	YRT	Yearly renewable term
COFW	Coinsurance with funds withheld	YRTFW	Yearly renewable term with funds withheld
MCO	Modified coinsurance	COMB	Combination coinsurance/modified coinsurance
MCOFW	Modified coinsurance with funds withheld	COMBW	Combination coinsurance/modified coinsurance with funds withheld
CAT	Catastrophe	OTH	Other reinsurance

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

Column 7 – Type of Business Assumed

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

**Abbreviations:**

IL	Industrial Life	FA	Fixed Annuities
XXXL	XXX Life	IA	Indexed Annuities
XXXLO	XXX Life Other	VA	Variable Annuities
AXXX	AXXX Life	OA	Other Annuities
CL	Credit Life	ADB	Accidental Death Benefits
OL	Other Life	DIS	Disability Benefits

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

All types of business shown above are as reported in the Analysis of 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 assumed from a ceding 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 Model #830 for risk assumed from a ceding 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 assumed life business not appropriately included in one of the other life categories in the table above.

Column 8 – Amount in Force at End of Year

For catastrophe-reinsurance (CAT), disability benefits (DIS), accidental death benefit benefits (ADB) and annuity benefits), leave this column blank.

- Column 10 – Premiums  
To agree with Exhibit 1, Part 1, Line 20.2, Columns 2 through 5.  
For deposit funds and other liabilities without life or disability contingencies leave this column blank.
- Column 11 – Reinsurance Payable on Paid and Unpaid Losses  
To agree with Exhibit 8, Part 1, Line 4.2, Columns 2 through 5. For deposit funds and other liabilities without life or disability contingencies, leave this column blank.
- Column 12 – 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 13 – 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:

<u>Group or Category</u>	<u>Line Number</u>
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)
- Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)
- 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 specific stop loss should be identified as SSL/G. (If there is more than one type of reinsurance in the same reinsurance company, show each type on a separate line.) 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	}	All Reinsurance Types should be followed by /I or /G.
G	Group		

  

**REINSURANCE TYPES**

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

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

Column 7 – Type of Business Assumed

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

**Abbreviations:**

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

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

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

- Column 8 – Premiums  
To agree with Exhibit 1, Part 1, Line 20.2, Column 6.
- Column 11 – Reinsurance Payable on Paid and Unpaid Losses  
To agree with Exhibit 8, Part 1, Line 4.2, Column 6.
- Column 12 – Modified Coinsurance Reserve  
Report the amount of the reserves held by the ceding company under modified coinsurance contracts.
- Column 13 – 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)
Reciprocal Jurisdiction Reinsurer Identification Number	(RJIN)
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 company but not yet reimbursed by the reinsurer. The Total 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. Include actual reinsurance ceded on group cases but exclude jointly underwritten group contracts.

If a reporting entity has any detail lines reported for any of the following required groups, categories, or 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:

	<u>Group or Category</u>	<u>Line Number</u>
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
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Non-Affiliates

U.S. Non-Affiliates .....	3099999
Non-U.S. Non-Affiliates.....	3199999
Total Certified Non-Affiliates.....	3299999

Total General Account Certified .....	3399999
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Reciprocal Jurisdiction

Affiliates

U.S.

Captive.....	3499999
Other .....	3599999
Total.....	3699999

Non-U.S.

Captive.....	3799999
Other .....	3899999
Total.....	3999999

Total Reciprocal Jurisdiction Affiliates .....	4099999
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Non-Affiliates

U.S. Non-Affiliates .....	4199999
Non-U.S. Non-Affiliates.....	4299999
Total Reciprocal Jurisdiction Non-Affiliates .....	4399999

Total General Account Reciprocal Jurisdiction.....	4499999
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Total General Account Authorized, Unauthorized, Reciprocal Jurisdiction and Certified.....	4599999
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Separate Accounts

Authorized

Affiliates

U.S.

Captive.....	4699999
Other .....	4799999
Total.....	4899999

Non-U.S.

Captive.....	4999999
Other .....	5099999
Total.....	5199999

Total Authorized Affiliates .....	5299999
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Non-Affiliates

U.S. Non-Affiliates .....	5399999
Non-U.S. Non-Affiliates.....	5499999
Total Authorized Non-Affiliates.....	5599999

Total Separate Accounts Authorized.....	5699999
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Unauthorized		
Affiliates		
U.S.		
	Captive.....	5799999
	Other .....	5899999
	Total.....	5999999
Non-U.S.		
	Captive.....	6099999
	Other .....	6199999
	Total.....	6299999
	Total Unauthorized Affiliates .....	6399999
Non-Affiliates		
	U.S. Non-Affiliates .....	6499999
	Non-U.S. Non-Affiliates.....	6599999
	Total Unauthorized Non-Affiliates .....	6699999
	Total Separate Accounts Unauthorized.....	6799999
Certified		
Affiliates		
U.S.		
	Captive.....	6899999
	Other .....	6999999
	Total.....	7099999
Non-U.S.		
	Captive.....	7199999
	Other .....	7299999
	Total.....	7399999
	Total Certified Affiliates.....	7499999
Non-Affiliates		
	U.S. Non-Affiliates .....	7599999
	Non-U.S. Non-Affiliates.....	7699999
	Total Certified Non-Affiliates.....	7799999
	Total Separate Accounts Certified.....	7899999
Reciprocal Jurisdiction		
Affiliates		
U.S.		
	Captive.....	7999999
	Other .....	8099999
	Total.....	8199999
Non-U.S.		
	Captive.....	8299999
	Other .....	8399999
	Total.....	8499999
	Total Reciprocal Jurisdiction Affiliates .....	8599999
Non-Affiliates		
	U.S. Non-Affiliates .....	8699999
	Non-U.S. Non-Affiliates.....	8799999
	Total Reciprocal Jurisdiction Non-Affiliates .....	8899999
	Total Separate Accounts Reciprocal Jurisdiction .....	8999999
	Total Separate Accounts Authorized, Unauthorized, Reciprocal Jurisdiction and Certified.....	9099999



Total U.S. (Sum of 0399999, 0899999, 1499999, 1999999, 2599999, 3099999, 3699999, 4199999, 4899999, 5399999, 5999999, 6499999, 7099999, 7599999, 8199999 and 8699999).....	9199999
Total Non-U.S. (Sum of 0699999, 0999999, 1799999, 2099999, 2899999, 3199999, 3999999, 4299999, 5199999, 5499999, 6299999, 6599999, 7399999, 7699999, 8499999 and 8799999).....	9299999
Total (Sum of 4599999 and 9099999).....	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)
Reciprocal Jurisdiction Reinsurer Identification Number	(RJIN)
Certified Reinsurer Identification Number	(CRIN)
Pool/Association Identification Number	

Column 5 – Domiciliary Jurisdiction

Report the two-character 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	}	All Reinsurance Types should be followed by /I or /G.
G	Group		
<b><u>REINSURANCE TYPES</u></b>			
CO	Coinsurance	YRT	Yearly renewable term
COFW	Coinsurance with funds withheld	YRTFW	Yearly renewable term with funds withheld
MCO	Modified coinsurance	COMB	Combination coinsurance/modified coinsurance
MCOFW	Modified coinsurance with funds withheld	COMBW	Combination coinsurance/modified coinsurance with funds withheld
CAT	Catastrophe	OTH	Other reinsurance
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	FA	Fixed Annuities
XXXL	XXX Life	IA	Indexed Annuities
XXXLO	XXX Life Other	VA	Variable Annuities
AXXX	AXXX Life	OA	Other Annuities
CL	Credit Life	ADB	Accidental Death Benefits
OL	Other Life	DIS	Disability Benefits

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 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 Term and Universal Life Insurance Reinsurance Exhibit must be completed.

- Column 8 – Amount in Force at End of Year
- Report the ceded amount of the basic life insurance policy only, to 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 (ACO and AMCO), leave this column blank.
- Column 9 – Reserve Credit Taken Current Year
- 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 6.
- 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 in Commissions and Expense Allowance on Reinsurance Ceded, in 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 (individual or group): 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 non-proportional reinsurance treaties.
- Include the 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 14 must agree with the sum of the parenthetical amounts on Page 3, Lines 1 and 3.
- 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**

Include actual reinsurance ceded on group cases but exclude jointly underwritten group contracts.

If a reporting entity has any detail lines reported for any of the following required groups, categories, or 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:

<u>Group or Category</u>	<u>Line Number</u>
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
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Non-Affiliates

U.S. Non-Affiliates .....	3099999
Non-U.S. Non-Affiliates.....	3199999
Total Certified Non-Affiliates.....	3299999

Total General Account Certified .....	3399999
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Reciprocal Jurisdiction

Affiliates

U.S.

Captive.....	3499999
Other .....	3599999
Total.....	3699999

Non-U.S.

Captive.....	3799999
Other .....	3899999
Total.....	3999999

Total Reciprocal Jurisdiction Affiliates .....	4099999
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Non-Affiliates

U.S. Non-Affiliates .....	4199999
Non-U.S. Non-Affiliates.....	4299999
Total Reciprocal Jurisdiction Non-Affiliates .....	4399999

Total General Account Reciprocal Jurisdiction.....	4499999
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Total General Account Authorized, Unauthorized, Reciprocal Jurisdiction and Certified.....	4599999
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Separate Accounts

Authorized

Affiliates

U.S.

Captive.....	4699999
Other .....	4799999
Total.....	4899999

Non-U.S.

Captive.....	4999999
Other .....	5099999
Total.....	5199999

Total Authorized Affiliates .....	5299999
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Non-Affiliates

U.S. Non-Affiliates .....	5399999
Non-U.S. Non-Affiliates.....	5499999
Total Authorized Non-Affiliates.....	5599999

Total Separate Accounts Authorized.....	5699999
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Unauthorized		
Affiliates		
U.S.		
	Captive.....	5799999
	Other .....	5899999
	Total.....	5999999
Non-U.S.		
	Captive.....	6099999
	Other .....	6199999
	Total.....	6299999
	Total Unauthorized Affiliates .....	6399999
Non-Affiliates		
	U.S. Non-Affiliates .....	6499999
	Non-U.S. Non-Affiliates.....	6599999
	Total Unauthorized Non-Affiliates .....	6699999
	Total Separate Accounts Unauthorized.....	6799999
Certified		
Affiliates		
U.S.		
	Captive.....	6899999
	Other .....	6999999
	Total.....	7099999
Non-U.S.		
	Captive.....	7199999
	Other .....	7299999
	Total.....	7399999
	Total Certified Affiliates.....	7499999
Non-Affiliates		
	U.S. Non-Affiliates .....	7599999
	Non-U.S. Non-Affiliates.....	7699999
	Total Certified Non-Affiliates.....	7799999
	Total Separate Accounts Certified.....	7899999
Reciprocal Jurisdiction		
Affiliates		
U.S.		
	Captive.....	7999999
	Other .....	8099999
	Total.....	8199999
Non-U.S.		
	Captive.....	8299999
	Other .....	8399999
	Total.....	8499999
	Total Reciprocal Jurisdiction Affiliates .....	8599999
Non-Affiliates		
	U.S. Non-Affiliates .....	8699999
	Non-U.S. Non-Affiliates.....	8799999
	Total Reciprocal Jurisdiction Non-Affiliates .....	8899999
	Total Separate Accounts Reciprocal Jurisdiction .....	8999999
	Total Separate Accounts Authorized, Unauthorized, Reciprocal Jurisdiction and Certified.....	9099999

Total U.S. (Sum of 0399999, 0899999, 1499999, 1999999, 2599999, 3099999, 3699999, 4199999, 4899999, 5399999, 5999999, 6499999, 7099999, 7599999, 8199999 and 8699999).....	9199999
Total Non-U.S. (Sum of 0699999, 0999999, 1799999, 2099999, 2899999, 3199999, 3999999, 4299999, 5199999, 5499999, 6299999, 6599999, 7399999, 7699999, 8499999 and 8799999).....	9299999
Total (Sum of 4599999 and 9099999).....	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)
- Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)
- 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 specific stop loss should be identified as SSL/G. (If there is more than one type of reinsurance in the same reinsurance company, show each type on a separate line.) 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	}	All Reinsurance Types should be followed by /I or /G.
G	Group		
<b><u>REINSURANCE TYPES</u></b>			
ASL	Aggregate Stop Loss	QA	Quota Share
SSL	Specific Stop Loss	SS	Surplus Share
LRSL	Loss Ratio Stop Loss	OTH	Other Reinsurance
CAT	Catastrophe		
NOTE: The insurance type should be entered in all capital letters.			

Column 7 – Type of Business Ceded

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

**Abbreviations:**

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

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

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

Column 8 – Premiums

Amounts included in this column should represent reinsurance ceded premiums on an incurred basis and agree with Exhibit 1, Part 1, Line 20.3, Column 6.

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 8.

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 8, Column 1 and Line 15, 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 (individual or group): 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 insurance 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:

<u>Group or Category</u>	<u>Line Number</u>
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)
- Pool/Association Identification Number

Column 5 – 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 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 IBNR.

- Include: 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: Where permissible to be taken as credit against the loss and reserve liabilities in Column 8, amounts deposited by the reinsurer with or for the reporting insurance company, letters of credit, and trust agreements. Securities held on deposit or held in a trust fund should be valued at fair market value.

NAIC-published market values must be used when available. Letters of credit and trust agreements are not to be included in assets or liabilities on Pages 2 or 3 or supporting pages and exhibits.

Column 14 – Miscellaneous Balances (Credit)

Report amounts due the reinsurer, as a result of day-to-day transaction activity, 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 15 – Sum of 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 24.02.

## 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.

<u>Group or Category</u>	<u>Line Number</u>
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	–	<p>ID Number</p> <p>Enter the CRIN for the entity being reported on the schedule. See the Schedule S General Instructions for more information on this identification number.</p>
Column 6	–	<p>Certified Reinsurer Rating (1 through 6)</p> <p>Report the certified reinsurer’s rating as assigned by the reporting company’s domiciliary state.</p>
Column 7	–	<p>Effective Date of Certified Reinsurer Rating</p> <p>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.</p>
Column 8	–	<p>Percent Collateral Required for Full Credit (0% – 100%)</p> <p>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.</p>
Column 9	–	<p>Reserve Credit Taken</p> <p>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.</p>
Column 10	–	<p>Paid and Unpaid Losses Recoverable (Debit)</p> <p>Report all paid and unpaid losses recoverable, including IBNR.</p> <p>Include:                      Reduction in claim liability on account of reinsurance on incurred but not reported claims (estimated).</p>
Column 11	–	<p>Other Debits</p> <p>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:</p> <ul style="list-style-type: none"> <li>• Unamortized Interest Maintenance Reserve (IMR) liability adjustment, if any, of the ceding company.</li> <li>• Commissions and expense allowances due the ceding company.</li> <li>• Modified coinsurance reserve adjustments due.</li> <li>• Experience rating refunds due.</li> </ul>
Column 13	–	<p>Miscellaneous Balances (Credit)</p> <p>Report amounts due the reinsurer, as a result of day-to-day transaction activity, held by the reporting insurance company.</p> <p>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.</p>
Column 14	–	<p>Net Obligation Subject to Collateral</p> <p>Column 12 minus Column 13</p>



- 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 8).
- 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).

## 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 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 15.
- Line 5 – Dividends to Policyholders and Refunds to Members  
Reinsurance ceded portion of Page 4, Line 30.
- 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 02999998, Column 2,

(+) Exhibit 5, Lines, 0399998, 0499998, 0599998, 0699998 and 0799998, Column 2,

(+) Exhibit 6, Line 8, Column 1,

(+) Exhibit 6, Line 15, 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

Amount included on Page 2, Line 16.3, Column 3.

Line 14 – Policyholders' Dividends and Refunds to Members

Reinsurance ceded portion of Page 3, Lines 5, 6 and 7.

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 24.02 less inset amount.

Line 17 – Offset for Reinsurance with Certified Reinsurers

Page 3, Line 24.02 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.

Line 26 – 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 24.02) where the adjustment moves the item to the (Net Credit for Ceded Reinsurance) asset and zeros out the original item. Total Capital and Surplus of the company should remain unchanged by the restatement adjustments.
- Column 3 – Restated (Gross of Ceded)
- Sum of Column 1 plus Column 2. Balance sheet restated to show gross assets and liabilities before netting of ceded reinsurance and total “Net Credit for Ceded Reinsurance.”
- Liabilities (Page 3)
- Line 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.

**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 and Annuity Guaranty Association Assessable Premium Exhibit, not in Schedule T.) See the instructions to the Life, Health and Annuity Guaranty Association Assessable Premium Exhibit for allocated and unallocated annuities reported in Columns 3, 5, and 7.

Report premiums and annuity considerations for life 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 considerations should be included in the amounts allocated to the states and territories in Columns 2, 3, 4 and 5.

All premium adjustments (both increases and decreases), including but not limited to Affordable Care Act (ACA) premium adjustments related to the risk adjustment program, shall be allocated as premium in the respective jurisdiction.

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. Each line must have an entry in order to subtotal Footnote (a).

- L – Licensed or Chartered (Licensed Insurance Carrier and Domiciled Risk Retention Groups referred to in some states as admitted.)
- R – Registered (Non-domiciled Risk Retention Groups)
- E – Eligible (Reporting Entities eligible or approved to write Surplus Lines in the state. In some states referred to as nonadmitted.)
- Q – Qualified (Qualified or Accredited Reinsurer)
- N – None of the above (Not allowed to write business in the state or none of the above codes apply)

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, Part 1, Lines 6.4, 10.4, 16.4, Column 6 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.

**Definitions for the following section Lines 1 – 58 Allocation by state/jurisdiction**

Resident

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.

Residence

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.

Situs of the Contract

The jurisdiction in which the contract is issued or delivered as stated in the contract.

Rule of 500

**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 the 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 – Premiums or Annuity Considerations Waived Under Disability or Other Contract Provisions
- Premiums 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 97 – Totals (All Business)
- Total of Lines 95 and 96.

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 less Column 6 and 8.

#### Details of Write-ins Aggregated on Line 58 for Other Alien

List separately each alien jurisdiction for which there is no pre-printed line on Schedule T.

Exclude all premium adjustments (both increases and decreases), including but not limited to Affordable Care Act (ACA) premium adjustments related to the risk adjustment program. These should be allocated as premium in the respective jurisdiction.

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 which have been credited to the premium account that 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.

#### Footnote (a):

Provide the total of each active status code in Column 1. The sum of all the counts of all active status codes should equal 57.

**SCHEDULE T – PART 2**

**INTERSTATE COMPACT –EXHIBIT OF PREMIUMS WRITTEN  
ALLOCATED BY STATES AND TERRITORIES**

This exhibit is to be completed by all reporting entities. The purpose of the Interstate Compact is to promote and protect the interest of consumers of individual and group annuity, life insurance, disability income and long-term care insurance products through establishing a central clearinghouse to receive and provide prompt review of insurance products covered under the Compact pursuant to adopted uniform product standards. The Interstate Compact uses premium volume information statutorily reported to the NAIC for several purposes including the composition of the Compact Commission Management Committee. Data to be reported on this schedule should include all premiums for that line of business, not just for those policies that apply to the Compact.

Report direct business only.

Report premiums based on the instructions for allocating premiums between lines of business and jurisdictions for Schedule T.

All premium adjustments (both increases and decreases), including but not limited to Affordable Care Act (ACA) premium adjustments related to the risk adjustment program, shall be allocated as premium in the respective jurisdiction.

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.

All premium adjustments (both increases and decreases), including but not limited to Affordable Care Act (ACA) premium adjustments related to the risk adjustment program, shall be allocated as premium in the respective jurisdiction.

**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\Fraternal and Health) General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)
Alien Insurer Identification Number	(AIIN) *
Reciprocal Jurisdiction Reinsurer Identification Number	(RJIN) *
Certified Reinsurer Identification Number	(CRIN) *

\* RJIN, AIINs or CRINs are only reported if the entity in Column 8 is a reinsurer that has had an RJIN, 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/Fraternal and Health) of another entity regardless of whether the entity in Column 8 is part of reporting entity’s group.

If not applicable for the entity in Column 8, leave blank.

Column 5 – Federal RSSD

RSSD is the primary identifier for the Federal Reserve’s National Information Center (NIC) of the entity in Column 8, if applicable.

Column 6 – CIK

Central Index Key (CIK) (for example the U. S. Securities and Exchange Commission (SEC) or any other exchange) of the entity in Column 8, if applicable.

Only provide the CIK issued for a publicly traded entity in Column 8. Do not provide a CIK issued for a variable insurance product written by the entity in Column 8.

If the name of a securities exchange is provided for Column 7, then a CIK should be provided for Column 6.



- Column 7 – Name of Securities Exchange if Publicly Traded (U.S. or International)
- If the entity in Column 8 is publicly traded either in the U.S. or internationally, list the name of the securities exchange (e.g., New York Stock Exchange).
- For companies traded on more than one exchange, show the U.S. exchange if traded both in the U.S. and internationally; otherwise show the primary exchange.
- The listing of most stock exchanges can be found in the Investment Schedules General Instructions.
- If a CIK is provided for Column 6, then the name of a securities exchange should be provided for Column 7.
- Column 8 – Name of Parent, Subsidiaries or Affiliates
- Names of all insurers and parent, subsidiaries or affiliates, insurance and non-insurance, in the insurance holding company system.
- Each company within the group may be listed more than once if control is not 100%.**
- For example, if Company A is 50% controlled by Company B and 50% controlled by Company C, Company A would be listed twice with detail about Company B’s control in Columns 10 through 14 and 16 on the first line and detail about Company C’s control in Columns 10 through 14 and 16 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 No. 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? (Yes/No)

Answer Yes or No if an 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* 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\Fraternal and Health) General Instructions for more information on these identification numbers.

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN) \*
- Reciprocal Jurisdiction Reinsurer Identification Number (RJIN) \*
- Certified Reinsurer Identification Number (CRIN) \*

\* RJIN, AIIN or CRIN numbers are only reported if the entity in Column 3 is a reinsurer that has had an RJIN, 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/Fraternal and Health) 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 and 3, affiliated amounts only**

Reinsurance Recoverable (Payable) on Paid Losses –

Should agree with net of Schedule F, Part 3, Column 43 and Schedule F, Part 1, Column 6 multiplied by 1000 (Affiliates Only).

Reinsurance Recoverable (Payable) on Unpaid Losses –

Should agree with net of Schedule F, Part 3, Columns 9 through 12 and Schedule F, Part 1, Column 7 multiplied by 1000 (Affiliates Only).

Unearned Premiums –

Should agree with net of Schedule F, Part 3, Column 13 multiplied by 1000 plus Schedule F, Part 1, Column 11 multiplied by 1000 (Affiliates Only).

**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\Fraternal and Health – 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 11 and Schedule S, Part 1, Section 2, Column 11 (Affiliates only).

Reserve Credit Taken (Liability) –

Should agree with Schedule S, Part 3, Section 1, Column 9 minus Schedule S, Part 1, Section 1, Column 9 (Affiliates only).

Unearned Premiums –

Should agree with Schedule S, Part 3, Section 2, Column 9 minus Schedule S, Part 1, Section 2, Column 9 (Affiliates only).

Reserve Credit Taken (Liability) Other Than for Unearned Premiums –

Should agree with Schedule S, Part 3, Section 2, Column 10 minus Schedule S, Part 1, Section 2, Column 10 (Affiliates only).

**SCHEDULE Y**

**PART 3 – ULTIMATE CONTROLLING PARTY AND LISTING OF OTHER U.S. INSURANCE GROUPS OR ENTITIES UNDER THAT ULTIMATE CONTROLLING PARTY’S CONTROL**

All insurer and reporting entity members of the holding company system (including mutual insurance companies) shall prepare a common schedule for inclusion in each of the individual annual statements. Mutual insurance companies that are part of the holding company system should be included in the common schedule.

- Column 1 – Insurers in Holding Company  
Report all insurers in the holding company that file with the NAIC.
- Column 2 – Owners with Greater Than 10% Ownership  
Provide the name of all owners of the insurers reported in Column 1 with an ownership percentage greater than 10%.
- Column 3 – Ownership Percentage Column 2 of Column 1  
Provide the ownership percentage of the entity reported in Column 2 of the insurer reported in Column 1.
- Column 4 – Granted Disclaimer of Control\Affiliation of Column 2 Over Column 1 (Yes/No)  
Indicate if the entity reported in Column 2 as owner of the entity reported in Column 1 was granted a disclaimer of control or affiliation by the state of domicile.
- Column 5 – Ultimate Controlling Party  
Provide the name of the ultimate controlling party of the entity reported in Column 2. Within Schedule Y, the terms “Ultimate Controlling Party” and “Ultimate Controlling Entity(ies)/Person(s)” are used interchangeably.
- Column 6 – U.S. Insurance Groups or Entities Controlled by Column 5  
Provide the names of all U.S. insurance groups (which is consistent with the ‘Group Name’ on Schedule Y—Part 1A) or entities controlled by the entity reported in Column 5. If an entity reported in Column 5 is not part of an insurance group, provide the name of the individual insurance entity.
- Column 7 – Ownership Percentage (Column 5 of Column 6)  
Provide the ownership percentage of the ultimate controlling party reported in Column 5 of the entity reported in Column 6.
- Column 8 – Granted Disclaimer of Control\Affiliation of Column 5 Over Column 6 (Yes/No)  
Indicate if the entity reported in Column 5 as the ultimate controlling party of the entity reported in Column 6 was granted a disclaimer of control or affiliation by the state of domicile.

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**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:**

Exclude residual tranches or interests captured in scope of *SSAP No. 43R – Loan-Backed and Structured Securities*. See *SSAP No. 43R* for accounting guidance. These securities should be reported on Schedule BA.

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*.

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 as “Securities That Are Considered “Exempt Obligations” For Purposes of Determining The Asset Valuation Reserve And The Risk-Based Capital Calculation” in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, yet included as “Filing Exemptions for Other U.S. Government Obligations”. 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. Also include mortgage reference securities that are within the scope of *SSAP No. 43R—Loan-Backed and Structured Securities*.

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 Exchange Traded Funds included on the “List of Exchange Traded Funds Eligible for Reporting as a Schedule D Bond (the ETF Bond List)” as found on the Securities Valuation Office Web page (<https://www.naic.org/svo.htm>).

Bank Loans:

See *SSAP No. 26R—Bonds* for guidance.

Hybrid Securities:

Securities whose proceeds are accorded some degree of equity treatment by one or more of the nationally recognized statistical rating organizations and/or which are recognized as regulatory capital by the issuer’s primary regulatory authority. Hybrid securities are designed with characteristics of debt and of equity and are intended to provide protection to the issuer’s senior note holders. Hybrid securities products are sometimes referred to as capital securities. Examples of hybrid securities include Trust Preferreds, Yankee Tier 1s (with and without coupon step-ups) and debt-equity hybrids (with and without mandatory triggers).

This specifically excludes surplus notes, which are reported in Schedule BA; subordinated debt issues, which have no coupon deferral features; and “traditional” preferred stocks, which are reported in Schedule D, Part 2, Section 1. With respect to preferred stock, traditional preferred stocks include, but are not limited to a) U.S. issuers that do not allow tax deductibility for dividends; and b) those issued as preferred stock of the entity or an operating subsidiary, not through a trust or a special purpose vehicle.

Parent, Subsidiaries and Affiliates:

Defined by *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

### **General Classifications Preferred Stock Only:**

Refer to *SSAP No. 32R—Preferred Stock* and *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

Investments in the form of preferred stock that are in substance residual interests or a residual security tranche, as defined in *SSAP No. 43R—Loan-Backed and Structured Securities* or *SSAP No. 48—Joint Ventures, Partnerships, and Limited Liability Companies*, shall be reported on Schedule BA – Other Long-Term Assets in the reporting lines for residuals.

#### Industrial and Miscellaneous (Unaffiliated):

All unaffiliated preferred stocks. Include Public Utilities, Banks, Trusts and Insurance Companies. This category includes Exchange Traded Funds included on the “List of Exchange Traded Funds Eligible for Reporting as a Schedule D Preferred Stock” as found on the Securities Valuation Office Web page (<https://www.naic.org/svo.htm>). Include publicly traded stock warrants captured in the scope of *SSAP No. 32R—Preferred Stock*.

#### 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. 30R—Unaffiliated Common Stock* and *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

Investments in the form of common stock that are in substance residual interests or a residual security tranche, as defined in *SSAP No. 43R—Loan-Backed and Structured Securities* or *SSAP No. 48—Joint Ventures, Partnerships, and Limited Liability Companies*, shall be reported on Schedule BA – Other Long-Term Assets in the reporting lines for residuals.

#### 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. Include publicly traded stock warrants captured in the scope of *SSAP No. 30R—Unaffiliated Common Stock*

#### Mutual Funds:

All investments in shares of funds regulated as mutual funds by the U.S. Securities and Exchange Commission under the federal Investment Company Act of 1940. This definition does not include unit investments trusts, closed-end funds or hedge funds.

Foreign (non-SEC registered) open-end investment funds governed and authorized in accordance with regulations established by the applicable foreign jurisdiction. Other foreign funds are excluded.

#### Unit Investment Trusts:

All investments in shares of funds regulated as unit investments trusts by the U.S. Securities and Exchange Commission under the federal Investment Company Act of 1940.

#### Closed-End Funds:

All investments in shares of funds regulated as closed-end funds by the U.S. Securities and Exchange Commission under the federal Investment Company Act of 1940.

#### Parent, Subsidiaries and Affiliates:

Defined by *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

## **General Classifications Cash Equivalents Only:**

Refer to *SSAP No. 2R—Cash, Cash Equivalents, Drafts and Short-Term Investments*.

### Money Market Mutual Funds:

All investment in shares of funds regulated as money market mutual funds by the U.S. Securities and Exchange Commission.

## **Specific Classifications:**

### Issuer Obligations:

All bonds not backed by other loans and other assets. Those securities subject to the guidance in *SSAP No. 26R—Bonds*.

### Residential Mortgage-Backed Securities:

Those securities directly or indirectly secured by liens on one- to four-family residential properties and subject to the guidance in *SSAP No. 43R—Loan-Backed and Structured Securities*. Includes prime, subprime, Alt-A mortgages, as well as home equity loans and home equity lines of credit.

### Commercial Mortgage-Backed Securities:

Those securities directly or indirectly secured by a lien on one or more parcels of commercial real estate with one or more structures located on the real estate and subject to the guidance in *SSAP No. 43R—Loan-Backed and Structured Securities*. Does not include those securities secured by liens on one- to four-family residential properties.

### Other Loan-Backed and Structured Securities:

Those securities subject to the guidance in *SSAP No. 43R—Loan-Backed and Structured Securities* not included in the definition of Residential Mortgage-Backed Securities or Commercial Mortgage-Backed Securities.

**STOCK EXCHANGE LIST**

This is not a comprehensive list of stock exchanges. If a stock exchange is not found in the list below, use a description or abbreviation that accurately identifies the exchange.

Abidjan Stock Exchange	CI	Johannesburg Stock Exchange	J
AEX Options and Futures Exchange	E	Kabu.com PTS	KAB
AEX Stock Exchange	AS	Karachi Stock Exchange	KA
Alpha Trading Systems	AL	Kazakhstan Stock Exchange	KZ
American Stock Exchange	A	Korea Stock Exchange	KS
Amman Stock Exchange	AM	Korean Futures Exchange	KFE
Australian Stock Exchange	AX	KOSDAQ (Korea)	KQ
Bahrain Stock Exchange	BH	Kuala Lumpur Stock Exchange	KL
Barcelona Stock Exchange - CATS Feed	MC	Kuwait Stock Exchange	KW
Barcelona Stock Exchange - Floor Trading	BC	Kyoto Stock Exchange	KY
Beirut Stock Exchange	BY	Lagos Stock Exchange	LG
Belfox	b	Latin American Market in Spain (LATIBEX)	LA
Berlin Stock Exchange	BE	Le Nouveau Marche	LN
Berne Stock Exchange	BN	Lima Stock Exchange	LM
Bilbao Stock Exchange	BI	Lisbon Stock Exchange (Portugal)	LS
BlockBook ATS	BBK	London Stock Exchange	L
Bombay Stock Exchange	BO	Lusaka Stock Exchange	LZ
Boston Stock Exchange	B	Luxembourg Stock Exchange	LU
Botswana Share Market	BT	Madras Stock Exchange	MD
Bremen Stock Exchange	BM	Madrid Stock Exchange - Floor Trading	MA
Brussels Stock Exchange	BR	Malta Stock Exchange	MT
Cairo and Alexandria Stock Exchange	CA	Mauritius Stock Exchange	MZ
Calcutta Stock Exchange	CL	Medellin Stock Exchange	ML
Canadian Ventures Exchange	V	Mexican Stock Exchange	MX
Channel Islands	CH	Milan Stock Exchange	MI
Chicago Board Options Exchange	W	MONEP Paris Stock Options	p
Chicago Stock Exchange	MW	Montreal Exchange	M
Chile Electronic Exchange	CE	Moscow Inter Bank Currency Exchange	MM
CHI-X Exchange	INS	Moscow Stock Exchange	MO
Cincinnati Stock Exchange	C	Munich Stock Exchange	MU
Colombo Stock Exchange	CM	Muscat Stock Exchange	OM
Copenhagen Stock Exchange	CO	Nagoya Stock Exchange	NG
Dehli Stock Exchange	DL	Nairobi Stock Exchange	NR
Doha Securities Market	QA	Namibia Stock Exchange	NM
Dubai Financial Market	DU	NASDAQ	OQ
Dubai International Financial Exchange	DI	NASDAQ Dealers - Bulletin Board	OB
Dusseldorf Stock Exchange	D	NASDAQ Japan	OJ
Electronic Stock Exchange of Venezuela	EB	National Stock Exchange of India	NS
Frankfurt Stock Exchange	F	NewEx (Austria)	NW
Fukuoka Stock Exchange	FU	New York Stock Exchange	N
Ghana Stock Exchange	GH	New Zealand Stock Exchange	NZ
Hamburg Stock Exchange	H	NYSE Match Point	MP
Hanover Stock Exchange	HA	Occidente Stock Exchange	OD
Helsinki Stock Exchange	HE	Osaka Stock Exchange	OS
Hong Kong Stock Exchange	HK	Oslo Stock Exchange	OL
Iceland Stock Exchange	IC	Pacific Stock Exchange	P
Interbolsa (Portugal)	IN	Paris Stock Exchange	PA
International Securities Exchange (ISE)	Y	Philadelphia Stock Exchange	PH
Irish Stock Exchange	I	Philadelphia Stock Exchange Options	X
Istanbul Stock Exchange	IS	Phillipine Stock Exchange	PS
Jakarta Stock Exchange	JK	Pink Sheets (National Quotation Bureau)	PNK
Japanese Securities Dealers Association (JASDAQ) Q	Q	Prague Stock Exchange	PR

Pure Trading	PT	Taiwan OTC Securities Exchange	TWO
RASDAQ (Romania)	RQ	Taiwan Stock Exchange	TW
Riga Stock Exchange	RI	Tallinn Stock Exchange	TL
Rio de Janeiro OTC Stock Exchange (SOMA)	SO	Tel Aviv Stock Exchange	TA
Russian Trading System	RTS	Thailand Stock Exchange	BK
Santiago Stock Exchange	SN	Third Market	TH
Sao Paulo Stock Exchange	SA	Tokyo Commodity Exchange	TCE
Sapporo Stock Exchange	SP	Tokyo Financial Futures Exchange	TFF
Saudi Stock Exchange	SE	Tokyo Stock Exchange	T
SBI Japannext	JNX	Toronto Options Exchange	K
SBI Stock Exchange (Sweden)	SBI	Toronto Stock Exchange	TO
Shanghai Stock Exchange	SS	Tradepoint Stock Exchange	TP
Shenzhen Stock Exchange	SZ	Tunis Stock Exchange	TN
Singapore Exchange - Derivatives	SIM	Turquoise	TQ
Singapore Stock Exchange	SI	Ukraine PFTS	PFT
St. Petersburg Stock Exchange	PE	Valencia Stock Exchange	VA
Stockholm Stock Exchange	ST	Vienna Stock Exchange	VI
Stuttgart Stock Exchange	SG	Vilnius Stock Exchange	VL
Surabaya Stock Exchange	SU	virt-x	VX
SWX Quotematch AG	QMH	Xetra	DE
SWX Swiss Exchange	S	Zagreb Stock Exchange	ZA
Sydney Futures Exchange	SFE	Zimbabwe Stock Exchange	ZI

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**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 value reported on the Investment Schedules. The amounts reported in this column should tie to Column 1 of the Asset Page.
  
- 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 13.
  
- 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. This column should tie to Column 3 of the Asset page.
  
- 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 13, Total Invested Assets should equal Column 3, Line 11, Securities Lending.
  
- Column 5 – Admitted Assets as Reported in the Annual Statement – Total Amount

For Lines 1 through 10, Column 5 should equal Column 3 plus Column 4.

For Line 13, Column 5 should equal Column 3, Line 13 plus Column 4, Line 13 minus Column 3, Line 11.
  
- 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 13.

- Line 1.01 – U.S. Governments
- Include: The value of all U.S. Government securities defined as U.S. Government Obligations as defined per the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*.
- Column 1 should equal the Schedule D, Part 1, Line 0109999999.
- Line 1.02 – All other Governments
- Include: The value of all 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.
- Column 1 should equal the Schedule D, Part 1, Line 0309999999.
- Line 1.03 – U.S. States, Territories and Possessions, etc. Guaranteed
- Include: The value of general obligations of these entities (NAIC members), as well as bonds issued by utility companies owned by these entities.
- Column 1 should equal the Schedule D, Part 1, Line 0509999999.
- Line 1.04 – U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed
- Include: The value of general obligations of cities, counties, townships, etc., as well as bonds issued by utility companies owned by these entities.
- Column 1 should equal the Schedule D, Part 1, Line 0709999999.
- Line 1.05 – U.S. Special Revenue & Special Assessment Obligations, etc. Non-Guaranteed
- Include: The value of those U.S. government issues not listed as “Securities That Are Considered “Exempt Obligations” For Purposes of Determining The Asset Valuation Reserve And The Risk-Based Capital Calculation” in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, yet included as “Filing Exemptions for Other U.S. Government Obligations”. 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.
- Column 1 should equal the Schedule D, Part 1, Line 0909999999.
- Line 1.06 – Industrial and Miscellaneous
- Include: The value of all non-governmental issues that do not qualify for some other bond category, including privatized (non-government ownership) utility companies. Include Public Utilities.
- Column 1 should equal the Schedule D, Part 1, Line 1109999999.

Line 1.07 – Hybrid Securities

Include: The value of securities whose proceeds are accorded some degree of equity treatment by one or more of the nationally recognized statistical rating organizations and/or that are recognized as regulatory capital by the issuer’s primary regulatory authority.

Column 1 should equal the Schedule D, Part 1, Line 1309999999.

Line 1.08 – Parent, Subsidiaries and Affiliates

Include: The value of all affiliated debt securities as defined under *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

Column 1 should equal the Schedule D, Part 1, Line 1509999999.

Line 1.09 – SVO Identified Funds

Include: The value of all Exchange Traded Funds (ETF) included on the “SVO-Identified Bond ETF List” as published on the Securities Valuation Office Web page (<https://www.naic.org/svo.htm>) that the SVO has determined are in scope of *SSAP No. 26R - Bonds* and can be reported on Schedule D, Part 1 and the SVO assigned a NAIC Designation, NAIC Designation Category and SVO Administrative Symbol published in the NAIC’s AVS+ system per the instructions in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* on the Compilation and Publication of the SVO List of Investment Securities.

Column 1 should equal the Schedule D, Part 1, Line 1619999999.

Line 1.10 – Unaffiliated Bank Loans

Include: The value of all Unaffiliated Bank Loans that are within the scope of *SSAP No. 26R—Bonds*.

Column 1 should equal the Schedule D, Part 1, Line 1909999999.

Line 1.11 – Unaffiliated Certificates of Deposit

Include: The value of all Unaffiliated Certificates of Deposit that are within the scope of *SSAP No. 26R—Bonds*.

Column 1 should equal the Schedule D, Part 1, Line 2019999999.

Line 1.12 – Total Long-Term Bonds

Sum of Lines 1.1 to 1.11.

The amount reported in Column 1 should equal the amount reported in Line 1, Column 1, Page 2, Assets.

The amount reported in Column 3 should equal the amount reported in Line 1, Column 3, Page 2, Assets.

- Line 2.01 – Preferred Stocks – Industrial and Miscellaneous (Unaffiliated)
- Include: The value of all unaffiliated preferred stocks.
- Column 1 should equal the Schedule D, Part 2, Section 1, Line 4109999999.
- Line 2.02 – Preferred Stocks – Parent, Subsidiaries and Affiliates
- Include: The value of all preferred stock securities as defined under *SSAP No. 97— Investments in Subsidiary, Controlled and Affiliated Entities*.
- Column 1 should equal the Schedule D, Part 2, Section 1, Line 4409999999.
- Line 2.03 – Total Preferred Stocks
- Sum of Lines 2.01 to 2.02.
- The amount reported in Column 1 should equal the amount reported in Line 2.1, Column 1, Page 2, Assets.
- The amount reported in Column 3 should equal the amount reported in Line 2.1, Column 3, Page 2, Assets.
- Line 3.01 – Common Stocks – Industrial and Miscellaneous (Unaffiliated) Publicly Traded
- Include: The value of all investments in the common stock of unaffiliated entities. Publicly traded common stock 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.
- Exclude: Mutual funds that should be reported on Line 3.05.
- Column 1 should equal the Schedule D, Part 2, Section 2, Line 5019999999.
- Line 3.02 – Common Stocks – Industrial and Miscellaneous (Unaffiliated) Other
- Include: The value of all industrial and miscellaneous common stock of unaffiliated entities not reported in Line 3.1. 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.
- Exclude: Mutual funds that should be reported on Line 3.05.
- Column 1 should equal the Schedule D, Part 2, Section 2, Line 5029999999.

- Line 3.03 – Common Stocks – Parent, Subsidiaries and Affiliates Publicly Traded
- Include: The value of all investments in the common stock of affiliated entities. Publicly traded common stock 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.
- Column 1 should equal the Schedule D, Part 2, Section 2, Line 5919999999.
- Line 3.04 – Common Stocks – Parent, Subsidiaries and Affiliates Other
- Include: The value of all unaffiliated entities not reported in Line 3.03.
- Column 1 should equal the Schedule D, Part 2, Section 2, Line 5929999999.
- Line 3.05 – Common Stocks – Mutual Funds
- Include: The value of all investments in shares of funds regulated as mutual funds by the Securities and Exchange Commission reported on Schedule D, Part 2, Section 2.
- Column 1 should equal the Schedule D, Part 2, Section 2, Line 5409999999.
- Line 3.06 – Common Stocks – Unit Investment Trusts
- Include: The value of all investments in shares of funds regulated as unit investment trusts by the Securities and Exchange Commission reported on Schedule D, Part 2, Section 2.
- Column 1 should equal the Schedule D, Part 2, Section 2, Line 5609999999.
- Line 3.07 – Common Stocks – Closed-End Funds
- Include: The value of all investments in shares of funds regulated as closed-end funds by the Securities and Exchange Commission reported on Schedule D, Part 2, Section 2.
- Column 1 should equal the Schedule D, Part 2, Section 2, Line 5809999999.
- Line 3.08 – Common Stocks – Exchange Traded Funds
- Include: The value of all investments in shares of funds regulated as exchange traded funds by the Securities and Exchange Commission reported on Schedule D, Part 2, Section 2.
- Column 1 should equal the Schedule D, Part 2, Section 2, Line 5819999999.
- Line 3.09 – Total Common Stocks
- Sum of Lines 3.01 to 3.08.
- The amount reported in Column 1 should equal the amount reported in Line 2.2, Column 1, Page 2, Assets.
- The amount reported in Column 3 should equal the amount reported in Line 2.2, Column 3, Page 2, Assets.

Line 4.01 – Mortgage Loans – Farm Mortgages

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 the FmHA or SBA.

Column 1 should equal the sum of Lines 0199999, 0999999, 1799999 and 2599999 on Schedule B, Part 1, Column 8.

Line 4.02 – Mortgage Loans – Residential Mortgages

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.

Column 1 should equal the sum of Lines 0299999, 0399999, 1099999, 1199999, 1899999, 1999999, 2699999 and 2799999 on Schedule B, Part 1, Column 8.

Line 4.03 – Mortgage Loans – Commercial Mortgages

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.

Column 1 should equal the sum of Lines 0499999, 0599999, 1299999, 1399999, 2099999, 2199999, 2899999 and 2999999 on Schedule B, Part 1, Column 8.

Line 4.04 – Mortgage Loans – Mezzanine Real Estate Loans

Include: Mezzanine real estate loans as defined in *SSAP No. 83—Mezzanine Real Estate Loans*.

Column 1 should equal the sum of Lines 0699999, 1499999, 2299999 and 3099999 on Schedule B, Part 1, Column 8.

Line 4.05 – Total Valuation allowance

Column 1 should equal Schedule B – Verification Between Years Line 12.

- Line 4.06 – Total Mortgage Loans
- Sum of Lines 4.01 to 4.05.
- The amount reported in Column 1 should equal the amount reported in Line 3.1 plus Line 3.2, Column 1, Page 2, Assets.
- The amount reported in Column 3 should equal the amount reported in Line 3.1 plus Line 3.2, Column 3, Page 2, Assets.
- Line 5 – Real Estate
- Include: Properties occupied by the company. (Line 5.01).
- Properties held for the production of income. (Line 5.02).
- Properties held for sale. (Line 5.03).
- Line 5.01, Column 1 should equal the amount reported in Line 4.1, Column 1, Page 2, Assets.
- Line 5.01, Column 3 should equal the amount reported in Line 4.1, Column 3, Page 2, Assets.
- Line 5.02, Column 1 should equal the amount reported in Line 4.2, Column 1, Page 2, Assets.
- Line 5.02, Column 3 should equal the amount reported in Line 4.2, Column 3, Page 2, Assets.
- Line 5.03, Column 1 should equal the amount reported in Line 4.3, Column 1, Page 2, Assets.
- Line 5.03, Column 3 should equal the amount reported in Line 4.3, Column 3, Page 2, Assets.
- Line 6.01 – Cash
- Include: The value of cash (Schedule E, Part 1).
- Line 6.02 – Cash Equivalents
- Include: The value of cash equivalents (Schedule E, Part 2 including money market mutual funds).
- Line 6.03 – Short-Term Investments
- Include: The value of Short-Term Investments (Schedule DA, Part 1).
- Line 6.04 – Total Cash, Cash Equivalents and Short-Term Investments
- Sum of Lines 6.01 to 6.03.
- Column 1 should equal the amount reported in Line 5, Column 1, Page 2, Assets.
- Column 3 should equal the amount reported in Line 5, Column 3, Page 2, Assets.
- Line 7 – Contract Loans
- Include: The value of all contract loans.
- Column 1 should equal the amount reported in Line 6, Column 1, Page 2, Assets.
- Column 3 should equal the amount reported in Line 6, Column 3, Page 2, Assets.

- Line 8 – Derivatives
- Include: The value of derivatives.
- Column 1 should equal the amount reported in Line 7, Column 1, Page 2, Assets.
- Column 3 should equal the amount reported in Line 7, Column 3, Page 2, Assets.
- Line 9 – Other Invested Assets
- Include: The value of securities listed on the Schedule BA.
- Column 1 should equal the amount reported in Line 8, Column 1, Page 2, Assets.
- Column 3 should equal the amount reported in Line 8, Column 3, Page 2, Assets.
- Line 10 – Receivables for Securities
- Include: The value of receivable for securities.
- Column 1 should equal the amount reported in Line 9, Column 1, Page 2, Assets.
- Column 3 should equal the amount reported in Line 9, Column 3, Page 2, Assets.
- Line 11 – Securities Lending (Reinvested Collateral Line 10, Asset Page)
- Include: The value of securities lending.
- Column 1 should equal the amount reported in Line 10, Column 1, Page 2, Assets.
- Column 3 should equal the amount reported in Line 10, Column 3, Page 2, Assets.
- Line 12 – Other Invested Assets (Page 2, Line 11)
- Include: The value of all other invested assets that have not been included in Lines 1 through 11 above.
- Column 1 should equal the amount reported in Line 11, Column 1, Page 2, Assets.
- Column 3 should equal the amount reported in Line 11, Column 3, Page 2, Assets.
- Line 13 – Total Invested Assets
- Sum of Lines 1 to 12. The amount reported in Column 1 should equal the amount of total invested assets reported in Line 12, Column 1, Page 2, Assets.
- Sum of Lines 1 to 12. 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/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 gain (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 considerations received on bonds and stocks for the year.
- Line 7 – Deduct Amortization of Premium  
Report the total amount of premium amortized for the year, including the amount on bonds and stocks still owned as of the reporting date and reported on Schedule D, Part 1, Column 13 and Schedule D, Part 2, Section 1, Column 16, and the amount on bonds and stocks disposed in the current year and reported on Schedule D, Part 4, Column 12.
- Line 8 – Total Foreign Exchange Change in Book/Adjusted Carrying Value  
Report the unrealized foreign exchange gain or (loss) for the year.
- Line 9 – Deduct Current Year’s Other-Than-Temporary Impairment Recognized  
Report the other-than-temporary impairments for the year.
- Line 10 – Total Investment Income Recognized as a Result of Prepayment Penalties and/or Acceleration Fees  
Report only the total investment income recognized, using the information recorded in Schedule D, Part 4, Column 20, for bonds and stocks that were sold, disposed or otherwise redeemed during the year, as a result of a prepayment penalty and/or acceleration fee. Line 10 should equal Note 5, Line 5Q(2).

- Line 11 – Book/Adjusted Carrying Value at End of Current Period
- The amount in Line 11 should tie to the Assets Page, Column 1, the sum of the lines for Bonds, Line 1, Preferred Stocks, Line 2.1 and Common Stocks, Line 2.2.
- Line 12 – Deduct Total Nonadmitted Amounts
- Include:                      The amount of the portfolio that is in excess of any investment limitation.
- The amount of any goodwill that exceeds the surplus limitation as described in *SSAP No. 68—Business Combinations and Goodwill*.
- The amount to be reported here should tie to the Assets Page, Column 2, the sum of the lines for Bonds, Line 1, Preferred Stocks, Line 2.1, and Common Stocks, Line 2.2.
- Line 13 – Statement Value of Bonds and Stocks, Current Period
- This amount should tie to the Assets Page, Column 3, the sum of the lines for Bonds, Line 1, Preferred Stocks, Line 2.1, and Common Stocks, Line 2.2.



**SCHEDULE D – SUMMARY BY COUNTRY**

**LONG-TERM BONDS AND STOCKS OWNED DECEMBER 31 OF CURRENT YEAR**

Enter summarized amounts in the appropriate columns by the specified major classifications, subdividing into United States, Canada, and Other Countries where applicable. For purposes of this schedule, investments in Other Countries are considered Foreign Investments. For the definition of Foreign Investment, and Domestic Investment, see instructions to the Supplemental Investment Risk Interrogatories.

- Column 2 – Fair Value  
 For certain bonds, values other than actual market may appear in this column. (See Schedule D, Part 1 instructions for details.)  
 Exclude: Accrued interest.
- Column 3 – Actual Cost  
 Include: Brokerage and other related fees, to the extent they do not exceed the fair market value at the date of acquisition.  
 Exclude: Accrued interest.
- Lines 8 through 11 – Bonds – Industrial and Miscellaneous, SVO Identified Funds, Unaffiliated Bank Loans, Unaffiliated Certificates of Deposit and Hybrid Securities (Unaffiliated)  
 Include: Exchange Traded Funds – as Identified by the SVO reported in Schedule D, Part 1.  
 Unaffiliated Bank Loans reported on Schedule D, Part 1.  
 Unaffiliated Certificates of Deposits reported on 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), Mutual Funds, Unit Investment Trusts, Closed-End Funds and Exchange Traded funds  
 Include: Mutual funds reported in Schedule D, Part 2, Section 2.  
 Exclude: Exchange Traded Funds (ETFs) reported in Schedule D, Part 2, Section 1.
- 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) 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 15 sections to this schedule: Sections 1 through 11 for each of the 11 bond categories, Section 12 for total bonds current year, Section 13 for total bonds prior year, Section 14 for total bonds publicly traded and Section 15 for total bonds privately placed. The 11 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 11 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 0109999999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.
- Section 2. All Other Governments  
Lines 0309999999 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 0509999999 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 0709999999 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 0909999999 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 1109999999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.
- Section 7. Hybrid Securities  
 Lines 1309999999 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 1509999999 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 1619999999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.
- Section 10. Unaffiliated Bank Loans  
 Lines 1909999999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.
- Section 11. Unaffiliated Certificates of Deposit  
 Lines 2019999999 from Schedule D, Part 1, Column 11.

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 15, 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 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 12, 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, Line 2509999999 plus Schedule E, Part 2, Column 7, Line 2509999999.

**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) 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 15 sections to this schedule: Sections 1 through 11 for each of the 11 bond categories, Section 12 for total bonds current year, Section 13 for total bonds prior year, Section 14 for total bonds publicly traded and Section 15 for total bonds privately placed. The 11 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 11 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 0109999999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.
- Section 2. All Other Governments  
Lines 0309999999 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 0509999999 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 0709999999 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 0909999999 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 1109999999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.
- Section 7. Hybrid Securities  
Lines 1309999999 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 1509999999 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 1619999999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.
- Section 10. Unaffiliated Bank Loans  
Lines 1909999999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.
- Section 11. Unaffiliated Certificates of Deposit  
Lines 2019999999 from Schedule D, Part 1, Column 11.

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 7:

- Issuer Obligations
- Residential Mortgage-Backed Securities
- Commercial Mortgage-Backed Securities
- Other Loan-Backed and Structured Securities

Sections 8:

- Issuer Obligations
- Residential Mortgage-Backed Securities
- Commercial Mortgage-Backed Securities
- Other Loan-Backed and Structured Securities
- Affiliated Bank Loans – Issued
- Affiliated Bank Loans – Acquired

Section 9:

- Exchange Traded Funds – as Identified by the SVO

Section 10:

- Unaffiliated Bank Loans – Issued
- Unaffiliated Bank Loans – Acquired

Section 11:

- Unaffiliated Certificates of Deposit

Sections 12 through 15:

- Issuer Obligations
- Residential Mortgage-Backed Securities
- Commercial Mortgage-Backed Securities
- Other Loan-Backed and Structured Securities
- SVO Identified Funds
- Affiliated Bank Loans
- Unaffiliated Bank Loans
- Unaffiliated Certificates of Deposit

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 publicly traded for annual statement purposes (e.g., short-term investments). Exclude bonds that are qualified for resale under SEC Rule 144A or freely tradable under SEC Rule 144.

Column 12 is to contain privately placed securities as identified with Private Placement Numbers (PPN) in the *Valuations of Securities*. A PPN can be differentiated by the presence of a \*, #, or @ sign appearing in either the sixth, seventh or eighth digit of the nine-digit CUSIP-like number. Include bonds that are qualified for resale under SEC Rule 144A or freely tradable under SEC Rule 144 that have been assigned a CUSIP/CINS number in the *Valuations of Securities*.

**SCHEDULE DA – VERIFICATION BETWEEN YEARS****SHORT-TERM INVESTMENTS**

Report the aggregate amounts required by type of short-term investment asset. The categories of assets to be reported are: bonds; mortgage loans; other short-term investment assets; and investments in parent, subsidiaries and affiliates. A grand total of all activity is also required.

Column 1	–	Total
		Equals the sum of Columns 2 through 5.
Line 1	–	Book/Adjusted Carrying Value, December 31 of Prior Year
		In Column 1, report the book/adjusted carrying value per Schedule DA, Part 1, Column 7 of the prior year's annual statement.
Line 2	–	Cost of Short-Term Investments Acquired
		Report the aggregate cost of short-term investments acquired during the year. A reporting entity may summarize all "overnight" transactions and report the net amount as an increase in short-term investments on this line; all other transactions shall be recorded gross.
Line 3	–	Accrual of Discount
		In Column 1, report the total amount of accrual of discount during the year. The accrual of discount should be consistent with the accounting guidance contained in the <i>Accounting Practices and Procedures Manual</i> .
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 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 <i>Accounting Practices and Procedures Manual</i> .
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 – SSAP No. 108 Adjustments
- Line 5 – Total Gain (Loss) on Termination Recognized, Section 2, Column 22
- Line 6 – Considerations Received/(Paid) on Terminations, Section 2, Column 15
- Line 7 – Amortization
  - Line 7.1 – Section 1, Column 19
  - Line 7.2 – Section 2, Column 21
- Line 8 – Adjustment to Book/Adjusted Carrying Value of Hedged Item
  - Line 8.1 – Section 1, Column 20
  - Line 8.2 – Section 2, Column 23
- Line 9 – Total Foreign Exchange Change in Book/Adjusted Carrying Value
  - Line 9.1 – Section 1, Column 18
  - Line 9.2 – Section 2, Column 20
- Line 10 – Book/Adjusted Carrying Value at End of Current Period (1 + 2 + 3 + 4 + 5 - 6 + 7 + 8 +9)
- Line 11 – Deduct Nonadmitted Assets
- Line 12 – Statement Value at End of Current Period (10 – 11)

**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.

**\*\* Column 17 will be electronic only. \*\***

- Column 17 – Investments Involving Related Parties
- Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.
- Enter one of the following codes to identify the role of the related party in the investment.
1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
  2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
  3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
  4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
  5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
  6. The investment does not involve a related party.

**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 6.
- Line 5 – Total of all negative Book/Adjusted Carrying Value found on Schedule DB, Part D, Section 1, Column 7.
- 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 9.
- Line 11 – Total of all negative Fair Value found on Schedule DB, Part D, Section 1, Column 10.
- 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 12.
- 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 7 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 <i>Accounting Practices and Procedures Manual</i> .
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 <i>Accounting Practices and Procedures Manual</i> .
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).

**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 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.

Amount reported for encumbrances should not be less than zero.

- 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.**

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 impairments 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 <i>SSAP No. 90—Impairment or Disposal of Real Estate Investments</i> , 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 <i>SSAP No. 90—Impairment or Disposal of Real Estate Investments</i> .
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 – 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*.

**Mortgages in Good Standing:**

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
Total Mortgages in Good Standing (sum of 0199999 through 0699999).....	0899999

**Restructured Mortgages:**

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
Total Restructured Mortgages (sum of 0999999 through 1499999).....	1699999

**Mortgages with Overdue Interest Over 90 Days, Not in the Process of Foreclosure:**

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
Total Mortgages with Overdue Interest Over 90 Days, Not in the Process of Foreclosure (sum of 1799999 through 2299999).....	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
Total Mortgages in the Process of Foreclosure (sum of 2599999 through 3099999).....	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.

**Mortgages with overdue interest over 90 days not in the process of foreclosure:**

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.

**Mortgages in process of foreclosure:**

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.

**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 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”.

If the loan was made directly to a related party that doesn’t meet the affiliate definition or the reporting entity has received domiciliary state approval to disclaim control/affiliation, enter “R.”

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 20 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.

Column 20 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.

**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.”

If the loan was made directly to a related party that doesn’t meet the affiliate definition or the reporting entity has received domiciliary state approval to disclaim control/affiliation, enter “R.”

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 14 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.

Column 14 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.



**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.”  
If the loan was made directly to a related party that doesn’t meet the affiliate definition or the reporting entity has received domiciliary state approval to disclaim control/affiliation, enter “R.”  
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 23 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.

Column 23 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.

**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:

<u>Group or Category</u>	<u>Line Number</u>
Oil and Gas Production	
Unaffiliated.....	0199999
Affiliated .....	0299999
Transportation Equipment	
Unaffiliated.....	0399999
Affiliated .....	0499999
Mineral Rights	
Unaffiliated.....	0599999
Affiliated .....	0699999
Non-Registered Private Funds with Underlying Assets Having Characteristics of:	
Bonds	
NAIC Designation Assigned by the Securities Valuation Office (SVO)	
Unaffiliated .....	0799999
Affiliated.....	0899999
NAIC Designation Not Assigned by the Securities Valuation Office (SVO)	
Unaffiliated .....	0999999
Affiliated.....	1099999
Mortgage Loans	
Unaffiliated .....	1199999
Affiliated.....	1299999
Other Fixed Income Instruments	
Unaffiliated .....	1399999
Affiliated.....	1499999

Joint Venture, Partnership or Limited Liability Company Interests with Underlying Assets Having the Characteristics of:

Fixed Income Instruments	
NAIC Designation Assigned by the Securities Valuation Office (SVO)	
Unaffiliated .....	1599999
Affiliated.....	1699999
NAIC Designation Not Assigned by the Securities Valuation Office (SVO)	
Unaffiliated .....	1799999
Affiliated.....	1899999
Common Stocks	
Unaffiliated .....	1999999
Affiliated .....	2099999
Real Estate	
Unaffiliated .....	2199999
Affiliated .....	2299999
Mortgage Loans	
Unaffiliated .....	2399999
Affiliated .....	2499999
Other	
Unaffiliated .....	2599999
Affiliated .....	2699999
Surplus Debentures, etc.	
Unaffiliated.....	2799999
Affiliated .....	2899999
Collateral Loans	
Unaffiliated.....	2999999
Affiliated .....	3099999
Non-collateral Loans	
Unaffiliated.....	3199999
Affiliated .....	3299999
Capital Notes	
Unaffiliated.....	3399999
Affiliated .....	3499999
Guaranteed Federal Low Income Housing Tax Credit	
Unaffiliated.....	3599999
Affiliated .....	3699999
Non-Guaranteed Federal Low Income Housing Tax Credit	
Unaffiliated.....	3799999
Affiliated .....	3899999
Guaranteed State Low Income Housing Tax Credit	
Unaffiliated.....	3999999
Affiliated .....	4099999
Non-Guaranteed State Low Income Housing Tax Credit	
Unaffiliated.....	4199999
Affiliated .....	4299999

All Other Low Income Housing Tax Credit	
Unaffiliated.....	4399999
Affiliated .....	4499999
Working Capital Finance Investment	
Unaffiliated.....	4599999
Residual Tranches or Interests with Underlying Assets Having Characteristics of:	
Fixed Income Instruments	
Unaffiliated .....	4699999
Affiliated.....	4799999
Common Stock	
Unaffiliated .....	4899999
Affiliated.....	4999999
Preferred Stock	
Unaffiliated .....	5099999
Affiliated.....	5199999
Real Estate	
Unaffiliated .....	5299999
Affiliated.....	5399999
Mortgage Loans	
Unaffiliated .....	5499999
Affiliated.....	5599999
Other	
Unaffiliated .....	5699999
Affiliated.....	5799999
Any Other Class of Assets	
Unaffiliated.....	5899999
Affiliated .....	5999999
Subtotals	
Unaffiliated.....	6099999
Affiliated .....	6199999
TOTALS.....	6299999

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.

**Non-Registered Private Funds with Underlying Assets Having 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).

Any investments deemed by the reporting entity to possess the underlying characteristics of a bond or other fixed income instrument that has been assigned an NAIC designation by the Securities Valuation Office (SVO) pursuant to the policies in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* for this category. Report these investments on Lines 0799999 and 0899999.

Any investments deemed by the reporting entity to possess the underlying characteristics of a bond or other fixed income investment that has not been assigned an NAIC designation by the Securities Valuation Office (SVO) pursuant to the policies in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* for this category. Report these investments on Lines 0999999, 1099999, 1199999, 1299999, 1399999 and 1499999.

**Joint Ventures, Partnership or Limited Liability Company Interests with Underlying Assets Having the Characteristics:**

**Fixed Income Instruments**

Include: Leveraged Buy-out Fund.

A fund investing in the “Z” strip of Collateralized Mortgage Obligations.

Any investments deemed by the reporting entity to possess the underlying characteristics of fixed income instruments that has been assigned an NAIC designation by the Securities Valuation Office (SVO) pursuant to the policies in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* for this category. Report these investments on Lines 1599999 and 1699999.

Any investments deemed by the reporting entity to possess the underlying characteristics of fixed income instruments that has not been assigned an NAIC designation by the Securities Valuation Office (SVO) pursuant to the policies in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* for this category. Report these investments on Lines 1799999 and 1899999.

**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).

### **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. 21R—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. 26R—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 WCFP 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. 105R—Working Capital Finance Investments* for accounting guidance.

### **Residual Tranches or Interests with Underlying Assets Having Characteristics of:**

Investment in Residual Tranches or Interests should be assigned to the subcategory with the highest underlying asset concentration. There shouldn't be any bifurcation of the underlying assets among the subcategories.

Include: Residual tranches or interests captures securitization tranches and beneficial interests as well as other structures captured in scope of *SSAP No. 43R – Loan-Backed and Structured Securities*, that reflect loss layers without any contractual payments, whether interest or principal, or both. Payments to holders of these investments occur after contractual interest and principal payments have been made to other tranches or interests and are based on the remaining available funds. See *SSAP No. 43R* for accounting guidance.

### **Fixed Income Instruments**

Include: Investments with underlying collateral which, if held individually, would be reported on *Schedule D – Part 1 – Long-Term Bonds*

### **Common Stocks**

Include: Investments with underlying collateral which, if held individually, would be reported on *Schedule D – Part 2 – Section 2 – Common Stocks*

### **Preferred Stocks**

Include: Investments with underlying collateral which, if held individually, would be reported on *Schedule D – Part 2 – Section 1 – Preferred Stocks*

### **Real Estate**

Include: Investments with underlying collateral which, if held individually, would be reported on *Schedule A – Real Estate Owned*

### **Mortgage Loans**

Include: Investments with underlying collateral which, if held individually, would be reported on *Schedule B – Mortgage Loans*

### **Other**

Include: Items that do not qualify for inclusion in the above subcategories.

### **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.

All structured settlement income streams acquired as investments where the reporting entity acquires the legal right to receive payments. (Valuation and admittance provisions are detailed in *SSAP No. 21R—Other Admitted 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 for those investments included on Lines 0799999 and 1599999.

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](http://www.cusip.com/cusip/index.htm).

For those investments not included on Lines 0799999 and 1599999, a CUSIP should be provided if one has been assigned.

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

If the investment is inside 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, NAIC Designation Modifier and SVO Administrative Symbol

This column must be completed for those investments included on Lines 0799999, 0899999, 1599999, 1699999 and 4599999. For all other lines the column may be completed if the investment has an NAIC Designation received from the SVO or from an NAIC CRP.

For investments noted above, insert the appropriate combination of the NAIC Designation (1 through 6), NAIC Designation Modifier (A through G) and SVO Administrative Symbol. The list of valid SVO Administrative Symbols is shown below.

The listing of valid NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol combinations can be found on the NAIC’s website for the Securities Valuation Office ([www.naic.org/svo.htm](http://www.naic.org/svo.htm)).

The NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol will be shown as one column on the printed schedule but will be three sub-columns in the data table.

- NAIC Designation                      Column 7A
- NAIC Designation Modifier            Column 7B
- SVO Administrative Symbol            Column 7C

On the printed page the sub-columns should be displayed with a “.” between the NAIC Designation and the NAIC Designation Modifier with a space between the NAIC Designation Modifier and the SVO Administrative Symbol (e.g., “1.A YE”).

NAIC Designation Modifier:

As defined in the P&P Manual, there is not an NAIC Designation Modifier for investments reporting an NAIC Designation 6, therefore, the NAIC Designation Modifier field should be left blank.

Refer to the P&P Manual for the application of these modifiers.

SVO Administrative Symbol:

Following are valid SVO Administrative Symbols for bonds and preferred stock. Refer to the P&P Manual for the application of these symbols.

- S Additional or other non-payment risk
- SYE Additional or other non-payment risk - Year-end carry over
- YE Year-end carry over
- FE Filing Exempt (Limited use on this schedule. See P&P Manual for details)
- RT Regulatory Transaction
- RTS Regulatory Transaction - SVO Reviewed
- RTIF Regulatory Transaction - Initial Filing Submitted to SVO
- RTSYE Regulatory Transaction - SVO Reviewed - Year-end carry over
- F Sub-paragraph D Company – insurer self-designated
- Z\* Regulatory review initiated by either the SVO Director, Financial Condition (E) Committee, Executive (EX) Committee or VOSTF.
- ND\* Regulatory review for an assessment of regulatory policy for the investment or regulatory reporting instructions to implement applicable policy.

The NAIC Designation Category is the combination of NAIC Designation and NAIC Designation Modifier. Valid combinations of NAIC Designation and NAIC Designation Modifier for NAIC Designation Category are shown below:

NAIC Designation	NAIC Designation Modifier	NAIC Designation Category
1	A	1A
	B	1B
	C	1C
	D	1D
	E	1E
	F	1F
	G	1G
2	A	2A
	B	2B
	C	2C
3	A	3A
	B	3B
	C	3C
4	A	4A
	B	4B
	C	4C
5	A	5A
	B	5B
	C	5C
6		6

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

Fair Value shall be determined in accordance with *SSAP No. 100R—Fair Value*.

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.

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 27 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.

The guidance in *SSAP No. 100R—Fair Value* allows the use of net asset value per share (NAV) instead of fair value for certain investments. If NAV is used instead of fair value leave blank.

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.**

For Method Code “c,” identify the specific broker or custodian used.

For Method Code “d,” leave blank.

For Method Code “e,” leave blank.

If net asset value (NAV) is used instead of fair value, the reporting entity should use “NAV” to indicate net asset value used instead of fair value.

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.

Non-Registered Private Funds with Underlying Assets Having Characteristics of:

Mortgage Loans

Unaffiliated..... 1199999

Affiliated..... 1299999

Joint Venture, Partnership or Limited Liability Company Interests with Underlying Assets Having the Characteristics of:

Real Estate

Unaffiliated..... 2199999

Affiliated..... 2299999

Mortgage Loans

Unaffiliated..... 2399999

Affiliated..... 2499999

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.

Non-Registered Private Funds with Underlying Assets Having Characteristics of:

Mortgage Loans

Unaffiliated.....	1199999
Affiliated.....	1299999

Joint Venture, Partnership or Limited Liability Company Interests with Underlying Assets Having the Characteristics of:

Real Estate

Unaffiliated.....	2199999
Affiliated.....	2299999

Mortgage Loans

Unaffiliated.....	2399999
Affiliated.....	2499999

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.

Non-Registered Private Funds with Underlying Assets Having Characteristics of:

Mortgage Loans

Unaffiliated.....	1199999
Affiliated.....	1299999

State the date the mortgage loan matures.

Column 27 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.

NAIC Designation Category Footnote:

Provide the total book/adjusted carrying value amount by NAIC Designation Category that represents the amount in reported in Column 12.

## **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 for those investments included on Lines 0799999 and 1599999.

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](http://www.cusip.com/cusip/index.htm).

For those investments not included on Lines 0799999 and 1599999, a CUSIP should be provided if one has been assigned.

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 impairments.

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 16 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.

Non-Registered Private Funds with Underlying Assets Having Characteristics of:

Mortgage Loans

Unaffiliated..... 1199999

Affiliated..... 1299999

Joint Venture, Partnership or Limited Liability Company Interests with Underlying Assets Having the Characteristics of:

Real Estate

Unaffiliated..... 2199999

Affiliated..... 2299999

Mortgage Loans

Unaffiliated..... 2399999

Affiliated..... 2499999

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.

Non-Registered Private Funds with Underlying Assets Having Characteristics of:

Mortgage Loans

Unaffiliated.....	1199999
Affiliated.....	1299999

Joint Venture, Partnership or Limited Liability Company Interests with Underlying Assets Having the Characteristics of:

Real Estate

Unaffiliated.....	2199999
Affiliated.....	2299999

Mortgage Loans

Unaffiliated.....	2399999
Affiliated.....	2499999

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.

Non-Registered Private Funds with Underlying Assets Having Characteristics of:

Mortgage Loans

Unaffiliated.....	1199999
Affiliated.....	1299999

State the date the mortgage loan matures.



Column 16 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.

### **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 for those investments included on Lines 0799999 and 1599999.

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](http://www.cusip.com/cusip/index.htm).

For those investments not included on Lines 0799999 and 1599999, a CUSIP should be provided if one has been assigned.

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 – Life, Property, Fraternal & Title and Page 5 – Health).
- 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 25 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.

Non-Registered Private Funds with Underlying Assets Having Characteristics of:

Mortgage Loans

Unaffiliated.....	1199999
Affiliated.....	1299999

Joint Venture, Partnership or Limited Liability Company Interests with Underlying Assets Having the Characteristics of:

Real Estate

Unaffiliated.....	2199999
Affiliated.....	2299999

Mortgage Loans

Unaffiliated.....	2399999
Affiliated.....	2499999

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.

Non-Registered Private Funds with Underlying Assets Having Characteristics of:

Mortgage Loans

Unaffiliated.....	1199999
Affiliated.....	1299999

Joint Venture, Partnership or Limited Liability Company Interests with Underlying Assets Having the Characteristics of:

Real Estate

Unaffiliated.....	2199999
Affiliated.....	2299999

Mortgage Loans

Unaffiliated.....	2399999
Affiliated.....	2499999

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.

Non-Registered Private Funds with Underlying Assets Having Characteristics of:

Mortgage Loans

Unaffiliated.....	1199999
Affiliated.....	1299999

State the date the mortgage loan matures.

Column 25 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.

**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.**
- **List of stock exchange names and abbreviations.**

Category

Line Number

Bonds:

U.S. Governments

Issuer Obligations.....	0019999999
Residential Mortgage-Backed Securities .....	0029999999
Commercial Mortgage-Backed Securities.....	0039999999
Other Loan-Backed and Structured Securities .....	0049999999
Subtotals – U.S. Governments .....	0109999999

All Other Governments

Issuer Obligations .....	0219999999
Residential Mortgage-Backed Securities .....	0229999999
Commercial Mortgage-Backed Securities.....	0239999999
Other Loan-Backed and Structured Securities .....	0249999999
Subtotals – All Other Governments .....	0309999999

U.S. States, Territories and Possessions (Direct and Guaranteed)	
Issuer Obligations.....	0419999999
Residential Mortgage-Backed Securities .....	0429999999
Commercial Mortgage-Backed Securities.....	0439999999
Other Loan-Backed and Structured Securities .....	0449999999
Subtotals – U.S. States, Territories and Possessions (Direct and Guaranteed) .....	0509999999
U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	
Issuer Obligations .....	0619999999
Residential Mortgage-Backed Securities .....	0629999999
Commercial Mortgage-Backed Securities.....	0639999999
Other Loan-Backed and Structured Securities .....	0649999999
Subtotals – U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) .....	0709999999
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.....	0819999999
Residential Mortgage-Backed Securities .....	0829999999
Commercial Mortgage-Backed Securities.....	0839999999
Other Loan-Backed and Structured Securities .....	0849999999
Subtotals – U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions.....	0909999999
Industrial and Miscellaneous (Unaffiliated)	
Issuer Obligations.....	1019999999
Residential Mortgage-Backed Securities .....	1029999999
Commercial Mortgage-Backed Securities.....	1039999999
Other Loan-Backed and Structured Securities .....	1049999999
Subtotals – Industrial and Miscellaneous (Unaffiliated) .....	1109999999
Hybrid Securities	
Issuer Obligations.....	1219999999
Residential Mortgage-Backed Securities .....	1229999999
Commercial Mortgage-Backed Securities.....	1239999999
Other Loan-Backed and Structured Securities .....	1249999999
Subtotals – Hybrid Securities.....	1309999999
Parent, Subsidiaries and Affiliates	
Issuer Obligations.....	1419999999
Residential Mortgage-Backed Securities .....	1429999999
Commercial Mortgage-Backed Securities.....	1439999999
Other Loan-Backed and Structured Securities .....	1449999999
Affiliated Bank Loans – Issued.....	1459999999
Affiliated Bank Loans – Acquired .....	1469999999
Subtotals – Parent, Subsidiaries and Affiliates.....	1509999999
SVO Identified Funds	
Exchange Traded Funds – as Identified by the SVO.....	1619999999
Unaffiliated Bank Loans	
Unaffiliated Bank Loans – Issued .....	1819999999
Unaffiliated Bank Loans – Acquired.....	1829999999
Subtotals – Unaffiliated Bank Loans.....	1909999999
Unaffiliated Certificates of Deposit.....	2019999999



Total Bonds

Subtotals – Issuer Obligations.....	2419999999
Subtotals – Residential Mortgage-Backed Securities.....	2429999999
Subtotals – Commercial Mortgage-Backed Securities.....	2439999999
Subtotals – Other Loan-Backed and Structured Securities .....	2449999999
Subtotals – SVO Identified Funds.....	2459999999
Subtotals – Affiliated Bank Loans .....	2469999999
Subtotals – Unaffiliated Bank Loans.....	2479999999
Subtotals – Unaffiliated Certificates of Deposit.....	2489999999
Subtotals – Total Bonds .....	2509999999

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](http://www.cusip.com/cusip/index.htm).

If no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column 33.

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 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](http://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 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**).

**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 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 list 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. Terms 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 characteristic code is restricted to items captured in scope of *SSAP No. 43R—Loan-Backed and Structured Securities* and should include agency and non-agency residential mortgage-backed securities (RMBS), some commercial mortgage-backed securities (CMBS), and 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 spread over an interest rate index. This characteristic code is strictly limited to variable interest payments.)
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 intends to capture to Mortgage Reference Securities reported in scope of *SSAP No. 43R—Loan-Backed and Structured Securities*. Other structured notes (securities structured as debt instruments when the contractual amount of the instrument to be paid at maturity is at risk for other than the failure of the borrower to pay the contractual amount due) and whether derivatives shall not be reported on Schedule D, Part 1. These structures are captured in scope of *SSAP No. 86—Derivatives* and shall be reported on Schedule DB.)
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, NAIC Designation Modifier and SVO Administrative Symbol

Provide the appropriate NAIC Designation (1 through 6), NAIC Designation Modifier (A through G) and SVO Administrative Symbol combination for each security. The list of valid SVO Administrative Symbols is shown below.

The listing of valid NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol combinations can be found on the NAIC’s website for the Securities Valuation Office ([www.naic.org/svo.htm](http://www.naic.org/svo.htm)).

The NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol will be shown as one column on the printed schedule but will be three sub-columns in the data table.

- NAIC Designation                      Column 6A
- NAIC Designation Modifier            Column 6B
- SVO Administrative Symbol            Column 6C

On the printed page the sub-columns should be displayed with a “.” between the NAIC Designation and the NAIC Designation Modifier with a space between the NAIC Designation Modifier and the SVO Administrative Symbol (e.g., “1.A YE”).

### NAIC Designation Modifier:

The NAIC Designation Modifier should only be used for bonds eligible to receive one, as defined in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual), otherwise, the field should be left blank.

As defined in the P&P Manual, there is not an NAIC Designation Modifier for investments reporting an NAIC Designation 6, therefore, the NAIC Designation Modifier field should be left blank.

Refer to the P&P Manual for the application of these modifiers.

### SVO Administrative Symbol:

Following are valid SVO Administrative Symbols for bonds. Refer to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* for the application of these symbols.

S	Additional or other non-payment risk
SYE	Additional or other non-payment risk - Year-end carry over
FE	Filing Exempt
FM	Financially Modeled RMBS/CMBS subject to SSAP 43R
YE	Year-end carry over
IF	Initial filing
PL	Private Letter Rating
PLGI	Private Letter Rating – reported on General Interrogatory – for guidance on Private Letter Securities refer to Part Three of the <i>Purposes and Procedures Manual of the NAIC Investment Analysis Office</i>
RT	Regulatory Transaction
RTS	Regulatory Transaction - SVO Reviewed
RTIF	Regulatory Transaction - Initial Filing Submitted to SVO
RTSYE	Regulatory Transaction - SVO Reviewed - Year-end carry over
GI	General Interrogatory
F	Sub-paragraph D Company – insurer self-designated
Z	Insurer self-designated
*	Limited to NAIC Designation 6
Z*	Regulatory review initiated by either the SVO Director, Financial Condition (E) Committee, Executive (EX) Committee or VOSTF.
ND*	Regulatory review for an assessment of regulatory policy for the investment or regulatory reporting instructions to implement applicable policy.

The NAIC Designation Category is the combination of NAIC Designation and NAIC Designation Modifier. Valid combinations of NAIC Designation and NAIC Designation Modifier for NAIC Designation Category are shown below:

NAIC Designation	NAIC Designation Modifier	NAIC Designation Category
1	A	1A
	B	1B
	C	1C
	D	1D
	E	1E
	F	1F
	G	1G
2	A	2A
	B	2B
	C	2C
3	A	3A
	B	3B
	C	3C
4	A	4A
	B	4B
	C	4C
5	A	5A
	B	5B
	C	5C
6		6

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 (Exchange Traded Funds), enter the original cost of the shares purchased, including brokerage and other related fees.

For a bond received as a property dividend or capital contribution, enter the initial recognized value. See *SSAP No. 26R—Bonds* for guidance.

Column 8 – Rate Used to Obtain Fair Value

Report rate used for determining fair value.

For SVO Identified Funds (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 (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 B/ACV 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 (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 (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 (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 (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 (Exchange Traded Funds), enter date of last purchase.

Column 22 – Stated Contractual Maturity Date

For SVO Identified Funds (Exchange Traded Funds), leave blank.

For perpetual bonds, enter 01/01/9999.

For mandatory convertible bonds use the conversion date.

**\*\* Columns 23 through 35 will be electronic only. \*\***

Column 23 – State Abbreviation

Applies to:

U.S. States, Territories and Possessions

Include the 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 the 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 the 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.

The guidance in *SSAP No. 100R—Fair Value* allows the use of net asset value per share (NAV) instead of fair value for certain investments. If NAV is used instead of fair value, leave blank.

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.**

For Method Code “c,” identify the specific broker or custodian used.

For Method Code “d,” leave blank.

For Method Code “e,” leave blank.

If net asset value (NAV) is used instead of fair value, the reporting entity should use “NAV” to indicate net asset value used instead of fair value.

Column 26 – Collateral Type

Use only for securities included in the following subtotal lines.

U.S. Governments	
Residential Mortgage-Backed Securities .....	0029999999
Commercial Mortgage-Backed Securities .....	0039999999
Other Loan-Backed and Structured Securities .....	0049999999
All Other Governments	
Residential Mortgage-Backed Securities .....	0229999999
Commercial Mortgage-Backed Securities .....	0239999999
Other Loan-Backed and Structured Securities .....	0249999999
U.S. States, Territories and Possessions (Direct and Guaranteed)	
Residential Mortgage-Backed Securities .....	0429999999
Commercial Mortgage-Backed Securities .....	0439999999
Other Loan-Backed and Structured Securities .....	0449999999
U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	
Residential Mortgage-Backed Securities .....	0629999999
Commercial Mortgage-Backed Securities .....	0639999999
Other Loan-Backed and Structured Securities .....	0649999999
U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions	
Residential Mortgage-Backed Securities .....	0829999999
Commercial Mortgage-Backed Securities .....	0839999999
Other Loan-Backed and Structured Securities .....	0849999999
Industrial and Miscellaneous (Unaffiliated)	
Residential Mortgage-Backed/ Securities .....	1029999999
Commercial Mortgage-Backed Securities .....	1039999999
Other Loan-Backed and Structured Securities .....	1049999999
Hybrid Securities	
Residential Mortgage-Backed Securities .....	1229999999
Commercial Mortgage-Backed Securities .....	1239999999
Other Loan-Backed and Structured Securities .....	1249999999
Parent, Subsidiaries and Affiliates	
Residential Mortgage-Backed Securities .....	1429999999
Commercial Mortgage-Backed Securities .....	1439999999
Other Loan-Backed and Structured Securities .....	1449999999

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.

Note: Various investments below require SVO review and approval, please refer to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office (P&P Manual)* for further description.

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     Ground Lease Financing  
  
Real estate loans secured by the obligation to pay debt service by means of rental payments of subleased property; where a long-term ground lease was issued in which the lessee intends significant land development and the subleasing of such property to other long-term tenants.
- 11     Other  
  
Include other collateral types that do not fit into categories 1 through 10.

**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 next 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 next 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 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. 1<sup>st</sup> 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 1619999999 Exchange Traded Funds – as Identified by the SVO).

Column 35 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.

NAIC Designation Category Footnote:

Provide the total book/adjusted carrying value amount by NAIC Designation Category that represents the amount reported in Column 11.

The sum of the amounts reported for each NAIC Designation Category in the footnote should equal Line 2509999999.



**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.

Investments that are in substance residual interests or a residual security tranche shall not be captured on this schedule. These investments shall be reported on Schedule BA – Other Long-Term Assets.

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.**

<u>Category</u>	<u>Line Number</u>
Industrial and Miscellaneous (Unaffiliated):	
Perpetual Preferred .....	4019999999
Redeemable Preferred .....	4029999999
Subtotals – Industrial and Miscellaneous (Unaffiliated) .....	4109999999
Parent, Subsidiaries and Affiliates:	
Perpetual Preferred .....	4319999999
Redeemable Preferred .....	4329999999
Subtotals – Parent, Subsidiaries and Affiliates .....	4409999999
Total Preferred Stocks .....	4509999999

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](http://www.cusip.com/cusip/index.htm).
- If no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column 27.
- 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.
- 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 – Foreign
- Insert the appropriate code in the column based on the **list 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* and *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* 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:

Redeemable Preferred

NAIC Designation 1 – 3	Enter book value.
NAIC Designation 4 – 6	Enter the lower of book value or fair value.

Perpetual Preferred

NAIC Designation 1 – 6	Enter fair value not to exceed any currently effective call price.
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For reporting entities not maintaining an AVR:

Redeemable Preferred

NAIC Designation 1 – 2	Enter book value.
NAIC Designation 3 – 6	Enter the lower of book value or fair value.

Perpetual Preferred

NAIC Designations 1 – 6	Enter fair value not to exceed any currently effective call price.
-------------------------	--

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

Report publicly traded stock warrants captured in the scope of *SSAP No. 32R—Preferred Stock* at Fair Value.

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, NAIC Designation Modifier and SVO Administrative Symbol

Provide the appropriate combination of NAIC Designation (1 through 6), NAIC Designation Modifier (A through G) and SVO Administrative Symbol for each security. The list of valid Administrative Symbols is shown below.

The listing of valid NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol combinations can be found on the NAIC’s website for the Securities Valuation Office ([www.naic.org/svo.htm](http://www.naic.org/svo.htm)).

Exchange Traded Funds should be reported as perpetual securities.

The NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol will be shown as one column on the printed schedule but will be three sub-columns in the data table.

- NAIC Designation Column 20A
- NAIC Designation Modifier Column 20B
- SVO Administrative Symbol Column 20C

On the printed page the sub-columns should be displayed with a “.” between the NAIC Designation and the NAIC Designation Modifier with a space between the NAIC Designation Modifier and the SVO Administrative Symbol (e.g., “1.A YE”).

Designation Modifier:

The NAIC Designation Modifier should only be used for securities reported on lines below if eligible to receive one, as defined in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual), otherwise, the field should be left blank.

- Industrial and Miscellaneous (Unaffiliated) Perpetual Preferred Line 4019999999
- Industrial and Miscellaneous (Unaffiliated) Redeemable Preferred Line 4029999999

The NAIC Designation Modifier should be left blank for securities reported on lines below.

- Parent, Subsidiaries and Affiliates Line 4319999999
- Parent, Subsidiaries and Affiliates Line 4329999999

As defined in the P&P Manual, there is not an NAIC Designation Modifier for investments reporting an NAIC Designation 6, therefore, the NAIC Designation Modifier field should be left blank.

Refer to the P&P Manual for the application of these modifiers.

Following are valid administrative symbols for preferred stock. Refer to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* for the application of these symbols.

S	Additional or other non-payment risk assigned by the SVO or SSG
SYE	Additional or other non-payment risk - Year-end carry over
FE	Filing Exempt assigned by the SVO
YE	Year-end carry over assigned by the SVO
IF	Initial filing - insurer reported designation with Admin Symbol assigned by the SVO
PL	Private Letter Rating assigned by the SVO
PLGI	Private Letter Rating – insurer assigned and reported on General Interrogatory – for guidance on Private Letter Securities refer to Part Three of the <i>Purposes and Procedures Manual of the NAIC Investment Analysis Office</i>
RT	Regulatory Transaction
RTS	Regulatory Transaction - SVO Reviewed
RTIF	Regulatory Transaction - Initial Filing Submitted to SVO
RTSYE	Regulatory Transaction - SVO Reviewed - Year-end carry over
GI	Insurer assigned and reported on General Interrogatory
F	Sub-paragraph D Company – insurer self-designated
Z	Insurer assigned and reported subject to limitation
*	Limited to NAIC Designation 6 – insurer assigned
Z*	Regulatory review initiated by either the SVO Director, Financial Condition (E) Committee, Executive (EX) Committee or VOSTF.
ND*	Regulatory review for an assessment of regulatory policy for the investment or regulatory reporting instructions to implement applicable policy.

The NAIC Designation Category is the combination of NAIC Designation and NAIC Designation Modifier. Valid combinations of NAIC Designation and NAIC Designation Modifier for NAIC Designation Category are shown below:

NAIC Designation	NAIC Designation Modifier	NAIC Designation Category
1	A	1A
	B	1B
	C	1C
	D	1D
	E	1E
	F	1F
	G	1G
2	A	2A
	B	2B
	C	2C
3	A	3A
	B	3B
	C	3C
4	A	4A
	B	4B
	C	4C
5	A	5A
	B	5B
	C	5C
6		6

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 28 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.

The guidance in *SSAP No. 100R—Fair Value* allows the use of net asset value (NAV) per share instead of fair value for certain investments. If NAV is used instead of fair value, leave blank.

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.**

For Method Code “c,” identify the specific broker or custodian used.

For Method Code “d,” leave blank.

For Method Code “e,” leave blank.

If net asset value (NAV) is used instead of fair value, the reporting entity should use “NAV” to indicate net asset value used instead of fair value.



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.

Column 28 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.

NAIC Designation Category Footnote:

Provide the total book/adjusted carrying value amount by NAIC Designation Category that represents the amount reported in Column 8.

The sum of the amounts reported for each NAIC Designation Category in the footnote should equal the sum of Lines 4019999999 and 4029999999.

**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.

Investments that are in substance residual interests or a residual security tranche shall not be captured on this schedule. These investments shall be reported on Schedule BA – Other Long-Term Assets.

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.**

<u>Category</u>	<u>Line Number</u>
<b>Industrial and Miscellaneous (Unaffiliated):</b>	
Publicly Traded .....	5019999999
Other .....	5029999999
Subtotals – Industrial and Miscellaneous (Unaffiliated) .....	5109999999
<b>Mutual Funds</b>	
Designation Assigned by SVO .....	5319999999
Designation Not Assigned by SVO .....	5329999999
Subtotals – Mutual Funds .....	5409999999
<b>Unit Investment Trusts</b>	
Designation Assigned by SVO .....	5519999999
Designation Not Assigned by SVO .....	5529999999
Subtotals – Unit Investment Trusts .....	5609999999
<b>Closed-End Funds</b>	
Designation Assigned by SVO .....	5719999999
Designation Not Assigned by SVO .....	5729999999
Subtotals – Closed-End Funds .....	5809999999
Exchange Traded Funds .....	5819999999

Parent, Subsidiaries and Affiliates:

Publicly Traded .....	5919999999
Other .....	5929999999
Subtotals – Parent, Subsidiaries and Affiliates .....	5979999999
Total Common Stocks .....	5989999999
Total Preferred and Common Stocks .....	5999999999

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](http://www.cusip.com/cusip/index.htm).

If no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column 24.

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 foreign (non-SEC registered) open-end registered investment funds.

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.

If the security is foreign mutual fund 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**).

**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 and may be used simultaneously with the “#” with the “^” preceding the “#”, 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 **list 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 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 collectability 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 – 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.

Column 18 – NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol

For securities reported on Line 5319999999 (Mutual Funds), Line 5519999999 (Unit Investment Trusts) and Line 5719999999 (Closed-End Funds), provide the appropriate NAIC Designation (1 through 6), NAIC Designation Modifier (A through G) and SVO Administrative Symbol combination as assigned by the Securities Valuation Office and published in AVS+ per the instructions in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* on the Compilation and Publication of the SVO List of Investment Securities. A list of these funds can be found on the Securities Valuation Office Web page ([www.naic.org/svo.htm](http://www.naic.org/svo.htm)).

NAIC Designation and NAIC Designation Modifier should not be provided for securities reported on these lines categories stated above that have not been assigned one by the Securities Valuation Office. For all other common stock line categories, the NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol should not be provided.

The listing of valid NAIC Designations, NAIC Designation Modifier and SVO Administrative Symbol combinations can be found on the NAIC’s website for the Securities Valuation Office ([www.naic.org/svo.htm](http://www.naic.org/svo.htm)).

The NAIC Designation, Designation Modifier and SVO Administrative Symbol will be shown as one column on the printed schedule but will be three sub-columns in the data table.

- NAIC Designation                      Column 18A
- NAIC Designation Modifier          Column 18B
- SVO Administrative Symbol          Column 18C

On the printed page the sub-columns should be displayed with a “.” between the NAIC Designation and the NAIC Designation Modifier with a space between the NAIC Designation Modifier and the SVO Administrative Symbol (e.g., “1.A YE”).

NAIC Designation Modifier:

The NAIC Designation Modifier should only be used for securities reported on Line 5319999999 (Mutual Funds Designation Assigned by SVO), Line 5519999999 (Unit Investment Trusts Designation Assigned by SVO) and Line 5719999999 (Closed-End Funds Designation Assigned by SVO) if eligible to receive one, as defined in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual), otherwise, should not be provided.

The Designation Modifier should not be provided for securities reported on lines below.

- Industrial and Miscellaneous (Unaffiliated) Publicly Traded      Line 5019999999
- Industrial and Miscellaneous (Unaffiliated) Other                      Line 5029999999
- Mutual Funds Designation Not Assigned by SVO                      Line 5329999999
- Unit Investment Trusts Designation Not Assigned by SVO          Line 5529999999
- Closed-End Funds Designation Not Assigned by SVO                  Line 5729999999
- Exchange Traded Funds    Line 5819999999
- Parent, Subsidiaries and Affiliates Publicly Traded                  Line 5919999999
- Parent, Subsidiaries and Affiliates Other                                  Line 5929999999

As defined in the P&P Manual, there is not an NAIC Designation Modifier for investments reporting an NAIC Designation 6, therefore, the NAIC Designation Modifier should not be provided.

Refer to the P&P Manual for the application of these modifiers.

SVO Administrative Symbol:

Following are valid SVO Administrative Symbols for common stock. Refer to the P&P Manual for the application of these symbols.

- YE            Year-end carry over
- Z\*            Regulatory review initiated by either the SVO Director, Financial Condition (E) Committee, Executive (EX) Committee or VOSTF.
- ND\*          Regulatory review for an assessment of regulatory policy for the investment or regulatory reporting instructions to implement applicable policy.

The NAIC Designation Category is the combination of NAIC Designation and NAIC Designation Modifier. Valid combinations of NAIC Designation and NAIC Designation Modifier for NAIC Designation Category are shown below:

NAIC Designation	NAIC Designation Modifier	NAIC Designation Category
1	A	1A
	B	1B
	C	1C
	D	1D
	E	1E
	F	1F
	G	1G
2	A	2A
	B	2B
	C	2C
3	A	3A
	B	3B
	C	3C
4	A	4A
	B	4B
	C	4C
5	A	5A
	B	5B
	C	5C
6		6



**\*\* Columns 19 through 25 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.

The guidance in *SSAP No. 100R—Fair Value* allows the use of net asset value (NAV) per share instead of fair value for certain investments. If NAV is used instead of fair value, leave blank.

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.**

For Method Code “c,” identify the specific broker or custodian used.

For Method Code “d,” leave blank.

For Method Code “e,” leave blank.

If net asset value (NAV) is used instead of fair value, the reporting entity should use “NAV” to indicate net asset value used instead of fair value.

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.

Column 25 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.

NAIC Designation Category Footnote:

Provide the total book/adjusted carrying value amount by NAIC Designation Category that represents the amount reported in Column 6.

**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.

**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.**

<u>Category</u>	<u>Line Number</u>
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Bonds:

U.S. Governments .....	0109999999
All Other Governments .....	0309999999
U.S. States, Territories and Possessions (Direct and Guaranteed).....	0509999999
U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed).....	0709999999
U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions .....	0909999999
Industrial and Miscellaneous (Unaffiliated) .....	1109999999
Hybrid Securities .....	1309999999

Parent, Subsidiaries and Affiliates.....	1509999999
SVO Identified Funds.....	1619999999
Unaffiliated Bank Loans.....	1909999999
Unaffiliated Certificates of Deposit.....	2019999999
Subtotals – Bonds – Part 3.....	2509999997
Summary item from Part 5 for Bonds.....	2509999998
Subtotals – Bonds.....	2509999999
Preferred Stocks:	
Industrial and Miscellaneous (Unaffiliated)	
Perpetual Preferred.....	4019999999
Redeemable Preferred.....	4029999999
Parent, Subsidiaries and Affiliates	
Perpetual Preferred.....	4319999999
Redeemable Preferred.....	4329999999
Subtotals – Preferred Stocks – Part 3.....	4509999997
Summary item from Part 5 for Preferred Stocks.....	4509999998
Subtotals – Preferred Stocks.....	4509999999
Common Stocks:	
Industrial and Miscellaneous (Unaffiliated)	
Publicly Traded.....	5019999999
Other.....	5029999999
Mutual Funds	
Designations Assigned by the SVO.....	5319999999
Designations Not Assigned by the SVO.....	5329999999
Unit Investment Trusts	
Designations Assigned by the SVO.....	5519999999
Designations Not Assigned by the SVO.....	5529999999
Closed-End Funds	
Designations Assigned by the SVO.....	5719999999
Designations Not Assigned by the SVO.....	5729999999
Exchange Traded Funds.....	5819999999
Parent, Subsidiaries and Affiliates	
Publicly Traded.....	5919999999
Other.....	5929999999
Subtotals – Common Stocks – Part 3.....	5989999997
Summary item from Part 5 for Common Stocks.....	5989999998
Subtotals – Common Stocks.....	5989999999
Subtotals – Preferred and Common Stocks.....	5999999999
Totals.....	6009999999

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](http://www.cusip.com/cusip/index.htm).

If no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column 14.

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 (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](http://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 **list 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 (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.
- For a bond received as a property dividend or capital contribution, enter the initial recognized value. See *SSAP No. 26R—Bonds* for guidance.
- 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 (Exchange Traded Funds), enter 0.
- Column 9 – Paid for Accrued Interest and Dividends
- For SVO Identified Funds (Exchange Traded Funds), enter amount of dividends on shares acquired between the dividend declaration date and the ex-dividend date.

**\*\* Columns 10 through 15 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.

Column 15 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.

**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.

**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.**

<u>Category</u>	<u>Line Number</u>
Bonds:	
U.S. Governments .....	0109999999
All Other Governments .....	0309999999
U.S. States, Territories and Possessions (Direct and Guaranteed).....	0509999999
U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed).....	0709999999
U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions .....	0909999999
Industrial and Miscellaneous (Unaffiliated) .....	1109999999
Hybrid Securities .....	1309999999
Parent, Subsidiaries and Affiliates.....	1509999999
SVO Identified Funds.....	1619999999

Unaffiliated Bank Loans.....	1909999999
Unaffiliated Certificates of Deposit.....	2019999999
Subtotals – Bonds – Part 4.....	2509999997
Summary item from Part 5 for Bonds.....	2509999998
Subtotals – Bonds.....	2509999999

Preferred Stocks:

Industrial and Miscellaneous (Unaffiliated)	
Perpetual Preferred.....	4019999999
Redeemable Preferred.....	4029999999
Parent, Subsidiaries and Affiliates	
Perpetual Preferred.....	4319999999
Redeemable Preferred.....	4329999999
Subtotals – Preferred Stocks – Part 4.....	4509999997
Summary item from Part 5 for Preferred Stocks.....	4509999998
Subtotals – Preferred Stocks.....	4509999999

Common Stocks:

Industrial and Miscellaneous (Unaffiliated)	
Publicly Traded.....	5019999999
Other.....	5029999999
Mutual Funds	
Designations Assigned by the SVO.....	5319999999
Designations Not Assigned by the SVO.....	5329999999
Unit Investment Trusts	
Designations Assigned by the SVO.....	5519999999
Designations Not Assigned by the SVO.....	5529999999
Closed-End Funds	
Designations Assigned by the SVO.....	5719999999
Designations Not Assigned by the SVO.....	5729999999
Exchange Traded Funds.....	5819999999
Parent, Subsidiaries and Affiliates	
Publicly Traded.....	5919999999
Other.....	5929999999
Subtotals – Common Stocks – Part 4.....	5989999997
Summary item from Part 5 for Common Stocks.....	5989999998
Subtotals – Common Stocks.....	5989999999
Subtotals – Preferred and Common Stocks.....	5999999999

Totals.....	6009999999
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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](http://www.cusip.com/cusip/index.htm).

If no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column 26.

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 (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](http://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 **list 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 (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 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	<p>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.</p> <p>For preferred stock, enter par value per share of stock if any.</p> <p>For SVO Identified Funds (Exchange Traded Funds), enter 0.</p>
Column 9	–	Actual Cost	<p>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.</p> <p>Exclude:                   Accrued interest and dividends.</p> <p>For a bond received as a property dividend or capital contribution enter the initial recognized value. See <i>SSAP No. 26R—Bonds</i> for guidance.</p>
Column 10	–	Prior Year Book/Adjusted Carrying Value	<p>This should equal the Book/Adjusted Carrying Value amount reported in the prior year annual statement for each specific security.</p>
Column 11	–	Unrealized Valuation Increase/(Decrease)	<p>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).</p> <p>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 – Life, Property, Fraternal &amp; Title and Page 5 – Health).</p>
Column 12	–	Current Year’s (Amortization)/Accretion	<p>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.</p>
Column 13	–	Current Year’s Other-Than-Temporary Impairment Recognized	<p>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.</p>

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 (Exchange Traded Funds), enter the difference between the consideration, Column 7 and actual cost Column 9 at date of sale.

Bonds called or tendered where consideration received exceeds par:

For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee, the amount of realized gain (loss) reported is equal to the Par value of the investment (Column 8) less the B/ACV at the Disposal Date (Column 16).

Bonds called or tendered where consideration received is less than par:

For securities sold, redeemed or otherwise disposed of, the amount of investment income and realized gain reported shall be calculated in accordance with *SSAP No. 26R—Bonds*.

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 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.

Bonds called or tendered where consideration received exceeds par:

For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee; the amount of investment income reported is equal to the total consideration received (Column 7) less the Par value of the investment (Column 8).

Bonds called or tendered where consideration received is less than par:

For securities sold, redeemed or otherwise disposed of, the amount of investment income and realized gain reported shall be calculated in accordance with *SSAP No. 26R—Bonds*.

Column 21 – Stated Contractual Maturity Date

For SVO Identified Funds (Exchange Traded Funds), leave blank.

For perpetual bonds, enter 01/01/9999.

**\*\* Columns 22 through 27 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 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 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.



Column 27 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.

**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).

**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.**

<u>Category</u>	<u>Line Number</u>
Bonds:	
U.S. Governments .....	0109999999
All Other Governments .....	0309999999
U.S. States, Territories and Possessions (Direct and Guaranteed).....	0509999999
U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed).....	0709999999
U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions .....	0909999999
Industrial and Miscellaneous (Unaffiliated) .....	1109999999
Hybrid Securities .....	1309999999
Parent, Subsidiaries and Affiliates.....	1509999999
SVO Identified Funds.....	1619999999
Unaffiliated Bank Loans.....	1909999999
Unaffiliated Certificates of Deposit.....	2019999999
Subtotals – Bonds .....	2509999998

Preferred Stocks:

Industrial and Miscellaneous (Unaffiliated)	
Perpetual Preferred .....	4019999999
Redeemable Preferred .....	4029999999
Parent, Subsidiaries and Affiliates	
Perpetual Preferred .....	4319999999
Redeemable Preferred .....	4329999999
Subtotals – Preferred Stocks .....	4509999998

Common Stocks:

Industrial and Miscellaneous (Unaffiliated)	
Publicly Traded .....	5019999999
Other .....	5029999999
Mutual Funds	
Designations Assigned by the SVO .....	5319999999
Designations Not Assigned by the SVO .....	5329999999
Unit Investment Trusts	
Designations Assigned by the SVO .....	5519999999
Designations Not Assigned by the SVO .....	5529999999
Closed-End Funds	
Designations Assigned by the SVO .....	5719999999
Designations Not Assigned by the SVO .....	5729999999
Exchange Traded Funds .....	5819999999
Parent, Subsidiaries and Affiliates	
Publicly Traded .....	5919999999
Other .....	5929999999
Subtotals – Common Stocks .....	5989999998
Subtotals – Preferred and Common Stocks .....	5999999999

Totals ..... 6009999999

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](http://www.cusip.com/cusip/index.htm).

If no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column 26.

- 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 (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 banking institutions should follow from the registry of the Federal Financial Institutions Examination Council (FFIEC) ([www.ffiec.gov/nicpubweb/nicweb/SearchForm.aspx](http://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 **list 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 (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 (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	–	<p><b>Actual Cost</b></p> <p>This is the recorded cost of an investment that was purchased during the current reporting year and sold during the current reporting year.</p> <p><b>Include:</b> 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.</p> <p><b>Exclude:</b> Accrued interest and dividends.</p> <p style="padding-left: 40px;">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.</p> <p>For a bond received as a property dividend or capital contribution, enter the initial recognized value. See <i>SSAP No. 26R—Bonds</i> for guidance.</p>
Column 10	–	<p><b>Consideration</b></p> <p><b>Include:</b> In the determination of this amount, the broker’s commission and incidental expenses of effecting delivery.</p> <p><b>Exclude:</b> Accrued interest and dividends.</p> <p>For SVO Identified Funds (Exchange Traded Funds), enter price received at sale, usually the number of shares sold times the selling price per share.</p>
Column 11	–	<p><b>Book/Adjusted Carrying Value at Disposal</b></p> <p>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.</p> <p><b>Deduct:</b> A direct write-down for a decline in the fair value of a bond that is other-than-temporary.</p> <p><b>Exclude:</b> Accrued interest.</p>
Column 13	–	<p><b>Current Year’s (Amortization)/Accretion</b></p> <p>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.</p>
Column 14	–	<p><b>Current Year’s Other-Than-Temporary Impairment Recognized</b></p> <p>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.</p>

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.

Bonds called or tendered where consideration received exceeds par:

For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee; the amount of realized gain (loss) reported is equal to the Par value of the investment (Column 8) less the B/ACV at the Disposal Date (Column 11).

Bonds called or tendered where consideration received is less than par:

For securities sold, redeemed or otherwise disposed of, the amount of investment income and realized gain reported shall be calculated in accordance with *SSAP No. 26R—Bonds*.

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 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.

Bonds called or tendered where consideration received exceeds par:

For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee, the amount of investment income reported is equal to the total consideration received (Column 10) less the Par value of the investment (Column 8).

Bonds called or tendered where consideration received is less than par:

For securities sold, redeemed or otherwise disposed of, the amount of investment income and realized gain reported shall be calculated in accordance with *SSAP No. 26R—Bonds*.

**\*\* Columns 22 through 27 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 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 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.



Column 27 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.

**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:

<u>Category</u>	<u>Line Number</u>
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](http://www.cusip.com/cusip/index.htm).
- If no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column 15.
- 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 **list 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) * |
| Reciprocal Jurisdiction Reinsurer Identification Number | (RJIN) * |
| Certified Reinsurer Identification Number               | (CRIN) * |
- \* RJIN, AIINs or CRINs are only reported if the entity is a reinsurer that has had an RJIN, 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 *SSAP No. 97—Subsidiary, Controlled and Affiliated Entities*.
- Use the following codes to indicate a specific valuation method:
- | <u>CODE</u> | <u>Valuation Method</u>                                   |
|-------------|---|
| 8a          | Market Value  |
| 8bi         | Investment in U.S. Insurance Company SCAs                 |
| 8bii        | Investments in Non-Insurance SCA Entities Statutory Basis |
| 8biii       | Investments in Non-Insurance SCA Entities GAAP Basis      |
| 8biv        | Investments in Foreign Insurance Company SCA Entities     |
- 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 8 – Total Amount of Goodwill

The goodwill 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 goodwill equals the goodwill calculated at purchase, as defined in *SSAP No. 68—Business Combinations and Goodwill*, minus any write-off thereof between the date of purchase and the statement date. If any portion of the total amount of goodwill 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 this section of the schedule.

Column 9 – Nonadmitted Amount

Provide the amount nonadmitted, if any, included in Column 2 of the Asset page.

Column 10 – Stock of Such Company Owned by Insurer on Statement Date Number of Shares and  
 Column 11 – 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 12 through 19 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 – 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 14 – 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 15 – 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 16 – Prior Year Book/Adjusted Carrying Value
- This should equal the Book/Adjusted Carrying Value (Column 7) amount reported in the prior year annual statement for each specific security.
- Column 17 – Prior Year Nonadmitted Amount
- This should equal the Nonadmitted Amount (Column 9) amount, if any, reported in the prior year annual statement for each specific security.
- Column 18 – Prior Year Sub-2 Verified Value
- If per SSAP No. 97 or by direction of the domiciliary regulator, the SCA is required to be filed with the NAIC, provide the prior year’s Sub-2 “Total Value Claimed.”
- Column 19 – Prior Year VISION Filing Number
- If per SSAP No. 97 or by direction of the domiciliary regulator, the SCA is required to be filed with the NAIC, provide the prior year NAIC VISION filing number.

**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:

<u>Category</u>	<u>Line Number</u>
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 Goodwill Included in Amount Shown in Column 8, Section 1

As explained in the instructions for Section 1, this amount is based on the goodwill at purchase of the stock of the lower-tier company, reduced by any subsequent impairment/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 – 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. 31 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.....	0019999999
Residential Mortgage-Backed Securities .....	0029999999
Commercial Mortgage-Backed Securities.....	0039999999
Other Loan-Backed and Structured Securities .....	0049999999
Subtotals – U.S. Governments .....	0109999999

All Other Governments

Issuer Obligations.....	0219999999
Residential Mortgage-Backed Securities .....	0229999999
Commercial Mortgage-Backed Securities.....	0239999999
Other Loan-Backed and Structured Securities .....	0249999999
Subtotals – All Other Governments .....	0309999999

U.S. States, Territories and Possessions (Direct and Guaranteed)	
Issuer Obligations.....	0419999999
Residential Mortgage-Backed Securities .....	0429999999
Commercial Mortgage-Backed Securities.....	0439999999
Other Loan-Backed and Structured Securities .....	0449999999
Subtotals – U.S. States, Territories and Possessions (Direct and Guaranteed) .....	0509999999
U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	
Issuer Obligations.....	0619999999
Residential Mortgage-Backed Securities .....	0629999999
Commercial Mortgage-Backed Securities.....	0639999999
Other Loan-Backed and Structured Securities .....	0649999999
Subtotals – U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed).....	0709999999
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.....	0819999999
Residential Mortgage-Backed Securities .....	0829999999
Commercial Mortgage-Backed Securities.....	0839999999
Other Loan-Backed and Structured Securities .....	0849999999
Subtotals – U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions .....	0909999999
Industrial and Miscellaneous (Unaffiliated)	
Issuer Obligations.....	1019999999
Residential Mortgage-Backed Securities .....	1029999999
Commercial Mortgage-Backed Securities.....	1039999999
Other Loan-Backed and Structured Securities .....	1049999999
Subtotals – Industrial and Miscellaneous (Unaffiliated) .....	1109999999
Hybrid Securities	
Issuer Obligations.....	1219999999
Residential Mortgage-Backed Securities .....	1229999999
Commercial Mortgage-Backed Securities.....	1239999999
Other Loan-Backed and Structured Securities .....	1249999999
Subtotals – Hybrid Securities.....	1309999999
Parent, Subsidiaries and Affiliates Bonds	
Issuer Obligations.....	1419999999
Residential Mortgage-Backed Securities .....	1429999999
Commercial Mortgage-Backed Securities.....	1439999999
Other Loan-Backed and Structured Securities .....	1449999999
Affiliated Bank Loans – Issued.....	1459999999
Affiliated Bank Loans – Acquired .....	1469999999
Subtotals – Parent, Subsidiaries and Affiliates Bonds .....	1509999999
SVO Identified Funds	
Exchange Traded Funds – as Identified by the SVO.....	1619999999
Unaffiliated Bank Loans	
Unaffiliated Bank Loans – Issued .....	1819999999
Unaffiliated Bank Loans – Acquired.....	1829999999
Subtotals – Unaffiliated Bank Loans.....	1909999999



Total Bonds

Subtotals – Issuer Obligations.....	2419999999
Subtotals – Residential Mortgage-Backed Securities.....	2429999999
Subtotals – Commercial Mortgage-Backed Securities .....	2439999999
Subtotals – Other Loan-Backed and Structured Securities .....	2449999999
Subtotals – SVO Identified Funds.....	2459999999
Subtotals – Affiliated Bank Loans .....	2469999999
Subtotals – Unaffiliated Bank Loans.....	2479999999
Subtotals – Bonds.....	2509999999
Parent, Subsidiaries and Affiliates	
Mortgage Loans .....	7019999999
Other Short-Term Invested Assets .....	7029999999
Subtotals – Parent, Subsidiaries and Affiliates.....	7109999999
Mortgage Loans.....	7309999999
Other Short-Term Invested Assets .....	7509999999
Total Short-Term Investments.....	7709999999

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 investments which have been reported on this schedule for more than one consecutive year.

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**).

If the “%” code is used in conjunction with the “\*” or “@” codes, the “%” code should appear after the “\*” or “@” codes immediately followed by the appropriate code for not being under the exclusive control of the company (**identified in the Investment Schedules General Instructions**).

**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 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 for not being under the exclusive control of the company (**identified in the Investment Schedules General Instructions**).

If the “%” code is used in conjunction with the “\*” or “@” codes, the “%” code should appear after the “\*” or “@” codes immediately followed by the appropriate code for not being under the exclusive control of the company (**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 B/ACV 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.
- For a bond received as a property dividend or capital contribution, enter the initial recognized value. See *SSAP No. 26R—Bonds* for guidance.
- 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.

**\*\* Columns 21 and 23 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 – NAIC Designation Category

Provide the appropriate combination of NAIC Designation Equivalent (1 through 6) and NAIC Designation Modifier Equivalent (A through G) (see table below) for each security shown.

The NAIC Designation and NAIC Designation Modifier Equivalent should not be provided for the following lines:

- Parent, Subsidiaries and Affiliates – Mortgage Loans Line 7019999999
- Parent, Subsidiaries and Affiliates – Other Short-Term Invested Assets Line 7029999999
- Mortgage Loans Line 7309999999
- Other Short-Term Invested Assets Line 7509999999

Exchange Traded Funds – as Identified by the SVO should be reported as perpetual securities.

The NAIC Designation Category will be two sub-columns in the data table.

- NAIC Designation Equivalent Column 22A
- NAIC Designation Modifier Equivalent Column 22B

**NAIC Designation Equivalent:**

For the NAIC Designation Equivalent, use the NAIC designation that would have been used for the investment had it been reported on Schedule D, Part 1 if available. If no NAIC Designation is available, the reporting entity should use a NAIC Designation Equivalent most closely resembles their credit risk the investment.

**NAIC Designation Modifier Equivalent:**

Bonds (Lines 0019999999 through 1909999999)

Use the NAIC Designation Modifier that would have been used for the investment had it been reported on Schedule D, Part 1 if available.

If no NAIC Designation Modifier is available, the reporting entity should use a NAIC Designation Modifier Equivalent most closely resembles their credit risk the investment.

As defined in the P&P Manual, there is not an NAIC Designation Modifier for investments reporting an NAIC Designation 6, therefore, the NAIC Designation Modifier field should be left blank.

Refer to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* for the application of these codes.

The NAIC Designation Category Equivalent is the combination of NAIC Designation Equivalent and NAIC Designation Modifier Equivalent. Valid combinations of NAIC Designation Equivalent and NAIC Designation Modifier Equivalent for NAIC Designation Category Equivalent are shown below:

NAIC Designation Equivalent	NAIC Designation Modifier Equivalent	NAIC Designation Category Equivalent
1	A	1A
	B	1B
	C	1C
	D	1D
	E	1E
	F	1F
	G	1G
2	A	2A
	B	2B
	C	2C
3	A	3A
	B	3B
	C	3C
4	A	4A
	B	4B
	C	4C
5	A	5A
	B	5B
	C	5C
6		6

Column 23 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.

NAIC Designation Category Equivalent Footnote:

Provide the total book/adjusted carrying value amount by NAIC Designation Category Equivalent that represents the amount reported in Column 7.

The sum of the amounts reported for each NAIC Designation Category Equivalent in the footnote should equal Line 2509999999.

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## **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; or
- 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. Exclude publicly traded stock warrants that are captured in scope of *SSAP No. 30R—Unaffiliated Common Stock* or *SSAP No. 32R—Preferred Stock*.

“*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.

“*Financing Premium*” means that the premium cost to acquire or enter into the derivative is paid at the end of the derivative contract or throughout the derivative contract.

“*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. Excludes publicly traded stock warrants captured in the scope of *SSAP No. 30R—Unaffiliated Common Stock* or *SSAP No. 32R—Preferred Stock*.

\*\* 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:

<u>Category</u>	<u>Line Number</u>
<b>Purchased Options</b>	
Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No. 108	
Call Options and Warrants .....	0019999999
Put Options.....	0029999999
Caps .....	0039999999
Floors .....	0049999999
Collars.....	0059999999
Other .....	0069999999
Subtotal – Hedging Effective.....	0079999999
Hedging Effective – Variable Annuity Guarantees Under SSAP No. 108	
Call Options and Warrants .....	0089999999
Put Options.....	0099999999
Caps .....	0109999999
Floors .....	0119999999
Collars.....	0129999999
Other .....	0139999999
Subtotal – Hedging Effective.....	0149999999
Hedging Other	
Call Options and Warrants .....	0159999999
Put Options.....	0169999999
Caps .....	0179999999
Floors .....	0189999999
Collars.....	0199999999
Other .....	0209999999
Subtotal – Hedging Other .....	0219999999
Replications	
Call Options and Warrants .....	0229999999
Put Options.....	0239999999
Caps .....	0249999999
Floors .....	0259999999
Collars.....	0269999999
Other .....	0279999999
Subtotal – Replications .....	0289999999
Income Generation	
Call Options and Warrants .....	0299999999
Put Options.....	0309999999
Caps .....	0319999999
Floors .....	0329999999
Collars.....	0339999999
Other .....	0349999999
Subtotal – Income Generation.....	0359999999

Other

Call Options and Warrants .....	0369999999
Put Options .....	0379999999
Caps .....	0389999999
Floors .....	0399999999
Collars .....	0409999999
Other .....	0419999999
Subtotal – Other .....	0429999999

Total Purchased Options

Subtotal – Call Options and Warrants .....	0439999999
Subtotal – Put Options .....	0449999999
Subtotal – Caps .....	0459999999
Subtotal – Floors .....	0469999999
Subtotal – Collars .....	0479999999
Subtotal – Other .....	0489999999
Subtotal – Total Purchased Options .....	0499999999

Written Options

Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No. 108

Call Options and Warrants .....	0509999999
Put Options .....	0519999999
Caps .....	0529999999
Floors .....	0539999999
Collars .....	0549999999
Other .....	0559999999
Subtotal – Hedging Effective .....	0569999999

Hedging Effective – Variable Annuity Guarantees Under SSAP No. 108

Call Options and Warrants .....	0579999999
Put Options .....	0589999999
Caps .....	0599999999
Floors .....	0609999999
Collars .....	0619999999
Other .....	0629999999
Subtotal – Hedging Effective .....	0639999999

Hedging Other

Call Options and Warrants .....	0649999999
Put Options .....	0659999999
Caps .....	0669999999
Floors .....	0679999999
Collars .....	0689999999
Other .....	0699999999
Subtotal – Hedging Other .....	0709999999

Replications

Call Options and Warrants .....	0719999999
Put Options .....	0729999999
Caps .....	0739999999
Floors .....	0749999999
Collars .....	0759999999
Other .....	0769999999
Subtotal – Replications .....	0779999999

Income Generation

Call Options and Warrants .....	0789999999
Put Options.....	0799999999
Caps .....	0809999999
Floors .....	0819999999
Collars.....	0829999999
Other .....	0839999999
Subtotal – Income Generation.....	0849999999

Other

Call Options and Warrants .....	0859999999
Put Options.....	0869999999
Caps .....	0879999999
Floors .....	0889999999
Collars.....	0899999999
Other .....	0909999999
Subtotal – Other .....	0919999999

Total Written Options

Subtotal – Call Options and Warrants.....	0929999999
Subtotal – Put Options .....	0939999999
Subtotal – Caps .....	0949999999
Subtotal – Floors.....	0959999999
Subtotal – Collars.....	0969999999
Subtotal – Other .....	0979999999
Subtotal – Total Written Options .....	0989999999

Swaps

Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No. 108

Interest Rate .....	0999999999
Credit Default.....	1009999999
Foreign Exchange .....	1019999999
Total Return .....	1029999999
Other .....	1039999999
Subtotal – Hedging Effective.....	1049999999

Hedging Effective – Variable Annuity Guarantees Under SSAP No. 108

Interest Rate .....	1059999999
Credit Default.....	1069999999
Foreign Exchange .....	1079999999
Total Return .....	1089999999
Other .....	1099999999
Subtotal – Hedging Effective.....	1109999999

Hedging Other

Interest Rate .....	1119999999
Credit Default.....	1129999999
Foreign Exchange .....	1139999999
Total Return .....	1149999999
Other .....	1159999999
Subtotal – Hedging Other .....	1169999999

Replication

Interest Rate .....	1179999999
Credit Default.....	1189999999
Foreign Exchange .....	1199999999
Total Return .....	1209999999
Other .....	1219999999
Subtotal – Replication.....	1229999999

Income Generation

Interest Rate .....	1239999999
Credit Default.....	1249999999
Foreign Exchange .....	1259999999
Total Return .....	1269999999
Other .....	1279999999
Subtotal – Income Generation.....	1289999999

Other

Interest Rate .....	1299999999
Credit Default.....	1309999999
Foreign Exchange .....	1319999999
Total Return .....	1329999999
Other .....	1339999999
Subtotal – Other .....	1349999999

Total Swaps

Subtotal – Interest Rate .....	1359999999
Subtotal – Credit Default .....	1369999999
Subtotal – Foreign Exchange .....	1379999999
Subtotal – Total Return .....	1389999999
Subtotal – Other .....	1399999999
Subtotal – Total Swaps .....	1409999999

Forwards

Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No. 108.....	1419999999
Hedging Effective – Variable Annuity Guarantees Under SSAP No. 108.....	1429999999
Hedging Other .....	1439999999
Replication .....	1449999999
Income Generation .....	1459999999
Other.....	1469999999
Subtotal – Forwards .....	1479999999

SSAP No. 108 Adjustments

Offset to VM-21 .....	1489999999
Recognized and Deferred Assets or Liabilities .....	1499999999
Subtotal – SSAP No. 108 Adjustments .....	1509999999

Totals:

Subtotal – Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No. 108 .....	1689999999
Subtotal – Hedging Effective – Variable Annuity Guarantees Under SSAP No. 108.....	1699999999
Subtotal – Hedging Other.....	1709999999
Subtotal – Replication .....	1719999999
Subtotal – Income Generation .....	1729999999
Subtotal – Other .....	1739999999
Subtotal – Adjustments for SSAP No. 108 Derivatives .....	1749999999

Total (Sum of Lines 1689999999, 1699999999, 1709999999, 1719999999, 1729999999, 1739999999 and 1749999999).....	1759999999
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## Definitions:

### Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No. 108:

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. Excludes derivative transactions that are used in hedging transactions for variable annuity guarantees under *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees*.

### Hedging Effective – Variable Annuity Guarantees Under SSAP No. 108:

A derivative relationship used in hedging transactions that meet the criteria of a highly effective hedge and applied the special accounting treatment described in *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees*, which are reported at fair value pursuant to SSAP No. 108.

### 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.

### Total Adjustments for SSAP No. 108 Derivatives

Captures both the current year fair value fluctuations in the hedging instruments attributable to the hedged risk.

- 1) Recognized as realized gain or loss due to offset against current period changes in the designated portion of the VM-21 reserve liability and
- 2) Recognized as deferred assets or deferred liabilities as prescribed under SSAP No. 108.

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.
- For derivatives with financing premiums, include information on the terms of the financing premium, including whether it is due periodically or at maturity, and the next payment date.

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,” “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 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 a 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 <i>SSAP No. 86—Derivatives</i> .
		If the replication (synthetic asset) transactions are not denominated in U.S. dollar, convert it into U.S. dollar equivalent in accordance with <i>SSAP No. 23—Foreign Currency Transactions and Translations</i> .

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 Undiscounted Premium (Received) Paid
		For derivatives opened in prior reporting years, show the cumulative, undiscounted, 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 Undiscounted Premium (Received) Paid
		For derivatives opened in the current reporting year or for derivatives in which premiums are paid throughout the derivative contract, show the undiscounted premium or other payment (received) paid in the current year.
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 <i>SSAP No. 86—Derivatives</i> 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.
		Insert “^” in this column if the derivative has unpaid financing premiums.
		Insert “%” in this column if the derivative has excluded components.

For Clearly Defined Hedging Strategy (CDHS) instruments applying the provisions of SSAP No. 108:

Insert “\$” in this column for derivatives held in an SSAP No. 108 CDHS throughout the current reporting period (or since inception if shorter).

Insert “&” in this column for derivatives repurposed from an SSAP No. 108 CDHS to SSAP No. 86 during the current reporting period.

Insert “!” in this column for derivatives previously held that were designated from SSAP No. 86 to an SSAP No. 108 CDHS during the current reporting period.

Insert “~” in this column for CDHS hedging instruments removed as the variable annuities derivative program was terminated.

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. For SSAP No. 108 Derivatives, the entire change in fair value shall be initially reported as an unrealized change, with adjustments shown to represent the amounts removed from unrealized and recognized as realized or deferred assets/liabilities under the provisions of SSAP No. 108. The Column 17 summary Total (i.e., Line 1759999999) should reflect only unrealized gains or (losses) remaining after the Total Adjustments for SSAP No. 108 Derivatives.

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, <b>positive amounts</b> should be reported when the change results in an increase to the asset or a decrease to the liability. A <b>negative amount</b> 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:
		<ul style="list-style-type: none"><li>• NAIC designation of the reference entity; or, if not available, then</li><li>• NAIC designation equivalent of the reference entity, if it is CRP rated; or, if not available, then</li><li>• 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.</li></ul>
		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 0.2 years.
0002	Instrument was repurposed from SSAP No. 108; CDHS #001; hedged interest rate risks of assets.
0003	Instrument in CDHS #001 Rider Claims Less Rider Fees in VA Contracts – 50% of Rho SSAP 108 hedge; 100% Effective.

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 36 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.**

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 central 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.

**\*\*Columns 28 through 32 are for derivatives with financing premiums\*\***

Column 28 – Total Undiscounted Premium Cost  
 Report the total, undiscounted (contractual) cost to acquire/enter into the derivative.

Column 29 – Unpaid Undiscounted Premium Cost  
 Report the undiscounted (contractual) cost to acquire/enter into the derivative unpaid by the reporting entity.

Column 30 – Fair Value of Derivative, Excluding Impact of Financing Premiums  
 Reflect the fair value of the derivative adjusted to exclude the impact of discounted future settled premiums. For example, if the fair value of the derivative reported in Column 16 has been reduced due to expected cash outflows representing the reporting entity’s future payment of financing premiums, the consideration of those future premium cash outflows shall be removed from the reported fair value of the derivative captured in this column.

(At acquisition, a derivative may be reported with a net zero fair value in Column 16 as the value of the derivative and the net present value of future financing premiums owed from the acquisition of the derivative may offset. The fair value reported in Column 30 shall reflect the fair value of the derivative without an offset for the future financing premiums.)

Column 31 – Unrealized Valuation Increase/(Decrease), Excluding Impact of Financing Premiums  
 Reflect the unrealized gain or unrealized loss reported for the derivative adjusted to exclude the impact from discounted future settled premiums. For example, if the valuation increase/valuation decrease reported in Column 17 includes “losses” to recognize the net present value of the financing cost owed by the reporting entity, those “losses” shall be removed from the unrealized valuation increase/decrease reflected in this column.

Column 32 – CDHS Identifier  
 Provide a unique identifier for each Clearly Defined Hedging Strategy (CDHS) applying the provisions of SSAP No. 108 reported on this schedule (e.g., 001, 002, etc.). This identifier will also be used for reporting of the CDHS in Column 1 of Schedule DB, Part E.

This column should only be used for the following line numbers:

Purchased Options	Lines 008999999 through 013999999
Written Options	Lines 057999999 through 062999999
Swaps	Lines 105999999 through 109999999
Forwards	Line 142999999



Column 33 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.

**\*\*Columns 34 through 36 are for derivatives that have excluded components\*\***

Column 34 – Fair Value of the Excluded Component

Report the fair value of the excluded component.

Column 35 – Fair Value of the Excluded Component Reflected in the Reported Book/Adjusted Carry Value

Reflect the fair value of the excluded component that is reflected in the reported book/adjusted carry value.

(Not applicable for foreign currency forwards and currency swaps where the forward points or cross-currency basis, respectively, are the excluded component).

Column 36 – The Change in Fair Value Reported as an Unrealized Gain (Loss)

This represents the change in fair value reported as an unrealized gain (loss).

(Not applicable for foreign currency forwards and currency swaps where the forward points or cross-currency basis, respectively, are the excluded component).

**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.
- For derivatives with financing premiums include information on the terms of the financing premium, including whether it is due periodically or at maturity, and the next payment date.

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,” “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 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 a 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	<p>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 <i>SSAP No. 86—Derivatives</i>.</p> <p>If the replication (synthetic asset) transaction is not denominated in U.S. dollar, convert it into U.S. dollar equivalent in accordance with <i>SSAP No. 23—Foreign Currency Transactions and Translations</i>.</p>
Column 12	–	Strike Price, Rate or Index Received (Paid)	<p>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.</p> <p>Forward exchange rate must be stated as: FX Currency per US\$ (FX/US\$).</p>
Column 13	–	Cumulative Prior Year(s) Initial Cost of Undiscounted Premium (Received) Paid	For derivatives opened in prior reporting years, show the cumulative, undiscounted, remaining premium or other payment (received) paid since the derivative contract was entered into.
Column 14	–	Current Year Initial Cost or Undiscounted Premium (Received) Paid	For derivatives opened in the current reporting year, show the undiscounted 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	<p>Represents the statement value with any nonadmitted assets added back.</p> <p>Refer to <i>SSAP No. 86—Derivatives</i> for further discussion.</p>

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.

Insert “^” in this column if the derivative has unpaid financing premiums.

Insert “%” in this column if the derivative has excluded components.

For Clearly Defined Hedging Strategy (CDHS) instruments applying the provisions of SSAP No. 108:

Insert “\$” in this column for derivatives held in an SSAP No. 108 CDHS throughout the current reporting period (or since inception if shorter).

Insert “&” in this column for derivatives repurposed from an SSAP No. 108 CDHS to SSAP No. 86 during the current reporting period.

Insert “!” in this column for derivatives previously held that were designated from SSAP No. 86 to an SSAP No. 108 CDHS during the current reporting period.

Insert “~” in this column for CDHS hedging instruments removed as the variable annuities derivative program was terminated.

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 0.2 years.

                  0002     Instrument was repurposed from SSAP No. 108; CDHS #001; hedged interest rate risks of assets.

                  0003     Instrument in CDHS #001 Rider Claims Less Rider Fees in VA Contracts – 50% of Rho SSAP No. 108 hedge; 100% Effective.

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 through 35 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.

**\*\*Columns 27 through 31 are for derivatives with financing premiums\*\***

Column 27 – Total Undiscounted Premium Cost

Report the total, undiscounted (contractual) cost to acquire/enter into the derivative.

Column 28 – Unpaid Undiscounted Premium Cost

Report the undiscounted (contractual) cost to acquire/enter into the derivative unpaid by the reporting entity.

Column 29 – Fair Value of Derivative, Excluding Impact of Financing Premiums

Reflect the fair value of the derivative adjusted to exclude the impact of discounted future settled premiums. For example, if the fair value of the derivative reported in Column 16 has been reduced due to expected cash outflows representing the reporting entity’s future payment of financing premiums, the consideration of those future premium cash outflows shall be removed from the reported fair value of the derivative captured in this column.

(At acquisition, a derivative may be reported with a net zero fair value in Column 16 as the value of the derivative and the net present value of future financing premiums owed from the acquisition of the derivative may offset. The fair value reported in Column 29 shall reflect the fair value of the derivative without an offset for the future financing premiums.)

Column 30 – Unrealized Valuation Increase/(Decrease), Excluding Impact of Financing Premiums

Reflect the unrealized gain or unrealized loss reported for the derivative adjusted to exclude the impact from discounted future settled premiums. For example, if the valuation increase/valuation decrease reported in Column 17 includes “losses” to recognize the net present value of the financing cost owed by the reporting entity, those “losses” shall be removed from the unrealized valuation increase/decrease reflected in this column.

Column 31 – CDHS Identifier

Provide a unique identifier for each Clearly Defined Hedging Strategy (CDHS) applying the provisions of SSAP No. 108 reported on this schedule (e.g., 001, 002, etc.). This identifier will also be used for reporting of the CDHS in Column 1 of Schedule DB, Part E.

This column should only be used for the following line numbers:

Purchased Options	Lines 0089999999 through 0139999999
Written Options	Lines 0579999999 through 0629999999
Swaps	Lines 1059999999 through 1099999999
Forwards	Line 1429999999

Column 32 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.

**\*\*Columns 33 through 35 are for derivatives that have excluded components\*\***

Column 33 – Fair Value of the Excluded Component

Report the fair value of the excluded component.

Column 34 – Fair Value of the Excluded Component Reflected in the Reported Book/Adjusted Carry Value

Reflect the fair value of the excluded component that is reflected in the reported book/adjusted carry value.

(Not applicable for foreign currency forwards and currency swaps where the forward points or cross-currency basis, respectively, are the excluded component).

Column 35 – The Change in Fair Value Reported as an Unrealized Gain (Loss)

This represents the change in fair value reported as an unrealized gain (loss).

(Not applicable for foreign currency forwards and currency swaps where the forward points or cross-currency basis, respectively, are the excluded component).



**SCHEDULE DB – PART B**  
**SECTIONS 1 AND 2**

**GENERAL INSTRUCTIONS**

In each Section, separate derivative instruments into the following categories:

<u>Category</u>	<u>Line Number</u>
Long Futures	
Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No. 108.....	1519999999
Hedging Effective – Variable Annuity Guarantees Under SSAP No.108.....	1529999999
Hedging Other.....	1539999999
Replication.....	1549999999
Income Generation.....	1559999999
Other.....	1569999999
Subtotal – Long Futures.....	1579999999
Short Futures	
Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No. 108.....	1589999999
Hedging Effective – Variable Annuity Guarantees Under SSAP No. 108.....	1599999999
Hedging Other.....	1609999999
Replication.....	1619999999
Income Generation.....	1629999999
Other.....	1639999999
Subtotal – Short Futures.....	1649999999
SSAP No. 108 Adjustments	
Offset to VM-21.....	1659999999
Recognized and Deferred Assets or Liabilities.....	1669999999
Subtotal – SSAP No. 108 Adjustments.....	1679999999
Totals:	
Subtotal – Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No. 108.....	1689999999
Subtotal – Hedging Effective – Variable Annuity Guarantees Under SSAP No. 108.....	1699999999
Subtotal – Hedging Other.....	1709999999
Subtotal – Replication.....	1719999999
Subtotal – Income Generation.....	1729999999
Subtotal – Other.....	1739999999
Subtotal – Adjustments for SSAP No. 108 Derivatives.....	1749999999
Total (Sum of Lines 1689999999, 1699999999, 1709999999, 1719999999, 1729999999, 1739999999 and 1749999999).....	1759999999

## Definitions:

### Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No. 108:

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. Excludes derivative transactions that are used in hedging transactions for variable annuity guarantees under *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees*.

### Hedging Effective –Variable Annuity Guarantees Under SSAP No. 108:

A derivative relationship used in hedging transactions that meet the criteria of a highly effective hedge and applied the special accounting treatment described in *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees*, which are reported at fair value pursuant to SSAP No. 108.

### 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.

### Total Adjustments for SSAP No. 108 Derivatives

Captures both the current year fair value fluctuations in the hedging instruments attributable to the hedged risk.

- 1) Recognized as realized gain or loss due to offset against current period changes in the designated portion of the VM-21 reserve liability and
- 2) Recognized as deferred assets or deferred liabilities as prescribed under SSAP No. 108.

**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.
- For derivatives with financing premiums, include information on the terms of the financing premium, including whether it is due periodically or at maturity, and the next payment date.
- 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	<p>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.”</p> <p>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.</p>
Column 7	–	Type(s) of Risk(s)	<p>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.</p> <p>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.</p> <p>In the event there is more than one type of risk, use the most relevant risk.</p>
Column 8	–	Date of Maturity or Expiration	<p>Show the date of maturity or expiration of the derivative, as appropriate.</p>
Column 9	–	Exchange	<p>Show the name and the Commodity Futures Trading Commission’s Legal Entity Identifier (LEI), if a LEI number has been assigned, for the exchange on which the contract was transacted.</p>
Column 10	–	Trade Date	<p>Show the trade date of the original transaction.</p> <p>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).</p>
Column 11	–	Transaction Price	<p>Show the price at which the futures contract was originally purchased or sold.</p> <p>If several positions of the same futures contract are summarized, show the weighted average price.</p>
Column 12	–	Reporting Date Price	<p>Show the reporting date closing price. Report price as published by the exchange.</p>
Column 13	–	Fair Value	<p>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.</p> <p>This represents the pending cash settlement of the futures position.</p>

- 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 0.2 years.
  - 0002 Instrument was repurposed from SSAP No. 108; CDHS #001; hedged interest rate risks of assets.
  - 0003 Instrument in CDHS #001 Rider Claims Less Rider Fees in VA Contracts – 50% of Rho SSAP No. 108 hedge; 100% Effective.

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 34 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.**

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.

**\*\*Columns 26 through 30 are for derivatives with financing premiums\*\***

Column 26 – Total Undiscounted Premium Cost  
Report the total, undiscounted (contractual) cost to acquire/enter into the derivative.

Column 27 – Unpaid Undiscounted Premium Cost  
Report the undiscounted (contractual) cost to acquire/enter into the derivative unpaid by the reporting entity.

Column 28 – Fair Value of Derivative, Excluding Impact of Financing Premiums  
Reflect the fair value of the derivative adjusted to exclude the impact of discounted future settled premiums. For example, if the fair value of the derivative reported in Column 16 has been reduced due to expected cash outflows representing the reporting entity’s future payment of financing premiums, the consideration of those future premium cash outflows shall be removed from the reported fair value of the derivative captured in this column.

(At acquisition, a derivative may be reported with a net zero fair value in Column 16 as the value of the derivative and the net present value of future financing premiums owed from the acquisition of the derivative may offset. The fair value reported in Column 28 shall reflect the fair value of the derivative without an offset for the future financing premiums.)

Column 29 – Unrealized Valuation Increase/(Decrease), Excluding Impact of Financing Premiums  
Reflect the unrealized gain or unrealized loss reported for the derivative adjusted to exclude the impact from discounted future settled premiums. For example, if the valuation increase/valuation decrease reported in Column 17 includes “losses” to recognize the net present value of the financing cost owed by the reporting entity, those “losses” shall be removed from the unrealized valuation increase/decrease reflected in this column.

Column 30 – CDHS Identifier  
Provide a unique identifier for each Clearly Defined Hedging Strategy (CDHS) applying the provisions of SSAP No. 108 reported on this schedule (e.g., 001, 002, etc.). This identifier will also be used for reporting of the CDHS in Column 1 of Schedule DB, Part E.

This column should only be used for the following line numbers:

Long Futures	Line 1529999999
Short Futures	Line 1599999999



Column 31 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.

**\*\*Columns 32 through 34 are for derivatives that have excluded components\*\***

Column 32 – Fair Value of the Excluded Component

Report the fair value of the excluded component.

Column 33 – Fair Value of the Excluded Component Reflected in the Reported Book/Adjusted Carry Value

Reflect the fair value of the excluded component that is reflected in the reported book/adjusted carry value.

(Not applicable for foreign currency forwards and currency swaps where the forward points or cross-currency basis, respectively, are the excluded component).

Column 34 – The Change in Fair Value Reported as an Unrealized Gain (Loss)

This represents the change in fair value reported as an unrealized gain (loss).

(Not applicable for foreign currency forwards and currency swaps where the forward points or cross-currency basis, respectively, are the excluded component).

**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.
- For derivatives with financing premiums, include information on the terms of the financing premium, including whether it is due periodically or at maturity, and the next payment date.
- 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.”
- 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 a 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 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 0.2 years.   |
| 0002 | Instrument was repurposed from SSAP No. 108; CDHS #001; hedged interest rate risks of assets.                         |
| 0003 | Instrument in CDHS #001 Rider Claims Less Rider Fees in VA Contracts – 50% of Rho SSAP No. 108 hedge; 100% Effective. |
- 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 through 30 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.

**\*\*Columns 22 through 26 are for derivatives with financing premiums\*\***

Column 22 – Total Undiscounted Premium Cost

Report the total, undiscounted (contractual) cost to acquire/enter into the derivative.

Column 23 – Unpaid Undiscounted Premium Cost

Report the undiscounted (contractual) cost to acquire/enter into the derivative unpaid by the reporting entity.

Column 24 – Fair Value of Derivative, Excluding Impact of Financing Premiums

Reflect the fair value of the derivative adjusted to exclude the impact of discounted future settled premiums. For example, if the fair value of the derivative reported in column 16 has been reduced due to expected cash outflows representing the reporting entity's future payment of financing premiums, the consideration of those future premium cash outflows shall be removed from the reported fair value of the derivative captured in this column.

(At acquisition, a derivative may be reported with a net zero fair value in column 16 as the value of the derivative and the net present value of future financing premiums owed from the acquisition of the derivative may offset. The fair value reported in column 30 shall reflect the fair value of the derivative without an offset for the future financing premiums.)

Column 25 – Unrealized Valuation Increase/(Decrease), Excluding Impact of Financing Premiums

Reflect the unrealized gain or unrealized loss reported for the derivative adjusted to exclude the impact from discounted future settled premiums. For example, if the valuation increase/valuation decrease reported in column 17 includes "losses" to recognize the net present value of the financing cost owed by the reporting entity, those "losses" shall be removed from the unrealized valuation increase/decrease reflected in this column.

Column 26 – CDHS Identifier

Provide a unique identifier for each Clearly Defined Hedging Strategy (CDHS) applying the provisions of SSAP No. 108 reported on this schedule (e.g., 001, 002, etc.). This identifier will also be used for reporting of the CDHS in Column 1 of Schedule DB, Part E.

This column should only be used for the following line numbers:

Long Futures	Line 1529999999
Short Futures	Line 1599999999

Column 27 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.

**\*\*Columns 28 through 30 are for derivatives that have excluded components\*\***

Column 28 – Fair Value of the Excluded Component

Report the fair value of the excluded component.

Column 29 – Fair Value of the Excluded Component Reflected in the Reported Book/Adjusted Carry Value

Reflect the fair value of the excluded component that is reflected in the reported book/adjusted carry value.

(Not applicable for foreign currency forwards and currency swaps where the forward points or cross-currency basis, respectively, are the excluded component).

Column 30 – The Change in Fair Value Reported as an Unrealized Gain (Loss)

This represents the change in fair value reported as an unrealized gain (loss).

(Not applicable for foreign currency forwards and currency swaps where the forward points or cross-currency basis, respectively, are the excluded component).

**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, also known as listed derivatives or futures (Line 0199999999). (Exchange-Traded Derivatives are executed over a centralized trading venue known as an exchange and then booked with a central counterparty known as a clearing house.)

On the next six lines, show separately six groups of OTC (over-the-counter) derivative counterparties by NAIC Designation (Lines 0299999999 through 0799999999). Within each group, list the counterparties or central clearinghouses in alphabetical order.

Then show the aggregate sum for centrally cleared derivatives (Line 0899999999). This line is used to show centrally cleared derivatives that are not considered exchange traded.

The final line will show a total of all derivatives listed in the lines above (Line 0999999999).

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 .....	0199999999
Over-The-Counter	
Total NAIC 1 Designation.....	0299999999
Total NAIC 2 Designation.....	0399999999
Total NAIC 3 Designation.....	0499999999
Total NAIC 4 Designation.....	0599999999
Total NAIC 5 Designation.....	0699999999
Total NAIC 6 Designation.....	0799999999
Aggregate Sum of Central Clearinghouses (Excluding Exchange-Traded).....	0899999999
Total (Sum of 0199999999, 0299999999, 0399999999, 0499999999, 0599999999, 0699999999, 0799999999 and 0899999999).....	0999999999

- Column 1 – Description of Exchange, Counterparty or Central Clearinghouse
- The first line (Line 019999999) for the Aggregate Sum of Exchange-Traded Derivatives should be left blank.
- On subsequent lines, show the name and the Commodity Futures Trading Commission’s Legal Entity Identifier (LEI), if a 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 019999999) and for the Aggregate Sum of Central Clearinghouses (Line 089999999) 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 019999999) and for the Aggregate Sum of Central Clearinghouses (Line 089999999) 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 019999999).
- 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.

Column 5 – Present Value of Financing Premium

Report the present value of the amount owed by the reporting entity (as a positive) and the amount due to the reporting entity (as a negative) representing derivative financing premiums. See *SSAP No. 86—Derivatives*.

For Columns 6 and 7, Book/Adjusted Carrying Values that are debit balances on the balance sheet are positive numbers; those that are credit balances are negative numbers.

Column 6 – 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 Book/Adjusted Carrying Value.

Column 7 – Contracts with Book/Adjusted Carrying Value < 0 (i.e., credit balance on balance sheet)

On the first line, show the sum of the Book/Adjusted Carrying 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 8 – Exposure Net of Collateral (Book/Adjusted Carrying Value)

For the aggregate reporting of Exchange-Traded Derivatives (Line 0199999999), show the amount in Column 6.

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 and Present Value of Financing Premiums (Column 6 – Column 4 – Column 5).

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 and present value of financing premiums (Column 6 + Column 7 – Column 4 – Column 5).

This amount should not be less than zero.

For Columns 9 and 10, market values that would be debit balances on the balance sheet are positive numbers; those that would be credit balances are negative numbers.

- Column 9 – 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 10 – 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 11 – Exposure Net of Collateral (Fair Value)  
For the aggregate reporting of Exchange-Traded Derivatives (Line 0199999999), show the amounts in Column 9.  
  
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 9 – 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 9 + Column 10 – Column 4).  
  
This amount should not be less than zero.
- Column 12 – Potential Exposure  
Show the potential exposure for Parts A and B for Exchange-Traded Derivatives in aggregate (Line 0199999999) and for each OTC counterparty and central clearinghouse.
- Column 13 – Off-Balance Sheet Exposure  
For Exchange-Traded Derivatives (Line 0199999999), show Column 12.  
  
For central clearinghouses:  
  
Show  $[\text{Column 6} + \text{Column 7} - \text{Column 4} + \text{Column 12}] - \text{Column 8}$  but not less than zero.  
  
For OTC counterparties:  
  
If Column 2 = yes; show  $[\text{Column 6} + \text{Column 7} - \text{Column 4} - \text{Column 5} + \text{Column 12}] - \text{Column 8}$  but not less than zero.  
  
If Column 2 = no; show Column 12.  
  
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 14 and 15 will be electronic only. \*\***

Column 14 – 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.

Column 15 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.

**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..... 0199999999  
 Total Collateral Pledged to Reporting Entity..... 0299999999

- Column 1 – Exchange, Counterparty or Central Clearinghouse  
 Show the name and the Commodity Futures Trading Commission’s Legal Entity Identifier (LEI), if a 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. 100R—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 and 11 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.

Column 11 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.

**SCHEDULE DB – PART E**

**DERIVATIVES HEDGING VARIABLE ANNUITY GUARANTEES AS OF DECEMBER 31 OF CURRENT YEAR**

(This schedule is specific for the derivatives and the hedging programs captured in SSAP No. 108.)

See *SSAP No. 108—Derivatives Hedging Variable Annuities Guarantees* for additional accounting guidance.

Column 1	–	CDHS Identifier
		Provide a unique identifier for each Clearly Defined Hedging Strategy (CDHS) reported on this schedule (e.g., 001, 002, etc.). This identifier will also be used for reporting of the SSAP No. 108 CDHS in Column 32 of Schedule DB, Part A, Section 1; Column 31 of Schedule DB, Part A, Section 2; Column 30 of Schedule DB, Part B, Section 1; and Column 26 of Schedule DB, Part B, Section 2.
Column 2	–	CDHS Description
		Provide a description for each uniquely identified CDHS.
Column 3	–	Prior Fair Value in Full Contract Cash Flows Attributed to Interest Rates
		Prior period full contract fair value. This reflects all product cash flows, per SSAP No. 108.
Column 4	–	Ending Fair Value in Full Contract Cash Flows Attributed to Interest Rates
		Current period full contract fair value. This reflects all product cash flows, per SSAP No. 108.
Column 5	–	Fair Value Gains (Loss) in Full Contract Cash Flows Attributed to Interest Rates
		Change in full contract fair value. This reflects all product cash flows, per SSAP No. 108.
Column 6	–	Fair Value Gain (Loss) in Hedged Item Attributed to Hedged Risk
		Change in fair value attributable to hedged risk per SSAP No. 108.
Column 7	–	Current Year Increase/(Decrease) in VM-21 Liability
		VM-21 liability increase/(decrease) from beginning of period to end of period.
Column 8	–	Current Year Increase/(Decrease) in VM-21 Liability Attributed to Interest Rates
		VM-21 liability increase/(decrease) attributable to interest rate movements.
Column 9	–	Change in the Hedged Item Attributed to Hedged Risk Percentage
		Change in fair value attributed to hedged risk as a percentage of the change in full contract fair value per SSAP No. 108.
Column 10	–	Current Year Increase/(Decrease) in VM-21 Liability Attributed to Hedged Risk
		VM-21 liability increase/(decrease) attributed to hedged risk.
Column 11	–	Prior Deferred Balance
		Specific CDHS deferred liability (asset) balance at end of prior reporting period.
Column 12	–	Current Year Fair Value Fluctuation of the Hedge Instruments
		Current year total return Fair Value fluctuations in the hedging instruments per SSAP No. 108.
Column 13	–	Current Year Natural Offset to VM-21 Liability
		Current year hedging instruments' total return Fair Value fluctuations that offset the current period change in the designated portion of the VM-21 liability.

- Column 14 – Hedging Instruments' Current Fair Value Fluctuation Not Attributed to Hedged Risk  
Current year hedging instruments' total return Fair Value fluctuations not attributable to hedged risk per SSAP No. 108.
- Column 15 – Hedge Gain (Loss) in Current Year Deferred Adjustment  
Current year hedging instruments' total return Fair Value fluctuations that do not offset the current period change in the designated portion of the VM-21 liability (recognized as deferred liabilities/(assets) per SSAP No. 108).
- Column 16 – Current Year Prescribed Deferred Amortization  
Current year deferred (liability)/asset amortization into realized gains (losses) (straight line over a period not to exceed 10 years per SSAP No. 108).
- Column 17 – Current Year Additional Deferred Amortization  
Current year deferred (liability)/asset accelerated amortization elected by the reporting entity per SSAP No. 108.
- Column 18 – Current Year Total Deferred Amortization  
Total current year deferred (liability)/asset amortization into realized gains (losses).
- Column 19 – Ending Deferred Balance  
Specific CDHS Deferred Liability (Asset) balance at end of current reporting period.

**\*\* Column 20 will be electronic only. \*\***

- Column 20 – Investments Involving Related Parties  
Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.  
Enter one of the following codes to identify the role of the related party in the investment.
1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
  2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
  3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
  4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
  5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
  6. The investment does not involve a related party.



## **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  
(Line 9 for Separate Accounts) 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 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'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*.

**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.**
- **List of stock exchange names and abbreviations.**

<u>Category</u>	<u>Line Number</u>
Bonds (Schedule D, Part 1 type):	
U.S. Governments	
Issuer Obligations.....	0019999999
Residential Mortgage-Backed Securities .....	0029999999
Commercial Mortgage-Backed Securities.....	0039999999
Other Loan-Backed and Structured Securities .....	0049999999
Subtotals – U.S. Governments .....	0109999999
All Other Governments	
Issuer Obligations .....	0219999999
Residential Mortgage-Backed Securities .....	0229999999
Commercial Mortgage-Backed Securities.....	0239999999
Other Loan-Backed and Structured Securities .....	0249999999
Subtotals – All Other Governments .....	0309999999
U.S. States, Territories and Possessions (Direct and Guaranteed)	
Issuer Obligations.....	0419999999
Residential Mortgage-Backed Securities .....	0429999999
Commercial Mortgage-Backed Securities.....	0439999999
Other Loan-Backed and Structured Securities .....	0449999999
Subtotals – U.S. States, Territories and Possessions (Direct and Guaranteed) .....	0509999999
U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	
Issuer Obligations .....	0619999999
Residential Mortgage-Backed Securities .....	0629999999
Commercial Mortgage-Backed Securities.....	0639999999
Other Loan-Backed and Structured Securities .....	0649999999
Subtotals – U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) .....	0709999999
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.....	0819999999
Residential Mortgage-Backed Securities .....	0829999999
Commercial Mortgage-Backed Securities.....	0839999999
Other Loan-Backed and Structured Securities .....	0849999999
Subtotals – U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions.....	0909999999
Industrial and Miscellaneous (Unaffiliated)	
Issuer Obligations.....	1019999999
Residential Mortgage-Backed Securities .....	1029999999
Commercial Mortgage-Backed Securities.....	1039999999
Other Loan-Backed and Structured Securities .....	1049999999
Subtotals – Industrial and Miscellaneous (Unaffiliated) .....	1109999999
Hybrid Securities	
Issuer Obligations.....	1219999999
Residential Mortgage-Backed Securities .....	1229999999
Commercial Mortgage-Backed Securities.....	1239999999
Other Loan-Backed and Structured Securities .....	1249999999
Subtotals – Hybrid Securities.....	1309999999

Parent, Subsidiaries and Affiliates

Issuer Obligations.....	1419999999
Residential Mortgage-Backed Securities .....	1429999999
Commercial Mortgage-Backed Securities.....	1439999999
Other Loan-Backed and Structured Securities .....	1449999999
Affiliated Bank Loans – Issued.....	1459999999
Affiliated Bank Loans – Acquired .....	1469999999
Subtotals – Parent, Subsidiaries and Affiliates.....	1509999999

SVO Identified Funds

Exchange Traded Funds – as Identified by the SVO.....	1619999999
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Unaffiliated Bank Loans

Unaffiliated Bank Loans – Issued .....	1819999999
Unaffiliated Bank Loans – Acquired.....	1829999999
Subtotals – Unaffiliated Bank Loans.....	1909999999

Unaffiliated Certificates of Deposit.....	2019999999
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Total Bonds

Subtotals – Issuer Obligations.....	2419999999
Subtotals – Residential Mortgage-Backed Securities.....	2429999999
Subtotals – Commercial Mortgage-Backed Securities.....	2439999999
Subtotals – Other Loan-Backed and Structured Securities .....	2449999999
Subtotals – SVO Identified Funds.....	2459999999
Subtotals – Affiliated Bank Loans .....	2469999999
Subtotals – Unaffiliated Bank Loans.....	2479999999
Subtotals – Unaffiliated Certificates of Deposit.....	2489999999
Subtotals – Total Bonds .....	2509999999

Stocks:

Preferred Stocks (Schedule D, Part 2, Section 1 type):

Industrial and Miscellaneous (Unaffiliated)

Perpetual Preferred.....	4019999999
Redeemable Preferred .....	4029999999
Subtotals – Industrial and Miscellaneous (Unaffiliated).....	4109999999

Parent, Subsidiaries and Affiliates

Perpetual Preferred.....	4319999999
Redeemable Preferred .....	4329999999
Subtotals – Parent, Subsidiaries and Affiliates .....	4409999999

Total Preferred Stocks.....	4509999999
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Common Stocks (Schedule D, Part 2, Section 2 type):

Industrial and Miscellaneous (Unaffiliated):

Publicly Traded.....	5019999999
Other .....	5029999999
Subtotals – Industrial and Miscellaneous (Unaffiliated).....	5109999999

Mutual Funds

Designation Assigned by SVO.....	5319999999
Designation Not Assigned by SVO.....	5329999999
Subtotals – Mutual Funds .....	5409999999

Unit Investment Trusts

Designation Assigned by SVO.....	5519999999
Designation Not Assigned by SVO.....	5529999999
Subtotals – Unit Investment Trusts .....	5609999999

Closed-End Funds	
Designation Assigned by SVO.....	5719999999
Designation Not Assigned by SVO.....	5729999999
Subtotals – Closed-End Funds .....	5809999999
Exchange Traded Funds .....	5819999999
Parent, Subsidiaries and Affiliates:	
Publicly Traded.....	5919999999
Other .....	5929999999
Subtotals – Parent, Subsidiaries and Affiliates .....	5979999999
Total Common Stocks.....	5989999999
Total Preferred and Common Stocks.....	5999999999
Real Estate (Schedule A type) .....	9209999999
Mortgage Loans on Real Estate (Schedule B type) .....	9309999999
Other Invested Assets (Schedule BA type).....	9409999999
Short-Term Invested Assets (Schedule DA, Part 1 type).....	9509999999
Cash (Schedule E, Part 1 type) .....	9609999999
Cash Equivalents (Schedule E, Part 2 type).....	9709999999
Other Assets.....	9809999999
Totals .....	9999999999

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](http://www.cusip.com/cusip/index.htm).

For Lines 0019999999 through 2509999999, if no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in (Column 11).

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 0019999999 through 2509999999 .....	Schedule D, Part 1, Column 1
Lines 4019999999 through 4509999999 .....	Schedule D, Part 2, Section 1, Column 1
Lines 5019999999 through 5989999999 .....	Schedule D, Part 2, Section 2, Column 1
Line 9409999999 .....	Schedule BA, Part 1, Column 1
Line 9709999999 .....	Schedule E, Part 2, Column 1

The CUSIP number should be zero-filled for the following lines:

Real Estate (Schedule A type) .....	9209999999
Mortgage Loans on Real Estate (Schedule B type).....	9309999999
Short-Term Invested Assets (Schedule DA, Part 1 type).....	9509999999
Cash (Schedule E, Part 1 type).....	9609999999
Other Assets.....	9809999999

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 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 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**).

**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 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, NAIC Designation Modifier and SVO Administrative Symbol

The NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

- Lines 0019999999 through 2509999999 ..... Schedule D, Part 1, Column 6
- Lines 4019999999 through 4509999999 ..... Schedule D, Part 2, Section 1, Column 20
- Lines 5019999999 through 5989999999 ..... Schedule D, Part 2, Section 2, Column 17
- Line 9409999999 ..... Schedule BA, Part 1, Column 7
- Line 9509999999 ..... Schedule DA, Part 1, Column 22
- Line 9709999999 ..... Schedule E, Part 2, Column 11

For Lines 9209999999, 9309999999, 9609999999 and 9809999999, the column should be left blank.

The NAIC Designation, Designation Modifier and SVO Administrative Symbol will be shown as one column on the printed but will be three sub-columns in the data table.

- NAIC Designation                      Column 4A
- NAIC Designation Modifier        Column 4B
- SVO Administrative Symbol        Column 4C

On the printed page the sub-columns should be displayed with a “.” between the NAIC Designation and the NAIC Designation Modifier with a space between the NAIC Designation Modifier and the SVO Administrative Symbol (e.g., “1.A YE”).

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 0019999999 through 2509999999 ..... Schedule D, Part 1, Column 9
- Lines 4019999999 through 4509999999 ..... Schedule D, Part 2, Section 1, Column 10
- Lines 5019999999 through 5989999999 ..... Schedule D, Part 2, Section 2, Column 8
- Line 9209999999 ..... Schedule A, Part 1, Column 10
- Line 9309999999 ..... FV of the underlying collateral Schedule B, Part 1
- Line 9409999999 ..... 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 9509999999 ..... Report B/ACV, Schedule DA, Part 1, Column 7
- Line 9609999999 ..... Report Balance, Schedule E Part 1, Column 6
- Line 9709999999 ..... Report B/ACV, 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 0019999999 through 2509999999 ..... Schedule D, Part 1, Column 11
- Lines 4019999999 through 4509999999 ..... Schedule D, Part 2, Section 1, Column 8
- Lines 5019999999 through 5989999999 ..... Schedule D, Part 2, Section 2, Column 6
- Line 9209999999 ..... Schedule A, Part 1, Column 9
- Line 9309999999 ..... Schedule B, Part 1, Column 8
- Line 9409999999 ..... Schedule BA, Part 1, Column 12
- Line 9509999999 ..... Schedule DA, Part 1, Column 7
- Line 9609999999 ..... Report Balance, Schedule E, Part 1, Column 6
- Line 9709999999 ..... 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:

- 0019999999 through 2509999999 ..... Schedule D, Part 1, Column 22
- Line 9509999999 ..... Schedule DA, Part 1, Column 6
- Line 9709999999 ..... Schedule E, Part 2, Column 6

The following lines are considered assets with no maturity date and should be left blank:

- 4019999999 through 4509999999 ..... Preferred Stock (Schedule D, Part 2, Section 1 type)
- 5019999999 through 5989999999 ..... Common Stock (Schedule D, Part 2, Section 2 type)
- 9209999999 ..... Real Estate (Schedule A type)
- 9309999999 ..... Mortgage Loans on Real Estate (Schedule B type)
- 9409999999 ..... Other Invested Assets (Schedule BA type)
- 9809999999 ..... Other Assets

**\*\* Columns 8 through 12 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.

The guidance in *SSAP No. 100R—Fair Value* allows the use of net asset value per share (NAV) instead of fair value for certain investments. If NAV is used instead of fair value leave blank.

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.**

For Method Code “c,” identify the specific broker or custodian used.

For Method Code “d,” leave blank.

For Method Code “e,” leave blank.

If net asset value (NAV) is used instead of fair value, the reporting entity should use “NAV” to indicate net asset value used instead of fair value.

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 0019999999 through 2509999999 ..... Schedule D, Part 1, Column 1
- Lines 4019999999 through 4509999999 ..... Schedule D, Part 2, Section 1, Column 1
- Lines 5019999999 through 5989999999 ..... Schedule D, Part 2, Section 2, Column 1

The ISIN number should be zero-filled for the following lines:

- Real Estate (Schedule A type) ..... 9209999999
- Mortgage Loans on Real Estate (Schedule B type)..... 9309999999
- Other Invested Assets (Schedule BA type)..... 9409999999
- Short-Term Invested Assets (Schedule DA, Part 1 type)..... 9509999999
- Cash (Schedule E, Part 1 type)..... 9609999999
- Cash Equivalents (Schedule E, Part 2 type)..... 9709999999
- Other Assets..... 9809999999



Column 12 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.

The code reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 001999999 through 250999999 .....	Schedule D, Part 1, Column 35
Lines 401999999 through 450999999 .....	Schedule D, Part 2, Section 1, Column 28
Lines 501999999 through 598999999 .....	Schedule D, Part 2, Section 2, Column 25
Line 930999999 .....	Schedule B, Part 1, Column 20
Line 940999999 .....	Schedule BA, Part 1, Column 27
Line 950999999 .....	Schedule DA, Part 1, Column 23
Line 970999999 .....	Schedule E, Part 2, Column 12

The column should be left blank for the following lines:

Real Estate (Schedule A type) .....	9209999999
Cash (Schedule E, Part 1 type).....	9609999999
Other Assets.....	9809999999

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.

3. NAIC Designation Category:

Provide the total book/adjusted carrying value amount by NAIC Designation Category that represents the amount reported in Column 6.

## **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 (Line 9 for Separate Accounts))

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 Assets 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*.

**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.**
- **List of stock exchange names and abbreviations.**

<u>Category</u>	<u>Line Number</u>
Bonds (Schedule D, Part 1):	
U.S. Governments	
Issuer Obligations.....	0019999999
Residential Mortgage-Backed Securities .....	0029999999
Commercial Mortgage-Backed Securities.....	0039999999
Other Loan-Backed and Structured Securities .....	0049999999
Subtotals – U.S. Governments .....	0109999999
All Other Governments	
Issuer Obligations .....	0219999999
Residential Mortgage-Backed Securities .....	0229999999
Commercial Mortgage-Backed Securities.....	0239999999
Other Loan-Backed and Structured Securities .....	0249999999
Subtotals – All Other Governments .....	0309999999
U.S. States, Territories and Possessions (Direct and Guaranteed)	
Issuer Obligations.....	0419999999
Residential Mortgage-Backed Securities .....	0429999999
Commercial Mortgage-Backed Securities.....	0439999999
Other Loan-Backed and Structured Securities .....	0449999999
Subtotals – U.S. States, Territories and Possessions (Direct and Guaranteed) .....	0509999999
U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	
Issuer Obligations .....	0619999999
Residential Mortgage-Backed Securities .....	0629999999
Commercial Mortgage-Backed Securities.....	0639999999
Other Loan-Backed and Structured Securities .....	0649999999
Subtotals – U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) .....	0709999999
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.....	0819999999
Residential Mortgage-Backed Securities .....	0829999999
Commercial Mortgage-Backed Securities.....	0839999999
Other Loan-Backed and Structured Securities .....	0849999999
Subtotals – U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions.....	0909999999
Industrial and Miscellaneous (Unaffiliated)	
Issuer Obligations.....	1019999999
Residential Mortgage-Backed Securities .....	1029999999
Commercial Mortgage-Backed Securities.....	1039999999
Other Loan-Backed and Structured Securities .....	1049999999
Subtotals – Industrial and Miscellaneous (Unaffiliated) .....	1109999999
Hybrid Securities	
Issuer Obligations.....	1219999999
Residential Mortgage-Backed Securities .....	1229999999
Commercial Mortgage-Backed Securities.....	1239999999
Other Loan-Backed and Structured Securities .....	1249999999
Subtotals – Hybrid Securities.....	1309999999

Parent, Subsidiaries and Affiliates

Issuer Obligations.....	1419999999
Residential Mortgage-Backed Securities .....	1429999999
Commercial Mortgage-Backed Securities.....	1439999999
Other Loan-Backed and Structured Securities .....	1449999999
Affiliated Bank Loans – Issued.....	1459999999
Affiliated Bank Loans – Acquired .....	1469999999
Subtotals – Parent, Subsidiaries and Affiliates.....	1509999999

SVO Identified Funds

Exchange Traded Funds – as Identified by the SVO.....	1619999999
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Unaffiliated Bank Loans

Unaffiliated Bank Loans – Issued.....	1819999999
Unaffiliated Bank Loans – Acquired.....	1829999999
Subtotals – Unaffiliated Bank Loans.....	1909999999

Unaffiliated Certificates of Deposit.....	2019999999
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Total Bonds

Subtotals – Issuer Obligations.....	2419999999
Subtotals – Residential Mortgage-Backed Securities.....	2429999999
Subtotals – Commercial Mortgage-Backed Securities.....	2439999999
Subtotals – Other Loan-Backed and Structured Securities .....	2449999999
Subtotals – SVO Identified Funds.....	2459999999
Subtotals – Affiliated Bank Loans .....	2469999999
Subtotals – Unaffiliated Bank Loans.....	2479999999
Subtotals – Unaffiliated Certificates of Deposit.....	2489999999
Subtotals – Total Bonds .....	2509999999

Stocks:

Preferred Stocks:

Industrial and Miscellaneous (Unaffiliated)

Perpetual Preferred.....	4019999999
Redeemable Preferred .....	4029999999
Subtotals – Industrial and Miscellaneous (Unaffiliated).....	4109999999

Parent, Subsidiaries and Affiliates

Perpetual Preferred.....	4319999999
Redeemable Preferred .....	4329999999
Subtotals – Parent, Subsidiaries and Affiliates .....	4409999999

Total Preferred Stocks.....	4509999999
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Common Stocks:

Industrial and Miscellaneous (Unaffiliated):

Publicly Traded.....	5019999999
Other .....	5029999999
Subtotals – Industrial and Miscellaneous (Unaffiliated).....	5109999999

Mutual Funds

Designation Assigned by SVO.....	5319999999
Designation Not Assigned by SVO.....	5329999999
Subtotals – Mutual Funds .....	5409999999

Unit Investment Trusts

Designation Assigned by SVO.....	5519999999
Designation Not Assigned by SVO.....	5529999999
Subtotals – Unit Investment Trusts .....	5609999999

Closed-End Funds	
Designation Assigned by SVO.....	5719999999
Designation Not Assigned by SVO.....	5729999999
Subtotals – Closed-End Funds .....	5809999999
Exchange Traded Funds .....	5819999999
Parent, Subsidiaries and Affiliates:	
Publicly Traded.....	5919999999
Other .....	5929999999
Subtotals – Parent, Subsidiaries and Affiliates .....	5979999999
Total Common Stocks.....	5989999999
Total Preferred and Common Stocks.....	5999999999
Real Estate (Schedule A).....	9209999999
Mortgage Loans on Real Estate (Schedule B) .....	9309999999
Other Invested Assets (Schedule BA).....	9409999999
Short-Term Invested Assets (Schedule DA, Part 1).....	9509999999
Cash (Schedule E, Part 1) .....	9609999999
Cash Equivalents (Schedule E, Part 2) .....	9709999999
Other Assets.....	9809999999
Totals .....	9999999999

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](http://www.cusip.com/cusip/index.htm).

For Lines 0019999999 through 2509999999, if no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in (Column 11).

The CUSIP reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0019999999 through 2509999999 .....	Schedule D, Part 1, Column 1
Lines 4019999999 through 4509999999 .....	Schedule D, Part 2, Section 1, Column 1
Lines 5019999999 through 5989999999 .....	Schedule D, Part 2, Section 2, Column 1
Line 9409999999 .....	Schedule BA, Part 1, Column 1
Line 9709999999 .....	Schedule E, Part 2, Column 1

The CUSIP number should be zero-filled for the following lines:

Real Estate (Schedule A).....	9209999999
Mortgage Loans on Real Estate (Schedule B) .....	9309999999
Short-Term Invested Assets (Schedule DA, Part 1).....	9509999999
Cash (Schedule E, Part 1) .....	9609999999
Other Assets.....	9809999999

Column 2 – Description

Give a complete and accurate description of all bonds and preferred and common stocks as listed in the *Valuations of Securities*.

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 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**).

**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 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, NAIC Designation Modifier and SVO Administrative Symbol

The NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol reported for this column should be same for the security as reported in other schedules for the lines shown below:

- Lines 0019999999 through 2509999999 ..... Schedule D, Part 1, Column 6
- Lines 4019999999 through 4509999999 ..... Schedule D, Part 2, Section 1, Column 20
- Lines 5019999999 through 5989999999 ..... Schedule D, Part 2, Section 2, Column 17
- Line 9409999999 ..... Schedule BA, Part 1, Column 7
- Line 9509999999 ..... Schedule DA, Part 1, Column 22
- Line 9709999999 ..... Schedule E, Part 2, Column 11

For Lines 9209999999, 9309999999, 9609999999 and 9809999999, the column should be left blank.

The NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol will be shown as one column on the printed but will be three sub-columns in the data table.

- NAIC Designation                      Column 4A
- NAIC Designation Modifier        Column 4B
- SVO Administrative Symbol        Column 4C

On the printed page the sub-columns should be displayed with a “.” between the NAIC Designation and the NAIC Designation Modifier with a space between the NAIC Designation Modifier and the SVO Administrative Symbol (e.g., “1.A YE”).

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 0019999999 through 2509999999 ..... Schedule D, Part 1, Column 9
- Lines 4019999999 through 4509999999 ..... Schedule D, Part 2, Section 1, Column 10
- Lines 5019999999 through 5989999999 ..... Schedule D, Part 2, Section 2, Column 8
- Line 9209999999 ..... Schedule A, Part 1, Column 10
- Line 9309999999 ..... FV of the underlying collateral Schedule B, Part 1
- Line 9409999999 ..... 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 9509999999 ..... Report B/ACV, Schedule DA, Part 1, Column 7
- Line 9609999999 ..... Report Balance, Schedule E, Part 1, Column 6
- Line 9709999999 ..... Report B/ACV, 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 0019999999 through 2509999999 ..... Schedule D, Part 1, Column 11
- Lines 4019999999 through 4509999999 ..... Schedule D, Part 2, Section 1, Column 8
- Lines 5019999999 through 5989999999 ..... Schedule D, Part 2, Section 2, Column 6
- Line 9209999999 ..... Schedule A, Part 1, Column 9
- Line 9309999999 ..... Schedule B, Part 1, Column 8
- Line 9409999999 ..... Schedule BA, Part 1, Column 12
- Line 9509999999 ..... Schedule DA, Part 1, Column 7
- Line 9609999999 ..... Report Balance, Schedule E, Part 1, Column 6
- Line 9709999999 ..... 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 0019999999 through 2509999999 ..... Schedule D, Part 1, Column 22
- Line 9509999999 ..... Schedule DA, Part 1, Column 6
- Line 9709999999 ..... Schedule E, Part 2, Column 6

The following lines are considered assets with no maturity date and should be left blank:

- 4019999999 through 4509999999 ..... Preferred Stock (Schedule D, Part 2, Section 1)
- 5019999999 through 5989999999 ..... Common Stock (Schedule D, Part 2, Section 2)
- 9209999999 ..... Real Estate (Schedule A)
- 9309999999 ..... Mortgage Loans on Real Estate (Schedule B)
- 9409999999 ..... Other Invested Assets (Schedule BA)
- 9809999999 ..... Other Assets

**\*\* Columns 8 through 12 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.

The guidance in *SSAP No. 100R—Fair Value* allows the use of net asset value per share (NAV) instead of fair value for certain investments. If NAV is used instead of fair value leave blank.

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.**

For Method Code “c,” identify the specific broker or custodian used.

For Method Code “d,” leave blank.

For Method Code “e,” leave blank.

If net asset value (NAV) is used instead of fair value, the reporting entity should use “NAV” to indicate net asset value used instead of fair value.

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 0019999999 through 2509999999 ..... Schedule D, Part 1, Column 1
- Lines 4019999999 through 4509999999 ..... Schedule D, Part 2, Section 1, Column 1
- Lines 5019999999 through 5989999999 ..... Schedule D, Part 2, Section 2, Column 1

The ISIN number should be zero-filled for the following lines:

- Real Estate (Schedule A) ..... 9209999999
- Mortgage Loans on Real Estate (Schedule B) ..... 9309999999
- Other Invested Assets (Schedule BA)..... 9409999999
- Short-Term Invested Assets (Schedule DA, Part 1)..... 9509999999
- Cash (Schedule E, Part 1) ..... 9609999999
- Cash Equivalents (Schedule E, Part 2)..... 9709999999
- Other Assets..... 9809999999

Column 12 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.

The code reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 001999999 through 250999999 .....	Schedule D, Part 1, Column 35
Lines 401999999 through 450999999 .....	Schedule D, Part 2, Section 1, Column 28
Lines 501999999 through 598999999 .....	Schedule D, Part 2, Section 2, Column 25
Line 930999999 .....	Schedule B, Part 1, Column 20
Line 940999999 .....	Schedule BA, Part 1, Column 27
Line 950999999 .....	Schedule DA, Part 1, Column 23
Line 970999999 .....	Schedule E, Part 2, Column 12

The column should be left blank for the following lines:

Real Estate (Schedule A) .....	9209999999
Cash (Schedule E, Part 1) .....	9609999999
Other Assets.....	9809999999

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 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:

<u>Group or Category</u>	<u>Line Number</u>
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.

**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 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.**

<u>Category</u>	<u>Line Number</u>
<b>Bonds:</b>	
U.S. Governments	
Issuer Obligations.....	0019999999
Residential Mortgage-Backed Securities .....	0029999999
Commercial Mortgage-Backed Securities.....	0039999999
Other Loan-Backed and Structured Securities .....	0049999999
Subtotals – U.S. Governments .....	0109999999
All Other Governments	
Issuer Obligations.....	0219999999
Residential Mortgage-Backed Securities .....	0229999999
Commercial Mortgage-Backed Securities.....	0239999999
Other Loan-Backed and Structured Securities .....	0249999999
Subtotals – All Other Governments .....	0309999999
U.S. States, Territories and Possessions (Direct and Guaranteed)	
Issuer Obligations.....	0419999999
Residential Mortgage-Backed Securities .....	0429999999
Commercial Mortgage-Backed Securities.....	0439999999
Other Loan-Backed and Structured Securities .....	0449999999
Subtotals – States, Territories and Possessions (Direct and Guaranteed).....	0509999999

U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)

Issuer Obligations.....	0619999999
Residential Mortgage-Backed Securities .....	0629999999
Commercial Mortgage-Backed Securities.....	0639999999
Other Loan-Backed and Structured Securities .....	0649999999
Subtotals – Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) .....	0709999999

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.....	0819999999
Residential Mortgage-Backed Securities .....	0829999999
Commercial Mortgage-Backed Securities.....	0839999999
Other Loan-Backed and Structured Securities .....	0849999999
Subtotals – Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions .....	0909999999

Industrial and Miscellaneous (Unaffiliated)

Issuer Obligations.....	1019999999
Residential Mortgage-Backed Securities .....	1029999999
Commercial Mortgage-Backed Securities.....	1039999999
Other Loan-Backed and Structured Securities .....	1049999999
Subtotals – Industrial and Miscellaneous (Unaffiliated) .....	1109999999

Hybrid Securities

Issuer Obligations.....	1219999999
Residential Mortgage-Backed Securities .....	1229999999
Commercial-Backed Securities .....	1239999999
Other Loan-Backed and Structured Securities .....	1249999999
Subtotals – Hybrid Securities.....	1309999999

Parent, Subsidiaries and Affiliates Bonds

Issuer Obligations.....	1419999999
Residential Mortgage-Backed Securities .....	1429999999
Commercial Mortgage-Backed Securities.....	1439999999
Other Loan-Backed and Structured Securities .....	1449999999
Affiliated Bank Loans – Issued.....	1459999999
Affiliated Bank Loans – Acquired .....	1469999999
Subtotals – Parent, Subsidiaries and Affiliates Bonds .....	1509999999

SVO Identified Funds

Exchange Traded Funds – as Identified by the SVO.....	1619999999
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Unaffiliated Bank Loans

Unaffiliated Bank Loans – Issued .....	1819999999
Unaffiliated Bank Loans – Acquired.....	1829999999
Subtotals – Unaffiliated Bank Loans.....	1909999999

Total Bonds

Subtotals – Issuer Obligations.....	2419999999
Subtotals – Residential Mortgage-Backed Securities.....	2429999999
Subtotals – Commercial Mortgage-Backed Securities .....	2439999999
Subtotals – Other Loan-Backed and Structured Securities .....	2449999999
Subtotals – SVO Identified Funds.....	2459999999
Subtotals – Affiliated Bank Loans .....	2469999999
Subtotals – Unaffiliated Bank Loans.....	2479999999
Subtotals – Bonds.....	2509999999



Sweep Accounts.....	8109999999
Exempt Money Market Mutual Funds – as Identified by SVO .....	8209999999
All Other Money Market Mutual Funds .....	8309999999
Qualified Cash Pools Under SSAP No. 2R.....	8409999999
Other Cash Equivalents .....	8509999999
Total Cash Equivalents .....	8609999999

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 the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*. A “NAIC U.S. Direct Obligations/Full Faith and Credit Exemption Money Market Fund List” can be found on the Securities Valuation Office Web page (<https://www.naic.org/svo.htm>). 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  
 CUSIP identification is **required and valid only** for Exempt Money Market Mutual Funds – as Identified by SVO (Line 8209999999) and All Other Money Market Mutual Funds (Line 8309999999).

Column 2 – Description  
 Give a complete and accurate description.

Column 3 – Code  
 Enter “%” in this column for all investments except qualifying cash pooling structures per SSAP No. 2R and money market mutual funds which have been reported on this schedule for more than one consecutive quarter.  
 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.  
 If the “%” code is used, the “%” code should appear first, immediately followed by the appropriate code for not being under the exclusive control of the company (**identified in the Investment Schedules General Instructions**).

**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 and may be used simultaneously with the “%” code, immediately followed by the appropriate code for not being under the exclusive control of the company (**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.

**\*\* Columns 10 through 12 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.

Column 11 – NAIC Designation Category  
 Provide the appropriate combination of NAIC Designation Equivalent (1 through 6) and NAIC Designation Modifier Equivalent (A through G) (see table below) for each security shown.

The NAIC Designation and NAIC Designation Modifier Equivalent should not be provided for the following lines:

- Sweep Accounts Line 8109999999
- Exempt Money Market Mutual Funds – as Identified by the SVO Line 8209999999
- All Other Money Market Mutual Funds Line 8309999999
- Qualified Cash Pools Under SSAP No. 2R Line 8409999999
- Other Cash Equivalents Line 8509999999

Exchange Traded Funds – as Identified by the SVO should be reported as perpetual securities.

The NAIC Designation Category will be two sub-columns in the data table.

- NAIC Designation Equivalent Column 11A
- NAIC Designation Modifier Equivalent Column 11B

**NAIC Designation Equivalent:**

For the NAIC Designation Equivalent, use the NAIC Designation that would have been used for the investment had it been reported on Schedule D, Part 1 if available. If no NAIC Designation is available, the reporting entity should use a Designation Equivalent most closely resembles their credit risk the investment.

NAIC Designation Modifier Equivalent:

Bonds (Lines 0019999999 through 1909999999)

Use the NAIC Designation Modifier that would have been used for the investment had it been reported on Schedule D, Part 1 if available.

If no NAIC Designation Modifier is available, the reporting entity should use a Designation Modifier Equivalent most closely resembles their credit risk the investment.

As defined in the P&P Manual, there is not an NAIC Designation Modifier for investments reporting an NAIC Designation 6, therefore, the NAIC Designation Modifier field should be left blank.

Refer to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* for the application of these codes.

The NAIC Designation Category Equivalent is the combination of NAIC Designation Equivalent and NAIC Designation Modifier Equivalent. Valid combinations of NAIC Designation Equivalent and NAIC Designation Modifier Equivalent for NAIC Designation Category Equivalent are shown below:

NAIC Designation Equivalent	NAIC Designation Modifier Equivalent	NAIC Designation Category Equivalent
1	A	1A
	B	1B
	C	1C
	D	1D
	E	1E
	F	1F
	G	1G
2	A	2A
	B	2B
	C	2C
3	A	3A
	B	3B
	C	3C
4	A	4A
	B	4B
	C	4C
5	A	5A
	B	5B
	C	5C
6		6

Column 12 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.
2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.
3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.
4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.
5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.
6. The investment does not involve a related party.

NAIC Designation Category Equivalent Footnote:

Provide the total book/adjusted carrying value amount by NAIC Designation Category Equivalent that represents the amount reported in Column 7.

The sum of the amounts reported for each NAIC Designation Category Equivalent in the footnote should equal Line 2509999999.

**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.

## **ACCIDENT AND HEALTH POLICY EXPERIENCE EXHIBIT**

This exhibit is required to be filed no later than April 1.

A schedule must be prepared and submitted to the state of domicile for each jurisdiction in which the company has Written Premium (Direct), Earned Premium (Direct, Assumed and Ceded) or Incurred Claims (Direct, Assumed and Ceded). In addition, a schedule must be prepared and submitted that contains the grand total (GT) for the company.

1. The name of the company must be clearly shown at the top of each page or pages.
2. The Exhibit will show information concerning direct business 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. This Exhibit should not include any data pertaining to double indemnity, waiver of premiums and other disability benefits embodied in life contracts.
4. Include membership charges, modal loadings, and policy fees, if any, with premiums earned (Column 2).

All premium adjustments (both increases and decreases), including but not limited to Affordable Care Act (ACA) premium adjustments related to the risk adjustment program, shall be allocated as premium in the respective jurisdiction.

### **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):

Single Employer:

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.

Multiple Employer Associations and Trusts:

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.

Other Associations and Discretionary Trusts:

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.

Other Comprehensive/Major Medical:

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 for dental only coverage (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) issued as stand-alone dental or as a rider to a medical policy that is not related to the medical policy through premiums, deductibles or out-of-pocket limits. If dental benefits are part of a comprehensive medical plan, then include data under comprehensive/major medical category. Does not include self-insured business, as well as federal employee's health benefits plans (FEHBP), or Medicare and Medicaid programs.



### **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 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 health 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 – Direct Premiums Written

The grand total reported should equal:

Life\Fraternal Exhibit 1, Part 1, Lines (9.1+10.1+19.1), Column (6).

Health Underwriting and Investment Exhibit, Part 1, Line 13, Column 1.

Property Exhibit of Premiums and Losses, Column 1 sum of Lines 13 through 15.

Column 2 – Direct Premiums Earned

Fractional premium loadings and policy fees must be included in the Earned Premiums.

The grand total reported should equal:

Health Underwriting and Investment Exhibit, Part 1, Line 13, Column 1

Less Underwriting and Investment Exhibit Part 2D, Line 1, Column 1 CY

Plus Underwriting and Investment Exhibit Part 2D, Line 1, Column 1 PY

Less Underwriting and Investment Exhibit Part 2D, Line 4, Column 1 CY

Plus Underwriting and Investment Exhibit Part 2D, Line 4, Column 1 PY

Property Exhibit of Premiums and Losses, Column 2 sum of Lines 13 through 15.

Column 5 – Net Premiums Earned

The grand total reported should equal:

Property Schedule H, Part 1, Column 1, Line 2

Column 6 – Direct Incurred Claims Amount

This column does not include the “Increase in Policy Reserves.”

The grand total reported should equal:

Health Underwriting and Investment Exhibit, Part 2, Line 12.1, Column 1 minus Column 14.

NOTE: This excludes payments for any administrative costs.

Property Exhibit of Premiums and Losses, Column 6 sum of Lines 13 through 15.

Column 7 – Assumed Incurred Claims Amount

The grand total reported should equal:

Health	Underwriting and Investment Exhibit, Part 2, Line 12.2, Column 1 minus Column 14.
Property	Underwriting and Investment Exhibit, Part 2, Column 2 sum of Lines 13 through 15.
Plus	Underwriting and Investment Exhibit, Part 2A, Column 2 sum of Lines 13 through 15 – Current Year.
Minus	Underwriting and Investment Exhibit, Part 2A, Column 2 sum of Lines 13 through 15 – Prior Year.
Plus	Underwriting and Investment Exhibit, Part 2A, Column 6 sum of Lines 13 through 15 – Current Year.
Minus	Underwriting and Investment Exhibit, Part 2A, Column 6 sum of Lines 13 through 15 – Prior Year.

Column 8 – Ceded Incurred Claims Amount

The grand total reported should equal:

Health	Underwriting and Investment Exhibit, Part 2, Line 12.3, Column 1 minus Column 14.
Property	Underwriting and Investment Exhibit, Part 2, Column 3 sum of Lines 13 through 15.
Plus	Underwriting and Investment Exhibit, Part 2A, Column 3 sum of Lines 13 through 15 – Current Year.
Minus	Underwriting and Investment Exhibit, Part 2A, Column 3 sum of Lines 13 through 15 – Prior Year.
Plus	Underwriting and Investment Exhibit, Part 2A, Column 7 sum of Lines 13 through 15 – Current Year.
Minus	Underwriting and Investment Exhibit, Part 2A, Column 7 sum of Lines 13 through 15 – Prior Year.

Column 9 – Net Incurred Claims Amount

The grand total reported should equal:

Life\Fraternal	Schedule H, Part 1, Column 1, Line 3
Health	Underwriting and Investment Exhibit, Part 2, Line 12.4, Column 1 minus Column 14.
Property	Schedule H, Part 1, Column 1, Line 3

Column 10 – 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

Health: Underwriting and Investment Exhibit, Part 2D, Line 2, Column 1. Current year minus prior year.

B. Plus the Change in the Reserve for Future Contingent Benefits

Health: Underwriting and Investment Exhibit, Part 2D, Line 3, Column 1. Current year minus prior year.

C. Less the Change in the Premium Deficiency Reserve

Property: Footnote (a) Schedule H Part 2. Current year minus prior year.

Health: Footnote (a) Underwriting and Investment Exhibit Part 2D. Current year minus prior year.

Column 11 – Loss Ratio

This is the ratio of the Direct Incurred Claims (Column 6) plus the Change in Contract Reserves (Column 10) to Direct Premiums Earned (Column 2).

Column 12 – 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 Dec. 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. For Administrative Services Only or Administrative Services Contracts, include the number of persons covered. See *SSAP No. 47—Uninsured Plans*.

Column 13 – Number of Covered Lives

This is the total number of lives insured, including dependents, under individual policies and group certificates as of Dec. 31 of the reporting year. Reasonable approximations are allowed when exact information is not administratively available to the reporting entity. For Administrative Services Only or Administrative Services Contracts, include the number of lives covered. See *SSAP No. 47—Uninsured Plans*.

Column 14 – 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. For Administrative Services Only or Administrative Services Contracts, include the number of lives covered for each month of the reported year. See *SSAP No. 47—Uninsured Plans*.

## **SUPPLEMENTAL HEALTH CARE EXHIBIT – PARTS 1 AND 2**

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.

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. 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 2024 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, State Children’s Health 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).

**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 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 1.9 (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](http://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 2009 [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 relief of 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.

Health Statement:

Column 13 should equal Statement of Revenue and Expense, Line 5, Column 2.

Line 2 – Claims

Health Statement:

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 on 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.
- Health Statement:
- Column 15 should equal Underwriting and Investment Exhibit, Part 2, Line 13, Column 1 minus 14.
- Line 4 – Deductible Fraud and Abuse Detection/Recovery Expenses
- This amount is the fraud and abuse recoveries reported in Part 2, Line 3, Columns 1, 2, 3, 4, 5, 6, 7, 8 and 9.
- 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 Improving Health Care Quality Expenses – General Definition that are not health information technology expenses.
- Line 6.2 – Activities to Prevent Hospital Readmissions
- Include expenses meeting the definition of Improving Activities to Prevent Hospital Readmissions in Improving Health Care Quality Expenses – General Definition that are not health information technology expenses.
- Line 6.3 – Improve Patient Safety and Reduce Medical Errors
- Include expenses meeting the definition of Improve Patient Safety and Reduce Medical Errors in Improving Health Care Quality Expenses – General Definition that are not health information technology expenses.
- Line 6.4 – Wellness and Health Promotion Activities
- Include expenses meeting the definition of Wellness and Health Promotion Activities in Improving Health Care Quality Expenses – General Definition that are not health information technology expenses.
- 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 Improving Health Care Quality Expenses – General Definition that are health information technology expenses.
- 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 Improving Health Care Quality Expenses – General Definition 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 10.4)
- 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 10.4)
- 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 12, 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 13, 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 14, 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

**SUPPLEMENTAL HEALTH CARE EXHIBIT – PART 2**

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, Column 5, Line D2 (Grand Total Individual, Group and Other Business) minus Line D1 (Total Non-U.S. Policy Forms).
- 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, Column 2, Line D2 (Grand Total Individual, Group and Other Business) minus Line D1 (Total Non-U.S. Policy Forms).
- 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, Columns 9 plus 10, Line D2 (Grand Total Individual, Group and Other Business) minus Line D1 (Total Non-U.S. Policy Forms).
- 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, Columns 6 plus 10, Line D2 (Grand Total Individual, Group and Other Business) minus Line D1 (Total Non-U.S. Policy Forms).

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.

Outside Referrals

Include: Expenses for providers not under arrangement with the reporting entity to provide services, such as consultations or out-of-network providers.

Emergency Room and Out-of-Area

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.

Aggregate Write-ins for Other Hospital and Medical

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.

## **CREDIT INSURANCE EXPERIENCE EXHIBIT**

NOTE: The sections of these standardized instructions dealing with credit life coverages are not applicable to property and casualty companies. The sections of these instructions dealing with other than credit life and credit accident and health coverages are not applicable to life companies in those states that do not permit them to issue such coverages.

1. This exhibit must be filed with the NAIC by April 1 of each year. An exhibit must be filed for each state (jurisdiction). If the company does not write credit life, accident and health, unemployment, property or other insurance in a state or states, the forms may be filed indicating “NO” to the question on Page 1 of the exhibit. If “NO” is indicated, Pages 2 through 8 are unnecessary.
2. Data is to be reported for all life insurance, accident and health, unemployment, property or other insurance written in the state for which the exhibit is being prepared in connection with loans or other credit transactions entered into for personal, family or household purposes, under which the creditor is the primary beneficiary, without regard to the scope of any applicable credit insurance statute, the term of the insurance or the duration of the credit transaction, but excluding the following: insurance written on a non-contributory basis, insurance written in connection with agricultural loans or other agricultural credit transactions through banks or production credit associations, insurance written in connection with loans or other credit transactions secured by purchase money liens on residential real property, insurance written in connection with isolated transactions not related to a plan or agreement of the reporting entity for insuring the debtors of the creditor. In view of the differences between these specifications and those applicable to other annual statement exhibits, the data may not balance with the credit insurance data exhibited elsewhere in the annual statement.
3. The data reported is to be the direct business of the reporting entity only; reinsurance ceded is not to be deducted and reinsurance assumed is not to be included.
4. Copies of all work papers, calculations and other data used in preparing this exhibit, including forms used in the conversion of actual earned premiums to earned premiums at prima facie rates, must be maintained at the home office of the reporting entity and be available for examination by or submission to the respective insurance departments upon request. In addition, each company shall prepare a nationwide summary of the state exhibits, which shall also be available for submission to the respective insurance departments upon request.
5. Gross Written Premiums (Line 1.1 – Parts 1, 2, 3, 4, and 5)

Report gross premiums before deductions for dividends or experience rating refunds or credits.

6. Earned Premiums at Prima Facie Rates (Line 1.7 – Parts 1, 2, 3, 4, and 5)

As of December 31 of the reporting year, actual earned premiums are to be adjusted to the amount that would have been earned if all the insurance in force during the year had been written at rates actuarially equivalent to the current prima facie or statutory rates (the rates in effect at the end of the reporting year). Utilizing credit life, credit accident and health, credit unemployment, credit property or other credit insurance earned premium conversion worksheets, the conversion must be performed for each premium rate (or schedule of rates) which is not actuarially equivalent to the current prima facie rate and which had premiums earned during the year. (For the conversion of actual earned premiums on business for which prima facie rates have not been promulgated, see paragraph C., Special Instructions.) The earned premium conversion worksheets call for actual earned premiums at prima facie rates on Line A; this is for balancing purposes only. If all actual earned premiums were written at rates actuarially equivalent to current prima facie rates, Lines 1.6 and 1.7 will be equal and earned premium conversion worksheets need not be completed. Earned premium conversion worksheets are not to be submitted with the exhibit but are to be retained in accordance with Instruction 4.

A. Credit Life, Credit Unemployment, Credit Property, or Other Credit Insurance Earned Premium Conversion Worksheet

Actual earned premiums are converted to prima facie earned premiums by using a conversion factor that is the ratio of the current prima facie rate to the premium rate actually charged.

B. Credit Accident & Health Earned Premiums Conversion Worksheet

Actual earned premiums are converted to prima facie earned premiums by using a conversion factor which is the average of the ratios of the current prima facie rates to the premium rates actually charged for 12-, 24- and 36-month terms.

C. Special Instructions

In the absence of specific instructions adopted by an insurance department for the conversion of actual earned premiums on unregulated business in that state, the following shall apply:

1. For business written in states that have not promulgated any prima facie rates, actual earned premiums need not be converted; the amounts shown on Lines 1.6 and 1.7 will be equal.
2. For business written in states which have promulgated prima facie rates that apply only to insurance written in connection with transactions of specific durations (e.g., 10 years or less), the conversion factor for actual earned premiums on unregulated business (i.e., over 10 years), shall be based on the prima facie rate for regulated business, observing any class of business rate differentials, where applicable.

7. Other Incurred Compensation (Line 3.2 – Parts 1, 2, 3, 4 and 5)

Include all experience refunds, retrospective rate credits, or policyholder dividends (excluding amounts paid to insureds), and anything else of value provided as compensation. All amounts should be stated on an incurred basis, (i.e., amounts should equal paid amounts plus the change during the year in liabilities for incurred but unpaid compensation.)

8. Mean Insurance In Force (Line 5 – Part 1 only)

The average of the monthly amounts of insurance in force should be calculated and entered, without adjustment for reinsurance assumed or ceded. For joint coverage, the amount in force should equal twice the death benefit.

9. “Critical Period” Accident and Health Insurance

Report in the “Other” column of the appropriate page. For purposes of this exhibit, “critical period” insurance is that which covers loan payments for the lesser of: (a) a specified number of months; or (b) the remaining duration of the loan. Coverages which are limited in number by statutory requirements should not be considered “critical period” coverages.

10. Part 4 Coverage Definitions

Creditor-placed (also known as lender-placed and force-placed insurance) is insurance that is placed by the lender subsequent to the date of the credit transaction, providing coverage against loss, expense or damage to collateralized property as a result of fire, theft, collision or other risks of loss that would either impair a creditor’s interest or adversely affect the value of collateral covered by limited dual-interest insurance. It is purchased by the lender according to the terms of the credit agreement as a result of the borrower’s failure to provide required insurance, with the cost of the coverage being charged to the borrower. It may be either single-interest insurance or limited dual-interest insurance.

“Creditor Placed Home Hazard” means “Creditor Placed Insurance” on homes, mobile homes and other real estate.

“Creditor Placed Auto” means insurance on automobiles, boats or other vehicles.

“Single Interest” means insurance that protects only the creditor’s interest in the collateral securing a debtor’s credit transaction.

“Dual Interest” means insurance that protects the creditor’s and the debtor’s interest in the collateral securing the debtor’s credit transaction. “Dual Interest” includes insurance commonly referred to as “Limited Dual Interest.”

“Wind Only” means named-peril coverage for losses due to wind.

“Flood Only” means named-peril coverage for losses due to flood.

“First Dollar” means coverage for first dollar losses, not contingent to alternate coverage (for example, an NFIP policy).

“Excess” means coverage for excess amounts over and above another policy (for example, an NFIP policy).

“Credit Personal Property Insurance” means insurance written in connection with a credit transaction where the collateral is not a motor vehicle, mobile home or real estate and that:

1. Covers perils to the goods purchased through a credit transaction or used as collateral for a credit transaction and that concerns a creditor’s interest in the purchased goods or pledged collateral, either in whole or in part; or
2. Covers perils to goods purchased in connection with an open-end credit transaction.

11. Written Exposures (Line 6 – Part 4 only)

The total number of exposures, in car-years, of all policies issued during a given time period.

12. Earned Exposures (Line 7 – Part 4 only)

The portion of the total amount of exposure (risk) corresponding to the coverage provided during a given time period.

13. Part 5 Coverage Definitions

GAP insures the excess of the outstanding indebtedness over the primary property insurance benefits in the event of a total loss to a collateral asset. Primary property insurance refers to the underlying P&C insurance policy insuring the property, such as automobile physical damage insurance. For reporting experience in the CIEE, “Personal GAP” refers to contributory coverage for which the borrower pays the premium for the insurance and receives a certificate or policy of coverage.

“Credit Family Leave” provides a monthly or lump sum benefit during an unpaid leave of absence from employment resulting from specified causes, such as illness of a close relative, adoption or birth of a child. If the Credit Family Leave benefit is included with the involuntary unemployment benefit without a specific identifiable charge, Credit Family Leave experience may be included with the Involuntary Unemployment Experience in Part 3.

14. Part 6 Coverage Definitions

This exhibit is to be completed on a nationwide basis. The expense definitions follow those used in the Insurance Expense Exhibit.

EARNED PREMIUM CONVERSION WORKSHEET  
 PART 1 – Credit Life Insurance  
 STATE OF \_\_\_\_\_  
 Calendar Year 20\_\_\_\_

Single Premium \_\_\_ MOB \_\_\_ Single Life \_\_\_ Joint Life \_\_\_ Open-End \_\_\_ Closed-End \_\_\_

	<u>Actual Earned Premiums</u> Col. (1)	<u>Prima Facie Rate</u> Col. (2)	<u>Actual Premium Rate</u> Col. (3)	<u>Prima Facie Earned Prem.</u> Col. (4)
A. Earned premiums at prima facie rate	_____	<u>XXX</u>	<u>XXX</u>	_____
B. Earned premiums at other than prima facie rates:				
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____
Totals	_____	<u>XXX</u>	<u>XXX</u>	_____
	To Line 1.6, Part 1			To Line 1.7, Part 1
C. State method used to calculate unearned premiums:				

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Note: Companies making a direct calculation of prima facie earned premium will complete only Col. 1 and Col. 4 Totals, and Line 1.3.

**EARNED PREMIUM CONVERSION WORKSHEET**  
**PART 2 – Credit Accident & Health Insurance**  
 STATE OF \_\_\_\_\_  
 Calendar Year 20\_\_\_\_\_

Plan of Benefits \_\_\_\_\_  
 SP, Closed-End \_\_\_ MOB, Open-End \_\_\_ MOB, Closed-End \_\_\_ Other \_\_\_

	Actual Earned Premiums Col. (1)	Premium Rates			Prima Facie Earned Premium Col. (5)*
		12 mo Col. (2)	24 mo Col. (3)	36 mo Col. (4)	
A. Earned Premium at prima facie rate					
B. Earned Premium at other than prima facie rate:					
1. a. Actual rate	<u>XXX</u>				<u>XXX</u>
b. Ratio	<u>XXX</u>				<u>XXX</u>
c. Average Ratio of Columns 2 – 3 – 4	<u>XXX</u>	<u>XXX</u>		<u>XXX</u>	<u>XXX</u>
d. Earned Premium		<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	
2. a. Actual rate	<u>XXX</u>				<u>XXX</u>
b. Ratio	<u>XXX</u>				<u>XXX</u>
c. Average Ratio of Columns 2 – 3 – 4	<u>XXX</u>	<u>XXX</u>		<u>XXX</u>	<u>XXX</u>
d. Earned Premium		<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	
3. a. Actual rate	<u>XXX</u>				<u>XXX</u>
b. Ratio	<u>XXX</u>				<u>XXX</u>
c. Average Ratio of Columns 2 – 3 – 4	<u>XXX</u>	<u>XXX</u>		<u>XXX</u>	<u>XXX</u>
d. Earned Premium		<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	
Totals		<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	
	To Line 1.6, Part 2				To Line 1.7, Part 2

C. State method used to calculate unearned premiums: ( ) Rule of 78;  
 ( ) Straight Line; ( ) Average of Rule of 78 and Straight Line;  
 ( ) Tabular Basis; ( ) Other, specify basis \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\* Prima Facie Earned Premium in Column (5) are found by multiplying the Actual Earned Premium (Col. 1) by the Average Ratio shown in Line 1.3.

Note: Companies making a direct calculation of prima facie earned premium will complete only Column 1 and Column 5 Totals.

EARNED PREMIUM CONVERSION WORKSHEET  
 PART 3 – Credit Unemployment Insurance  
 STATE OF \_\_\_\_\_  
 Calendar Year 20\_\_\_\_

30 Day Retro, SP \_\_\_\_      30 Day Non-Retro, SP \_\_\_\_      30 Day Retro, MOB \_\_\_\_  
 30 Day Non-Retro, MOB \_\_\_\_      Other \_\_\_\_

	<u>Actual Earned Premiums</u> Col. (1)	<u>Prima Facie Rate</u> Col. (2)	<u>Actual Premium Rate</u> Col. (3)	<u>Prima Facie Earned Prem.</u> Col. (4)
A. Earned premiums at prima facie rate		<u>XXX</u>	<u>XXX</u>	
B. Earned premiums at other than prima facie rates:				
1.				
2.				
3.				
4.				
5.				
6.				
Totals		<u>XXX</u>	<u>XXX</u>	
	To Line 1.6, Part 3			To Line 1.7, Part 3
C. State method used to calculate unearned premiums:				

Note: Companies making a direct calculation of prima facie earned premium will complete only Col. 1 and Col. 4 Totals, and Line 1.3.

EARNED PREMIUM CONVERSION WORKSHEET  
 PART 4 – Credit Property Insurance  
 STATE OF \_\_\_\_\_  
 Calendar Year 20\_\_\_\_

Plan of Benefits \_\_\_\_\_  
 Single Interest \_\_\_ Dual Interest \_\_\_ Not Applicable \_\_\_

	Actual Earned <u>Premiums</u> Col. (1)	Prima Facie <u>Rate</u> Col. (2)	Actual <u>Premium Rate</u> Col. (3)	Prima Facie <u>Earned Prem.</u> Col. (4)
A. Earned premiums at prima facie rate	_____	<u>XXX</u>	<u>XXX</u>	_____
B. Earned premiums at other than prima facie rates:				
1. _____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____
4. _____	_____	_____	_____	_____
5. _____	_____	_____	_____	_____
6. _____	_____	_____	_____	_____
Totals	_____	<u>XXX</u>	<u>XXX</u>	_____
	To Line 1.6, Part 4A			To Line 1.7, Part 4A
C. State method used to calculate unearned premiums:	_____			
	_____			
	_____			

Note: Companies making a direct calculation of prima facie earned premium will complete only Col. 1 and Col. 4 Totals, and Line 1.3.



EARNED PREMIUM CONVERSION WORKSHEET  
 PART 5 – Other Credit Insurance  
 STATE OF \_\_\_\_\_  
 Calendar Year 20\_\_\_\_

Plan of Benefits \_\_\_\_\_

	<u>Actual Earned Premiums</u> Col. (1)	<u>Prima Facie Rate</u> Col. (2)	<u>Actual Premium Rate</u> Col. (3)	<u>Prima Facie Earned Prem.</u> Col. (4)
A. Earned premiums at prima facie rate	_____	<u>XXX</u>	<u>XXX</u>	_____
B. Earned premiums at other than prima facie rates:				
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____
Totals	_____	<u>XXX</u>	<u>XXX</u>	_____
	To Line 1.6, Part 5			To Line 1.7, Part 5

C. State method used to calculate unearned premiums:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Note: Companies making a direct calculation of prima facie earned premium will complete only Col. 1 and Col. 4 Totals, and Line 1.3.

## 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\Fraternal blank, responses are to exclude Separate Accounts. For the Property/Casualty blank, responses are to exclude Protected Cell Accounts.

If listing a Supranational, put Supranational and the union or member on the line (Example: Supranational – World Trade Organization).

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.
- Supranational:** Entities with more than one sovereign government as a member.

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).

For funds that are not diversified within the meaning of the Investment Company Act of 1940, insurance reporting entities are required to identify actual exposures and aggregate those exposures with directly held investments to determine the 10 largest exposures. For example, if a reporting entity directly holds a significant number of investments in Exxon Mobil and holds a non-diversified closed-end fund with a high concentration of Exxon Mobil, the reporting entity shall aggregate the direct investments with the investments in the closed-end funds to determine the aggregate investment risk to Exxon Mobil.

SEC registered investment funds are required by law to disclose holdings within 60 days following the fund’s fiscal quarter end. Insurers who own funds classified as “non-diversified” are to use the last publicly available fund holding disclosure to account for holdings that should be included in their Top 10 holdings.

Exclude: U.S. Government and U. S. Government Agency securities listed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* as “Securities That Are Considered “Exempt Obligations” For Purposes of Determining The Asset Valuation Reserve And The Risk-Based Capital Calculation”;

Those U.S. Government money market funds listed on “NAIC U.S. Direct Obligations/Full Faith and Credit Exemption List Money Market Fund List” found on the Securities Valuation Office Web page (<https://www.naic.org/svo.htm>);

Property occupied by the company

Policy loans

All SEC and foreign registered funds (open-end, closed end, UIT and ETFs) 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 (perpetual preferred and redeemable preferred).

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 12.1 – 12.6. Schedule D, Part 1A, Section 1 is reported gross and will not tie to this line if any amounts are reported and nonadmitted for bonds and preferred stocks on the asset page.

The amounts reported in the preferred stock subcategories should be consistent with the amounts reported in Asset Page, Column 3, Lines 2.1.

- 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 2. If an 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 equity funds that qualify individually as one of the largest equity interests and a look-through of investments in the shares of non-diversified mutual funds and ETFs, preferred stocks, publicly traded equity securities, and other equity securities (including Schedule BA equity interests). Equity interests in all funds that are diversified in accordance with the Investment Company Act of 1940 do not need to be individually assessed and aggregated to determine the ten largest equity interests. For funds that are not diversified within the meaning of the Investment Company Act of 1940, insurance reporting entities are required to identify actual equity interests within the fund and aggregate those equity interests to determine their ten largest equity interests.
- 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, common stock of the XYZ Company of \$300,000 and \$50,000 of XYZ identified through a look-through of a non-diversified stock closed-end fund reported on Schedule D-2-2. The total is \$950,000 (\$600,000+\$300,000+\$50,000). 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. The reporting entity may also have exposure to equity interests in XYZ through mutual funds that are excluded from this calculation as the funds are diversified within the meaning of the Investment Company Act of 1940. Other equity securities include partnerships and Limited Liability Companies (LLC) and any other investments reported in Schedule BA classified as equity.
- The following funds shall also be excluded from aggregation as equity interests: SVO-Identified U.S. Direct Obligations / Full Faith And Credit Exempt List of Money Market Mutual Funds, SVO-Identified Bond ETFs and SVO Identified fund investments with underlying characteristics of fixed-income instruments, which do not contain underlying equities and that are outlined within the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*.

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, but 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 14.06 through 14.15 – These lines should be completed even if the answer to Question 14.01 is “YES.”

Report the investments held in the ten largest fund managers, with allocation between funds that are diversified or non-diversified in accordance with the meaning of the Investment Company Act of 1940. This should include all “funds” regardless of the type of fund (private placement, mutual fund, exchange-traded fund, closed-end fund, money market mutual fund, etc.), reporting schedule or underlying investments captured in a fund.

SEC registered investment funds are required by law to disclose holdings within 60 days following the fund’s fiscal quarter end. Insurers who own funds classified as “non-diversified” are to use the last publicly available fund holding disclosure to account for holdings which should be included in their Top 10 holdings.

Determine the ten largest fund managers by aggregating all “fund” investments by fund manager. For example, if a reporting entity holds a BlackRock SVO-Identified Bond ETF (diversified within the meaning of the Investment Company Act of 1940) reported on Schedule D-1 at \$500,000, four BlackRock diversified mutual funds reported on Schedule D-2-2 at \$2,200,000 and two BlackRock non-diversified closed-end funds totaling \$1,500,000, the reporting entity shall report their aggregated investment in BlackRock funds of \$4,200,000, with \$2,700,000 in diversified funds and \$1,500,000 in non-diversified funds.

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.

Complete this supplement for contracts and certificates subject to VM-21 or AG 43. A separate chart shall be prepared for individual contracts and for group contracts with individual certificates.

Column 1 &  
Column 2

– Type of Guaranteed Benefit

For purposes of this supplement, a Guaranteed Death Benefit is defined in accordance with the term “Guaranteed Minimum Death Benefit” in VM-21, and a Guaranteed Living Benefit (GLB) is defined in accordance with the term “Variable Annuity Guaranteed Living Benefits” in VM-01.

“Type” shall include a summary description of the type of benefit. Descriptions that may apply when identifying “Type” for Column 2 include, “Guaranteed Minimum Accumulation Benefit” (GMAB), “Guaranteed Minimum Income Benefit” (GMIB), “Hybrid GMIB,” “Traditional GMIB,” “Guaranteed Minimum Withdrawal Benefit” (GMWB), “Lifetime GMWB,” “Non-Lifetime GMWB,” and “Guaranteed Payout Annuity Floor” (GPAF). These terms are defined in VM-01. 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.
  - ❖ For a category with no guaranteed benefit, show “None” in both columns.
- Each contract/certificate shall be included in one and only one line.
  - ❖ For a contract with multiple living benefits, determine the most appropriate classification.

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 (NAR) 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 is available on the valuation date for a particular contract/certificate (e.g., due to a waiting period), use \$0. Note, for GLB previously elected, show the guaranteed amount based on the prior elections. For GMAB, use \$0 since this is not an income benefit.



Column 10 – Contract-Level Reserves Less Cash Surrender Value

For each contract/certificate, calculate the excess amount of the pre-reinsurance ceded contract-level reserve, defined in VM-21, over the contract’s cash surrender value. For each “Type” listed under Columns 1 and 2, report the sum of the excess amounts calculated for the associated contracts/certificates. For the Subtotal, report the sum of the excess amounts calculated for all contracts/certificates. The Subtotal should equal the excess of the aggregate reserve over the aggregate cash surrender value.

Column 11 & Column 12 – Percentage of Guaranteed Benefits Reinsured

Show percentage of the Guaranteed Benefit ceded to all reinsurers.

Line 1 – Aggregate Cash Surrender Value

Report the sum of the cash surrender values for all contracts/certificates.

Line 2 – Pre-Reinsurance Ceded Aggregate Reserve (Subtotal for Column 10 plus Line 1)

Report the sum of the pre-reinsurance ceded contract-level reserves for all contracts/certificates. This should equal the Subtotal Line for Column 10 plus Line 1.

Line 5 – Post-Reinsurance Ceded Aggregate Reserve

Report the sum of the post-reinsurance ceded contract-level reserves for all contracts/certificates.

Illustration:

Type		3	Benefit Base		6	7	Account Value		10	Percentage of Guaranteed Benefits Reinsured	
1	2		4	5			8	9		11	12
Guaranteed Death Benefit	Guaranteed Living Benefit	Number of Individual Contracts / Group Certificates	For Guaranteed Death Benefit (Col 1)	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)	General Account	Separate Account	Contract-Level Reserves Less Cash Surrender Value	Guaranteed Death Benefit	Guaranteed Living Benefit
Max Anniversary Value (MAV)	GMAV - 110% of premium	957	\$101.4 M	\$0	\$5.7M	\$0	\$2.7M	\$93.0M	\$1.5M	60%	40%
3% Roll-up	GMB 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	GMB ROP, 10 yrs	482	\$40.0M	\$35.0M	\$3.0M	\$0M	\$0M	\$37.0M	\$2.0M	0%	0%
Subtotal		1,751	\$174.0M	\$69.6M	\$10.1M	\$2.4M	\$2.7M	\$161.2M	\$4.5M	XXX	XXX
									1. Aggregate Cash Surrender Value	160.5M	
									2. Pre-Reinsurance Ceded Aggregate Reserve (Subtotal for Column 10 plus Line 1)	165.0M	
									3. Reserve credit from affiliated captive reinsurance	20.0M	
									4. Reserve credit from other reinsurance	30.0M	
									5. Post-Reinsurance Ceded Aggregate Reserve	115.0M	

**LIFE, HEALTH AND ANNUITY GUARANTY ASSOCIATION**  
**ASSESSABLE PREMIUM EXHIBIT – PARTS 1 AND 2**

To be filed on or before April 1.

This 2-part exhibit must be completed for any state, District of Columbia, and Puerto Rico in which the company is licensed and should be submitted to the applicable jurisdictions. In addition, an exhibit should be prepared for any state, District of Columbia, and Puerto Rico in which the company received any direct premiums or deposits. DO NOT SUBMIT exhibits for American Samoa, Guam, U.S. Virgin Islands, Canada, Northern Mariana Islands and other alien jurisdictions. A copy of the exhibit for each jurisdiction and a grand total page for both Parts 1 and 2 must be completed and submitted to the state of domicile and the NAIC Support and Services Office.

**Only companies that are members of the life, health and annuity guaranty associations should complete this exhibit.** If a company is unsure if it is a member of a life, health and annuity guaranty association, it should contact the state life, health and annuity guaranty associations in its state of domicile or state(s) where it is licensed to write life, health and annuity business.

For the purpose of these instructions, references to Schedule T apply to the Life and Health blank and references to the Exhibit of Premiums and Losses apply to the Property blank.

Part 1 develops gross premiums that will be subject to further reduction in Part 2 for guaranty association coverage and/or assessment limitations. Attention should be focused on the deduction items in Part 2, in particular those associated with certain accident and health products and the various types of annuity classifications for allocated and unallocated products.

The columnar headings correspond to the annual statement, Schedule T (Life or Health blanks) or Exhibit of Premiums and Losses (Property blank) as follows:

<u>Assessable Premium Exhibit</u>	<u>Col. 1</u> Life Insurance Premiums	<u>Col. 2</u> Allocated Annuity and Other Allocated Fund Deposits	<u>Col. 3</u> Accident & Health Premiums	<u>Col. 4</u> Unallocated Annuity and Other Unallocated Fund Deposits	
<u>Health Blank Schedule T Column reference</u>	Col. 7 Life/Annuity Premiums – Life Insurance Premiums (in part)	Col. 7 Life/Annuity Premiums or Col. 10 Deposit-type Contract Funds – Allocated Annuity Premiums (in part)	Col. 2-6 Accident and Health Insurance, Medicare, Medicaid, FEHBP Premiums	Col. 7 Life Contracts – Unallocated Annuity Considerations (in part)	Col. 10 Deposit-type Contract Funds – Unallocated Annuities (in part)
<u>Life Blank Schedule T Column reference</u>	<u>Col. 2</u> Life Insurance Premiums	Col. 3 Annuity Considerations	Col. 4 Accident and Health Insurance Premiums	Col. 5 Other Considerations	Col. 7 Deposit-type Contract Funds
<u>Property Blank Exhibit of Premiums and Losses (statutory page 14) Column and Lines reference</u>			<u>Col. 1</u> Direct Premiums Written Lines 13.1-15.9 (Various Accident and Health Insurance Premiums)		

In the event that this detailed information is not available in the reporting entity’s accounting records, recognized estimation processes for state allocations may be utilized if consistently applied.

Adjustments to the exhibit may be required by states that have not adopted the *Life and Health Insurance Guaranty Association Model Act* (#520).

**PURPOSE OF THE LIFE, HEALTH AND ANNUITY GUARANTY ASSOCIATION**  
**ASSESSABLE PREMIUM EXHIBIT – PARTS 1 AND 2**

It is desirable to display on one page the various types of annuity considerations, deposit-type contract funds and other considerations received directly by the reporting entity, separated by state, as is currently reported in the applicable Schedule T or Exhibit of Premiums and Losses; but, it is not possible to use such data for state guaranty association assessments without further modification. This is because of: (a) the limits placed on certain considerations for assessment purposes, (b) the variations by states in designation of “funds” for assessments, and (c) other factors that are interpreted differently by the individual states.

As a result, the NAIC and NOLHGA have developed a two-part exhibit, the Life, Health & Annuity Guaranty Association Assessable Premium Exhibit (the “Assessable Premium Exhibit”) that uses the state figures in Schedule T or Exhibit of Premiums and Losses as the starting point for development of the guaranty association assessment base and then allows for certain adjustments in order to arrive at the applicable assessable premium base for each state. States should not use Schedule T or Exhibit of Premiums and Losses as the basis for guaranty association assessments, but instead use the Assessable Premium Exhibit for the applicable assessment premium base.

**Introduction**

These instructions are intended to assist companies in completing the Assessable Premium Exhibit-Parts 1 and 2 (the “APE Pt. 1” and “APE Pt. 2”, respectively). Both APE Parts 1 and 2 must be prepared with the same care and accuracy that would be used in preparing the Annual Statement, since the information is being provided to the Guaranty Associations. COMPANIES MUST READ THESE INSTRUCTIONS CAREFULLY AND REFER TO THE RELEVANT GUARANTY ASSOCIATION ACTS, WHERE APPROPRIATE.

APE Pt. 1 and APE Pt. 2 must be completed, along with a grand total page for both, for each state (as well as the District of Columbia and Puerto Rico) in which the company is licensed or does business.

The APE Pt. 1 and Pt. 2 each have four columns. Column 1 is for all individual and group life insurance premiums. Column 2 is for all allocated annuity amounts (whether called premiums, deposit-type contract funds, or other considerations) and includes both allocated and unallocated annuity governmental retirement plans established under Sections 401, 403(b) or 457 of the U.S. Internal Revenue Code (“IRC”). Column 3 is for all individual and group accident and health premiums. Column 4 is for all unallocated annuity amounts (whether called premiums, deposit-type contract funds, or other considerations) other than amounts received in connection with governmental retirement plans established under IRC Sections 401, 403(b) or 457 (which should be in Column 2).

Should you have questions about how to fill out the Assessable Premium Exhibit, and the answers are not provided in the instructions below, you may wish to consult the Model #520, particular State Guaranty Association Acts, the *Annual Statement Instructions* manual, your company attorney, particular State Insurance Departments, or particular State Guaranty Association Administrators.

### **Assessable Premium Exhibit – Part 1**

The APE Pt. 1 starts with premiums, deposit-type contract funds and other considerations as reported in the applicable Schedule T or the Exhibit of Premiums and Losses, and then makes necessary adjustments (both positive and negative) to establish the initial assessable premium base before certain annuity adjustments as defined by each states' guaranty association act.

#### **Premiums, Considerations and Deposits from Schedule T or the Exhibit of Premiums and Losses**

Line 1 – THESE AMOUNTS MUST EXACTLY MATCH THE AMOUNTS REPORTED BY YOUR COMPANY ON SCHEDULE T OR THE EXHIBIT OF PREMIUMS AND LOSSES FOR ALL LINES OF BUSINESS.

#### **Modifications to Premiums, Considerations and Deposits**

Lines 2 through 9 are required to adjust amounts reported on your company's Annual Statement Schedule T to its Assessable Premium Base and are critical in transforming premium data prepared for Annual Statement purposes into data suitable for Guaranty Association assessment purposes.

Lines 2.1

– 2.99 – Enter any life, annuity or health premiums, deposit-type contract funds and other considerations, received by your company that were not reported by state on Schedule T or the Exhibit of Premiums and Losses and therefore not included in Line 1 above. Such amounts should be reported in the appropriate column based on whether such amounts relate to life insurance, annuity, accident and health, or annuity and deposit-type business. Include all amounts received for insurance contracts. Annuity amounts entered on Lines 1 and 2 must include, but are not limited to, amounts received for immediate or deferred annuity contracts, structured settlement agreements, lottery contracts, group annuity contracts, guaranteed interest or investment contracts, deposit administration contracts and allocated or unallocated funding obligations.

Line 2.1 – Enter fees and charges for investment management, administration and contract guarantees from the Separate Account associated with variable contracts, reduced by any contractholder dividends representing a return of such fees and charges. Specifically, in the case of variable annuity products, those portions of fees and charges paid to the general account with respect to living and death benefit guarantees, M&E charges and annual contract charges should be included on Line 2.1. In the case of variable life products with guaranteed death benefits, the portion of fees/charges paid to the general account that should be included on Line 2.1 would include the cost of insurance in addition to M&E charges and annual contract charges. Because the fees and charges are reportable by state, a reporting entity may use either a seriatim, i.e., specific contract identification by state, or an allocation method. An appropriate allocation method would be to calculate a ratio of fee income to total variable premium for the product line and multiply the ratio by the state specific variable premium.

Lines 2.2

– 2.6 – Enter any other life, annuity or health premiums, deposit-type contract funds and other considerations received by your company that were not reported by state on Schedule T or the Exhibit of Premiums and Losses. Guaranteed investment contract receipts, universal life insurance deposits and any other amounts received by the company for covered contracts that were not reported on the company's Schedule T, Exhibit of Premiums and Losses, or Line 1 above, must be reported on Line 2.6.

Allocate by state and include on Lines 2.2 through 2.6 amounts reported on the corresponding line on Schedule T as Company Contributions for Employee Benefit Plans, Dividends Applied to Purchase Paid-Up Additions and Annuities, Dividends Applied to Shorten Endowment or Premium-Paying Period, Premium or Annuity Considerations Waived under Disability or Other Contract Provisions and Aggregate Other Amounts Not Allocable by State (such as FEGLI/SEGLI).

If by state information is not readily available, reasonable allocation methods may be used to estimate state amounts. "Data not available by state" or similar comments are not valid reasons to exclude these items.

Lines 3.1

– 3.99

- The primary purpose of Lines 3.1 to 3.99 is to add back amounts that, as a result of statutory accounting practices, were deducted from the amounts reported on Line 1 or 2. For the most part, these deductions represent current year benefit payouts, transfers, surrenders or withdrawals.

Enter any amounts deducted prior to determining amounts included in Lines 1 and 2. Companies reporting net amounts on Lines 1 and 2 must complete Lines 3.1 through 3.99 to provide gross premiums and deposits. Amounts reported on these lines should include transfers to separate accounts, GIC rollovers to other companies, surrenders, excess interest, and any other amounts deducted from or not included in the company’s gross premium figures. Amounts that were reported as “Unallocated Annuity and Other Unallocated Fund Deposits” (Column 4) in the year of receipt and transferred in the current year to “Allocated Annuity and Other Allocated Fund Deposits” (Column 2), as individuals are “annuitized,” are to be included on Line 3.3 of Column 4 if these amounts were deducted from the amounts reported on Lines 1 or 2. As illustrated below, adding these amounts back to Column 4 may be necessary as amounts over \$5 million may have been deducted in prior years.

As an example, most pension plan unallocated annuities provide for the purchase of an annuity payout benefit (“annuitization”) for an individual. In the year of the receipt of the consideration for the unallocated annuity, that consideration, subject to limitations, is to be included in the total assessable premium reported in Line 10, Column 4. In the year of annuitization, the amounts transferred to fund the annuity payout benefits are to be included in the total assessable premium base reported in Line 10, Column 2. There should be no corresponding reduction to the total assessment base reported in Line 10, Column 4 for the amount transferred to fund the annuitization to the extent that such amounts would not have been included in an assessment base. When an annuity payout benefit is, pursuant to that contract, purchased for an individual from monies previously deposited with the Company, it is assumed that there is no new contract, rather it is an internal rollover of funds, i.e., and the Company has received no new funds.

In order to correctly report amounts subject to assessment in Columns 2 and 4, companies should maintain transaction level detail for each deposit type contract. On a cumulative basis, the assessable premium can never be less than \$0 on any given contract. For example, the following will illustrate the correct reporting of deposit type contracts that partially or fully annuitize in a model act state (i.e., assessable premium up to \$5 million per unallocated annuity contract). The amount reported on APE Pt. 2 Line 17.3 is a balancing amount such that the assessable premium for any unallocated contract never exceeds \$5 million nor is less than \$0 over the life of the contract. The same approach applies to any state that covers unallocated annuities, irrespective of the limits. In this example, there is a \$50 million unallocated contract in Year 1 and the company reports \$5 million in Column 4 (\$50 million on Line 1 or 2, APE Pt. 1, and a reduction of \$45 million via Line 17.3 of APE Pt. 2). If the contract is completely annuitized in year 2, the company must report \$50 million in Column 2 as allocated premium (APE Pt. Line 1 or 2) and \$50 million on Line 3.3, Part 1 (as an add-back) in the unallocated premium column. The Company should report a deduction of \$5 million on APE Pt. 2 Line 17.3 in Column 4 in the second year since it has reported the full \$50 million received in Column 2 by the end of the second year. On a cumulative basis, \$0 is reported in Column 4. The Company has not subjected to assessment more premiums than it has received.

(Millions of Dollars)

Example Contract	Year 1			YEAR 2		
	Total Yr. 1	Col. 2	Col. 4	Total Yr. 2	Col. 2	Col. 4
Deposit	50	X	X	0	X	X
Annuitize	0	X	X	50	X	X
Amt. Rep. APE Pt. 1 Lines 1 & 2	X	0	50	X	50	(50)
Amt. Rep. Line 3.3	X	X	0	X	0	50
Amt. Rep. Line 5	X	0	50	X	50	0
Amt. Rep. APE Pt.2 Line 17.3	X	X	45	X	0	5
Amt. Rep. APE Pt.2 Line 22	X	0	5	X	50	(5)
Cumulative All Years Line 22	X	0	5	X	50	0

Four additional examples will further illustrate the correct reporting of deposit type contracts that partially or fully annuitize in a model act state. In these examples, it can be seen that at any point in time, the Company has never included more in the assessable premium base (Columns 2 and 4 combined) than what was received by the Company over that period of time. Also, the Company never included more than \$5 million of assessable premium in Column 4 at any point in time.

(Millions of Dollars)

Contract #1	Year 1		Year 2		Year 3		Year 4		Year 5		Cumulative							
	Col 2	Col 4	Col 2	Col 4	Col 2	Col 4	Col 2	Col 4	Col 2	Col 4	Col 2	Col 4						
Deposit	5	X	X	5	X	X	5	X	X	5	X	X	25	X	X			
Annuitize	1	X	X	3	X	X	2	X	X	1	X	X	8	X	X	15	X	X
Amt. Rep. APE Pt. 1 Lines 1 & 2	X	1	4	X	3	2	X	2	3	X	1	4	X	8	(3)	X	15	10
Amt. Rep. Line 3.3	X	X	1	X	X	3	X	X	2	X	X	1	X	X	8	X	X	15
Amt. Rep. Line 5	X	1	5	X	3	5	X	2	5	X	1	5	X	8	5	X	15	25
Amt. Rep. APE Pt. 2 Line 17.3	X	X	1	X	X	4	X	X	5	X	X	5	X	X	5	X	X	20
Amt. Rep. APE Pt. 2 Line 22	X	1	4	X	3	1	X	2	0	X	1	0	X	8	0	X	15	5
Cumulative All Years Line 22	X	1	4	X	4	5	X	6	5	X	7	5	X	15	5	X	X	X

For Contract #1, the Company received \$25 million of deposits and included \$20 million in the assessable premium base (\$15 million as annuity considerations and \$5 million as deposit funds) over the five-year period.

(Millions of Dollars)

Contract #2	Year 1			Year 2			Year 3			Year 4			Year 5			Cumulative		
		Col 2	Col 4		Col 2	Col 4		Col 2	Col 4		Col 2	Col 4		Col 2	Col 4		Col 2	Col 4
Deposit	10	X	X	10	X	X	5	X	X	5	X	X	5	X	X	35	X	X
Annuitize	1	X	X	3	X	X	2	X	X	1	X	X	28	X	X	35	X	X
Amt. Rep. APE Pt. 1 Lines 1 & 2	X	1	9	X	3	7	X	2	3	X	1	4	X	28	(23)	X	35	0
Amt. Rep. Line 3.3	X	X	1	X	X	3	X	X	2	X	X	1	X	X	28	X	X	35
Amt. Rep. Line 5	X	1	10	X	3	10	X	2	5	X	1	5	X	28	5	X	35	35
Amt. Rep. APE Pt. 2 Line 17.3	X	X	5	X	X	10	X	X	5	X	X	5	X	X	10	X	X	35
Amt. Rep. APE Pt. 2 Line 22	X	1	5	X	3	0	X	2	0	X	1	0	X	28	(5)	X	35	0
Cumulative All Years Line 22	X	1	5	X	4	5	X	6	5	X	7	5	X	35	0	X	X	X

For Contract #2, the Company received \$35 million of deposits and included \$35 million in the assessable premium base (\$35 million as annuity considerations and \$0 as deposit funds) over the five-year period.

(Millions of Dollars)

Contract #3	Year 1			Year 2			Year 3			Year 4			Year 5			Cumulative		
		Col 2	Col 4		Col 2	Col 4		Col 2	Col 4		Col 2	Col 4		Col 2	Col 4		Col 2	Col 4
Deposit	10	X	X	10	X	X	0	X	X	0	X	X	0	X	X	20	X	X
Annuitize	1	X	X	3	X	X	2	X	X	1	X	X	8	X	X	15	X	X
Amt. Rep. APE Pt. 1 Lines 1 & 2	X	1	9	X	3	7	X	2	(2)	X	1	(1)	X	8	(8)	X	15	5
Amt. Rep. Line 3.3	X	0	1	X	X	3	X	X	2	X	X	1	X	X	8	X	X	15
Amt. Rep. Line 5	X	1	10	X	3	10	X	2	0	X	1	0	X	8	0	X	15	20
Amt. Rep. APE Pt. 2 Line 17.3	X	0	5	X	X	10	X	X	0	X	X	0	X	X	0	X	X	15
Amt. Rep. APE Pt. 2 Line 22	X	1	5	X	3	0	X	2	0	X	1	0	X	8	0	X	15	5
Cumulative All Years Line 22	X	1	5	X	4	5	X	6	5	X	7	5	X	15	5	X	X	X

For Contract #3, the Company received \$20 million of deposits and included \$20 million in the assessable premium base (\$15 million as annuity considerations and \$5 million as deposit funds) over the five-year period.

(Millions of Dollars)

Contract #4	Year 1		Year 2			Year 3			Year 4		Year 5		Cumulative					
		Col 2	Col 4		Col 2	Col 4		Col 2	Col 4		Col 2	Col 4		Col 2	Col 4			
Deposit	5	X	X	5	X	X	5	X	X	5	X	X	5	X	X	25	X	X
Annuitize	1	X	X	6	X	X	0	X	X	0	X	X	8	X	X	15	X	X
Amt. Rep. APE Pt. 1 Lines 1 & 2	X	1	4	X	6	(1)	X	0	5	X	0	5	X	8	(3)	X	15	10
Amt. Rep. Line 3.3	X	X	1	X	X	6	X	X	0	X	X	0	X	X	8	X	X	15
Amt. Rep. Line 5	X	1	5	X	6	5	X	0	5	X	0	5	X	8	5	X	15	25
Amt. Rep. APE Pt. 2 Line 17.3	X	X	1	X	X	6	X	X	3	X	X	5	X	X	5	X	X	20
Amt. Rep. APE Pt. 2 Line 22	X	1	4	X	6	(1)	X	0	2	X	0	0	X	8	0	X	15	5
Cumulative All Years Line 22	X	1	4	X	7	3	X	7	5	X	7	5	X	15	5	X	X	X

For Contract #4, the Company received \$25 million of deposits and included \$20 million in the assessable premium base (\$15 million as annuity considerations and \$5 million as deposit funds) over the five-year period. Contract #4 is different than Contract #1 in that after Year 2, only \$3 million has been included in Column 4 since \$7 million of the \$10 million of deposits received has annuitized. For Year 3, \$2 million is included in Column 4, bringing the cumulative total to \$5 million, since a total of \$15 million has been received, but only \$7 million has annuitized.

You must provide a clear explanation of any amounts listed within Line 3.5. Line 3.99 (Total) should represent the difference between gross and net premiums for each column.

Lines 4.1 through 4.4 are intended to transfer allocated and unallocated premiums between Columns 2 and 4 due to reporting differences with how a company may reflect such premiums in Schedule T (and thus Line 1 since Schedule T is the starting point of the APE Pt. 1). **If transfers are properly completed:**

- **Column 2 should contain BOTH allocated and unallocated annuities associated with governmental retirement plans qualified under IRC Sections 401, 403(b) and 457 and all other allocated annuities.**
- **Column 4 should contain unallocated annuities associated with benefit plans protected by the Federal Pension Benefit Guaranty Corporation (“PBGC”), government lotteries, book value accounting guaranty for defined contribution benefit plan participants by reference to a portfolio of assets owned by the trustee (commonly referred to as “synthetic GICS”), and all other unallocated annuities including those that fund employee, union or association of natural persons benefit plans (other than those associated with governmental retirement plans qualified under IRC Sections 401,403(b) or 457, which should be included in Column 2 as mentioned above).**

According to Model #520, an “unallocated annuity contract means any annuity contract or group annuity certificate that is not issued to and owned by an individual, except to the extent of any annuity benefits guaranteed to an individual by an insurer under the contract or certificate.” An annuity is considered allocated unless it is unallocated. Examples of unallocated annuity contracts might be guaranteed investment contracts, deposit administration contracts, and unallocated funding agreements where no contract or agreement issued by the reporting entity, nor any certificate issued by the reporting entity there under, guarantees individual benefits to specifically identified individuals.



Annuity contracts issued by the reporting entity that are held or owned in an individual retirement account under IRC Section 408(a) (whether the account is a custodial account or a trust), or which qualify as individual retirement annuities under IRC Section 408(b), should be considered allocated.

Group annuities may be allocated or unallocated. (The term “unallocated” is not synonymous with the term “group”.) A group contract or certificate that guarantees annuity benefits to an individual (this is not the guarantee typically found in a guaranteed investment contract or deposit administration contract which allows the pension trustee or administrator to purchase an annuity for a plan participant at a guaranteed purchase rate) should be considered allocated. In addition to contracts under which periodic payments are being made to individuals, group annuity contracts should be considered allocated if the reporting entity is obligated under the contract upon the request of an individual (or his or her beneficiary) to make either partial or full cash withdrawal payments, which may be subject to plan or statutory restrictions, to the individual (or his or her beneficiary).

The reporting entity will be considered to be obligated upon the request of an individual to make either partial or full cash withdrawal payments if withdrawals or death benefit payments are made from that participant’s account maintained (by the reporting entity or its designee) under the terms of the group annuity contract and regardless of whether such requests are submitted to the reporting entity directly by the individual (or his or her beneficiary) or indirectly through the plan trustee, administrator, sponsor or contract holder at the direction of the individual.

Line 4.1 – Transfer all amounts received to fund ALLOCATED contracts qualified under IRC Sections 401, 403(b) or 457 from the Unallocated Annuity Column (Column 4) to the Allocated Annuity Column (Column 2). Companies that report these amounts in the Annuity Considerations Column 5 or 7 (Life blank) or Life & Annuity Premiums & Other Considerations Column 7 in part (Health blank) of Schedule T, should complete this transfer line.

All amounts received for allocated contracts qualified under IRC Sections 401, 403(b) or 457 should be transferred to Column 2 of the APE Pt. 1, whether the contracts were issued to a governmental or non-governmental policyholder. The amount entered as a negative in the Unallocated Annuity Column (Column 4) must exactly match the amount entered as a positive in the Allocated Annuity Column (Column 2).

Line 4.2 – Transfer all amounts received to fund UNALLOCATED contracts for governmental plans (or its trustee) qualified under IRC Sections 401, 403(b) or 457 from the Unallocated Annuity Column (Column 4) to the Allocated Annuity Column (Column 2). Companies that report these amounts in the Annuity Considerations Column 5 or 7 (Life blank) or Life & Annuity Premiums & Other Considerations Column 7 in part (Health blank) of Schedule T, should complete this transfer line. The amount entered as a negative in the Unallocated Annuity Column (Column 4) must exactly match the amount entered as a positive in the Allocated Annuity Column (Column 2).

Line 4.3 – Transfer any allocated annuity amounts included in the Unallocated Annuity Column (Column 4) to the Allocated Annuity Column (Column 2), except for amounts received to fund allocated annuity contracts qualified under IRC Sections 401, 403(b) or 457, which are to be transferred on Line 4.1. This includes all allocated annuity contracts, regardless of whether the annuity is in deferred or payout status, whether the annuity is group or individual, whether the annuity is qualified or non-qualified for tax purposes and whether the annuity is held or owned in an individual retirement account under IRC Section 408(a) or an individual retirement annuity under IRC Section 408(b). The amount entered as a negative in the Unallocated Annuity Column (Column 4) must exactly match the amount entered as a positive in the Allocated Annuity Column (Column 2).

Line 4.4 – Transfer any unallocated annuity amounts included in the Allocated Annuity Column (Column 2) to the Unallocated Annuity Column (Column 4) other than amounts that fund unallocated contracts owned by a governmental retirement plan (or its trustee) established under IRC Sections 401, 403(b) or 457. The amount entered as a negative in the Allocated Annuity Column must exactly match the amount entered as a positive in the Unallocated Annuity Column.

Line 4.99 – Total for Lines 4.1 through 4.4 Columns 2 and 4. The sum of Columns 2 and 4 on Lines 4.1 through 4.99 should equal zero (0) for each state.

**Development of Amounts Included in Lines 1 Through 5 That Should Be Deducted in Determining the Base Prior to Additional Adjustments in Part 2**

On both APE Part 1 and 2, companies must be careful not to deduct the same premium or deposits on more than one line. For example, amounts deducted on Line 6 as non-guaranteed separate account deposits should not be deducted a second time on APE Pt. 2. Companies may only deduct amounts on Lines 6 through 9 (except for certain dividends allowed in Line 9) to the extent those amounts have been included on Lines 1 through 5 of APE Pt. 1. Lines 6 through 9 are allowable exclusions prior to deductions on APE Pt. 2.

Line 6 – Enter amounts received for any portion of a policy or contract not guaranteed by the reporting entity, or under which the investment risk is borne entirely by the policy or contract holder. These amounts are those specified at the time of deposit as intended for deposit in separate accounts. Amounts entered on this line are typically non-guaranteed separate account premiums. **DO NOT INCLUDE** on this line amounts transferred to any guaranteed separate accounts. **Two types of annuity contracts that should NOT be reported on Line 6 are: (i) modified guaranteed annuities, market-adjusted annuities, or other contracts where the amounts payable on at least one future date do not (or may not) depend solely on the investment performance of assets in the separate accounts; and (ii) guaranteed investment contracts issued to fund pension plans, even if there are no mortality guarantees or only incidental mortality guarantees.** Such contracts are not properly includable on Line 6 since the reporting entity retains an investment risk.

Amounts entered on Line 6 should correspond to amounts reported on the Annual Statement of Separate Accounts to the extent amounts are included on Lines 1 through 5 of the APE Pt. 1. Line 6 should not include transfers to a separate account except to the extent such transfers represent current year premiums included on Lines 1 through 5 of the APE Pt. 1. Do NOT include such amounts in APE Pt. 2 line items.

Line 7 – Enter amounts received during the current year for unallocated annuity contracts associated with the Federal Home Loan Bank Program **BUT ONLY IF** included in Line 5 above. Do NOT include such amounts in APE Pt. 2 line items.

Line 8 – Enter amounts received during the current year only for supplemental contracts (with and without life contingencies) and contracts associated with retained asset programs **BUT ONLY IF** such amounts are included in APE Pt. 1 Line 5 **AND** the prior year amounts for the original contracts were reported as assessable premium. For example, if the original premiums were reported as life premiums but deducted as variable separate account business, then the supplemental contract funds would not be an allowable deduction since the original premiums were not reported as assessable premium in the prior years. Do NOT include such amounts in APE Pt. 2 line items.

Line 9 – Enter dividends, but only if such amounts were not guaranteed in advance. Examples of items that might be reported on Line 9 include dividends applied to pay renewal premiums, paid in cash or left on deposit. Dividends applied to shorten the endowment or premium paying period or to provide paid-up additions or annuities may also be included **BUT ONLY IF** such items are also reported on APE Pt. 1 Lines 2.3 or 2.4. Excess interest should not be deducted as dividends.

**Assessable Premium Base – Part 1**

- Line 10 – Assessable premium base before further adjustments.
- Footnote 1 – Costs associated with long-term care business are now to be allocated among all accounts (historically they have been treated solely as health business) such that the costs are allocated between life and health companies as defined in the guaranty association statutes or plan of operations for long-term care cost allocation purposes only. In general, the allocation is designed to achieve a 50/50 split, although variances may occur by state. In order to determine if a member company is a life or health company, assessable health premiums for this purpose only are to exclude premiums associated with disability and long-term care business. Report in Footnote 1 (Parts a and b) the assessable premium for stand-alone business included on APE Pt. 1 Line 10 for these blocks. Include both short-term and long-term disability premiums. Do NOT include disability or long-term care premiums that relate to coverage under a rider attached to a life or annuity product. Premiums for these riders should be reported with the original base policy designation (e.g., life or annuity).
- Footnote 2 – Please provide for each state in which business is reported the primary contact information that a guaranty association may use to address assessment inquiries (billing, payment etc.).

Name:	
Department	
Street Address	
City, State, Zip	
Direct Phone Number	
Email address	

**Assessable Premium Exhibit – Part 2**

The APE Pt. 2 has the same four columns used for APE Pt. 1. Column 1 is for all individual and group life insurance premiums. Column 2 is for all allocated annuity amounts (whether called premiums, deposits, or considerations), including annuities held or owned in an individual retirement account under IRC Section 408(a) (whether the account is a custodial account or a trust), or which qualify as individual retirement annuities under IRC Section 408(b) and both allocated and unallocated annuity governmental retirement plans established under IRC Sections 401, 403(b) or 457. Column 3 is for all individual and group accident and health premiums. Column 4 is for all unallocated annuity amounts (whether called premiums, deposits, or considerations) other than amounts received in connection with governmental retirement benefit plans qualified under IRC Sections 401, 403(b) or 457 (which should be in Column 2). Companies are required to complete each line of the APE Pt. 2 for all states, District of Columbia and Puerto Rico in which they were licensed or had business during the reporting year along with a grand total page. DO NOT SUBMIT the APE Pt. 2 for American Samoa, Guam, U.S. Virgin Islands, Canada, Northern Mariana Islands and other alien jurisdictions.

APE Pt. 2 requires certain adjustments in all accounts to obtain the correct state level assessable premium with emphasis in both the allocated and unallocated annuity accounts. All lines for all columns must be completed for all states in which your company is licensed or had business during the survey year. Deductions related to unallocated annuity contracts MUST be detailed on Lines 14 through 21, where appropriate.

Certain line items pertain only to specific states (Iowa, Kansas, Louisiana, Minnesota and New Jersey) and must be completed accordingly.

- Line 11 – Assessable Premium Base – Part 1  
The amount from Line 10 of the APE Pt. 1 should be transferred to Line 11 of the APE Pt. 2.
- Line 12.1 – 12.2 – Enter amounts received in excess of \$1 million (Line 12.1) or \$5 million (Line 12.2) for multiple non-group policies of life insurance owned by one owner (commonly referred to as “COLI/BOLI”) whether the policy or contract owner is an individual, firm, corporation or other person, and whether the persons insured are officers, managers, employees or other persons regardless of the number of policies and contracts held by the owner.

Line 13.1  
– 13.99 – Enter amounts received for certain accident & health policies. Lines 13.5 (stop loss) and 13.6 (MEWA, ASO etc.) should only apply to the extent the plan or program is self-funded or uninsured.

Line 14 – All amounts related to annuities issued in connection with plans qualified under IRC Section 403(b) (“403(b) premiums”) (both allocated and unallocated) should be included in Column 2 (Allocated Annuity and Other Allocated Fund Deposits) on the APE Pt. 1 presuming your transfers on APE Pt. 1 Line 4.1 are done correctly. These amounts must be transferred to Column 4 (Unallocated Annuity and Other Unallocated Fund Deposits) in order to include the 403(b) premiums for allocated annuities in Column 4 for certain states that have not adopted the most recent account structure. The amount to be transferred from Column 2 to Column 4 represents the amount of 403(b) premiums for allocated annuity contracts ONLY to the extent included in Lines 10 of APE Pt. 1 and 11 of APE Pt. 2. Those companies that originally reported these 403(b) premiums in Column 2 of the APE Pt. 1 must transfer such amounts to Column 4 even though no original transfer was required on APE Pt. 1 Line 4.1. Enter in Column 2 a negative amount and Column 4 a corresponding positive amount (both amounts must be the same).

The total for Line 14 Columns 2 and 4 should equal zero (0) in all states.

Line 15.1  
– 15.6 – Companies that have unallocated funding obligations to provide a book value accounting guaranty for defined contribution benefit plan participants by reference to a portfolio of assets that is owned by the benefit plan or its trustee, which in each case is not an affiliate of the member insurer (commonly referred to as “synthetic GICs”) must report such amounts on the applicable Line 15. Lines 15.1, 15.2 and 15.3 are mutually exclusive.

Lines 15.5 and 15.6 need to be completed (respectively) for Minnesota and New Jersey business only.

Line 15.3 should only include those amounts in excess of \$5 million. For example, for a \$15 million contract providing a book value accounting guaranty, the company should report \$1 million on Line 15.1, \$4 million on Line 15.2 and \$10 million on Line 15.3.

Lines 16.1  
– 16.3 – Companies that have unallocated funding obligations that are not issued to or in connection with a specific employee, union, or association of natural persons benefit plan or government lottery must report such amounts on the applicable Line 16. An example of an appropriate Line 16 deduction would be amounts received to fund a municipal guaranteed investment contract (commonly referred to as “Muni-GICs”). Line 16.3 applies to New Jersey business only.

Lines 17.1  
– 18.2 – Companies that have unallocated funding obligations issued to fund government lotteries or in connection with a specific employee, union, or association of natural persons benefit plans that are NOT: (a) governmental retirement plans established under IRC Sections 401, 403(b) or 457, or (b) protected by the Federal Pension Benefit Guaranty Corporation must report such amounts on the applicable Lines 17 or 18. Lines 17.1, 17.2 and 17.3 are mutually exclusive.

Lines 17.5 to 18.2 need to be completed (respectively) for Minnesota (line 17.5), New Jersey (Line 18.1) and Iowa (Line 18.2) business only. Like the example in Line 15, Line 17.3 should only include those amounts in excess of \$5 million. As mentioned on APE Pt. 1 Line 3, for those contracts that have annuitized, the Company should report a deduction of \$5 million on APE Pt. 2 Line 17.3 in Column 4 in the second or subsequent years. For additional details, please refer to the instructions for lines APE Pt. 1 Lines 3.1-3.99.

Lines 19.1

- 19.8 – Premium, funds or considerations related to unallocated annuities that fund governmental retirement benefit plans qualified under IRC Sections 401, 403(b) and 457 are included in APE Pt. 1 Line 10 and APE Pt. 2 Line 11, Column 2. They must be transferred to Column 4 before certain unallocated deductions can be taken. For all such premiums, funds or considerations enter in Column 2 a negative amount and in Column 4 a corresponding positive amount (both amounts must be the same). Lines 19.1, 19.2 and 19.3 are mutually exclusive. Like the example in Line 15, Line 19.3 should only include those amounts in excess of \$5 million.

Lines 19.5 and 19.6 need to be completed (respectively) for Minnesota and New Jersey business only.

For Louisiana, Line 19.7 should include only amounts related to unallocated annuities issued in connection with governmental retirement benefit plans qualified under IRC Section 403(b). Report all such amounts as a positive in Column 4.

For Kansas, Line 19.8 should include only amounts related to unallocated annuities issued in connection with governmental deferred compensation plans qualified under IRC Section 457. Report all such amounts as a positive in Column 2.

Lines 20.1

- 20.2 – Companies that have unallocated annuity contracts issued to an employee benefit plan protected by the Federal Pension Benefit Guaranty Corporation must report such amounts on Lines 20.1 and 20.2. Employee benefit plans protected by the PBGC are defined benefit plans only and do not include defined contribution plans.

Line 21

- Enter any other deductible amounts with a clear explanation of the nature of such deduction on Lines 21.01, 21.02, 21.03, etc. An example of an appropriate deduction is experience rating refunds (Column 3 but only if reported as premium income) or annuitization activity to avoid double counting premiums (Column 2 or 4). Deductions are not permitted for premiums received for the Federal Employee Group Life Insurance. Line 21 should not be used as a substitute for deductions that are to be reported on any of the above lines. Deductions are not permitted for amounts received in excess of coverage limits specified in the Guaranty Laws (i.e., a reporting entity cannot deduct amounts received or contract values in excess of \$250,000 related to allocated annuity contracts).

Line 22

- Represents the assessable premium base for all states – see state specific formula.

NOTE:

Cross check for APE Pt. 2 Column 4

The aggregate amounts on APE Pt. 2 Lines 15.4, 16.2, 17.4, and 20.2 should equal APE Pt. 2 Line 11, Column 4.

## **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).

Form 1 gives an overview of the stand-alone LTC business and claims experience for both individual and group policies. Form 2 focuses on the experience of individual policies broken down into three Primary Issue Periods: 2002 and prior, 2003-2010, and 2011 and later. 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. Form 4 focuses on the experience of group business. Form 5 provides a location to report data at the state level and additionally asks for data related to hybrid life or annuity products with LTC extended and/or accelerated benefits.

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/fraternal, property/casualty 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.

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:

- (1) If the assumption is that future premiums (gross or net) will be considered as “paid by waiver,” the reserve 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.
- (2) If the assumption is that the policy is paid-up (no future premiums to be collected), the reserve would be the paid-up value and future incurred claims will be only for LTC benefits.

Report using (1) above unless there are system limitations which require data to be entered under assumption (2).

**When reporting dollar amounts, report the amount in thousands (\$000 omitted). For non-dollar values, do not truncate the amounts.**

**Definition of Incurred Claims:**

The amount of developed claims incurred during the calendar year is equal to the present value of all claim payments during the year and any changes in claim reserves. The discount rate is the statutory valuation interest rate for case reserves.

- 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 of Form 3 are discounted from the valuation date to the midpoint of the incurred year.

**If**

$i_y$  = Incurred year

$T$  = Report year – incurred year

$v$  = Discount rate

${}_t\text{Paid Claims}_{i_y}$  = Paid claims during current or prior calendar year  $t$  from claims incurred in year  $i_y$

${}_t\text{Case Reserve}_{i_y}$  = Case reserve at end of calendar year  $t$  from claims incurred in  $i_y$

${}_t\text{Transferred Reserve}_{i_y}$  = Transferred reserve at end of calendar year  $t$  from claims incurred in  $i_y$  and

$t = i_y, i_y+1, i_y+2, \dots, i_y + T$

then the Present Value of Incurred Claims for incurred year  $i_y$ :

For  $T=0$

$$i_y\text{Paid Claims}_{i_y} \times v^{1/4} + i_y\text{Case Reserve}_{i_y} \times v^{1/2} + i_y\text{IBNR}_{i_y} \times v^{1/2} + i_y\text{Transferred Reserve}_{i_y} \times v^{1/2}$$

For  $T>0$

$$i_y\text{Paid Claims}_{i_y} \times v^{1/4} + i_{y+1}\text{Paid Claims}_{i_y} \times v^{1/2} + i_{y+2}\text{Paid Claims}_{i_y} \times v^{3/4} + \dots + i_{y+T}\text{Paid Claims}_{i_y} \times v^{T+1/4} + i_{y+T}\text{Case Reserve}_{i_y} \times v^{T+1/2} + (i_{y+T}\text{IBNR}_{i_y} \times v^{T+1/2}) + i_{y+T}\text{Transferred Reserve}_{i_y} \times v^{T+1/2}$$

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\fraternal) plus the portion of the claim liabilities reported on Exhibit 6, Line 14 (life, accident & health\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 1

### Stand-Alone LTC Only (\$000 Omitted)

Long-Term Care Insurance Experience Reporting Form 1 is intended to track actual premium, claims, persistency, and reserves on a nationwide basis. Yearly and cumulative comparisons for direct, assumed, and ceded business are exhibited.

## DEFINITIONS AND FORMULAS

### **Current**

Current calendar year of reporting.

### **Total Inception-to-Date**

Aggregate experience data since issuance of policies.

### **Assumed/Ceded Rows**

Does not include YRT reinsurance transactions. For columns that are reported as “Number of” (count) rather than an amount, assumed/ceded business is only recorded here if the business is 100% coinsured.

- Column 1 – Earned Premiums
- Collected Premiums + Change in Due Premiums – Change in Advanced Premiums – Change in Unearned Premium Reserves.
- Total earned premiums should equal Accident and Health Policy Experience Exhibit Column 2, Line 10 for Individual Business section and Line 12 Group Business section.
- Column 2 – Incurred Claims
- Developed claims incurred during the calendar year. Equal to the present value of all claim payments and any claim reserves. The discount rate is the statutory valuation interest rate for case reserves.
- Column 3 – Number of Claims Opened
- The 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 claim that has terminated by the end of the year should be included in the count.
- Column 4 – Number of Claims Closed
- Number of claims that had been opened, which became closed during the year due to recovery, exhaustion of benefits, or death.



Column 5	–	Number of Claims Remaining Open	Open claims are all claims that have been opened at any date but have not been closed as of the end of the year.
Column 6	–	Number of Terminations	Total number of policy or certificate holders whose coverage ended during the year for any reason, including death, lapse, or benefit exhaustion.
Column 7	–	Number of Policies/Certificates In-force at Year End	Total number of policies or certificates in force at the end of the year.
Column 8	–	Number of Lives In-force at Year End	Total number of lives in force at the end of the year. Joint policies are to be counted as two lives.
Column 9	–	Active Life Reserves	Total amount of active life reserves held for policyholders, including those in non-forfeiture status. The amount reported in annual statement Exhibit 6, Line 2 for life, accident & health/fraternal only.  The amount reported in annual statement Underwriting and Investment Exhibit 2D, Line 2 for health only, less the premium deficiency reserve in footnote (a) of that exhibit.
Column 10	–	Claim Reserves	Total amount of reserves held for payment of claims that have been incurred but not yet paid, including claims on policies in non-forfeiture status.
Column 11	–	Other Reserves	Total amount of any other reserves associated with long-term care policies, including premium deficiency reserves, unearned premium reserves, and additional actuarial reserves. For the additional actuarial reserve, use the lesser of the aggregate additional reserve and a reserve calculated specifically for LTC business.  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.

## INSTRUCTIONS FOR FORM 2

### Direct Individual Experience – Stand-Alone Only (\$000 Omitted)

#### **Primary Issue Period Splits**

Experience data for each policy should be aggregated in one of the three Primary Issue Year Periods shown on the experience form. It would be permissible for a company to include 100% of a policy form's experience in just one of the three Primary Issue Year periods (using the issue year period where the majority of the policies were originally issued). It would also be permissible for a company to split a policy form's experience by issue year into multiple Primary Issue Year periods shown in the form based upon policy issue year.

### **DEFINITIONS AND FORMULAS**

#### **Current**

Current calendar year of reporting.

#### **Total Inception-to-Date**

Aggregate experience data since issuance of policies.

#### **Comprehensive**

Policies that provide a combination of institutional or facility and non-institutional coverage. These include institutional only policies with non-institutional riders.

#### **Institutional Only**

Policies that provide institutional coverage only.

#### **Non-Institutional Only**

Policies that provide only non-institutional coverage.

Column 1 – Calendar Year of Peak Issues

Calendar year in which the largest number of policies in the block were sold. When reporting figures for inception-to-date, include all policies ever sold in the block. For the current year, include only those policies that remain in force as of 12/31.

Column 2 – Percent Male Lives Insured

Percentage of males within the block of policyholders. For example, a block consisting of 60% males would be reported as 60. When reporting figures for inception-to-date, include all policies ever sold in the block. For the current year, include only those policyholders that remain insured as of 12/31.

Column 3 – Average Attained Age

Arithmetic mean of the attained ages of all in force policyholders in the block at year end.

- Column 4 – Earned Premium
- Collected Premiums + Change in Due Premiums – Change in Advanced Premiums – Change in Unearned Premium Reserves.
- Total earned premiums should equal Accident and Health Policy Experience Exhibit Column 2, Line 10 for Individual Business section and Line 12 Group Business section.
- Column 5 – Incurred Claims
- Developed claims incurred during the calendar year. Equal to the present value of all claim payments and any claim reserves. The discount rate is the statutory valuation interest rate for case reserves.
- Column 6 – Number of Lives In-force Year End
- Total number of lives in force at the end of the year. Joint policies are to be counted as two lives.
- Column 7 – Number of Terminations
- Total number of policyholders whose coverage ended during the year for any reason including death, lapse, or benefit exhaustion.
- Column 8 – Number of New Lives Insured
- Total number of new lives issued LTC policies during the year. Values in rows that are labeled “inception-to-date” should be the sum of all new lives insured in each year during which the form was sold.

## INSTRUCTIONS FOR FORM 3

### LTC Experience Development (\$000 Omitted)

The purpose of this form is to test the adequacy of claim reserves held on long-term care policies. This form allows for the development of a seven-year trend of losses by incurred calendar year. 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 Line 1, Column 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 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). The discount rate is the statutory valuation interest rate for case reserves.

## INSTRUCTIONS FOR FORM 4

### Direct Group Experience – Stand-Alone Only (\$000 Omitted)

#### DEFINITIONS AND FORMULAS

##### **Current**

Current calendar year of reporting.

##### **Total Inception-to-Date**

Aggregate experience data since issuance of certificates.

##### **Comprehensive**

Certificates that provide a combination of institutional or facility and non-institutional coverage. These include institutional only certificates with non-institutional riders.

##### **Institutional Only**

Certificates that provide institutional coverage only.

##### **Non-Institutional Only**

Certificates that provide only non-institutional coverage.

Column 1 – Calendar Year of Peak Issues

Calendar year in which the largest number of certificates in the block were distributed. When reporting figures for inception-to-date, include all certificates ever issued in the block. For the current year, include only those certificates that remain in force as of 12/31.

Column 2 – Third Party Funding

Indicate whether premiums are paid in whole or in part by a third party such as an employer.

Example: If the level of third-party funding is 25%, enter “25” in this column.

Calculate this in aggregate as  $[\text{Third Party Premiums} \div \text{Total Premiums}]$

Column 3 – Average Attained Age

Arithmetic mean of the attained ages of all in force certificate holders in the block at year end.

Column 4 – Earned Premium

Collected Premiums + Change in Due Premiums – Change in Advanced Premiums – Change in Unearned Premium Reserves.

Column 5 – Incurred Claims

Developed claim amounts for claims incurred during the calendar year. Equal to the present value of all claim payments and any claim reserve. The discount rate is the statutory valuation interest rate for case reserve.

- Column 6 – Number of Lives In-force Year End  
Total number of lives in force at the end of the year. Joint certificates are to be counted as two lives.
- Column 7 – Number of Terminations  
Total number of certificate holders whose coverage ended during the year for any reason including death, lapse, or benefit exhaustion.
- Column 8 – Number of New Lives Insured  
Total number of new lives issued LTC certificates during the year. Values in rows that are labeled “inception-to-date” should be the sum of all new lives insured in each year during which the form was sold.

## INSTRUCTIONS FOR FORM 5

### Standalone and Hybrid Products – Direct State Reporting (\$000 Omitted)

Form 5 provides LTC sales and claims experience on a state-by-state basis. These are the state’s portion of a number of statistics reported on a nationwide basis elsewhere in these experience forms. Form 5 also includes data on products that include extension of and/or acceleration of LTC benefits on life policies or annuity contracts. In addition, a schedule must be prepared that contains the grand total (GT) for the company.

### DEFINITIONS AND FORMULAS

#### **Current**

Current calendar year of reporting.

#### **Total Inception-to-Date**

Aggregate experience data since issuance of policies.

#### **Stand-alone LTC**

An LTC product that is sold by itself, not as a rider on another type of insurance.

#### **LTC Hybrid Accelerated Benefits Riders**

Riders attached to life insurance or annuity products that allow for a benefit to be claimed upon the occurrence of a long-term care need at the cost of reduction in the death benefit or annuity payout benefit.

#### **LTC Hybrid Extended Benefit Riders**

Riders attached to life insurance or annuity products that allow for a benefit to be claimed above and beyond the initial benefit amount in the event that all accelerated benefits have been claimed and the insured is still in need of long-term care services.

Column 1 – Number of New Lives Insured

Total number of new lives issued LTC or hybrid policies during the year. Values in rows that are labeled “inception-to-date” should be the sum of all new lives insured in each year during which the form was sold.

Column 2 – Number of Lives In-force Year End

Total number of lives in force at the end of the year. Joint policies are to be counted as two lives.

Grand Total Page, Line 1 should equal Form 1, Column 8, Line 1 plus Line 6.

Column 3 – Earned Premiums

Collected Premiums + Change in Due Premiums – Change in Advanced Premiums – Change in Unearned Premium Reserves.

If necessary, the premium may be derived as the gross premium of the policy with the inclusion of LTC coverage less the gross premium of that policy without LTC coverage.

Grand Total Page, Line 1 should equal Form 1, Column 1, Line 1 plus Line 6.

- Column 4 – Incurred LTC Claims
- Developed claim amounts for LTC claims incurred during the calendar year including accelerated claims, but not including payments due to extension of benefits. Equal to the present value of all claim payments and any claim reserves. The discount rate is the statutory valuation interest rate for case reserves.
- Grand Total Page, Line 1 should equal Form 1, Column 2, Line 1 plus Line 6.
- Column 5 – Incurred Extended Benefits Claims
- Developed claim amounts for LTC claims incurred during the calendar year due to extension of benefits after exhaustion of accelerated benefits. Equal to the present value of all claim payments and any claim reserves. The discount rate is the statutory valuation interest rate for case reserves.
- Column 6 – Number of Claims Remaining Open
- Open claims are all claims that have been opened at any date but have not been closed as of the end of the year.
- Grand Total Page, Line 1 should equal Form 1, Column 5, Line 1 plus Line 6.
- Column 7 – Number of Claims Opened
- The number of claims that have at least one LTC 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 claim that has terminated by the end of the year should be included in the count.
- Grand Total Page, Line 1 should equal Form 1, Column 3, Line 1 plus Line 6.
- Column 8 – Number of New Extended Benefits Claims
- The number of claims that have at least one benefit payment made during the year resulting from extension of benefits but have no extension of benefits 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. A claim that has terminated by the end of the year should be included in the count.
- Column 9 – Accelerated Benefits Available
- Maximum amount of death benefits available to be paid on an accelerated basis due to LTC Acceleration of Benefits riders on in force business.
- Column 10 – Extended Benefits Available
- Maximum amount of extended benefits available to policyholders with extension of benefit riders on in force business.



**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.

**NOTE: Cessions reported on this exhibit should be reported on Schedule S, Part 3, Section 1 using only the codes XXXL (XXX Life) or AXXX (AXXX Life) as the type of business ceded in Column 6 of that schedule.**

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.
  
- G. **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.
  
- H. **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)
Reciprocal Jurisdiction Reinsurer Identification Number	(RJIN)
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 / Reciprocal Jurisdiction 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 the assuming insurer meets the applicable requirements of Section 2F of Model #785 and has been granted status as a Reciprocal Jurisdiction Reinsurer by the ceding insurer’s domiciliary state.
- 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 all cessions identified in Part 1 except 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 bifurcated 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, in 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) |
| Reciprocal Jurisdiction Reinsurer Identification Number | (RJIN) |
| 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.

**As of Current Year’s Annual Statement**

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 (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 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)
Reciprocal Jurisdiction Reinsurer Identification Number	(RJIN)
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.

**As of Current Year’s Annual Statement**

- 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 all 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 all 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.

**As of Effective Date or Prior Year’s Annual Statement**

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.

## **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, 2024 (filed on March 1, 2025), experience on policies issued in 2021 and prior should be shown separately from that of policies issued in 2022 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.

**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).



## **SCHEDULE SIS**

### **STOCKHOLDER INFORMATION SUPPLEMENT**

The Stockholder Information Supplement shall be completed by all stock companies incorporated in the U.S.A. that have 100 or more stockholders. Such supplement shall be filed with the insurance commissioner of the company's domiciliary state as a part of its annual statement. The information required to be contained in this supplement is to be furnished to the best of the knowledge of the company. Where appropriate, the company should obtain the required information, in writing, from its directors or officers and from any person known to the company to be the beneficial owner of more than 10% of any class of its equity securities.

The term "officer" means a president, vice-president, treasurer, actuary, secretary, controller and any other person who performs for the company functions corresponding to those performed by the foregoing officers.

### **INFORMATION REGARDING MANAGEMENT AND DIRECTORS**

1. This information applies to any person who was a director or officer of the company at any time during the year. However, information need not be given for any portion of the year during which such person was not a director or officer of the company.
2. Include under "Other Employee Benefits" information for such items as savings plans, deferred compensation plans, thrift plans, profit-sharing plans, etc., or other contracts, authorizations or arrangements, whether or not set forth in any formal document. Briefly describe such "plans" and the basis upon which directors or officers participate therein, if not previously described in a prior "Stockholder Information Supplement" indicating date thereof. Company cost of benefits accrued or set aside need not be stated with respect to payments computed on an actuarial basis under any plan that provides for fixed benefits on retirement at a specified age or after a specified number of years of service.
3. Information need not be included as to payments made for, or benefits received from, group life or accident insurance, group hospitalization or similar group payments or benefits.
4. If it is impractical to state the amount of the estimated annual benefits proposed to be made upon retirement, the aggregate amount set aside or accrued to date in respect of such payment should be stated, together with an explanation of the basis for future payments.
5. Attach separate sheets if necessary, to fully answer questions.

**STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

- Column 1 – Name and Title  

Indicate relationship of the person to the company, for example: “director,” “director and vice-president,” “beneficial owner of more than 10% of the company’s common stock,” etc.
- Column 2 – Title of Security  

The statement of the title of a security should be such as to clearly identify the security, even though there may be only one class, for example: “common stock,” “4% convertible preferred stock,” etc.
- Column 3 – Nature of Ownership  

Under the “Nature of Ownership”, state whether ownership of securities is “direct” or “indirect.” If the ownership is indirect (i.e., through a partnership, corporation, trust or other entity), indicate in a footnote or other appropriate manner the name or identity of the medium through which the securities are indirectly owned. The fact that securities are held in the name of a broker or other nominee does not, of itself, constitute indirect ownership. Securities owned indirectly shall be reported on separate lines from those owned directly and from those owned through a different type of indirect ownership.
- Column 4 – Number of Shares Owned at the End of Prior Year and  
Column 8 – Number of Shares Owned at the End of Current Year }  

In the case of securities owned indirectly, the entire amount of securities owned by the partnership, corporation, trust or other entity shall be stated. There may also be indicated in a footnote or other appropriate manner the extent of the security holder’s interest in such partnership, corporation, trust or other entity.

If a transaction in securities of the company was with the company or one of its subsidiaries, so state. If it involved the purchase of securities through the exercise of options, so state. If any other purchase or sale was affected otherwise than in the open market, that fact shall be indicated. If the transaction was not a purchase or sale, indicate its character, for example, gift, stock dividend, etc., as the case may be.

Any additional information or explanation deemed relevant by the company should be included as a footnote or in other appropriate manner.
- Column 9 – Percentage of Voting Stock Directly and Indirectly Owned or Controlled at the End of the Current Year  

Report the percentage of voting stock directly and indirectly owned or controlled at the end of the current year by each director, officer and/or any other entity/person who directly or indirectly, own, control, hold with the power to vote, or hold proxies representing 10% of more of the voting interests of the entity. See *SSAP No. 25—Affiliates and Other Related Parties* for the definition of control.

## **VM-20 RESERVES SUPPLEMENT**

### **Life Insurance Reserves Valued According to VM-20 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 issued on or after Jan. 1, 2017, valued by the requirements of VM-20 should be reported in Part 1A and Part 1B. Part 1A and Part 1B are 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.

This Supplement also provides information regarding business where VM-20 of the *Valuation Manual* is not required to be applied. Companies exempted from the requirements of Section VM-20 are not required to complete Part 1A or Part 1B of this Supplement but must complete Part 2 or Part 3 as applicable.

## **VM-20 RESERVES SUPPLEMENT – PART 1A**

### **Life Insurance Reserves Valued According to VM-20 by Product Type**

Part 1A 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*. The Due and Deferred Premium Asset for the current year is also shown.

Section VM-20 of the *Valuation Manual* requires that the Post-Reinsurance-Ceded Reserve be determined by three VM-20 Reserving Categories: Term Insurance, Universal Life with Secondary Guarantees (ULSG) and all other. Term Insurance should be reported on line 1.1. ULSG, including Variable Universal Life with a secondary guarantee, Indexed life insurance with a secondary guarantee, regular Universal Life with a secondary guarantee, and ULSG policies with a non-material secondary guarantee as defined in Section VM-01 of the *Valuation Manual*, should be reported on line 1.2. 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. Both Post-Reinsurance-Ceded Reserves and Pre-Reinsurance-Ceded Reserves, as defined in VM-20, include separate account amounts where applicable to the policies in scope.

Columns 1 & 2 – Reported Reserve

Provide the reported reserve, in whole dollars, for the prior year and current year for each line item. Post-Reinsurance-Ceded is net of reinsurance ceded. Pre-Reinsurance-Ceded should be prior to any reinsurance ceded and include reinsurance assumed. Sections 2 and 8 in the *Valuation Manual* further describe the required reserve and treatment of reinsurance. The reported reserve for the current year should reflect all policies in force as of the end of the current year. The reported reserve for the prior year should reflect all policies in force as of the end of the prior year.

Column 3 – Due and Deferred Premium Asset

Provide the due and deferred premium asset amount, in whole dollars, associated with the current year Reported Reserve from Column 2 and calculated in a manner consistent with lines 15.1 and 15.2 of the Annual Statement Assets page.

#### *Example 1:*

A company reinsures a ULSG product using YRT reinsurance.

- The ceding company reports their reserve on lines 1.2 and 3.2 for ULSG.
- The assuming company reports their reserve on lines 1.1 and 3.1 for Term.

#### *Example 2:*

A company reinsures a Term product using YRT reinsurance.

- The ceding company reports their reserve on lines 1.1 and 3.1 for Term.
- The assuming company reports their reserve on lines 1.1 and 3.1 for Term.

## **VM-20 RESERVES SUPPLEMENT – PART 1B**

### **Life Insurance Reserves Valued According to VM-20 by Product Type**

(\$000 Omitted for Face Amount)

Part 1B of this Supplement provides details underlying the amounts shown in Part 1A.

**Section A: Columns 1 through 5** are to be completed if each of the reserves in Columns 1 through 3 (NPR, DR, SR) is calculated according to the requirements of Section VM-20 of the *Valuation Manual*.

**Section B: Columns 6 through 9** are to be completed only if the reserves in Columns 6 and 7 (NPR, DR) are calculated according to the requirements of Section VM-20 of the *Valuation Manual*.

**Section C: Columns 10 through 12** are to be completed only if the reserve in Column 10 (NPR) is calculated according to the requirements of Section VM-20 of the *Valuation Manual*.

Column 1, 6 & 10 – Net Premium Reserve (NPR)

Report the Post-Reinsurance-Ceded and Pre-Reinsurance-Ceded Net Premium Reserve for each product type, in whole dollars. The Net Premium Reserve is defined in Section 3 in VM-20 of the *Valuation Manual*.

Column 2 & 7 – Deterministic Reserve

Report the Post-Reinsurance-Ceded and Pre-Reinsurance-Ceded Deterministic Reserve for each product type, in whole dollars. Report the amount whether it is positive or negative; do not floor the amount at zero if it is negative. The Deterministic Reserve calculation is defined in Section 4 in VM-20 of the *Valuation Manual*.

Column 3 – Stochastic Reserve

Report the Post-Reinsurance-Ceded and Pre-Reinsurance-Ceded Stochastic Reserve for each product type, in whole dollars. Report the amount whether it is positive or negative; do not floor the amount at zero if it is negative. The Stochastic Reserve calculation is defined in Section 5 in VM-20 of the *Valuation Manual*.

Column 4, 8 & 11 – 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 5, 9 & 12 – Face Amount

Report the face amount, in thousands, 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.

#### *Example:*

A company has Term business subject to VM-20, and there is no reinsurance. The Stochastic Exclusion Test was passed. The Deterministic Reserve at year-end was negative.

- The company completes Section B.
- The Net Premium Reserve is reported in whole dollars in Column 6.
- The negative Deterministic Reserve is reported in whole dollars in Column 7.
- The Number of Policies is reported in Column 8.
- The Face Amount is reported in thousands in Column 9.

## **VM-20 RESERVES SUPPLEMENT – PART 2**

### **Life PBR Exemption**

This section of the Supplement should be completed by a company that was allowed a Life PBR Exemption by its state of domicile. Depending on state requirements, “allowed” may mean “granted”, “acknowledged”, “not rejected”, or similar language.

If a company was allowed a Life PBR Exemption by its state of domicile, the company must indicate the source of the Life PBR Exemption, which could be defined in a state statute, a state regulation or in the NAIC-adopted *Valuation Manual*. If the source of the Life PBR Exemption is not the NAIC-adopted *Valuation Manual*, the company must disclose the criteria of the state’s Life PBR 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”. If the criteria for the Life PBR Exemption is the same as or substantially similar to the NAIC-adopted *Valuation Manual*, the company must also disclose the calendar year that the Life PBR Exemption was filed with and allowed by its state of domicile. If that calendar year is prior to the year of the annual statement, then the company must confirm that they meet the criteria for an ongoing exemption.

Companies whose individual ordinary life business is exempted from the requirements of VM-20 pursuant to a Life PBR Exemption are not required to complete Part 1 of this VM-20 Supplement.

## **VM-20 RESERVES SUPPLEMENT – PART 3**

### **Other Exclusions from Life PBR**

Questions 1 and 2 of this section of the Supplement should be completed by a company that has filed and been granted a Single State Exemption from the reserve requirements of VM-20 by its state of domicile pursuant to requirements similar to the optional Section 15 of the NAIC *Standard Valuation Law* (# 820). The response to question 2 should be “Yes” if the company has any business assumed that relates to issues outside the state of domicile.

Question 3 of this section of the Supplement should be completed by a company if all its life business is excluded from the requirements of VM-20 pursuant to Section II.B of the *Valuation Manual*.

Companies responding “Yes” to question 1 are not required to complete Part 1 of this VM-20 Supplement if all of their individual ordinary life business was covered under the Single State Exemption. Companies responding “YES” to question 3 are not required to complete Part 1 of this VM-20 Supplement.

## **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 <i>SSAP No. 104R—Share-Based Payments</i> .
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 <i>SSAP No. 104R—Share-Based Payments</i> .
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 entities 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.

**Part 3**

**Director Compensation**

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.

**Part 4**

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 SCHEDULE O – PARTS 1 THROUGH 4**

**DEVELOPMENT OF INCURRED LOSSES**

The purpose of this schedule is to test the adequacy of reserves held on various types of accident and health insurance. The schedule allows for the development of a five-year trend of losses incurred by a specific year group of claimants.

Schedule O, each part must be filled out for the Group Accident and Health, Credit Accident and Health, and Other Accident and Health lines for all companies which have those businesses. All accident and health business other than group and credit are meant to be included in “Other Accident and Health” lines. Examples of this type of business could include, among others, the waiver of premium benefit for life insurance or credit involuntary unemployment insurance. Those companies that use similar data to calculate claim reserves and liabilities for lines of business other than accident and health must include a similar exhibit for those lines. Report all dollar amounts in thousands (\$000 omitted).

**SUPPLEMENTAL SCHEDULE O – PART 1**

**CUMULATIVE NET AMOUNTS PAID POLICYHOLDERS**

Show cumulative paid claims by year paid and year incurred. Claims incurred prior to the year shown on Line 2 should be included in the appropriate column on Line 1.

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Prior</b>	paid in 2020 on <2020	paid 2020 thru 2021 on <2020	paid 2020 thru 2022 on <2020	paid 2020 thru 2023 on <2020	paid 2020 thru 2024 on <2020
<b>2020</b>	paid in 2020 on 2020	paid thru 2021 on 2020	paid thru 2022 on 2020	paid thru 2023 on 2020	paid thru 2024 on 2020
<b>2021</b>		paid in 2021 on 2021	paid thru 2022 on 2021	paid thru 2023 on 2021	paid thru 2024 on 2021
<b>2022</b>			paid in 2022 on 2022	paid thru 2023 on 2022	paid thru 2024 on 2022
<b>2023</b>				paid in 2023 on 2023	paid thru 2024 on 2023
<b>2024</b>					paid in 2024 on 2024

**SUPPLEMENTAL SCHEDULE O – PART 3**

**SUM OF NET CUMULATIVE AMOUNT PAID POLICYHOLDERS AND CLAIM LIABILITY AND RESERVE OUTSTANDING AT END OF YEAR**

Schedule O, Part 3 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.

**SUPPLEMENTAL SCHEDULE O – PART 5**

**RESERVE AND LIABILITY METHODOLOGY**

Show the claim reserve and liability for each line of business. Indicate the methodology by which those items are calculated. For this purpose, the methodology can be either “Development,” “Standard Factor,” or “Other.” All coverages using the Development Method must be shown in a separate table in Schedule O – Parts 1 through 4. Report all dollar amounts in thousands (\$000 omitted).

Column 1 – Methodology

Indicate for which lines of business actual claim run-out date is used in setting reserves. For those lines of business, Parts 1 through 4 of Schedule O must be completed. For other lines of business, Parts 1 through 4 are not needed.

Column 2 – Amount

Should equal the sum of Exhibit 6 (Claim Reserve), Line 16, Column 1, and Exhibit 8, Part 1, Total net of reinsurance, Line 4.4.

**HEALTH SUPPLEMENT**

The Health Supplement shall be completed by those companies reporting accident and health business.

This supplement is required to be filed no later than March 1.

**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS**

Complete the supplement if the reporting entity has health lines of business to be reported in Columns 2 through 13. Reporting entities that only have non-health lines of business should not complete the supplement.

Riders/Endorsements/Floaters:

If a rider, endorsement or floater acts like a separate policy with separate premium, deductible and limit, 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. If there is no additional premium, separate deductible or limit, the rider, endorsement or floater should be reported on the same line of business as the base policy.

Column 1 – Total

Column 1 (Line 19 plus Line 20) minus Column 14 (Line 19 plus Line 20) should equal Analysis of Operations by Lines of Business – Accident and Health Column 1, Line 6 plus the sum of Lines 21 through 24.

Column 2 – Comprehensive (Hospital & Medical) – Individual }  
 Column 3 – Comprehensive (Hospital & Medical) – Group }

Include: Business that provides for medical coverages including hospital, surgical and major medical. Include State Children’s Health Insurance Program (SCHIP) Medicaid Program (Title XXI), risk contracts.

Exclude: Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefit plan (FEHBP) premiums, Medicare (Title XVIII) and Medicaid (Title XIX) risk contracts, Medicare Supplement, Vision only and Dental only business.

Column 4 – Medicare Supplement

Include: Business reported in the Medicare Supplement Insurance Experience Exhibit of the annual statement.

Exclude: Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefit plan (FEHBP) premiums, comprehensive hospital and medical policies, Medicare (Title XVIII) and Medicaid (Title XIX) risk contracts, Vision only and Dental only business.

Column 5 – Vision Only

Include: Policies providing for vision only coverage issued as stand-alone vision or as a rider to a medical policy that is not related to the medical policy through premiums, deductibles or out-of-pocket limits.

Exclude: Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefit plan (FEHBP) premiums, comprehensive hospital and medical policies, Medicare (Title XVIII) and Medicaid (Title XIX) risk contract, Medicare Supplement, and Dental only business.

Column 6	–	Dental Only	
		Include:	Policies providing for dental only coverage issued as stand alone dental or as a rider to a medical policy that is not related to the medical policy through premiums, deductibles or out-of-pocket limits.
		Exclude:	Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefit plan (FEHBP) premiums, comprehensive hospital and medical policies, Medicare (Title XVIII) and Medicaid (Title XIX) risk contracts, Medicare Supplement and Vision only business.
Column 7	–	Federal Employees Health Benefits Plans (FEHBP)	
		Include:	Business allocable to the Federal Employees Health Benefits Plan (FEHBP) premium that are exempted from state taxes or other fees by Section 8909(f)(1) of Title 5 of the United States Code.
		Exclude:	Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), comprehensive hospital and medical policies, Medicare (Title XVIII) and Medicaid (Title XIX) risk contracts, Medicare Supplement, Vision only and Dental only business.
Column 8	–	Title XVIII - Medicare	
		Include:	Business where the reporting entity charges a premium and agrees to cover the full medical costs of Medicare subscribers. Policies providing Medicare Part D Prescription Drug Coverage through a Medicare Advantage product.
		Exclude:	Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefits plan (FEHBP) premiums, comprehensive hospital and medical policies, Medicaid (Title XIX) risk contracts, Medicare Supplement, Vision only and Dental only business. Policies providing stand alone Medicare Part D Prescription Drug Coverage.
Column 9	–	Title XIX - Medicaid	
		Include:	Business where the reporting entity charges a premium and agrees to cover the full medical costs of Medicaid subscribers.
		Exclude:	Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefits plan (FEHBP) premiums, comprehensive hospital and medical policies, Medicare (Title XVIII) risk contracts, Medicare Supplement, Vision only and Dental only business.
Column 10	–	Credit A&H	
		Include:	Coverage provided to, or offered to, borrowers in connection with a consumer credit transaction where the proceeds are used to repay a debt or an installment loan in the event the consumer is disabled as the result of an accident, including business not exceeding 120 months duration (Group and Individual).

- Column 11 – Disability Income
- Include: The term ‘disability income’ includes contracts providing disability income coverage, both short-term and long-term.
- Column 12 – Long-Term Care
- Include: Any insurance policy or rider that provides coverage for not less than twelve (12) consecutive months for each covered person on an expense incurred, indemnity, prepaid or other basis, for one or more necessary or medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance or personal care services, provided in a setting other than an acute care unit of a hospital.
- A policy or rider that provides for payment of benefits based upon cognitive impairment or the loss of functional capacity.
- Column 13 – Other Health
- Include: Other health coverages such as stop loss and prescription drug plans and coverages not specifically addressed in any other columns. Policies providing stand alone Medicare Part D Prescription Drug Coverage.
- On Line 20, expenses and reimbursements from administrative services only (ASO), other non-underwritten business and administrative services contracts (ASC).
- Exclude: Policies providing Medicare Part D Prescription Drug Coverage through a Medicare Advantage product.
- Column 14 – Other Non-health
- Include: Life and property/casualty coverages.
- Line 1 – Net Premium Income
- Written premium is defined as the contractually determined amount charged by the reporting entity to the policyholder for the effective period of the contract based on the expectation of risk, policy benefits, and expenses associated with the coverage provided by the terms of the insurance contract. For health contracts without fixed contract periods, premiums written will be equal to the amount collected during the reporting period plus uncollected premiums at the end of the period less uncollected premiums at the beginning of the period.
- Include: Accrued return premium adjustments for contracts subject to redetermination.

- Line 2 – Change in Unearned Premium Reserves and Reserve for Rate Credits
- Exclude: Reserves relating to uninsured plans and the uninsured portion of partially insured plans.
- Line 3 – Fee-for-Service (Net of \$ \_\_\_\_ Medical Expenses)
- Include: Revenue recognized by the reporting entity for provision of health services to non-members by reporting entity providers and to members through provision of health services excluded from their prepaid benefit packages. Include in the inside amount, the medical expenses associated with fee-for-service business.
- Line 4 – 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.
- Line 5 – Aggregate Write-ins for Other Health Care Related Revenues
- Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 5 for Other Health Care Related Revenues.
- Line 6 – Aggregate Write-ins for Other Non-health Revenues
- Enter the total of the write-ins in schedule Details of Write-ins Aggregate at Line 6 for Other Non-health Revenues.
- Line 8 – 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.

Report gross of reinsurance. Report net of coordination of benefits, co-payments and subrogation.

Exclude: Expenses for medical personnel time devoted to administrative tasks.

Emergency room and out-of-area hospitalization.

All items meeting the definition of Cost Containment Expenses found in *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses*.

Line 9 – 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 health services, consistent with state law, engaged in the delivery of medical services.

Compensation to personnel engaged in activities in direct support of the provision of medical services. For example, include compensation to pharmacists, dentists, psychologists, optometrists, podiatrists, extenders, nurses, clinical personnel such as ambulance drivers and technicians.

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.

Prescription drugs.

All items meeting the definition of Cost Containment Expenses found in *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses*.

- Line 10 – Outside Referrals
- Include: Expenses for providers not under arrangement with the reporting entity to provide services, such as consultations, or out-of-network providers.
- Line 11 – Emergency Room and Out-of-Area
- 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.
- Line 12 – Prescription Drugs
- Include: Expenses for Prescription Drugs and other pharmacy benefits covered by the reporting entity.
- Deduct: Pharmaceutical rebates relating to insured plans.
- Exclude: Prescription drug charges that are included in a hospital billing which should be classified as Hospital/Medical Benefits on Line 8.
- Line 13 – Aggregate Write-ins for Other Hospital and Medical
- Include: Other hospital and medical expenses not covered in the other claims accounts.
- Line 14 – Incentive Pool, Withhold Adjustments and Bonus Amounts
- This category is for adjusting the full medical expenses reported by means of both debit and credit entries. For example, report physician withholds forfeited to the reporting entity as a credit entry. Report amounts incurred due to an arrangement whereby the reporting entity agrees to utilization savings with a provider as a debit entry.
- Line 16 – Net Reinsurance Recoveries
- Amounts recovered and recoverable from reinsurers on paid losses
- Include: Amounts related to assumed and ceded business.
- Line 18 – Non-Health Claims (net)
- Include: Claims for life or property/casualty insurance, net of reinsurance.
- Line 19 – Claims Adjustment Expenses, Including \$\_\_\_ Cost Containment Expenses
- All expenses incurred in connection with the recording, adjustment and settlement of claims. This includes the total of the expense classification “Other Claim Adjustment Expenses” and all “Cost Containment Expenses”.
- Cost Containment Expenses and Other Claim Adjustment Expenses have been defined in *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses*. Refer to *SSAP No. 55* for accounting guidance.



Line 20 – General Administrative Expenses  
Refer to *SSAP No. 70—Allocation of Expenses*, for accounting guidance.  
Exclude: All expenses related to cost containment activities in accordance with *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses*.

Line 21 – Increase in Reserves for Accident and Health Contracts  
Include: Increase in policy reserves.  
Change in premium deficiency reserve.

Line 22 – Increase in Reserves for Life Contracts  
Include: Increase in policy reserves.  
Change in premium deficiency reserve.

Line 24 – Net Underwriting Gain or (Loss)  
Column 1 minus Column 14 should equal Analysis of Operations by Lines of Business – Summary Column 6, Line 29 minus Line 3 minus Line 4

Detail of Write-ins Aggregated at Line 5 for Other Health Care Related Revenues

Include: Revenue from sources not covered in the other revenue accounts.

Detail of Write-ins at Line 6 for Other Non-Health Revenues

Include: Revenue from life and property/casualty business (non-premium amounts).  
Gains (losses) on fixed assets.

Details of Write-ins Aggregated at Line 13 for Other Hospital and Medical

Include: Other hospital and medical expenses not covered in the other claims accounts.

**EXHIBIT 3 – HEALTH CARE RECEIVABLES**

Individually list the greater of any account balances greater than \$10,000 or those that are 10% of gross health care receivables. Use Lines 0100001 through 0699996, as needed. Report gross amounts for insured plans although these amounts may be offset against corresponding liabilities on the balance sheet. Report the aggregate of amounts not individually listed on Lines 0199998 through 0699998. The subtotal and grand total amounts should be reported on the following lines:

<u>Category</u>	<u>Line Number</u>
Pharmaceutical Rebate Receivables.....	0199999
Claim Overpayment Receivables.....	0299999
Loans and Advances to Providers .....	0399999
Capitation Arrangement Receivables.....	0499999
Risk sharing Receivables .....	0599999
Other Health Care Receivables .....	0699999
Gross Health Care Receivables.....	0799999

Column 7 – Admitted

Total line should equal the inset amount on Line 24 of the Asset Page.

### **EXHIBIT 3A – ANALYSIS OF HEALTH CARE RECEIVABLES**

The purpose of this exhibit is to analyze health care receivables collected and accrued for the current year compared to the prior year.

This exhibit is based on the gross health care receivable, not just the admitted portion.

Report the total asset (health care receivable) in this exhibit not just the admitted portion. Amounts are gross of reinsurance.

Refer to *SSAP No. 84—Health Care and Government Insured Plan Receivables* for accounting guidance. (See reporting guidance at [https://content.naic.org/cmte\\_e\\_app\\_blanks.htm](https://content.naic.org/cmte_e_app_blanks.htm).)

Columns 1 and 2:

Enter separately in Columns 1 and 2, Lines 1 through 6, all amounts collected or offset during the year accrued prior to the current year and accrued during the current year. Record only those amounts actually collected including offsets, that meet the offset conditions of *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*.

Line 3 includes amounts charged against those gross 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 as the claims have not been paid as of the statement date.

All amounts collected, including offsets, related to prior year receivables accrued should be reported in Column 1. All amounts collected, including offsets, related to current year receivables accrued should be reported in Column 2.

Columns 3 and 4:

Enter separately in Columns 3 and 4 the gross health care receivables accrual amount between those accrued prior to the current year and those accrued during the year. All amounts accrued related to prior year receivables accrued should be reported in Column 3. All amounts accrued related to current year receivables accrued should be reported in Column 4.

For each of Lines 1 through 7, the sum of Columns 3 through 4 should agree to Exhibit 3 Health Care Receivables, sum of Columns 6 and 7, for each type of health care receivable and in total.

Column 5:

Enter the sum of Columns 1 and 3. This is the amount collected or offset during the current year on health care receivables that were accrued prior to the current year, plus amounts still accrued at the end of the current year, related to the health care receivable accrued at the end of the prior year.

Column 6:

Column 6 reports the amounts of prior year-end accounting accrual for gross health care receivables.

The comparison between Columns 5 and 6 is to the total receivables, not just the portion that is an admitted asset.

## **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 company's policyholders or policyholders 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 policyholders, or policyholders 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 policyholders, claimants and creditors in Schedule E, Part 3 of the annual statement.

#### **Schedules B, C, and D – Deposits With United State 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 Schedules C and D should execute the respective affidavits.

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 28 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 recoverable 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 4.4 – Reciprocal Jurisdiction Companies

Include: Any reinsurance recoverable on paid losses from reciprocal jurisdiction 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 reported on Page 2, Line 6, Column 3 minus the inside amount of the annual statement.

Line 8.2 – Premium notes

Should agree with the amount reported on Page 2, Line 6, inside amount, of the annual statement.

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 reported 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.

## **WORKERS' COMPENSATION CARVE-OUT SUPPLEMENT**

The Workers' Compensation Carve-Out Supplement shall be completed by those reporting entities that assume or cede workers' compensation carve-out business.

Workers' compensation carve-out business is defined as reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death benefits of the occupational illness and accident exposures, but not the employer's liability exposures, of business originally written as workers compensation insurance.

### **UNDERWRITING AND INVESTMENT EXHIBIT**

#### **PART 1 – PREMIUMS EARNED**

Column 3 – Unearned Premiums December 31 Current Year  
Refer to *SSAP No. 53—Property and Casualty Contracts – Premiums* for accounting guidance.

#### **PART 2 – PREMIUMS WRITTEN**

Column 5 – Net Premiums Written  
Refer to *SSAP No. 62R—Property and Casualty Reinsurance* for accounting guidance.  
Should agree with Underwriting and Investment Exhibit, Part 1, Column 1.

#### **PART 3 – LOSSES PAID AND INCURRED**

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

Column 1 – Reinsurance Assumed  
Include: Unpaid balances due on paid losses reported by ceding entities during the current calendar year.

Column 2 – Reinsurance Recovered  
Include: Amounts receivable from reinsurers on losses paid during the current calendar year.

Column 4 – Net Losses Unpaid Current Year  
Should agree with Underwriting and Investment Exhibit, Part 4, Column 6.

Column 5 – Net Losses Unpaid Prior Year  
Companies that are correcting tabular reserves to exclude medical losses must restate net losses unpaid prior year to reflect the cumulative effect of this change.

Column 7 – Percentages  
Percentages are calculated by dividing Underwriting and Investment Exhibit, Part 3, Column 6 by Underwriting and Investment Exhibit, Part 1, Column 4, and multiplying by 100.

**PART 4 – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

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

- Column 1  
& 2 – Reported Losses
- Include: All losses, which have been reported in any way to the Home Office of the company on or before December 31 of the current year. Provision for losses of the current year or prior years, if any, reported after that date would be made in Columns 4 and 5 as Incurred But Not Reported.
- Column 2 – Reinsurance Recoverable from Authorized and Unauthorized Companies
- Amount should represent total recoverable through reinsurance contract excluding IBNR.
- Columns 4  
& 5 – Incurred but Not Reported
- IBNR on assumed and ceded business is to be reported separately in these columns.
- Column 5 – Incurred but Not Reported (Ceded)
- Amount should represent total IBNR recoverable through reinsurance contracts.
- Column 6 – Net Losses Unpaid
- Total to agree with Schedule P, Part 1, Column 35, total multiplied by 1000.
- Column 7 – Unpaid Loss Adjustment Expenses
- Report loss adjustment expenses incurred by the reinsurer. Do not report loss adjustment expenses by and assumed from the reinsured.
- Total to agree with Schedule P, Part 1, Column 36, total multiplied by 1000.



## **SCHEDULE F – REINSURANCE**

NOTE: Certified reinsurer status applies on a prospective basis and is determined by the state of domicile of the ceding insurer. Reciprocal jurisdiction reinsurer status applies on a prospective basis and is for reinsurance agreements entered into, amended, or renewed on or after the effective date of the domiciliary state of the ceding entity enacting the 2019 revisions to the Credit for Reinsurance Models, and only with respect to losses incurred and reserves reported on or after the later of (i) the date on which the assuming insurer has met all eligibility requirements, and (ii) the effective date of the new reinsurance agreement, amendment, or renewal. As such, it is possible that a ceding insurer will report reinsurance balances applicable to a single assuming insurer under multiple classifications within Schedule F. For example, with respect to a certified reinsurer that was considered unauthorized prior to certification, balances attributable to contracts entered into prior to the assuming insurer’s certification would be reported in the unauthorized classification, while balances attributable to contracts entered into or renewed on or after the assuming insurer’s certification would be reported in the certified classification. Proper classification of such balances is essential to ensure accurate reporting of collateral requirements applicable to specific balances and the corresponding calculation of the liability for unauthorized and/or certified reinsurance.

### **Index to Schedule F**

- Part 1 – Assumed Reinsurance
- Part 2 – Ceded Reinsurance

### **ID Number**

Schedule F requires that the “ID Number” be reported for assuming or ceding entities.

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

A ceding insurer can have unauthorized reinsurance, certified reinsurance and reciprocal jurisdiction reinsurance with the same reinsurer, based on when the contract became effective. It is important that the ceding insurer report all types correctly. The same reinsurer may be listed on the same Schedule S by the ceding insurer with an AIIN for unauthorized reinsurance, a CRIN for certified reinsurance, and a RJIN for reciprocal jurisdiction reinsurance.

### **Use of Federal Employer Identification Number**

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

### **Alien Insurer Identification Number (AIIN)**

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

### **Pools and Association Numbers**

In order to report transactions involving non-risk bearing pools or associations consisting of non-affiliated companies correctly, the company must include on Schedule F the appropriate Pool/Association Identification Number. These numbers are listed in the NAIC *Listing of Companies*. The NAIC 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](mailto:FDRCCREQ@NAIC.ORG) for numbers assigned since the last publication or for information on having a number assigned.

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

Alien pools and associations should be reported on Schedule F under the category “Other Non-U.S. Insurers” rather than under “Pools, Associations and Similar Facilities.” Pools and associations consisting of affiliated companies should be listed by individual company names rather than by pool or association identification.

### **Certified Reinsurer Identification Number (CRIN)**

In order to report transactions involving certified reinsurers correctly, the appropriate Certified Reinsurer Identification Number (CRIN) must be included on Schedule F instead of the FEIN, Alien Insurer Identification Number (AIIN) or Reciprocal Jurisdiction Reinsurer Identification Number (RJIN). 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](mailto: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.

### **Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)**

In order to report transactions involving alien companies correctly, the appropriate Reciprocal Jurisdiction Reinsurer Identification Number (RJIN) must be included on Schedule F instead of the FEIN. The RJIN 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](mailto: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](mailto:FDRCCREQ@NAIC.ORG) for numbers assigned since the last publication or for information on having a number assigned. Newly assigned company codes are incorporated in revised editions of the NAIC *Listing of Companies*, which are available semi-annually. The NAIC provides this information to annual statement software vendors for incorporation into the software.

## **Domiciliary Jurisdiction**

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

## **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 F, Part 1 using the original collective Lloyd’s number, AA-1122000.

## **Dates**

All dates reported in Schedule F must be in the format MM/DD/YYYY. For example, December 31, 2011, should be reported as 12/31/2011.

## **Determination of Authorized Status**

The determination of the authorized, reciprocal jurisdiction, unauthorized or certified status of an insurer or reinsurer listed in any part of Schedule F shall be based on the status of that insurer or reinsurer in the reporting company’s state of domicile.

### **U.S. Intercompany Pooling Arrangements**

Participation in intercompany pooling arrangements, whereby assumed business written by any company participating in the pool is ceded first to the lead company and then redistributed among pool members, shall be reflected under the appropriate categories in Schedule F (e.g. cessions from participating affiliates to the lead company for that company and in the ceded schedule for the affiliates). Subsequent redistribution of the pooled business from the lead company to participating affiliates shall be reported in similar fashion (e.g., cessions to the affiliates in the ceded schedule for the lead company, and as an assumption from the lead company for each of the affiliates participating in the pool).

Cessions to unaffiliated reinsurers, whether prior to cession of the pooled business to the lead company or subsequent thereto, shall be reported in the usual manner in the ceded schedules for the company or companies effecting such cessions, or identified as parties to the reinsurance agreement under which such cessions are effected, as appropriate (e.g., both the initial cessions to the lead company and the subsequent cessions of pooled business from the lead company to the participating affiliates shall reflect any applicable cessions to unaffiliated reinsurers).

### **Alien Reinsurers Maintaining Beneficiary U.S. Trust Accounts**

Certain alien reinsurers have established multiple beneficiary trust accounts for the purpose of collateralizing obligations arising in connection with reinsurance assumed from U.S. ceding entities and have been granted authorized reinsurer status in a number of states. Ceding entities domiciled in a state that has granted such status to an alien reinsurer should report cessions to such reinsurer, using the appropriate Alien Insurer Identification Number under “Authorized – Non-U.S. Insurers” to the extent that obligations attributable to such cessions have been collateralized via the alien reinsurer’s multiple beneficiary U.S. trust account.

Amounts recoverable from such alien reinsurers that have not been collateralized via a multiple beneficiary U.S. trust account should continue to be reported under “Unauthorized – Other Non-U.S. Insurers.”

### **Captive Affiliate Line Category**

For the purpose of reporting a reinsurer as captive affiliate on Schedule F, 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 F – PART 1**

**ASSUMED REINSURANCE**

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

<u>Group or Category</u>	<u>Line Number</u>
Total Affiliates	
U.S. Intercompany Pooling .....	0199999
U.S. Non-Pool	
Captive .....	0299999
Other .....	0399999
Total .....	0499999
Other (Non-U.S.)	
Captive .....	0599999
Other .....	0699999
Total .....	0799999
Total Affiliates .....	0899999
Total Other U.S. Unaffiliated Insurers #.....	0999999
Pools and Associations	
Mandatory Pools, Associations or Other Similar Facilities.....	1099999
Voluntary Pools, Associations or Other Similar Facilities .....	1199999
Total Pools and Associations.....	1299999
Total Other Non-U.S. Insurers.....	1399999
Totals .....	9999999

# Unaffiliated U.S. branches of alien insurers should be included with “Total Other U.S. Unaffiliated Insurers.”

Reinsurance assumed from pools or associations may be reported in the name of the pool or association instead of in the names of the insurers that ceded the reinsurance to the pool or association.

Column 1 – ID Number

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

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIN)
- Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)
- Certified Reinsurer Identification Number (CRIN)
- Pool/Association Identification Number

Column 6 – Reinsurance on Paid Losses and Loss Adjustment Expenses

Report loss adjustment expenses due and payable to the reinsured.

- Column 7 – Known Case Losses and LAE
- Known case reserves, obtained from Underwriting and Investment Exhibit, Part 4, Column 1, must be combined with assumed LAE. There is no direct tie-in to Underwriting and Investment Exhibit, Part 4 or Schedule P.
- Column 8 – Totals of Columns 6 + 7 for each category.
- Column 9 – Contingent Commissions Payable
- Profit commissions generated from assumed reinsurance contracts due the reinsured. Report commissions net of return profit commissions. Negative commissions are possible (i.e., when a contingent commission is receivable).
- Column 10 – Assumed Premiums Receivable
- Amounts reported should be net of commissions payable.

**SCHEDULE F – PART 2**

**CEDED REINSURANCE**

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

<u>Group or Category</u>	<u>Line Number</u>
Total Authorized	
Affiliates	
Affiliates – U.S. Intercompany Pooling .....	0199999
U.S. Non-Pool	
Captive .....	0299999
Other .....	0399999
Total.....	0499999
Other (Non-U.S.)	
Captive .....	0599999
Other .....	0699999
Total.....	0799999
Total Authorized – Affiliates .....	0899999
Other U.S. Unaffiliated Insurers.....	0999999
Pools	
Mandatory Pools* .....	1099999
Voluntary Pools*.....	1199999
Other Non-U.S. Insurers#.....	1299999
Protected Cells.....	1399999
Total Authorized Excluding Protected Cells (Sum of 0899999, 0999999, 1099999, 1199999 and 1299999) .....	1499999
Total Unauthorized	
Affiliates	
U.S. Intercompany Pooling .....	1599999
U.S. Non-Pool	
Captive .....	1699999
Other .....	1799999
Total.....	1899999
Other (Non-U.S.)	
Captive .....	1999999
Other .....	2099999
Total.....	2199999
Total Unauthorized – Affiliates .....	2299999
Other U.S. Unaffiliated Insurers.....	2399999
Pools	
Mandatory Pools* .....	2499999
Voluntary Pools*.....	2599999
Other Non-U.S. Insurers#.....	2699999
Protected Cells.....	2799999
Total Unauthorized Excluding Protected Cells (Sum of 2299999, 2399999, 2499999, 2599999 and 2699999) .....	2899999

Total Certified

Affiliates

U.S. Intercompany Pooling .....	2999999
U.S. Non-Pool	
Captive .....	3099999
Other .....	3199999
Total.....	3299999
Other (Non-U.S.)	
Captive .....	3399999
Other .....	3499999
Total.....	3599999
Total Certified – Affiliates .....	3699999
Other U.S. Unaffiliated Insurers.....	3799999

Pools

Mandatory Pools*@.....	3899999
Voluntary Pools*% .....	3999999
Other Non-U.S. Insurers#.....	4099999
Protected Cells.....	4199999
Total Certified Excluding Protected Cells (Sum of 3699999, 3799999, 3899999, 3999999 and 4099999) .....	4299999

Total Reciprocal Jurisdiction

Affiliates

U.S. Intercompany Pooling .....	4399999
U.S. Non-Pool	
Captive .....	4499999
Other .....	4599999
Total.....	4699999
Other (Non-U.S.)	
Captive .....	4799999
Other .....	4899999
Total.....	4999999
Total Reciprocal Jurisdiction – Affiliates.....	5099999
Other U.S. Unaffiliated Insurers.....	5199999

Pools

Mandatory Pools*@.....	5299999
Voluntary Pools*% .....	5399999
Other Non-U.S. Insurers#.....	5499999
Protected Cells.....	5599999
Total Reciprocal Jurisdiction Excluding Protected Cells (Sum of 5099999, 5199999, 5299999, 5399999 and 5499999).....	5699999

Total Authorized, Reciprocal Jurisdiction, Unauthorized and Certified Excluding Protected Cells (Sum of 1499999, 2899999, 4299999 and 5699999) ..... 5799999

Total Protected Cells (Sum of 1399999, 2799999, 4199999 and 5599999) ..... 5899999

Totals (Sum of 5799999 and 5899999) ..... 9999999

\* Pools and Associations consisting of affiliated companies should be listed by individual company names.

# Alien Pools and Associations should be reported on Schedule F under the category “Other Non-U.S. Insurers.”



Column 1 – ID Number

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

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN)
- Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)
- Certified Reinsurer Identification Number (CRIN)
- Pool/Association Identification Number

Column 4 – 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.

For pools and associations, enter the state where the administrative office of such pool or association is located.

Column 5 – Special Code

Special Code “2” – Reinsurance Contracts Ceding 75% or More Direct Premiums Written

Each individual contract, except those listed below, that provides for the cession of 75% or more of direct premiums written under such cession during the year should be identified by inserting a 2 in this column. The reinsurance transactions so identified shall include both treaty and facultative cessions of direct business written by the company.

Exclude: Intercompany reinsurance transactions with affiliates.

Reinsurance transactions involving any group, association, pool or organization of insurers that engage in joint underwriting activities and which are subject to examinations by any state regulatory authority or which operate pursuant to any state or federal statutory or administrative authorization.

Any reinsurance transaction in which the annual gross premium ceded is less than 5% of policyholder surplus.

Reinsurance transactions involving captive insurance companies.

Column 6 – Reinsurance Premiums Ceded

Total multiplied by 1000 should equal Underwriting and Investment Exhibit, Part 2, Column 3 plus Column 4.

Column 9 – Known Case Loss Reserves

Total multiplied by 1000 should agree with Underwriting and Investment Exhibit, Part 4, Column 2.

- Column 10 – Known Case LAE Reserves
- Include: Defense and Cost Containment from Schedule P, Part 1, Columns 18
- Adjusting and Other from Schedule P, Part 1, Column 22, in part
- The sum of Schedule F, Part 2, Columns 10 and 12 should equal the sum of Schedule P, Part 1, Columns 18, 20 and 22. **(Note: This crosscheck doesn't apply to those companies participating in inter-company pooling participation arrangements where participation the percentage in Schedule P, Part 1, Column 34 is not equal to zero.)**
- Column 11 – IBNR Loss Reserves
- Total multiplied by 1000 should agree with Underwriting and Investment Exhibit, Part 4, Column 5.
- Column 12 – IBNR LAE Reserves
- Include: Defense and Cost Containment from Schedule P, Part 1, Columns 20
- Adjusting and Other from Schedule P, Part 1, Column 22, in part
- Column 14 – Contingent Commissions
- Include: Contingent commissions receivable from a reinsurer. Regular commissions should be netted with ceded balances payable in Column 16.
- Column 17 – Other Amounts Due to Reinsurers
- Both Column 16 and Column 17 are liabilities owed to the reinsurer.
- Exclude: Funds held by the company under reinsurance treaties, which are included in Column 19.
- Items entered in Column 17 may represent miscellaneous balances owed by the reinsured to the reinsurer on ceded transactions.
- Column 18 – Net Amount Recoverable from Reinsurers
- Offsets should be included to the extent allowable or appropriate.

## SCHEDULE P

There are six parts within Schedule P, Part 1 provides detailed information on losses and loss expenses. Part 2 provides a history of incurred losses and defense & cost containment expenses. Part 3 provides a history of loss and defense & cost containment payments. Part 4 provides a history of bulk and incurred but not reported (IBNR) reserves. Part 5 provides a history of claims. Part 6 provides a history of premiums earned.

Schedule P is intended to display a summary containing ten years of historical data for all lines of business. The casualty lines of business will display ten years of historical data in their respective sections of Schedule P.

In those instances where a reporting entity files an amended annual statement as a result of a restatement of prior year earned premium, losses or loss adjustment expenses, Schedule P must be restated and included in the amended annual statement.

Schedule P includes only the data for the reporting entity identified on the Jurat page of the Annual Statement.

Earned premium is on a calendar-year basis. Losses incurred should be assigned to the year in which the event occurred that triggered coverage under the contract. This may be a date of accident (occurrence policies), a date of report (claims-made policies), or a policy issue date (tail policies).

Retroactive reinsurance should not be reflected in Schedule P. The transferor in such an agreement must record, without recognition of the retroactive reinsurance, its loss and loss adjustment expense reserves on a gross basis on its balance sheet and in all schedules and exhibits. The transferee in such an agreement must exclude the retroactive reinsurance from its loss and loss expense reserves and from its schedules and exhibits.

A discount implicit in tabular reserves may be included in Schedule P, Part 1. Schedule P, Part 2 is to be reported gross of ALL discounts. Otherwise, Schedule P is to be presented on a non-discounted basis. Information in Schedule P is to be reported on an undiscounted basis in order to make effective use of the triangles in Parts 2, 3 and 4. The reserves reported are expected to represent the ultimate amounts to be paid, including anticipated inflation. Also, work papers relating to any discount amounts must be available for examination upon request. The tabular reserve discount does not need to be shown separately. Discounting (including the discount in tabular reserves) is allowed only if expressly permitted by the state insurance department to which this Annual Supplement is being filed.

The reserves for unpaid losses and loss adjustment expenses should take into account the explicit or implicit impacts of the various factors affecting claim frequency or ultimate claim cost.

For guidelines on completing Schedule P, see examples immediately following the instructions for Schedule P, Part 6.

NOTE: Report all dollar amounts in Schedule P in thousands of dollars (\$000 omitted), by either rounding or truncating.

## SCHEDULE P – PART 1

Part 1 is the total of the workers compensation carve-out line.

The columnar headings provide instructions necessary for completion.

“Number of Claims Reported Assumed,” Column 12, should include the cumulative number of claims reported through the annual statement. “Number of Claims Outstanding Assumed,” Column 25, must be reported.

Cumulative subrogation received and losses and expenses paid should be reported for each specific year. For “prior,” report only subrogation received and losses and expenses paid in current year.

In Schedule P, Part 1, subrogation received should be reported net of reinsurance, if any. Loss payments are to be reported net of subrogation received.

Premiums earned and losses paid, unpaid, and incurred should reconcile with the Underwriting and Investment Exhibit. The work papers that show a reconciliation explaining reinsurance, discounting and subrogation adjustment should be available for examination upon request.

“Assumed” means reinsurance assumed, including from affiliated pooling agreements.

“Ceded” means reinsurance ceded on business so reported as direct or assumed.

Report cumulative amounts paid or received for specific years.

The loss adjustment expenses used to be divided in Schedule P into “allocated” and “unallocated,” which were terms that were never clearly defined. Effective January 1, 1998, a detailed definition of these expenses was adopted. The distinction is now between “Defense & Cost Containment” and “Adjusting & Other.” The loss adjustment expenses are separated with the intent of identifying the “Defense & Cost Containment” expenses as those, which are correlated with the loss amounts, and the “Adjusting & Other” as those expenses, which are correlated with claim, count or are general loss adjusting expenses. In projecting the necessary reserves for these expenses, actuaries use a different approach for each of the two types of expenses. It is the character of the expenses that is most important, not whether the expenses were internal or external to the reporting entity.

“Defense & Cost Containment” expenses include defense, litigation and cost containment expenses, whether internal or external. “Defense” means defense by the reporting entity in a contentious situation, whether a first party claim. The fees charged for reporting entity employees should include overhead, just as an outside firm’s charges would include. The expenses exclude expenses incurred in the determination of coverage. These expenses include the following items:

1. Surveillance expenses.
2. Fixed amounts for cost containment expenses.
3. Litigation management expenses.
4. Loss adjustment expenses for participation in voluntary and involuntary market pools if reported by accident year.
5. Fees or salaries for appraisers, private investigators, hearing representatives, reinspectors and fraud investigators, if working in defense of a claim, and fees or salaries for rehabilitation nurses, if such cost is not included in losses.
6. Attorney fees incurred owing to a duty to defend, even when other coverage does not exist; and
7. The cost of engaging experts.

“Adjusting & Other” Expenses are those expenses other than those above and which have been assigned to the “Loss Adjustment Expense” group in the Underwriting and Investment Exhibit, Part 4, Expenses. These expenses include the following items:

1. Fees of adjusters and settling agents (but not if engaged in a contentious defense).
2. Loss adjustment expenses for participation in voluntary and involuntary market pools if reported by calendar year.
3. Attorney fees incurred in the determination of coverage, including litigation between the reporting entity and the policyholder; and
4. Fees and salaries for appraisers, private investigators, hearing representatives, reinspectors and fraud investigators, if working in the capacity of an adjuster.

The foregoing list is not intended to be all-inclusive. We are relying on the reporting entities to use reasonable judgment in particular situations.

The “Defense & Cost Containment” expenses should be assigned to the accident year in which the associated losses were assigned. The “Adjusting & Other” expenses can be assigned in any justifiable way among the accident years. The preferred way is to apportion these expenses in proportion to the number of claims reported, closed, or outstanding each year.

**Please Note:** This instruction is intended solely to give guidance on reporting loss adjustment expenses in Schedule P in the annual supplement. It is not intended to provide guidance on the types of expenses to include in loss adjustment expenses. These definitions of Defense & Cost Containment expense and Adjusting and Other expense are not intended to affect insurance or reinsurance agreements or other contractual agreements.

Column 24 is equal to Column 13 – Column 14 + Column 15 – Column 16 + Column 17 – Column 18 + Column 19 – Column 20 + Column 21 – Column 22.

Column 28, “Net,” equals Column 26 – Column 27, which equals Column 11 + Column 24.

Columns 32 and 33 require reporting of the discount, if any, as included on any line in Page 3 on liabilities for unpaid losses and expenses, in regard to non-tabular losses and expenses. Columns 35 and 36 are the Column 24 unpaid losses and expenses net of the discount in Columns 32 and 33. Columns 35 and 36 must be completed and should agree with net balance sheet reserves after discount. If the reporting entity reports on a pooling basis, then the percentage of that pool reported herein should be entered in Column 34. If some of the business is pooled and some is not, leave Column 34 blank.

Report in Column 23 the estimated amount of anticipated subrogation that has been taken as credit (netted) in the reserves for unpaid losses and loss adjustment expenses reported in Column 24. (Note: Column 23 is a memo column only as the amounts contained therein have already been taken into consideration in Columns 13 through 20).

## **SCHEDULE P – PARTS 2, 3 AND 4**

All amounts in Schedule P, Parts 2, 3 and 4 are reported net of reinsurance.

Schedule P, Part 2 provides a loss and expense development overview to test the adequacy of the reporting entity's reserves. Schedule P, Part 3 shows the payment patterns for cash flow projections, discounting calculations, and actuarial projections. Schedule P, Part 4 is an exhibit showing the historical bulk and IBNR reserves as reported. Part 4 does not show a development of these reserves, and it will not, by itself, provide a test of the adequacy of these reserves.

Schedule P, Parts 2, 3 and 4 have parallel formats and are the basic exhibits for actuarial and financial analyses. The same Line Titles that applied to Schedule P, Part 1 also apply to Parts 2, 3 and 4.

All amounts are to be reported net of subrogation paid and anticipated.

All amounts in Parts 2 and 4 must be reported gross of both tabular and non-tabular discounting.

In Part 2, the "Development" in Column 11 and 12 should be the current year less the first or second prior year, showing the (redundant) or adverse development.

Report all amounts in thousands of dollars (\$000 omitted), by either rounding or truncating.

### **Loss Adjustment Expenses:**

The triangles include only the "Defense & Cost Containment" loss adjustment expenses. The old Schedule P, Parts 2, 3 and 4 contained only the previously termed "allocated" loss adjustment expenses. Now the term "Defense & Cost Containment" is used. As before, the reason for this is that "Defense & Cost Containment" adjustment expenses correlate with loss amounts, but the "Adjusting & Other" adjusting expenses do not.

### **Bulk and IBNR Reserves:**

The Bulk and IBNR reserves for losses and expenses are intended to include reserves for incurred but not reported claims, for reopened claims, for development on case reserves of reported claims, and for aggregate reserves on newly reported claims without specific case reserves. The Bulk and IBNR reserves are the actuarially determined reserves and are included in the losses unpaid and loss expenses unpaid reported in Schedule P, Parts 1 and 2.

These reserves include provision for "defense and cost containment" expenses, unlike the reserves reported in the Underwriting and Investment Exhibit, Part 3.

### **The Prior Line:**

In Part 2, Line 1, Column 1, include the loss and expense reserves (case + bulk + IBNR) previously reported at year-end of the last year for all accident years prior to the last year. The subsequent development each year across Line 1 will relate to these reserves and will show the subsequent payments and outstanding reserves.

In Part 3, Line 1, Column 1, the amount entered should always be "zero." In Line 1, Column 2, the amount should be the loss and expense payments made in that year on the reserves reported in Part 2, Line 1, Column 1. (These payments should also have been included in Part 2, Line 1, Column 2.) In Line 1, Column 3, the amount should be the loss and expense payments made in that year and the preceding year on the reserves reported in Part 2, Line 1, Column 2. (These payments should also have been included in Part 2, Line 1, Column 3.) Columns 4 through 10 should continue to cumulate the payments in the same way and tie into the Part 2 "prior" line.

In Part 4, Line 1, Column 1, the amount entered should be the bulk and IBNR that was included in Part 2, Line 1, Column 1, (which should equal the case reserves plus the bulk and IBNR). In fact, the entire Line 1 should be the bulk and IBNR included in Part 2, Line 1.

The "prior" line can be reconciled with the immediately preceding year's annual statement by breaking down the accident years in the preceding annual statement and properly summing the parts.

### **SCHEDULE P – PART 5**

Part 5 is a reporting of claim count information in one location, all of which should have been reported in the current or prior Annual Statements. Section 1 shows the number of claims closed with loss payment, as previously reported in Part 3, Column 12, Section 2 shows the number of claims outstanding, as previously reported in Part 1, Column 26, for all years, since this information has always been required in Schedule P. Section 3 shows the number of claims reported, as previously reported in Part 1, Column 13.

All claim count information reported in Schedule P should be on a “direct and assumed” basis and should reconcile. “Direct and assumed” means direct plus the proportion of a pool plus proportional reinsurance assumed. The same percentage used for dollar amounts should also be used for the claim counts.

### **SCHEDULE P – PART 6**

For Schedule P, Part 6, the premiums to be reported are exposure or coverage year earned premiums, recalculated each subsequent year to reflect audits retrospective adjustments based on loss experience, accounting lags, etc. Mechanically, the written premium file would be restated and the earned premium calculation repeated each year. Premium adjustments for policy periods that cover more than one calendar year should be proportionately distributed between the calendar years covered by the policy period. The objective is to develop earned premiums by calendar year of coverage consistent with the loss and Defense & Cost Containment expense by accident year.

A further objective is to determine a more accurate loss and Defense & Cost Containment expense ratio and to be able to project the earned but unbilled premiums, which may be an asset or liability. The reporting entity may use any method to recalculate the premiums, which will achieve this objective.

Example 1 in Exhibit B demonstrates how the sections would look if all years were retroactively determined and reported. Column 11 is for informational purposes and shows the distribution of premiums earned during the current year for the prior years. Premiums as reported in Schedule P, Part 1, Columns 1 or 2, are also shown at the bottom of the exhibit to demonstrate the relationship and to show how Part 6 reconciles with Part 1.

The Prior Line should show the earned premium adjustment in each respective year for prior years. For prior experience years (columns), Line 1 for a particular year of experience (x) can be determined from the prior year’s Schedule P, Part 6, as the sum of Lines 1 plus 2 for experience year (x) (column) minus Line 2 for the preceding year (x – 1).

Example 2 in Exhibit b shows the minimum reporting requirement, which are accident years 1997 and subsequent plus total current year earned premiums by accident year.

The same features are applicable for Section 2 on ceded business.

**Schedule P – Part 2 – Incurred Net Losses and Defense and Cost Containment Report at Year-End**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Prior</b>	Case+ Bulk + IBNR rsvs on <2015 @ Ye 2015	paid in 2016 + rsvs on < 2015 @ ye 2016	paid 2016 thru 2017 + rsvs on < 2015 @ ye 2017	paid 2016 thru 2018 + rsvs on < 2015 @ ye 2018	paid 2016 thru 2019 + rsvs on < 2015 @ ye 2019	paid 2016 thru 2020 + rsvs on < 2015 @ ye 2020	paid 2016 thru 2021 + rsvs on < 2015 @ ye 2021	paid 2016 thru 2022 + rsvs on < 2015 @ ye 2022	paid 2016 thru 2023 + rsvs on < 2015 @ ye 2023	paid 2016 thru 2024 + rsvs on < 2015 @ ye 2024
<b>2015</b>	paid in 2015 rsvs on 2015@ ye 2015	paid thru 2016+rsvs on 2015@ ye 2016	paid thru 2017+rsvs on 2015@ ye 2017	paid thru 2018+rsvs on 2015@ ye 2018	paid thru 2019+rsvs on 2015@ ye 2019	paid thru 2020+rsvs on 2015@ ye 2020	paid thru 2021+rsvs on 2015@ ye 2021	paid thru 2022+rsvs on 2015@ ye 2022	paid thru 2023+rsvs on 2015@ ye 2023	paid thru 2024+rsvs on 2015@ ye 2024
<b>2016</b>		paid in 2016+rsvs on 2016@ ye 2016	paid thru 2017+rsvs on 2016@ ye 2017	paid thru 2018+rsvs on 2016@ ye 2018	paid thru 2019+rsvs on 2016@ ye 2019	paid thru 2020+rsvs on 2016@ ye 2020	paid thru 2021+rsvs on 2016@ ye 2021	paid thru 2022+rsvs on 2016@ ye 2022	paid thru 2023+rsvs on 2016@ ye 2023	paid thru 2024+rsvs on 2016@ ye 2024
<b>2017</b>			paid in 2017+rsvs on 2017@ ye 2017	paid thru 2018+rsvs on 2017@ ye 2018	paid thru 2019+rsvs on 2017@ ye 2019	paid thru 2020+rsvs on 2017@ ye 2020	paid thru 2021+rsvs on 2017@ ye 2021	paid thru 2022+rsvs on 2017@ ye 2022	paid thru 2023+rsvs on 2017@ ye 2023	paid thru 2024+rsvs on 2017@ ye 2024
<b>2018</b>				paid in 2018+rsvs on 2018@ ye 2018	paid thru 2019+rsvs on 2018@ ye 2019	paid thru 2020+rsvs on 2018@ ye 2020	paid thru 2021+rsvs on 2018 ye 2021	paid thru 2022 rsvs on 2018@ ye 2022	paid thru 2023+rsvs on 2018@ ye 2023	paid thru 2024+rsvs on 2018@ ye 2024
<b>2019</b>					paid in 2019+rsvs on 2019@ ye 2019	paid thru 2020+rsvs on 2019@ ye 2020	paid thru 2021+rsvs on 2019@ ye 2021	paid thru 2022+rsvs on 2019@ ye 2022	paid thru 2023+rsvs on 2019@ ye 2023	paid thru 2024+rsvs on 2019@ ye 2024
<b>2020</b>						paid in 2020+rsvs on 2020@ ye 2020	paid thru 2021+rsvs on 2020@ ye 2021	paid thru 2022+rsvs on 2020@ ye 2022	paid thru 2023+rsvs on 2020@ ye 2023	paid thru 2024+rsvs on 2020@ ye 2024
<b>2021</b>							paid in 2021+rsvs on 2021@ ye 2021	paid thru 2022+rsvs on 2021@ ye 2022	paid thru 2023+rsvs on 2021@ ye 2023	paid thru 2024+rsvs on 2021@ ye 2024
<b>2022</b>								paid in 2022+rsvs on 2022@ ye 2022	paid thru 2023+rsv on 2022@ ye 2023	paid thru 2024+rsvs on 2022@ ye 2024
<b>2023</b>									paid in 2023+rsvs on 2023@ ye 2023	paid thru 2024+rsvs on 2023@ ye 2024
<b>2024</b>										paid in 2024+rsvs on 2024@ ye 2024

NOTE: Figures are net of reinsurance, subrogation.

Reserves Only. Subsequent development relates only to subsequent payments and reserves.  
 From Part 1: Column 11 - (Column 8 - Column 9) + Column 24 - (Column 21 – Column 22)



**Schedule P – Part 3 – Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year-End**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
<b>Prior</b>	000	paid in 2016 on < 2015	paid 2016 thru 2017 on < 2015	paid 2016 thru 2018 on < 2015	paid 2016 thru 2019 on < 2015	paid 2016 thru 2020 on < 2015	paid 2016 thru 2021 on < 2015	paid 2016 thru 2022 on < 2015	paid 2016 thru 2023 on < 2015	paid 2016 thru 2024 on < 2015		
<b>2015</b>	paid in 2015 on 2015	paid thru 2016 on 2015	paid thru 2017 on 2015	paid thru 2018 on 2015	paid thru 2019 on 2015	paid thru 2020 on 2015	paid thru 2021 on 2015	paid thru 2022 on 2015	paid thru 2023 on 2015	paid thru 2024 on 2015		
<b>2016</b>		paid in 2016 on 2016	paid thru 2017 on 2016	paid thru 2018 on 2016	paid thru 2019 on 2016	paid thru 2020 on 2016	paid thru 2021 on 2016	paid thru 2022 on 2016	paid thru 2023 on 2016	paid thru 2024 on 2016		
<b>2017</b>			paid in 2017 on 2017	paid thru 2018 on 2017	paid thru 2019 on 2017	paid thru 2020 on 2017	paid thru 2021 on 2017	paid thru 2022 on 2017	paid thru 2023 on 2017	paid thru 2024 on 2017		
<b>2018</b>				paid in 2018 on 2018	paid thru 2019 on 2018	paid thru 2020 on 2018	paid thru 2021 on 2018	paid thru 2022 on 2018	paid thru 2023 on 2018	paid thru 2024 on 2018		
<b>2019</b>					paid in 2019 on 2019	paid thru 2020 on 2019	paid thru 2021 on 2019	paid thru 2022 on 2019	paid thru 2023 on 2019	paid thru 2024 on 2019		
<b>2020</b>						paid in 2020 on 2020	paid thru 2021 on 2020	paid thru 2022 on 2020	paid thru 2023 on 2020	paid thru 2024 on 2020		
<b>2021</b>							paid in 2021 on 2021	paid thru 2022 on 2021	paid thru 2023 on 2021	paid thru 2024 on 2021		
<b>2022</b>								paid in 2022 on 2022	paid thru 2023 on 2022	paid thru 2024 on 2022		
<b>2023</b>									paid in 2023 on 2023	paid thru 2024 on 2023		
<b>2024</b>										paid in 2024 on 2024		

**Notes:** Figures are net of reinsurance.  
 Figures are net of subrogation received.

From Part 1: Column 4 - Column 5 + Column 6 - Column 7  
 (or Column 11 - (Column 8 - Column 9))

**Schedule P – Part 6 – Earned Premium Development**

Example 1

		CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										
Year in Which Premiums Were Earned and Losses Were Incurred		1	2	3	4	5	6	7	8	9	10	11
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Current Year Premiums Earned
1.	Prior	10,000	6,000	4,000	3,000	2,200	1,500	1,000	600	300	100	100
2.	2015	350,000	354,000	356,000	357,000	357,800	358,500	359,000	359,400	359,700	359,900	200
3.	2016	XXXX	355,000	359,000	361,000	362,000	362,800	363,500	364,000	364,400	364,700	300
4.	2017		XXXX	360,000	364,000	366,000	367,000	367,800	368,500	369,000	369,400	400
5.	2018			XXXX	365,000	369,000	371,000	372,000	372,800	373,500	374,000	500
6.	2019				XXXX	370,000	374,000	376,000	377,000	377,800	378,500	700
7.	2020					XXXX	375,000	379,000	381,000	382,000	382,800	800
8.	2021						XXXX	380,000	384,000	386,000	387,000	1,000
9.	2022							XXXX	385,000	389,000	391,000	2,000
10.	2023								XXXX	390,000	394,000	4,000
11.	2024									XXXX	395,000	395,000
12.	Total										XXXX	405,000
Sch. P – Part 1 EP		360,000	365,000	370,000	375,000	380,000	385,000	390,000	395,000	400,000	405,000	XXXX

**Schedule P – Part 6 – Earned Premium Development**

Example 2

		CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										
Year in Which Premiums Were Earned and Losses Were Incurred		1	2	3	4	5	6	7	8	9	10	11
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Current Year Premiums Earned
1.	Prior											100
2.	2015											200
3.	2016	XXXX										300
4.	2017		XXXX									400
5.	2018			XXXX								500
6.	2019				XXXX	370,000	374,000	376,000	377,000	377,800	378,500	700
7.	2020					XXXX	375,000	379,000	381,000	382,000	382,800	800
8.	2021						XXXX	380,000	384,000	386,000	387,000	1,000
9.	2022							XXXX	385,000	389,000	391,000	2,000
10.	2023								XXXX	390,000	394,000	4,000
11.	2024									XXXX	395,000	395,000
12.	Total										XXXX	405,000
Sch. P – Part 1 EP		360,000	365,000	370,000	375,000	380,000	385,000	390,000	395,000	400,000	405,000	XXXX

**MARKET CONDUCT ANNUAL STATEMENT (MCAS) PREMIUM EXHIBIT FOR YEAR**

\*\*\* Fraternal Benefit Societies are not currently required to file an MCAS and should answer “No” to Interrogatory 36 on the Life/Fraternal Statement’s Supplemental Exhibits and Schedules Interrogatories.\*\*\*

This exhibit is required to be filed no later than March 1.

The purpose of this exhibit is to identify premiums that are reportable for Market Conduct Annual Statement purposes. Refer to the Data Call and Definitions document for each individual line of business, found on the MCAS webpage:

[http://www.naic.org/mcas\\_main.htm](http://www.naic.org/mcas_main.htm). Indicate a “Yes” in the premium column for the lines of business in which the reporting entity has met the MCAS premium thresholds, otherwise indicate a “No”.

A schedule must be prepared and submitted for each jurisdiction in which the company answered “Yes” to having MCAS Reportable Premiums/Considerations. Supplement pages should not be filed for any state or jurisdiction where the company would file all “No” responses.

### **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 and electronically with the NAIC 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 electronically with the NAIC no later than March 1.

### **ACTUARIAL CERTIFICATIONS RELATED TO ANNUITY NONFORFEITURE ONGOING COMPLIANCE**

For all reporting entities that are required to submit an 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 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)*.

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## INSTRUCTIONS

### FOR COMPLETING SEPARATE ACCOUNTS ANNUAL STATEMENT BLANK

#### 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 Life and Accident and Health Blank. Where there is a conflict with the Life 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:

<u>Scenario</u>	<u>Insulated S/A Blank</u>	<u>Non-insulated S/A Blank</u>
<p><b>Scenario 1:</b> Separate Account Insulated Assets = Separate Account Liabilities  (For example, 100% of investment proceeds, net fees are attributed to the contract holder.)  40 bonds at \$100 par value = \$4,000</p>	<p>The \$4,000 issue is associated with an insulated product; thus, the entire \$4,000 would be reported in the insulated blank.</p>	<p>No amount.</p>
<p><b>Scenario 2:</b> Separate Account Assets &gt; 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</p>	<p>\$3,990 of the issue is associated with an insulated product; thus, this amount would be included in the insulated blank.</p>	<p>The remaining \$10 is due to the General Account; the \$10 would then be reported under the non-insulated blank.</p>
<p><b>Scenario 3:</b> 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</p>	<p>No amount.</p>	<p>The \$1,500 issue would be reported under the non-insulated blank.</p>

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

1501	Write-in caption aaaa	\$ 500,000
1502	Write-in caption bbbb	350,000
1503	Write-in caption cccc	250,000
1598	Summary of remaining write-ins for Line 16 from overflow page	<u>300,000</u>
1599	TOTAL (Line 1501 through 1503 plus 1598) (Assets, Line 15)	\$ 1,400,000

Page 2 – Continuation

Assets

Remainder of Write-ins Aggregated on Line 15

1504	Write-in caption dddd	\$ 100,000
1505	Write-in caption eeee	75,000
1506	Write-in caption ffff	50,000
1507	Write-in caption gggg	50,000
1508	Write-in caption hhhh	20,000
1509	Write-in caption iiiii	<u>5,000</u>
1597	Summary of remaining write-ins for Line 15. (Lines 1504 through 1596) (To Assets, Line 1598)	\$ 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 from regulatory agencies on active, developing and potential cybersecurity threats.

### Address

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

### Telephone Number

Telephone number should include area code and extension.

### Email Address

Email address of the cybersecurity contact person as described above.

## Life Insurance Policy Locator Contact

### 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

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

Lines 1 through 17 should agree to Analysis of Operations by Lines of Business – Summary Lines 1 through 17, Column 1.

- 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 certificate holders.
- 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 |    | <u>9,750</u> |
| 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 – SUMMARY**

This exhibit shows Lines 1 through 17 of the Summary of Operations by Line of Business. Columns 2 through 6 of this exhibit reflect the total column from the Analysis of Operations by Lines of Business pages for Individual Life, Group Life, Individual Annuities, Group Annuities and Accident and Health.

Column 1 – Total

The lines in this column should equal Page 4, Column 1.

The lines in this column should equal the sum of Columns 2 through 7.

Column 2 – Individual Life

The lines in this column should equal the Analysis of Operations by Lines of Business – Individual Life, Column 1.

Column 3 – Group Life

The lines in this column should equal the Analysis of Operations by Lines of Business – Group Life, Column 1.

Column 4 – Individual Annuities

The lines in this column should equal the Analysis of Operations by Lines of Business – Individual Annuities, Column 1.

Column 5 – Group Annuities

The lines in this column should equal the Analysis of Operations by Lines of Business – Group Annuities, Column 1.

Column 6 – Accident and Health

The lines in this column should equal the Analysis of Operations by Lines of Business – Accident and Health, Column 1.

**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS – INDIVIDUAL LIFE INSURANCE**

This exhibit shows Lines 1 through 17 of the Summary of Operations by Line of Business, in part.

For definitions of lines of business, see the appendix of these instructions.

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

Blocks of business in run-off (no new policies issued) as of Dec. 31, 2019, comprising less than five percent (5%) of premiums and less than five percent (5%) of reserve and loans liability, may be grouped with more material blocks. A footnote shall be added at the end of the page indicating when this has occurred and which columns are affected.

Supplementary contracts with life contingencies should be reported on the annuities pages. Supplementary contracts without life contingencies should be included in Exhibit 4, Deposit-Type Contracts.

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 1 – Total  
The lines in this column are to agree with Page 4, Column 1, in part.
- Column 2 – Industrial Life  
Does not apply to Separate Accounts.
- Column 10 – Credit Life  
Does not apply to Separate Accounts.
- Column 11 – Other Individual Life  
Include: All individual life insurance not included in columns 2 through 10.
- Line 1 – Premiums for Life Contracts Footnote  
Include: Policies used to fund funeral and final expenses as defined in the Definitions Appendix to this Manual under Preneed.
- Line 4 – Aggregate Write-Ins for Other Income  
Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 4 for Other Income.
- Line 6.7 – Aggregate Write-ins for Other Transfers from Separate Accounts on Account of Contract Benefits  
Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 6.7 for Other Transfers from Separate Accounts on Account of Contract Benefits.

Line 11 – Fees associated with Charges from Investment Management, Administration and Contract Guarantees  
Include: Gross amount of fees and charges.

Line 17 – Net Gain from Operations (Including Unrealized Gains or (Losses))  
Report the total net gain from operations shown on Page 4 of the Separate Accounts Statement, in part, including the portion due to unrealized capital gains or (losses).  
Should agree with line 5 minus line 16.

Details of Write-ins Aggregated at Line 1.3 for Other Transfers to Separate Accounts

Include: Other transfers to Separate Accounts not included in lines 1.1 and 1.2.

Details of Write-ins Aggregated at Line 4 for Other Income

List separately each category of miscellaneous income for which there is no pre-printed line on Analysis of Operations by Lines of Business – Individual Life

Details of Write-ins Aggregated at Line 6.7 for Other Transfers from Separate Accounts on Account of Contract Benefits

List separately each category of other transfers from separate accounts on account of contract benefits for which there is no pre-printed line on Analysis of Operations by Lines of Business – Individual Life.

Details of Write-ins Aggregated at Line 9.3 for Write-ins for Other Transfers from Separate Accounts

List separately each category of other transfers from separate accounts for which there is no pre-printed line on Analysis of Operations by Lines of Business – Individual Life.

Details of Write-ins Aggregated at Line 15 for Reserves and Funds

List separately each category of reserves and funds for which there is no pre-printed line on Analysis of Operations by Lines of Business – Individual Life.

**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS – GROUP LIFE INSURANCE**

This exhibit shows Lines 1 through 17 of the Summary of Operations by Line of Business, in part.

For definitions of lines of business, see the appendix of these instructions.

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

Blocks of business in run-off (no new policies issued) as of Dec. 31, 2019, comprising less than five percent (5%) of premiums and less than five percent (5%) of reserve and loans liability, may be grouped with more material blocks. A footnote shall be added at the end of the page indicating when this has occurred and which columns are affected.

Supplementary contracts with life contingencies should be reported on the annuities pages. Supplementary contracts without life contingencies should be included in Exhibit 4, Deposit-Type Contracts.

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 1     –     Total  
  
                    The lines in this column are to agree with Page 4, Column 1, in part.
  
- Column 6     –     Credit Life  
  
                    Does not apply to Separate Accounts.
  
- Column 7     –     Other Group Life  
  
                    Include:                 All group life insurance not included elsewhere.
  
- Line 1         –     Premiums for Life Contracts Footnote  
  
                    Include:                 Policies used to fund funeral and final expenses as defined in the Definitions Appendix to this Manual under Preneed.
  
- Line 4         –     Aggregate Write-Ins for Other Income  
  
                    Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 4 for Other Income.
  
- Line 6.7       –     Aggregate Write-ins for Other Transfers from Separate Accounts on Account of Contract Benefits  
  
                    Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 6.7 for Other Transfers from Separate Accounts on Account of Contract Benefits.
  
- Line 11       –     Fees associated with Income from Investment Management, Administration and Contract Guarantees  
  
                    Include:                 Gross amount of fees and charges from separate accounts.

Line 17 – Net Gain from Operations (Including Unrealized Gains or (Losses))

Report the total net gain from operations shown on Page 4 of the Separate Accounts Statement, in part, including the portion due to unrealized capital gains or (losses).

Should agree with line 5 minus line 16.

Details of Write-ins Aggregated at Line 1.3 for Other Transfers to Separate Accounts

Include: Other transfers to Separate Accounts not included in lines 1.1 and 1.2.

Details of Write-ins Aggregated at Line 4 for Other Income

List separately each category of miscellaneous income for which there is no pre-printed line on Analysis of Operations by Lines of Business – Group Life.

Details of Write-ins Aggregated at Line 6.7 for Other Transfers from Separate Accounts on Account of Contract Benefits

List separately each category of other transfers from separate accounts on account of contract benefits for which there is no pre-printed line on Analysis of Operations by Lines of Business – Group Life.

Details of Write-ins Aggregated at Line 9.3 for Write-ins for Other Transfers from Separate Accounts

List separately each category of other transfers from separate accounts for which there is no pre-printed line on Analysis of Operations by Lines of Business – Group Life.

Details of Write-ins Aggregated at Line 15 for Reserves and Funds

List separately each category of reserves and funds for which there is no pre-printed line on Analysis of Operations by Lines of Business – Group Life.



**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS – INDIVIDUAL ANNUITIES**

These exhibits show Lines 1 through 17 of the Summary of Operations by Line of Business, in part.

For definitions of lines of business, see the appendix of these instructions.

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

Blocks of business in run-off (no new policies issued) as of Dec. 31, 2019, comprising less than five percent (5%) of premiums and less than five percent (5%) of reserve and loans liability, may be grouped with more material blocks. A footnote shall be added at the end of the page indicating when this has occurred and which columns are affected.

Supplementary contracts with life contingencies should be reported on the annuities pages. Supplementary contracts without life contingencies should be included in Exhibit 4, Deposit-Type Contracts.

Riders/Endorsements/Floater:

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 1 – Total

The lines in this column are to agree with Page 4, Column 1, in part.

Column 6 – Life Contingent Payout Annuities

Include: Individual supplementary contracts with life contingencies.  
Any individual annuity-type contract that is in a payout phase.

Column 7 – Other Annuities

Include: All individual annuity amounts not included elsewhere.

Line 4 – Aggregate Write-Ins for Other Income

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 4 for Other Income.

Line 6.7 – Aggregate Write-ins for Other Transfers from Separate Accounts on Account of Contract Benefits

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 6.7 for Other Transfers from Separate Accounts on Account of Contract Benefits.

Line 11 – Fees associated with Income from Investment Management, Administration and Contract Guarantees

Include: Gross amount of fees and charges from separate accounts.

Line 17 – Net Gain from Operations Including Unrealized Gains or (Losses)

Report the total net gain from operations shown on Page 4 of the Separate Accounts Statement, in part, including the portion due to unrealized capital gains or (losses).

Should agree with line 5 minus line 16.

Details of Write-ins Aggregated at Line 1.3 for Other Transfers to Separate Accounts

Include: Other transfers to Separate Accounts not included in lines 1.1 and 1.2.

Details of Write-ins Aggregated at Line 4 for Other Income

List separately each category of miscellaneous income for which there is no pre-printed line on Analysis of Operations by Lines of Business – Individual Annuities.

Details of Write-ins Aggregated at Line 6.7 for Other Transfers from Separate Accounts on Account of Contract Benefits

List separately each category of other transfers from separate accounts on account of contract benefits for which there is no pre-printed line on Analysis of Operations by Lines of Business – Individual Annuities.

Details of Write-ins Aggregated at Line 9.3 for Write-ins for Other Transfers from Separate Accounts

List separately each category of other transfers from separate accounts for which there is no pre-printed line on Analysis of Operations by Lines of Business – Individual Annuities.

Details of Write-ins Aggregated at Line 15 for Reserves and Funds

List separately each category of reserves and funds for which there is no pre-printed line on Analysis of Operations by Lines of Business – Individual Annuities.

## **ANALYSIS OF OPERATIONS BY LINES OF BUSINESS – GROUP ANNUITIES**

These exhibits show Lines 1 through 17 of the Summary of Operations by Line of Business, in part.

For definitions of lines of business, see the appendix of these instructions.

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

Blocks of business in run-off (no new policies issued) as of Dec. 31, 2019, comprising less than five percent (5%) of premiums and less than five percent (5%) of reserve and loans liability, may be grouped with more material blocks. A footnote shall be added at the end of the page indicating when this has occurred and which columns are affected.

Supplementary contracts with life contingencies should be reported on the annuities pages. Supplementary contracts without life contingencies should be included in Exhibit 4, Deposit-Type Contracts.

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 1 – Total

The lines in this column are to agree with Page 4, Column 1, in part.

Column 6 – Life Contingent Payout Annuities

Include: Group supplementary contracts with life contingencies.

Any group annuity-type contract that is in a payout phase.

Column 7 – Other Annuities

Include: All individual annuity amounts not included elsewhere.

Line 4 – Aggregate Write-Ins for Other Income

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 4 for Other Income.

Line 6.7 – Aggregate Write-ins for Other Transfers from Separate Accounts on Account of Contract Benefits

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 6.7 for Other Transfers from Separate Accounts on Account of Contract Benefits.

Line 11 – Fees associated with Income from Investment Management, Administration and Contract Guarantees

Include: Gross amount of fees and charges from separate accounts.

Line 17 – Net Gain from Operations Including Unrealized Gains or (Losses)

Report the total net gain from operations shown on Page 4 of the Separate Accounts Statement, in part, including the portion due to unrealized capital gains or (losses).

Should agree with line 5 minus line 16.

Details of Write-ins Aggregated at Line 1.3 for Other Transfers to Separate Accounts

Include: Other transfers to Separate Accounts not included in lines 1.1 and 1.2.

Details of Write-ins Aggregated at Line 4 for Other Income

List separately each category of miscellaneous income for which there is no pre-printed line on Analysis of Operations by Lines of Business – Group Annuities.

Details of Write-ins Aggregated at Line 6.7 for Other Transfers from Separate Accounts on Account of Contract Benefits

List separately each category of other transfers from separate accounts on account of contract benefits for which there is no pre-printed line on Analysis of Operations by Lines of Business – Group Annuities.

Details of Write-ins Aggregated at Line 9.3 for Write-ins for Other Transfers from Separate Accounts

List separately each category of other transfers from separate accounts for which there is no pre-printed line on Analysis of Operations by Lines of Business – Group Annuities.

Details of Write-ins Aggregated at Line 15 for Reserves and Funds

List separately each category of reserves and funds for which there is no pre-printed line on Analysis of Operations by Lines of Business – Group Annuities.

## **ANALYSIS OF OPERATIONS BY LINES OF BUSINESS – ACCIDENT AND HEALTH**

These exhibits show Lines 1 through 17 of the Summary of Operations by Line of Business, in part.

Blocks of business in run-off (no new policies issued) as of Dec. 31, 2019, comprising less than five percent (5%) of premiums and less than five percent (5%) of reserve and loans liability, may be grouped with more material blocks. A footnote shall be added at the end of the page indicating when this has occurred and which columns are affected.

### Riders/Endorsements/Floaters:

If a rider, endorsement or floater acts like a separate policy with separate premium, deductible and limit, 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. If there is no additional premium, separate deductible or limit, the rider, endorsement or floater should be reported on the same line of business as the base policy.

### Column 2 & 3 – Comprehensive (Hospital & Medical)

**Include:** Business that provides for medical coverages, including hospital, surgical and major medical. Include State Children’s Health Insurance Program (SCHIP) Medicaid Program (Title XXI), risk contracts.

**Exclude:** Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefit plan (FEHBP) premiums, Medicare (Title XVIII) and Medicaid (Title XIX) risk contracts, Medicare Supplement, Vision only and Dental only business.

### Column 4 – Medicare Supplement

**Include:** Business reported in the Medicare Supplement Insurance Experience Exhibit of the annual statement.

**Exclude:** Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefit plan (FEHBP) premiums, comprehensive hospital and medical policies, Medicare (Title XVIII) and Medicaid (Title XIX) risk contracts, Vision only and Dental only business.

### Column 5 – Vision Only

**Include:** Policies providing for vision only coverage issued as stand-alone vision or as a rider to a medical policy that is not related to the medical policy through premiums, deductibles or out-of-pocket limits.

**Exclude:** Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefit plan (FEHBP) premiums, comprehensive hospital and medical policies, Medicare (Title XVIII) and Medicaid (Title XIX) risk contract, Medicare Supplement, and Dental only business.

Column 6	–	Dental Only	
		Include:	Policies providing for dental only coverage issued as standalone dental or as a rider to a medical policy that is not related to the medical policy through premiums, deductibles or out-of-pocket limits.
		Exclude:	Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefit plan (FEHBP) premiums, comprehensive hospital and medical policies, Medicare (Title XVIII) and Medicaid (Title XIX) risk contracts, Medicare Supplement and Vision only business.
Column 7	–	Federal Employees Health Benefits Plans (FEHBP)	
		Include:	Business allocable to the Federal Employees Health Benefits Plan (FEHBP) premium that are exempted from state taxes or other fees by Section 8909(f)(1) of Title 5 of the United States Code.
		Exclude:	Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), comprehensive hospital and medical policies, Medicare (Title XVIII) and Medicaid (Title XIX) risk contracts, Medicare Supplement, Vision only and Dental only business.
Column 8	–	Title XVIII – Medicare	
		Include:	Business where the reporting entity charges a premium and agrees to cover the full medical costs of Medicare subscribers. Policies providing Medicare Part D Prescription Drug Coverage through a Medicare Advantage product.
		Exclude:	Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefits plan (FEHBP) premiums, comprehensive hospital and medical policies, Medicaid (Title XIX) risk contracts, Medicare Supplement, Vision only and Dental only business. Policies providing standalone Medicare Part D Prescription Drug Coverage.
Column 9	–	Title XIX – Medicaid	
		Include:	Business where the reporting entity charges a premium and agrees to cover the full medical costs of Medicaid subscribers.
		Exclude:	Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefits plan (FEHBP) premiums, comprehensive hospital and medical policies, Medicare (Title XVIII) risk contracts, Medicare Supplement, Vision only and Dental only business.
Column 10	–	Credit Accident and Health	
		Include:	Business not exceeding 120 months.

Column 13 – Other Health

Include: Other health coverages, such as stop loss, and prescription drug plans and coverages not specifically addressed in any other columns. Policies providing standalone Medicare Part D Prescription Drug Coverage.

On Line 20, expenses and reimbursements from administrative services only (ASO), other non-underwritten business and administrative services contracts (ASC).

Exclude: Policies providing Medicare Part D Prescription Drug Coverage through a Medicare Advantage product.

Line 4 – Aggregate Write-Ins for Other Income

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 4 for Other Income.

Line 6.7 – Aggregate Write-ins for Other Transfers from Separate Accounts on Account of Contract Benefits

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 6.7 for Other Transfers from Separate Accounts on Account of Contract Benefits.

Line 11 – Fees associated with Income from Investment Management, Administration and Contract Guarantees

Include: Gross amount of fees and charges from separate accounts.

Line 17 – Net Gain from Operations Including Unrealized Gains or (Losses)

Report the total net gain from operations shown on Page 4 of the Separate Accounts Statement, in part, including the portion due to unrealized capital gains or (losses).

Should agree with line 5 minus line 16.

Details of Write-ins Aggregated at Line 1.3 for Other Transfers to Separate Accounts

Include: Other transfers to Separate Accounts not included in lines 1.1 and 1.2.

Details of Write-ins Aggregated at Line 4 for Other Income

List separately each category of miscellaneous income for which there is no pre-printed line on Analysis of Operations by Lines of Business – Accident and Health.

Details of Write-ins Aggregated at Line 6.7 for Other Transfers from Separate Accounts on Account of Contract Benefits

List separately each category of other transfers from separate accounts on account of contract benefits for which there is no pre-printed line on Analysis of Operations by Lines of Business – Accident and Health.

Details of Write-ins Aggregated at Line 9.3 for Write-ins for Other Transfers from Separate Accounts

List separately each category of other transfers from separate accounts for which there is no pre-printed line on Analysis of Operations by Lines of Business – Accident and Health.

Details of Write-ins Aggregated at Line 15 for Reserves and Funds

List separately each category of reserves and funds for which there is no pre-printed line on Analysis of Operations by Lines of Business – Accident and Health.

**ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR – INDIVIDUAL LIFE INSURANCE**

This exhibit analyzes the development of life policy 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.

This analysis applies to items reported in Exhibit 3.

Blocks of business in run-off (no new policies issued) as of Dec. 31, 2019, comprising less than five percent (5%) of premiums and less than five percent (5%) of reserve and loans liability, may be grouped with more material blocks. A footnote shall be added at the end of the page indicating when this has occurred and which columns are affected.

Supplementary contracts with life contingencies should be reported on the annuities pages. Supplementary contracts without life contingencies should be included in Exhibit 4, Deposit-Type Contracts.

Lines 2 through 5 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 5.1.

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

Line 1 – Reserve December 31 of Prior Year  
 Enter individual reserves from the Life Insurance Section and the Miscellaneous Reserves Section of Exhibit 3.

Include: Both active and disabled life reserves on Ordinary Life.

Line 2 – Tabular Net Premium or Considerations  
 Enter accrued transfers of tabular net premiums from the general account as determined by the valuation bases employed. Tabular premiums on Industrial business should be increased by one-half year’s interest thereon.

Include: The full variable life insurance net premiums in Columns 8 and 9 corresponding to the gross premiums included in Analysis of Operations by Line of Business, Line 1, Columns 8 and 9.

Line 3 – Increase or (decrease) from Investment Results  
 Line 4 – 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.

Show the increase or decrease before charges for investment management, administration and contract guarantees.

If Line 3 is not available from the accounting records, the formulas indicated below may be used:

(1) Tabular Cost Minus Increase (or Decrease) From Investment Results on Life Insurance, Accidental Death Benefits and Disability, Active Lives

Line 1	–	Mean reserve Dec. 31 of prior year	
Line 2	–	Tabular premiums	
Line 6	–	Other increases	
		Total	



Deduct:

Line 16	-	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)	_____

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 (Life insurance only)	_____
		Total	_____
		Total multiplied by net investment return equals increase (or decrease) from investment results	_____

Tabular Cost (C):

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

(2) Tabular Less Actual Reserve Released Plus Increase (or Decrease) From Investment Results (T-A+I) on Annuities and Supplementary Contracts with Life Contingencies

Line 16	-	Mean reserve Dec. 31 of current year	_____
Line 13	-	Charges for investment management, administration and contract guarantees	_____
Line 12	-	Transfers incurred during year on account of annuity and supplementary contract payments	_____
Line 8	-	Net Transfer of reserves to general account during year	_____

Deduct:

Line 1	-	Mean reserve Dec. 31 of prior year	_____
Line 2	-	Tabular considerations for annuities and supplementary contracts	_____

Increase (or Decrease) From Investment Results:

Line 6	-	Other increases net	_____
		Total deductions	_____
		Balance (T-A+I)	_____

Tabular Interest:

		One-half reserve Dec. 31, of prior year	_____
		One-half reserve Dec. 31, of current year	_____
		Subtotal	_____
		Deduct one-half of (T-A+I)	_____
		Total	_____
		Total multiplied by net investment return equals increase (or decrease) from investment results	_____

Tabular Less Actual Reserve Released (T-A):

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

- Line 5           –    Increase in Reserve on Account of Change in Valuation Basis

Enter appropriate amounts from Part A of Exhibit 3A – Changes in Bases of Valuation During the Year.
- Line 5.1       –    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 6           –    Other Increases (Net)

Enter amounts that affect reserves but that are not included elsewhere (transfers between lines of business, group conversions, 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 4, 5 and 8 and other than by death in Columns 2, 3, 6 and 7. 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         –    Transfers on Account of Annuity and Supplementary Contract Payments Involving Life Contingencies

This line should be blank for the individual and group life insurance pages.
- Line 16         –    Reserve December 31 of Current Year

Line 7 minus Line 15. Amounts reported should equal (net) reserves by lines of business from Exhibit 3.

Include:                 Policies used to fund funeral and final expenses as defined in the Definitions Appendix to this Manual under Preneed in same line of business as Analysis of Operations.

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 multiplied by 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.

**Cash Surrender Value (CSV) and Policy Loans:**

Line 17 – CSV Ending Balance December 31, current year

The CSV is to be reported net of any policy loans taken and still outstanding.

Line 18 – Amount Available for Policy Loans Based upon Line 17 CSV

Report the current year balance of policy loans available to be taken by category.

**ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR – GROUP LIFE INSURANCE**

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

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

This analysis applies to items reported in Exhibit 3.

Blocks of business in run-off (no new policies issued) as of Dec. 31, 2019, comprising less than five percent (5%) of premiums and less than five percent (5%) of reserve and loans liability, may be grouped with more material blocks. A footnote shall be added at the end of the page indicating when this has occurred and which columns are affected.

Supplementary contracts with life contingencies should be reported on the annuities pages. Supplementary contracts without life contingencies should be included in Exhibit 4, Deposit-Type Contracts.

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

Line 1 – Reserve December 31 of Prior Year  
 Enter group reserves from the Life Insurance Section and the Miscellaneous Reserves Section of Exhibit 3.

Line 2 – Tabular Net Premium or Considerations  
 Enter accrued transfers of tabular net premiums from the general account as determined the by valuation bases employed. Tabular premiums on Industrial business should be increased by one-half year’s interest thereon.  
 Include: The full variable life insurance net premiums in Columns 5 and 6 corresponding to the gross premiums included in Analysis of Operations by Line of Business, Line 1, Columns 5 and 6.

Line 3 – Increase or (decrease) from Investment Results  
 Line 4 – 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.

Show the increase or decrease before charges for investment management, administration and contract guarantees.

If Line 3 is not available from the accounting records, the formulas indicated below may be used:

(1) Tabular Cost Minus Increase (or Decrease) From Investment Results (C-I) on Life Insurance

Line 1	–	Mean reserve Dec. 31 of prior year	_____
Line 2	–	Tabular premiums	_____
Line 6	–	Other increases	_____
		Total	_____

Deduct:

Line 16	-	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)	_____

Increase (or Decrease) From Investment Results:

		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 (Life insurance only)	_____
		Total	_____
		Total multiplied by net investment return equals increase (or decrease) from investment results	_____

Tabular Cost (C):

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

(2) Tabular Less Actual Reserve Released Plus Increase (or Decrease) From Investment Results (T-A+I) on Annuities and Supplementary Contracts with Life Contingencies

Line 16	-	Mean reserve Dec. 31 of current year	_____
Line 13	-	Charges for investment management, administration and contract guarantees	_____
Line 12	-	Transfers incurred during year on account of annuity and supplementary contract payments	_____
Line 8	-	Net Transfer of reserves to general account during year	_____
		Total	_____

Deduct:

Line 1	-	Mean reserve Dec. 31 of prior year	_____
Line 2	-	Tabular considerations for annuities and supplementary contracts	_____
			_____
Line 6	-	Other increases net	_____
		Total deductions	_____
		Balance (T-A+I)	_____

Increase (or Decrease) From Investment Results:

		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 (or decrease) from investment results	_____

Tabular Less Actual Reserve Released (T-A):

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

- Line 5 – Increase in Reserve on Account of Change in Valuation Basis  
Enter appropriate amounts from Part A of Exhibit 3A – Changes in Bases of Valuation During the Year.
  
- Line 6 – Other Increases (Net)  
Enter amounts that affect reserves but that are not included elsewhere (transfers between lines of business, group conversions, 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.
  
- Line 11 – Reserves Released by Other Terminations (Net)  
Enter reserves released other than by death. The computation should be on a net basis to take account of revivals, increases, changes, etc.
  
- Line 12 – Transfers on Account of Annuity and Supplementary Contract Payments Involving Life Contingencies  
This line should be blank for the individual and group life insurance pages.
  
- Line 16 – Reserve December 31 of Current Year  
Line 7 minus Line 15. Amounts reported should equal (net) reserves by lines of business from Exhibit 3.  
  
Include: Policies used to fund funeral and final expenses as defined in the Definitions Appendix to this Manual under Preneed in same line of business as Analysis of Operations.

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 multiplied by 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.

**Cash Surrender Value and Policy Loans:**

- Line 17 – CSV Ending Balance December 31, current year  
The CSV is to be reported net of any policy loans taken and still outstanding.
- Line 18 – Amount Available for Policy Loans Based upon Line 17 CSV  
Report the current year balance of policy loans available to be taken by category.

**ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR – INDIVIDUAL ANNUITIES**

This exhibit analyzes the development of life policy 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.

This annuities analysis applies to items reported in Exhibit 3 that are not life insurance products.

Blocks of business in run-off (no new policies issued) as of Dec. 31, 2019, comprising less than five percent (5%) of premiums and less than five percent (5%) of reserve and loans liability, may be grouped with more material blocks. A footnote shall be added at the end of the page indicating when this has occurred and which columns are affected.

Supplementary contracts with life contingencies should be reported on the annuities pages. Supplementary contracts without life contingencies should be included in Exhibit 4, Deposit-Type Contracts.

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

Line 1 – Reserve December 31 of Prior Year  
 Enter individual annuity reserves from the Annuities Section, Supplementary Contracts with Life Contingencies Section and the Miscellaneous Section of Exhibit 3.

Line 2 – Tabular Net Considerations  
 Enter accrued transfers of tabular net considerations from the general account as determined by the valuation bases employed.  
 Include: The full variable life insurance net premiums in Columns 4 and 5 corresponding to the gross premiums included in Analysis of Operations by Line of Business – Individual Annuities, Line 1, Columns 4 and 5.

Line 3 – Increase or (decrease) from Investment Results  
 Line 4 – 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.  
 Show the increase or (decrease) before charges for investment management, administration and contract guarantees.

If Line 3 is not available from the accounting records, the formulas indicated below may be used:

(1) Tabular Cost Minus Increase (or Decrease) From Investment Results (C-I) on Life Insurance

Line 1	–	Mean reserve Dec. 31 of prior year	_____
Line 2	–	Tabular premiums	_____
Line 6	–	Other increases	_____
		Total	_____



Deduct:

Line 16	-	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)	_____

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 (Life insurance only)	_____
		Total	_____
		Total multiplied by net investment return equals increase (or decrease) from investment results	_____

Tabular Cost (C):

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

(2) Tabular Less Actual Reserve Released Plus Increase (or Decrease) From Investment Results (T-A+I) on Annuities and Supplementary Contracts with Life Contingencies

Line 16	-	Mean reserve Dec. 31 of current year	_____
Line 13	-	Charges for investment management, administration and contract guarantees	_____
Line 12	-	Transfers incurred during year on account of annuity and supplementary contract payments	_____
Line 8	-	Net Transfer of reserves to general account during year	_____
		Total	_____

Deduct:

Line 1	-	Mean reserve Dec. 31 of prior year	_____
Line 2	-	Tabular considerations for annuities and supplementary contracts	_____
			_____
Line 6	-	Other increases net	_____
		Total deductions	_____
		Balance (T-A+I)	_____

Increase (or Decrease) From Investment Results (1):

		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 (or decrease) from investment results	_____

Tabular Less Actual Reserve Released (T-A):

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

- Line 5      –      Increase in Reserve on Account of Change in Valuation Basis
  
- Line 6      –      Enter appropriate amounts from Part A of Exhibit 3A – Changes in Bases of Valuation During the Year.  
Other Increases (Net)
  
- Enter amounts that affect reserves but that are not included elsewhere (transfers between lines of business, group conversions, etc.).
  
- Include:                      Adjustments due to fluctuations in foreign exchange rates.
  
- Line 11     –      Reserves Released by Other Terminations (Net)
  
- Enter reserves released by all causes. The computation should be on a net basis to take account of revivals, increases, changes, etc.
  
- Line 12     –      Transfers on Account of Annuity and Supplementary Contract Payments Involving Life Contingencies
  
- Include:                      Surrender payments on annuities and supplementary contracts with life contingencies.
  
- Line 16     –      Reserve December 31 of Current Year
  
- Line 7 minus Line 15. Amounts reported should equal (net) reserves by lines of business from Exhibit 3, in part.

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 reserves is tabular cost. Tabular cost for life insurance can be expressed as the summation of the products of mortality rates multiplied by 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 and supplementary contracts with life contingencies 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.

**Cash Surrender Value and Policy Loans:**

- Line 17      –      CSV Ending Balance December 31, current year
  
- The CSV is to be reported net of any policy loans taken and still outstanding.
  
- Line 18      –      Amount Available for Policy Loans Based upon Line 17 CSV
  
- Report the current year balance of policy loans available to be taken by category.

**ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR – GROUP ANNUITIES**

This exhibit analyzes the development of life policy 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.

This annuities analysis applies to items reported in Exhibit 3 that are not life insurance products.

Blocks of business in run-off (no new policies issued) as of Dec. 31, 2019, comprising less than five percent (5%) of premiums and less than five percent (5%) of reserve and loans liability, may be grouped with more material blocks. A footnote shall be added at the end of the page indicating when this has occurred and which columns are affected.

Supplementary contracts with life contingencies should be reported on the annuities pages. Supplementary contracts without life contingencies should be included in Exhibit 4, Deposit-Type Contracts.

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

Line 1 – Reserve December 31 of Prior Year  
 Enter group annuity reserves from the Annuities Section, Supplementary Contracts With Life Contingencies Section and the Miscellaneous Reserves Section of Exhibit 3.

Line 2 – Tabular Net Premium or Considerations  
 Enter accrued transfers of tabular net premiums or considerations from the general account as determined by the valuation bases employed.  
 Include: The full variable life insurance net premiums in Columns 4 and 5 corresponding to the gross premiums included in Analysis of Operations by Line of Business, Line 1, Columns 4 and 5.

Line 3 – Increase or (decrease) from Investment Results  
 Line 4 – 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.  
 Show the increase or (decrease) before charges for investment management, administration and contract guarantees.

If Line 3 is not available from the accounting records, the formulas indicated below may be used:

(1) Tabular Cost Minus Increase (or Decrease) From Investment Results (C-I) on Life Insurance

Line 1	–	Mean reserve Dec. 31 of prior year	_____
Line 2	–	Tabular premiums	_____
Line 6	–	Other increases	_____
		Total	_____

Deduct:

Line 16	-	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)	_____

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 (Life insurance only)	_____
		Total	_____
		Total multiplied by net investment return equals increase (or decrease) from investment results on	_____

Tabular Cost (C):

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

(2) Tabular Less Actual Reserve Released Plus Increase (or Decrease) From Investment Results (T-A+I) on Annuities and Supplementary Contracts with Life Contingencies

Line 16	-	Mean reserve Dec. 31 of current year	_____
Line 13	-	Charges for investment management, administration and contract guarantees	_____
Line 12	-	Transfers incurred during year on account of annuity and supplementary contract payments	_____
Line 8	-	Net Transfer of reserves to general account during year	_____
		Total	_____

Deduct:

Line 1	-	Mean reserve Dec. 31 of prior year	_____
Line 2	-	Tabular considerations for annuities and supplementary contracts	_____
Line 6	-	Other increases net	_____
		Total deductions	_____
		Balance (T-A+I)	_____

Increase (or Decrease) From Investment Results:

		One-half of reserve Dec. 31, of prior year	_____
		One-half of reserve Dec. 31, of current year	_____
		Subtotal	_____
		Deduct one-half (T-A+I)	_____
		Total	_____
		Total multiplied by net investment return equals increase (or decrease) from investment results on	_____



**Cash Surrender Value and Policy Loans:**

- Line 17 – CSV Ending balance December 31, current year  
The CSV is to be reported net of any policy loans taken and still outstanding.
- Line 18 – Amount Available for Policy Loans Based upon Line 17 CSV  
Report the current year balance of policy loans available to be taken by category.

## ANALYSIS OF RESERVES DURING THE YEAR – ACCIDENT AND HEALTH

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.

Blocks of business in run-off (no new policies issued) as of Dec. 31, 2019, comprising less than five percent (5%) of premiums and less than five percent (5%) of reserve and loans liability, may be grouped with more material blocks. A footnote shall be added at the end of the page indicating when this has occurred and which columns are affected.

Reserves or other amounts relating to uninsured accident and health plans and the uninsured portion of partially insured accident and health plans should be excluded from this exhibit.

Column 10 – Credit Accident and Health (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.

Column 13 – Other 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 2 – Additional Contract Reserves

A reserve must be carried in this line for any contract or block of contracts:

- (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 company 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 3 – Additional Actuarial Reserves – Asset/Liability Analysis

Include: Premium deficiency reserves.

- Line 4 – Reserve for Future Contingent Benefits (Active Life Reserve) or
- Line 12 – Reserve for Future Contingent Benefits (Claim Reserve)



A reserve must be carried in either of these lines for any contract that provides for the extension of benefits after termination of the contract or of any insurance thereunder. Such benefits, which 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 entity. 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, Line 10.

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 contracts may also provide benefits similar to those under the Extension of Benefits section of a group contract.

- Line 6 – Aggregate Write-ins for Reserves

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 6 for Reserves.

- Line 10 – Present Value of Amounts Not Yet Due on Claims

Include: Reserves for unaccrued benefits on incurred but unreported claims.

- Line 13 – Aggregate Write-ins for Reserves

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 13 for Reserves.

- Line 18 – 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 6 for Reserves

List all reserves for which there is no pre-printed line.

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

Details of Write-ins Aggregated at Line 13 for Reserves

List all reserves for which there is no pre-printed line.



**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 Life and Accident & Health 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.

Footnote (a):

Deposit-type contracts such as GICs and supplemental contracts are generally reported in Exhibit 4 – Deposit Type Contracts. However, certain contracts (which have similar characteristics to deposit-type contracts) incorporate mortality risk components which qualify those contracts to be reported in Exhibit 3 – Aggregate Reserve for Life, Annuity and Accident and Health Contracts. A common example is a supplemental contract which provides for a life-contingent payout with a specified certain period. Because the contract was life-contingent at issue, it is reported in Exhibit 3 and remains in Exhibit 3 after the death of the annuitant as remaining guaranteed payments continue to the beneficiary. Additionally, state insurance departments have the discretion to approve or require a contract to be classified as a life insurance contract. This footnote captures the amounts reported on Exhibit 3 for deposit-type contracts that originally contained a mortality risk, but no longer contain that risk.

### **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
- 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 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 Translations* 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 as 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 is 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).

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.

## 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 2024 annual statement due March 1, 2025, the year would be 2024.

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 [https://content.naic.org/cmte\\_e\\_app\\_blanks.htm](https://content.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	COM	–	Comoros
ALA	–	Aland Islands	COG	–	Congo (Brazzaville)
ALB	–	Albania	COD	–	Congo, Democratic Republic of the
DZA	–	Algeria	COK	–	Cook Islands
ASM	–	American Samoa	CRI	–	Costa Rica
AND	–	Andorra	CIV	–	Côte d'Ivoire
AGO	–	Angola	HRV	–	Croatia
AIA	–	Anguilla	CUB	–	Cuba
ATA	–	Antarctica	CYP	–	Cyprus
ATG	–	Antigua and Barbuda	CZE	–	Czech Republic
ARG	–	Argentina	DNK	–	Denmark
ARM	–	Armenia	DJI	–	Djibouti
ABW	–	Aruba	DMA	–	Dominica
AUS	–	Australia	DOM	–	Dominican Republic
AUT	–	Austria	ECU	–	Ecuador
AZE	–	Azerbaijan	EGY	–	Egypt
BHS	–	Bahamas	SLV	–	El Salvador
BHR	–	Bahrain	GNQ	–	Equatorial Guinea
BGD	–	Bangladesh	ERI	–	Eritrea
BRB	–	Barbados	EST	–	Estonia
BLR	–	Belarus	ETH	–	Ethiopia
BEL	–	Belgium	FLK	–	Falkland Islands (Malvinas)
BLZ	–	Belize	FRO	–	Faroe Islands
BEN	–	Benin	FJI	–	Fiji
BMU	–	Bermuda	FIN	–	Finland
BTN	–	Bhutan	FRA	–	France
BOL	–	Bolivia	GUF	–	French Guiana
BES	–	Bonaire, Sint Eustatius and Saba	PYF	–	French Polynesia
BIH	–	Bosnia and Herzegovina	ATF	–	French Southern Territories
BWA	–	Botswana	GAB	–	Gabon
BVT	–	Bouvet Island	GMB	–	Gambia
BRA	–	Brazil	GEO	–	Georgia
VGB	–	British Virgin Islands	DEU	–	Germany
IOT	–	British Indian Ocean Territory	GHA	–	Ghana
BRN	–	Brunei Darussalam	GIB	–	Gibraltar
BGR	–	Bulgaria	GRC	–	Greece
BFA	–	Burkina Faso	GRL	–	Greenland
BDI	–	Burundi	GRD	–	Grenada
KHM	–	Cambodia	GLP	–	Guadeloupe
CMR	–	Cameroon	GUM	–	Guam
CAN	–	Canada	GTM	–	Guatemala
CPV	–	Cape Verde	GGY	–	Guernsey
CYM	–	Cayman Islands	GIN	–	Guinea
CAF	–	Central African Republic	GNB	–	Guinea-Bissau
TCD	–	Chad	GUY	–	Guyana
CHL	–	Chile	HTI	–	Haiti
CHN	–	China	HMD	–	Heard Island and McDonald Islands
CUW	–	Curaçao	VAT	–	Holy See (Vatican City State)
CXR	–	Christmas Island	HKG	–	Hong Kong, Special Administrative Region of China
CCK	–	Cocos (Keeling) Islands	HND	–	Honduras
COL	–	Colombia			

HUN	–	Hungary	NCL	–	New Caledonia
ISL	–	Iceland	NZL	–	New Zealand
IND	–	India	NIC	–	Nicaragua
IDN	–	Indonesia	NER	–	Niger
IRN	–	Iran, Islamic Republic of	NGA	–	Nigeria
IRQ	–	Iraq	NIU	–	Niue
IRL	–	Ireland	NFK	–	Norfolk Island
IMN	–	Isle of Man	MNP	–	Northern Mariana Islands
ISR	–	Israel	NOR	–	Norway
ITA	–	Italy	OMN	–	Oman
JAM	–	Jamaica	PAK	–	Pakistan
JPN	–	Japan	PLW	–	Palau
JEY	–	Jersey	PSE	–	Palestinian Territory, Occupied
JOR	–	Jordan	PAN	–	Panama
KAZ	–	Kazakhstan	PNG	–	Papua New Guinea
KEN	–	Kenya	PRY	–	Paraguay
KIR	–	Kiribati	PER	–	Peru
PRK	–	Korea, Democratic People's Republic of	PHL	–	Philippines
			PCN	–	Pitcairn
KOR	–	Korea, Republic of	POL	–	Poland
KWT	–	Kuwait	PRT	–	Portugal
KGZ	–	Kyrgyzstan	PRI	–	Puerto Rico
LAO	–	Lao PDR	QAT	–	Qatar
LVA	–	Latvia	REU	–	Réunion
LBN	–	Lebanon	ROU	–	Romania
LSO	–	Lesotho	RUS	–	Russian Federation
LBR	–	Liberia	RWA	–	Rwanda
LBY	–	Libyan Arab Jamahiriya	BLM	–	Saint-Barthélemy
LIE	–	Liechtenstein	SHN	–	Saint Helena
LTU	–	Lithuania	KNA	–	Saint Kitts and Nevis
LUX	–	Luxembourg	LCA	–	Saint Lucia
MAC	–	Macao, Special Administrative Region of China	MAF	–	Saint-Martin (French part)
MKD	–	Macedonia, Republic of	SPM	–	Saint Pierre and Miquelon
MDG	–	Madagascar	VCT	–	Saint Vincent and Grenadines
MWI	–	Malawi	WSM	–	Samoa
MYS	–	Malaysia	SMR	–	San Marino
MDV	–	Maldives	STP	–	Sao Tome and Principe
MLI	–	Mali	SAU	–	Saudi Arabia
MLT	–	Malta	SEN	–	Senegal
MHL	–	Marshall Islands	SRB	–	Serbia
MTQ	–	Martinique	SYC	–	Seychelles
MRT	–	Mauritania	SLE	–	Sierra Leone
MUS	–	Mauritius	SGP	–	Singapore
MYT	–	Mayotte	SVK	–	Slovakia
MEX	–	Mexico	SVN	–	Slovenia
FSM	–	Micronesia, Federated States of	SLB	–	Solomon Islands
MDA	–	Moldova	SOM	–	Somalia
MCO	–	Monaco	ZAF	–	South Africa
MNG	–	Mongolia	SGS	–	South Georgia and the South Sandwich Islands
MNE	–	Montenegro	SSD	–	South Sudan
MSR	–	Montserrat	ESP	–	Spain
MAR	–	Morocco	LKA	–	Sri Lanka
MOZ	–	Mozambique	SDN	–	Sudan
MMR	–	Myanmar	SUR	–	Suriname *
NAM	–	Namibia	SJM	–	Svalbard and Jan Mayen Islands
NRU	–	Nauru	SWZ	–	Swaziland
NPL	–	Nepal	SWE	–	Sweden
NLD	–	Netherlands	CHE	–	Switzerland



SYR	–	Syrian Arab Republic	UKR	–	Ukraine
TWN	–	Taiwan, Republic of China	ARE	–	United Arab Emirates
TJK	–	Tajikistan	GBR	–	United Kingdom
TZA	–	Tanzania *, United Republic of	USA	–	United States of America
THA	–	Thailand	UMI	–	United States Minor Outlying Islands
TLS	–	Timor-Leste	URY	–	Uruguay
TGO	–	Togo	UZB	–	Uzbekistan
TKL	–	Tokelau	VUT	–	Vanuatu
TON	–	Tonga	VEN	–	Venezuela (Bolivarian Republic of)
TTO	–	Trinidad and Tobago	VNM	–	Viet Nam
TUN	–	Tunisia	VIR	–	U.S. Virgin Islands
TUR	–	Turkey	WLF	–	Wallis and Futuna Islands
TKM	–	Turkmenistan	ESH	–	Western Sahara
TCA	–	Turks and Caicos Islands	YEM	–	Yemen
TUV	–	Tuvalu	ZMB	–	Zambia
UGA	–	Uganda	ZWE	–	Zimbabwe

## **LINES OF BUSINESS – LIFE, ANNUITIES AND ACCIDENT AND HEALTH**

### **DEFINITIONS OF LINES OF BUSINESS – LIFE**

#### **Credit life insurance:**

Insurance on a debtor or debtors, pursuant to or in connection with a specific loan or other credit transaction, to provide for satisfaction of a debt, in whole or in part, upon the death of an insured debtor.

#### **Indexed life insurance:**

Any universal life insurance policy where the interest credits are linked to an external referent.

#### **Industrial life insurance:**

Insurance under which premiums are paid monthly or more often, the face amount of the policy does not exceed a stated amount, and the words “industrial policy” are printed in prominent type on the face of the policy. Also called “debit” insurance.

#### **Interest-sensitive whole life contract:**

If the gross premiums are fixed and required to be paid, it would be treated like whole life; if gross premiums are flexible and not required to be paid, it would be treated like universal life.

#### **Group life contract:**

Insurance on the lives of a group of persons under a single master contract.

#### **Life insurance:**

The primary purpose is to provide financial assistance to a beneficiary at the insured’s death.

#### **Net cash surrender value:**

The maximum amount payable to the policyowner upon surrender.

#### **Ordinary life insurance:**

Contract between the company and the policy owner (often the insured). Many variations of ordinary life coverages are available to a purchaser of insurance, including participating, limited-payment periods, combinations of coverages, and decreasing (or increasing) death benefits.

#### **Policy value:**

The amount to which separately identified interest credits and mortality, expense or other charges are made under a universal life insurance policy.

#### **Preneed:**

“Preneed funeral contract or prearrangement” means an agreement by or for an individual before that individual’s death relating to the purchase or provision of specific funeral or cemetery merchandise or services. For reporting purposes, also included in this category are final expense plans that may cover medical bills in addition to funeral expenses.

## **Secondary Guarantee:**

A “secondary guarantee” means a conditional guarantee that a policy will remain in force for either:

- a. More than five years (the secondary guarantee period).
- b. Five years or less (the secondary guarantee period) if the specified premium for the secondary guarantee period is less than the net level reserve premium for the secondary guarantee period based on the CSO valuation tables defined in VM-20 Section 3.C and VM-M and the valuation interest rates defined in this Section, or if the initial surrender charge is less than 100% of the first year annualized specified premium for the secondary guaranteed period, even if its fund value is exhausted.

## **Term life contract:**

Provides insurance over a specified period of time. If the insured dies during this term, the face amount of the policy will be paid to the beneficiary.

## **Universal life contract:**

Includes those contracts that have terms that are not fixed and guaranteed relative to premium amounts, expense assessments or benefits accruing to the policyholder. These contracts generally provide for death benefits and nonforfeiture values and may be issued on a fixed premium basis or on a flexible premium basis where the premiums are paid at the insured’s discretion.

### Fixed premium universal life insurance policy:

A universal life insurance policy other than a flexible premium universal life insurance policy.

### Flexible premium universal life insurance policy:

A universal life insurance policy that permits the policyowner to vary, independently of each other, the amount or timing of one or more premium payments or the amount of insurance.

### Variable Universal Life:

Life insurance that provides a face amount that is adjustable to the certificate/policy holder and may allow the certificate/policy holder to vary the modal premium that is paid or may skip a payment so long as the certificate/policy value is sufficient to keep the certificate/policy in force, and under which separately identified interest credits (other than in connection with dividend accumulation, premium deposit funds or other supplementary accounts) and mortality and expense charges are made to individual certificates or policies while providing minimum guaranteed values.

## **Universal life insurance policy:**

A life insurance policy where separately identified interest credits (other than in connection with dividend accumulations, premium deposit funds or other supplementary accounts) and mortality and expense charges are made to the policy. A universal life insurance policy may provide for other credits and charges, such as charges for the cost of benefits provided by rider.

## **Variable life contract:**

A policy that provides for life insurance, the amount or duration of which varies according to the investment experience of any separate account or accounts established and maintained by the insurer as to the policy.

## **Whole life contract:**

Provides a fixed amount of insurance coverage over the life of the insured and the related benefits are normally payable only upon the insured’s death.

## DEFINITIONS OF LINES OF BUSINESS – ANNUITIES

### **Annuity contract:**

An arrangement whereby an annuitant is guaranteed to receive a series of stipulated amounts commencing either immediately or at some future date.

### **Contingent Deferred Annuity (CDA):**

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. A CDA is an insurance product that provides protection against underperforming and downward performing markets in the form of an income guarantee on outside investment accounts owned by an insured. The income guarantee is provided through the collection of ongoing fees from within these outside investment accounts. The insured must agree to certain portfolio restrictions and must first deplete their outside investment account assets at the CDA guaranteed income amount and rate according to the contract and prior to the insurer's assumption of this amount. A CDA is considered a living benefit added to an investment account.

### **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.

### **Guaranteed Interest Contracts (GICs):**

Contracts that guarantee principal and interest for a specified period of time and include the option to purchase immediate annuities that depend on the survival of the annuitant.

### **Interest-indexed annuity contract:**

Any annuity contract where the interest credits are linked to an external reference.

### **Supplementary contracts with life contingencies:**

A type of agreement between the insurance company and either the insured or the beneficiary, usually to provide for full or partial settlement of the amount payable upon the termination of an original contract.

### **Variable annuity:**

A policy or contract, individual or group, 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.

## **DEFINITIONS SPECIFICALLY RELATED TO ACCIDENT AND HEALTH**

### **Riders/Endorsements/Floaters:**

If a rider, endorsement or floater acts like a separate policy with separate premium, deductible and limit, 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. If there is no additional premium, separate deductible or limit, the rider, endorsement or floater should be reported on the same line of business as the base policy.

### **Comprehensive (Hospital and Medical):**

Business that provides for medical coverage including hospital, surgical, and major medical. Includes State Children's Health Insurance Program (SCHIP) Medicaid Program (Title XXI) risk contracts. Also includes medical only programs that provide medical only benefits without hospital coverage. Does not include self-insured business as well as federal employees health benefit programs (FEHBP), Medicare and Medicaid programs, dental only business, indemnity and limited benefit plans that are included in Other Health.

### **Medicare Supplement:**

Business reported in the Medicare Supplement Insurance Experience Exhibit of the annual statements. Does not include Medicare (Title XVIII) or Medicaid (Title XIX) risk contracts.

### **Dental-Only:**

Policies providing for dental only coverage (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) issued as stand-alone dental or as a rider to a medical policy that is not related to the medical policy through premiums, deductibles or out-of-pocket limits. If dental benefits are part of a comprehensive medical plan, then include data under comprehensive/major medical category. Does not include self-insured business, as well as federal employees health benefits plans (FEHBP), or Medicare and Medicaid programs.

### **Vision-Only:**

Policies providing for vision only coverage issued as stand-alone vision or as a rider to a medical policy that is not related to the medical policy through premiums, deductibles or out-of-pocket limits. Does not include self-insured business, federal employees health benefit plans (FEHBP), or Medicare and Medicaid programs.

### **Federal Employees Health Plans (FEHBP):**

Business allocable to the Federal Employees Health Benefit Plan premium that are exempted from state taxes or other fees by Section 8909(f)(1) of Title 5 of the United States Code. Does not include Medicare and Medicaid programs.

### **Medicare Cost:**

Contracts with the federal Centers for Medicare and Medicaid Services (CMS) to provide services that are paid a pre-determined monthly amount per member based on a total estimated budget. The beneficiary can use providers outside the provider network. Does not include policies providing stand-alone Medicare Part D Prescription Drug Coverage, which are reported within the Other Health line of business.

### **Medicare Risk:**

Contracts with the federal Centers for Medicare and Medicaid Services (CMS) whereby managed care is paid a per capita premium per member. Assume full financial risk for all care provided to Medicare Risk members. With the exception of emergency and out-of-area urgent care, members must receive all of their care through the managed care plan; however, an out-of-network option can be provided. Does not include policies providing stand-alone Medicare Part D Prescription Drug Coverage, which are reported within the Other Health line of business.

### **Medicare Other:**

Health Care Prepayment Plans (HCPP) – Similar to Medicare Cost. Contracts with the federal Centers for Medicare and Medicaid Services (CMS) but only covers part of the Medicare Benefit package. HCCPs do not cover Medicare Part A services (inpatient hospital care, skilled nursing, hospice and some home health care).

Medicare +Choice – Contracts with the federal Centers for Medicare and Medicaid Services (CMS) and a variety of different managed care and fee-for-service entities (i.e., HMO, PPO, PSO), with benefits to members similar to Medicare Risk as defined under the federal Balanced Budget Act of 1997.

Does not include policies providing stand-alone Medicare Part D Prescription Drug Coverage, which are reported within the Other Health line of business.

### **Medicaid Cost:**

Those members enrolled under a prepaid contract between the reporting entity and the appropriate state agency administering medical assistance under a state plan approved under Title XIX of the Social Security Act where that agency agrees to pay part or all of the member's financial obligation to the reporting entity. The beneficiary can use providers outside the provider network.

### **Medicaid Risk:**

A prepaid contract between a managed care entity and the appropriate state agency administering medical assistance under a state plan approved under Title XIX of the federal Social Security Act where that agency agrees to pay part or all of the member's financial obligation to the Health Organization.

### **Self-Funded:**

Business where the health-care organization agrees to provide services to a third-party self-insured group. Includes Administrative Services Contracts where the organization advances its own funds in payment of claims and issues its own membership card and use of its provider network to the members of the groups and Administrative Services Only Contracts where the organization utilizes the group's funds in payment of claims.

### **Disability Income:**

The term 'disability income' includes contracts providing disability income coverage, both short-term and long-term.

### **Long Term Care:**

Long-term care is any insurance policy or rider advertised, marketed, offered or designed to provide coverage for not less than twelve (12) consecutive months for each covered person on an expense incurred, indemnity, prepaid or other basis, for one or more necessary or medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance or personal care services, provided in a setting other than an acute care unit of a hospital. Such term also includes a policy or rider that provides for payment of benefits based upon cognitive impairment or the loss of functional capacity. Long-term care insurance may be issued by: insurers; fraternal benefit societies; nonprofit health, hospital and medical service corporations; prepaid health plans; health maintenance organizations; or any similar organization to the extent they are otherwise authorized to issue life or health insurance. Long-term care insurance shall not include any insurance policy that is offered primarily to provide basic Medicare supplement coverage, basic hospital expense coverage, basic medical-surgical expense coverage, hospital confinement indemnity coverage, major medical expense coverage, disability income or related asset protection coverage, accident only coverage, specified disease or specified accident coverage, or limited benefit health coverage.

### **Other (Specify):**

Coverage that does not fall within any of the other categories. That includes stop loss and limited benefits. Indemnity plans where the insured person is reimbursed for covered expenses would fall within this area.

## **PRODUCT LINES:**

### **HMO (Health Maintenance Organization):**

An entity that provides, arranges or offers coverage of designated health services needed by plan members for a fixed prepaid premium.

There are four basic HMO models:

- a. Group Model
- b. Individual Practice Association
- c. Network Model
- d. Staff Model

An entity must have three characteristics to be an HMO:

1. An organized system for providing health care or otherwise assuring health care delivery in a geographic area.
2. An agreed upon set of basic and supplemental health maintenance and treatment services.
3. A voluntary enrolled group of people.

### **PPO (Preferred Provider Organization):**

A program in which contracts are established with providers of medical care, referred to as preferred providers. Usually, the benefit contract offers better benefits (fewer copayments) for services received from a preferred provider, thus encouraging members to use these providers. Members are allowed benefits for non-participating provider services on an indemnity basis with significant copayments. Providers may be paid on a discounted fee-for service basis. A PPO arrangement can be insured or uninsured.

### **POS (Point of Service):**

A type of health plan allowing the covered person to choose to receive a service from a participating or non-participating provider, with different benefit levels associated with the use of participating providers.

There are several ways POS can be provided:

- a. An HMO may allow members to obtain limited services from non-participating providers.
- b. An HMO may provide non-participating benefits through a supplemental major medical policy.
- c. A PPO may be used to provide both participating and non-participating levels of coverage and access.

### **Hospital/Surgical:**

An entity that provides coverage for inpatient care and surgical procedures associated with this inpatient care.

### **Miscellaneous Definitions:**

The following definitions are intended to match those used in the Health blank but do not at this time impact the reporting of Accident and Health Lines of Business in the Life and Fraternal blank.

#### **Encounter:**

A contact between a member and a provider of health care services who exercises independent judgment in the area and provision of health services to the member. A claim would be one encounter.

#### **Hospital Encounter:**

An encounter administered in a hospital environment. Includes emergency room services.

#### **Non-hospital Encounter:**

An encounter administered outside a hospital environment, such as in the health care provider office.

#### **Physician:**

A licensed doctor of medicine or osteopathy licensed to practice medicine under the laws of the state or jurisdiction where the services are provided.

#### **Non-physician:**

Anyone other than a physician who is licensed, where required, to render covered services. Non-physician providers can include:

- a. Chiropractor
- b. Clinical Psychologist
- c. Dentist
- d. Optometrist
- e. Physical Therapist
- f. Physician Assistant
- g. Nurse Practitioner
- h. Social Worker

#### **Inpatient:**

A member who is treated as a registered bed patient in a hospital and for whom a room and board charge is made.

#### **Outpatient:**

A member not officially admitted as an inpatient, but who receives hospital care without occupying a hospital bed or receiving a room and board charge.

#### **Admission:**

Hospital inpatient care for any medical condition.



**Hospital Day:**

A day for which contractual coverage is provided to a member while receiving inpatient care. A stay up to and including midnight of the date of admission shall be considered one day, and an additional day will be counted at each midnight census after the first day that the member is still a patient.

**Individual:**

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.

**Group:**

The health organization contracts with an entity to provide health care services to a group of subscribers.

**Member:**

A person who has enrolled as a subscriber or an eligible dependent of a subscriber and for whom the health organization has accepted the responsibility for the provision of health services as may be contracted for.

**INSTRUCTIONS FOR ALLOCATION OF RECEIPTS AND EXPENSES  
RELATED TO ANALYSIS OF OPERATIONS BY LINES OF BUSINESS**

**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 entity of necessity will be dictated by condition 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, government requirements and 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 meaning hereinafter set forth or indicated, unless the context otherwise requires:

**LINE OF BUSINESS**

Has the meaning assigned to it by Definitions of Lines of Business Appendix.

**DEPARTMENT**

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**

An organizational unit directly engaged in production or servicing of contracts, or investment activities, (e.g., policy issue, policy loan, selection, premium collection, etc.) as distinguished from a “service department” that 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**

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

**SALARY RATIOS**

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

## SECTION C – 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 5 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 D – STANDARDS AND RULES FOR ALLOCATION OF 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 that 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 premium notes and policy loans and liens shall be allocated to investment expense. The resulting net income on premium notes and policy 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 notes, 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 policy loans, except that any miscellaneous interest income arising from policy or annuity transactions may be allocated directly to the line of business producing such income.

In lieu of the methods referred to above, a 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; special treatment also may be given to combined operations in connection with group business. Operational costs incurred for entering a new line of business, such as calculation of premium rates, preparation and printing of policy 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 the 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 policies 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 formula shall not be used in distributing costs between insurance and investment expense, except where there is no more appropriate basis for distribution.

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