

Draft: 9/28/17

Liquidity Assessment (EX) Subgroup  
Conference Call  
September 11, 2017

The Liquidity Assessment (EX) Subgroup of the Financial Stability (EX) Task Force met via conference call Sept. 11, 2017. The following Task Force members participated: Justin Schrader, Chair (NE); Kathy Belfi and John Loughran (CT); Philip Barlow (DC); Bruce Sartain and Vincent Tsang (IL); Fred Andersen (MN); James V. Regalbuto and William Carmello (NY); and Doug Slape and Mike Boerner (TX).

1. Reviewed its Charges and Work Plan

Mr. Schrader said that if anyone would like to serve on the Liquidity Assessment (EX) Subgroup, they should contact Elise Liebers (NAIC) or Todd Sells (NAIC). He added that several states have two members serving the Subgroup, which is an appropriate membership for the Subgroup, as he would like to have a good mix of members from solvency regulators, as well as regulatory life actuaries. Mr. Schrader stressed that, if feasible, it is important for the Subgroup to work on both the data and stress testing projects at the same time to avoid delays given the short timeline.

Mr. Schrader next discussed the Subgroup's charges. He said the Subgroup will: 1) review existing public and regulator-only data related to liquidity risk, identify any gaps based on regulatory needs, and propose the universe of companies to which any recommendations may apply; and 2) construct a liquidity stress testing framework proposal for consideration by the Financial Condition (E) Committee, including the proposed universe of companies to which the framework will apply (e.g., large life insurers).

Mr. Schrader then presented the Subgroup's proposed work plan, as adopted by the Financial Stability (EX) Task Force: 1) review existing public and regulator-only data related to liquidity risk, identify regulatory gaps, determine the scope of application and propose recommendations to enhance these disclosures. (Target completion date: 2017 Fall National Meeting); 2) determine the scope of application and begin constructing a liquidity stress testing framework for the companies in scope (e.g., large life insurers) (Target completion date: 2018 Spring National Meeting); and 3) once the stress testing framework is completed, consider potential enhancements or additions to disclosures (Target completion date: 2018 Summer National Meeting).

2. Discussed the Liquidity Data Project

Mr. Schrader noted that with respect to the liquidity data project and the liquidity stress testing project, the NAIC will be sensitive to the scope issue. Mr. Sells noted that the Subgroup is considering the data project from two viewpoints: 1) How can we improve and/or streamline regulators' assessment exercise in analysis and exams? and 2) What do we need to collect on an industry-wide basis for macro surveillance purposes?

Mr. Sells provided an overview of Attachment 1, which is a list of existing data that would likely be important to state insurance regulators performing a liquidity assessment in their analysis and/or examination work. Mr. Schrader requested feedback on whether NAIC staff missed any existing data points that are important for liquidity assessment work, as well as on NAIC staff's observations regarding issues with existing data. With no concerns expressed with a short exposure period, the Attachment 1 document was exposed for a public comment period extended to Oct. 5. Mr. Schrader directed NAIC staff to move forward with identifying some actual blank markups to accomplish some of these observations, knowing that the exposure process may add to the list of issues that the Subgroup needs to address. Mr. Schrader also noted that New York has some required disclosures on liquidity concerns and that the Subgroup will be looking at those, as well.

3. Discussed Liquidity Stress Testing

Mr. Sells added that Director Peter Hartt (NJ), Financial Stability (EX) Task Force chair, expects the proposed liquidity stress testing framework to apply to a relatively small number of large life insurers. Mr. Schrader has already directed NAIC staff to find existing liquidity stress testing frameworks in other jurisdictions and/or the International Association of Insurance Supervisors (IAIS), as well as from the Federal Reserve Board. The Subgroup is not required to use anything from these sources, but will consider useful items as appropriate. Mr. Schrader added that while NAIC staff are researching, compiling and refining that information, the Subgroup should also contact the life insurance industry to get their insights.

4. Requested Presentations from Trade Associations and Life Insurance Companies

Mr. Schrader asked the trade associations if they would be able and willing to develop a presentation on the general processes performed by life insurers to consider, measure and manage liquidity risk, to be presented to the Subgroup. He also said the Subgroup would need to hear of some specific systems and procedure matters from the larger life insurers, which would occur in regulator-to-regulator session to protect the companies' sensitive information. Given that the American International Group (AIG), MetLife, New York Life and Prudential were in strong support of this work at the most recent meeting of the Financial Stability (EX) Task Force, Mr. Schrader asked if these companies would be willing to present to the Subgroup. Mr. Schrader said he does not want to preclude other companies from presenting if they wish, but he would not like too many presentations simply due to timing and logistics concerns. He said all interested trade associations and life insurance companies should contact Ms. Liebers or Mr. Sells to discuss the timing and logistics.

Having no further business, the Liquidity Assessment (EX) Subgroup adjourned.

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STAFF REVIEW OF DISCLOSURES RELATING TO LIFE INSURER LIQUIDITY - September 8, 2017

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**Legal Entity Insurer – Existing Blanks Disclosures**

- 1) Assets Page
  - a. Invested Assets by type:
    - i. Net Admitted Asset amounts
    - ii. Nonadmitted Asset amounts
  - b. Contract Loans (policy loans)
- 2) Investment Schedules
  - a. More granular detail by type of invested asset allows us to distinguish liquid assets from non-liquid, including derivatives and securities lending reinvested collateral
- 3) Exhibit of Net Investment Income/Exhibit of Capital Gains (Losses)
  - a. Investment income by major type
  - b. Unrealized losses on bonds
- 4) Restricted Assets:
  - a. Schedule E, Part 3 – Special Deposits
  - b. Note to F/S #5H – Restricted Assets
- 5) Liabilities Page
  - a. Reserves, contract claims and other contract liabilities (and Exhibit 5 and its Interrogatories, Note to F/S #14 – Liabilities, Contingencies and Assessments)
  - b. Borrowed Money (Notes to F/S #11)
  - c. [Various Payables \(Lines 6, 9.1, 9.2, 9.3, 10, 11, 24.4, 24.5 and 24.8\)](#)
  - d. Capital Notes
  - e. Common and Preferred Capital Stock
  - f. Surplus Notes
- 6) Off Balance Sheet Risk
  - a. Schedule DB detail
  - b. Note to F/S #16 – Information about Financial Instruments with Off-Balance Sheet Risk . . .
- 7) Summary of Operations Page:
  - a. Net Transfers to or (from) Separate Accounts Net of Reinsurance
  - b. Capital and Surplus Account:
    - i. Changes to various components (capital, nonadmitted assets, etc.)
    - ii. Dividends
- 8) Cash Flow Page:
  - a. Cash from Operations
  - b. Cash from Investments
  - c. [Cash from Financing and Miscellaneous Sources](#)
- 9) [Five-Year Historical Data Exhibit](#)
  - a. [Line 29, Trends of the net cash flows over the last 5 years](#)
- 10) Analysis of Operations by Lines of Business - LIFE
  - a. Premiums and Considerations
  - b. Net Investment Income
  - c. Other Income

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- d. Death Benefits, Matured Endowments, Annuity Benefits
- e. Disability and A&H Contract Benefits, Coupons, Guaranteed Annual Pure Endowments, etc.
- f. Surrender Benefits and Withdrawals, Group Conversions
- g. Interest/Adjustments on Deposit-Type Contracts, Payments on Supplementary Contracts w/  
Life Contingencies
- h. Commissions and other expenses
- i. Dividends to policyholders
- j. Items a. through i. by Type of Life Insurance
  - i. Industrial Life
  - ii. Ordinary (Individual):
    - 1. Life Insurance
    - 2. Individual Annuities
    - 3. Supplementary Contracts
  - iii. Credit Life (Group and Individual)
  - iv. Group:
    - 1. Life Insurance
    - 2. Annuities
  - v. Accident and Health
    - 1. Group
    - 2. Credit (Group and Individual)
    - 3. Other
  - vi. All Other Lines of Business

11) Analysis of Operations by Annuity Lines of Business – ANNUITIES

- a. Same rows as Life +
- b. Policies/certificates in force end of year
- c. By Annuity Type:
  - i. Individual:
    - 1. Fixed Annuities
    - 2. Indexed Annuities
    - 3. Variable Annuities General Account
    - 4. Variable Annuities Separate Account
    - 5. Other Annuities
  - ii. Group:
    - 1. Fixed Annuities
    - 2. Indexed Annuities
    - 3. Variable Annuities General Account
    - 4. Variable Annuities Separate Account
    - 5. Other Annuities

12) Analysis of Increase in Reserves During the Year – Life

- a. Increases
- b. Decreases, including reserves released by other terminations
- c. By Line of Business – ONLY life lines (not A&H lines), excludes column for All Other Life

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13) Exhibit 1, Part 1: Premiums and Annuity Considerations for Life and A&H Contracts

- a. Source of premium income
  - i. First year single premium
  - ii. First year annual premium
  - iii. Renewal Premium

14) Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

- a. Short-term cash pool
- b. Intercompany liquidity loan
- c. LOC
- d. Repurchase agreements

15) Note 20 – Fair Value Measurement Illustration

- a. Comparison of Fair Value to Book/Adjusted Carrying Value for invested assets

16) Note 32 - Analysis of Annuity Actuarial Reserves and Deposit Type Liabilities by Withdrawal Characteristics (Also Life General Interrogatory # 9 (variable annuities with guaranteed benefits))

Disclose the amount of annuity actuarial reserves and deposit-type contract funds and other liabilities without life or disability contingencies by withdrawal characteristics as follows:

For A through E below, disclose the general account and separate account with guarantees, separate account nonguaranteed amounts, as well as the total.

A. Subject to discretionary withdrawal:

- (1) With market value adjustment, where withdrawal of funds is payable at all times, or prior to specified maturity dates where such dates are more than one year after the statement date and:
  - a. In a lump sum with adjustments to reflect general changes in interest rates or asset values since receipt of funds by the reporting entity; or
  - b. In installments over five years or more, with or without a reduction in the interest rate during the installment period.
- (2) At book value less current surrender charge, where the withdrawal of funds is payable at all times, or at any time within one year from the statement date in a lump sum subject to a current fixed surrender charge of 5% or more and it does not contain a meaningful bail out rate as described in subparagraph A5 (d) below.
- (3) At fair value, where the withdrawal of funds is payable at current fair value of the assets supporting the liabilities, the assets are stated at current fair value and the liabilities are stated at the current fair value or per unit value of the assets supporting the liabilities. These liabilities are for contracts where the customer bears the entire investment risk.
- (4) Total with market value adjustment or at fair value.
- (5) At book value without adjustment (minimal or no charge or adjustment) where the withdrawal of funds is either payable at all times or at any time (including a withdrawal on a scheduled payment date) within one year from the statement date and:
  - a. In a lump sum without adjustment;

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- b. In installments over less than five years, with or without a reduction in interest rate during the installment period;
  - c. In a lump sum subject to a fixed surrender charge of less than 5%;
  - d. In a lump sum subject to surrender charge, but such charge is waived if the credited rate falls below a specified "bail out" rate and the "bail out" rate is more than the maximum statutory valuation rate for life insurance policies for more than 20 years for new issues;
  - e. All others.
- B. Not subject to discretionary withdrawal.
  - C. Total (Gross: Direct + Assumed).
  - D. Reinsurance ceded.
  - E. Total (net) (C) – (D).
  - F. Reconcile total annuity reserves and deposit fund liabilities amount disclosed to the appropriate sections of the Aggregate Reserves for Life Policies and Contracts Exhibit and the Deposit Funds and Other Liabilities without Life or Disability Contingencies Exhibit, of the Life, Accident and Health Annual Statement and the corresponding lines in the Separate Accounts Statement.

17) Management's Discussion and Analysis (MD&A)

- a. Senior management discussion regarding liquidity and capital sources

**Legal Entity Insurer – Existing Regulator Only Disclosures**

- 1) Information from stress liquidity inquiries and templates from financial exams (every 5 years):
  - a. Details on whether the company maintains a liquidity plan and, if so, its components.
  - b. Information on yield-enhancing activities such as securities lending, repurchase agreements, dollar rolls or similar activities that may introduce liquidity risk.
  - c. Information regarding any rating agency's view of the insurer's liquidity.
  - d. Relevant reinsurance arrangements (including ratings downgrade triggers).
  - e. Details on illiquid assets, including information on how such assets are used to support liabilities with potential material cash demands.
  - f. Information on potential large and institutional cash demands ("large cash demand" is defined as equal to or greater than 10% of the company's surplus and "institutional cash demand" is defined as cash value products of at least \$10 million, under common control or ownership, for which the decision to access the cash is in a single person/entity).
  - g. Information on whether the company's assets are pledged or encumbered for purposes other than to directly support its insurance liabilities (e.g. FHLB loans, etc.).
  - h. A description of all potential cash demands at the holding company level that can have a negative impact on the company's liquidity position.
  - i. A description of all general account guarantees associated with market value separate accounts of the company and disclosure of the total liquidity exposure for each material guarantee.
  - j. Information on any GICs, funding agreements or similar instruments, including listing the 10 largest and the aggregate amount, and describing the terms and conditions of each.

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- [k. Information on any COLI and BOLI business, including listing the 10 largest and the aggregate amount.](#)
- 2) [LR027 of the Life RBC statement contains similar and slightly expanded data to Note 32](#)
- 3) [Confidential actuarial memorandum should provide some insight into how the appointed actuary is assessing liquidity risk and associated company specific mitigation measures when assessing the adequacy of formulaic reserves in the context of asset/liability duration matching.](#)

**Insurance Group – Existing Blank Disclosures**

- 1) Schedule Y, Part 1A – Detail of Insurance Holding Company System
  - a. List of individual entities within the holding company system (not just the insurance group)
  - [b. Common Schedule Y, Part 1A is filed in each legal entity insurer’s statutory financial statement.](#)
  - [c. MN comment: We do not have good sources of data at the holding company level, except perhaps for those entities that are publicly traded and file with the SEC.](#)

**Insurance Group – Existing Regulator Only Disclosures**

- 2) ORSA
  - a. Companies/groups of a certain size are expected to describe their material risks and their mitigation strategies. Most that are required to complete this do so at the insurance group level, and life insurers tend to include liquidity risk as one of their material risks.
  - b. Part 2 of the ORSA also requires the company to quantify such material risks both under normal and stressed conditions. Most companies tend to include a summary discussion of their liquidity risk limits that they use, the liabilities that can be stressed to require liquidity and the assets that would be used to fund such payments of these liabilities. [MN comment: We have a limited amount of data available in the ORSA reports, although this information is highly confidential and is not standard across the industry.](#)

NAIC Staff Position:

- 1) Legal Entity Insurer Disclosures:
  - a. Blanks disclosures include an extensive amount of data. This data is used by regulators to perform liquidity risk assessment in their annual and quarterly financial analysis reviews as well as during scheduled financial exams.
    - i. Despite the extensive data, there are some missing items to consider. For example, while the policy loans outstanding are captured on the Assets Page, the amount of eligible policy loans is not disclosed. The information on annuities in Note 32 provides a good start for this type of liquidity analysis to be performed by regulators, but there is no equivalent for life insurance policies that have surrender benefits. [MN comment:](#)

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Note 32 provides data on the volume of annuity reserves subject to discretionary withdrawal with a surrender charge, but not the volume of such reserves that might be leaving the surrender charge category in the next year.

- ii. Staff question whether the appropriate level of granularity exists in the lines of business disclosures throughout the life blank to allow regulators to quickly and easily identify where liquidity concerns may be likely and/or exist. Just as we have good category breakouts for the assets to allow bucketing by relative liquidity, regulators need a similar ability to group products/policies based on the relative levels of ability to draw cash; if it is cashable, on what terms and over what time frame; and what are the surrender penalties/costs at the company level for such cashing out activity. Data to bucket products/policies based on term/duration may be needed also. MN comment: Although we do have some limited data on the types of annuity reserves, these broad categories are not as useful as they might be in assessing a liquidity position and identifying any weaknesses since we do not have specific details on the types of annuity reserves: immediate annuities and deferred annuities have different liquidity characteristics, and would tend to have differing types of investment portfolios supporting these reserves. Similarly, a life insurer with large deposits might pose higher liquidity risk because of the runoff characteristics of those liabilities.
  - iii. Staff question whether some reorganization of existing schedules, such as the Analysis of Operations schedules, would, when combined with expanded detail in the lines of business and additional disclosures, better present the information for regulatory use.
  - iv. MN comment: Some items might be useful to be added to the Annual Statement for better disclosure and analysis; other sources of information such as liquidity policies and controls are unlikely to be added to the statement, as they are proprietary.
- b. Regarding the financial exam regulator only inquiries and templates, staff suggest the Subgroup review these items after the work on liquidity stress testing is completed for the larger insurance entities, as they may have ideas that would be beneficial to receive from other insurers in the examination process. MN comment: The data gathered by the NY Department, which includes both public and regulatory information, could be very useful in gathering data to assess the liquidity position of large life insurers. We suggest obtaining this detailed information on the following subset of life insurers for further analysis: Life companies with more than \$20 billion of General Account Annuity reserves + Deposits, AND more than 25% of General Account Assets in Annuities + Deposits. We note that this group includes mutual insurers, insurers with holding companies that are publicly traded, as well as holding companies whose sources of funding are the private equity markets. (In looking at industry data, the general account portfolio poses higher liquidity risk than the variable annuity writers.)

2) Insurance Group Disclosures:

- a. Since there is no Insurance Group blank, staff have no comments for this item.



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- b. Regulator only disclosures should support the liquidity stress testing framework developed by the Subgroup for larger insurers (and potentially additional entities as part of the financial exam process). [MN comment: Rather than reinventing a new report, we should look at collecting data such as that found in the NY annual report on liquidity and assess whether that data set, with its relevant discussion of company practices, would be an appropriate next step in our process.](#)



October 5, 2017

Justin C. Schrader, CFE  
Chief Financial Examiner, Nebraska Department of Insurance  
Chair, Liquidity Assessment (EX) Subgroup  
[Justin.Schrader@nebraska.gov](mailto:Justin.Schrader@nebraska.gov)

Re: Comments on Staff Review of Disclosures Relating to Life Insurer Liquidity

Dear Mr. Schrader:

The American Council of Life Insurers (ACLI) is a Washington, D.C.-based trade association with approximately 290 member companies operating in the United States and abroad. ACLI advocates in state, federal, and international forums for public policy that supports the industry marketplace and the 75 million American families that rely on life insurers' products for financial and retirement security. ACLI members offer life insurance, annuities, retirement plans, long-term care and disability income insurance, and reinsurance, representing 95 percent of industry assets, 93 percent of life insurance premiums, and 98 percent of annuity considerations in the United States. Learn more at [www.acli.com](http://www.acli.com).

Thank you for the opportunity to provide these comments on the NAIC Staff Review of Disclosures Relating to Life Insurer Liquidity. We believe the listed items in NAIC Staff's Review of Disclosures Relating to Life Insurer Liquidity provide a reasonable basis to begin consideration of what elements may be material and useful in a liquidity analysis. We offer immediately below several suggestions to strengthen the Staff Review:

- We recommend adding to the inventory the information referenced in detail in the NAIC Financial Condition Examiners Handbook. Including that material would present a more balanced and robust picture of information available currently.
- Life insurance companies typically have access to a variety of temporary sources of liquidity, such as repurchase agreements, securities lending, funding agreements, commercial paper, credit facilities, etc. Any liquidity stress testing framework should include the presence and impact of this category of items. Absent those sources of liquidity could again lead to an inaccurate assessment.
- We also ask the Subgroup to consider the attributes of traditional life insurance products beyond simply the terms of the contract. These elements include the policyholder's long-term financial security purpose in purchasing the policy, tax consequences of surrender, and costs such as loss of insurability. The cumulative effect of these factors is that empirical evidence suggest that life insurance products present low liquidity risk.
- Another observation is that the Staff Review lists a number of data points, many of which may not be relevant to a true liquidity stress testing framework focused on liabilities. We assume this Review was done with a view towards "casting a wide net" and that as work progresses the list will be refined to include only relevant data points. Clarifying the definition of macroprudential supervision may help narrow the focus to the most relevant data. In addition, the collection of data in a static format is unlikely to yield much in the way of useful insights. A meaningful analysis would necessitate the use of scenarios

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against which the collected data can be tested and any stress testing conducted in a holistic manner. An overly simplistic examination of “liquid” vs. “illiquid” liabilities may offer nothing useful for regulatory oversight, or worse, may provide an incorrect signal that a liquidity issue is present when in fact it is not.

As the Subgroup considers its next steps, we urge that it adopt a holistic risk-focused approach and seek to the greatest extent possible to leverage existing regulatory tools, which is in accord with this initial effort to identify relevant disclosures. Life insurers provide a great deal of data currently, and any new, additional reporting burdens should be added only after very careful consideration, as it can be costly for companies to comply. It is also our understanding that the new generation of electronic filing allows/will allow the NAIC to reconfigure data elements to suit different purposes, obviating the need to redo the blanks infrastructure. Perhaps a focus on scope (discussed below) will help the Subgroup identify the appropriate existing tools that will be useful.

Whether data elements will be public or confidential is also an important consideration. We would expect that proprietary information, which should be confidential and for regulator use only, may be more valuable in a liquidity analysis. For example, discussions within Supervisory Colleges typically include liquidity, usually in the context of risk management.

It may well be that, because they provide an insurer’s own assessment of its most significant risks, the NAIC’s Own Risk and Solvency Assessment (ORSA) reports are a preferable source of information on insurance company liquidity. An effective ORSA report should provide regulators with sufficient information, and it has the benefit of allowing the regulator to follow-up if any concerns do emerge. We suggest the Subgroup take a careful look at whether an insurer’s own assessments included in ORSA reports might be a better alternative than an exhaustive and inflexible collection of static data.

We recognize the acknowledgement of the Task Force that scope is important and we echo that sentiment. Furthermore, we appreciate the Task Force’s initial step in communicating that the universe of companies to which the liquidity stress testing framework will apply should be limited to “large insurers”. We believe future NAIC deliberations on the framework would benefit if the Subgroup defined the scope of entities. Clarity with respect to scope would help mitigate uncertainty, confusion and avoid prolonging the concerns of entities that may fall outside the designated scope. Additionally, regulators and the subset of insurers likely to be subject to a liquidity stress testing framework could focus their time and resources on the substance of a liquidity stress testing framework. We recognize that balance sheet size measurement may be overly simplistic, and that additional metrics may be appropriate. Additional discussion on the objectives of the NAIC’s Macro Prudential Initiative, including the definition of “macro-prudential” regulation, may clarify the data and metrics that would be most useful and would help inform discussions on the scope of application.

Finally, we appreciate the Task Force’s transparency and detail provided for its proposed work plan and target completion date relating to charges for the Liquidity Assessment Subgroup. We do, however, note the target completion date of the 2018 Summer National Meeting (early August) for beginning to construct a liquidity stress testing framework for the companies in scope is quite ambitious, particularly given the desire to undertake a deep dive into the regulatory tools for assessing liquidity as well as performing a comprehensive review of regulatory requirements around liquidity management that may benefit from strengthening. As this process proceeds, we would encourage the Subgroup to ensure that proposed timelines do not impede the importance of allowing thoughtful feedback, conducting of thorough analysis and resolving potential complexities that could emerge as discussions evolve

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Thank you again for the opportunity to comment. Please let us know if you have any questions prior to the next public session of the Subgroup.

Sincerely,



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October 5, 2017

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Via email: [Justin.Schrader@nebraska.gov](mailto:Justin.Schrader@nebraska.gov)

Re: NAIC Staff Summary of Life Insurer Liquidity Information Available to State Insurance Regulators

Dear Mr. Schrader:

Founded in 1857, Northwestern Mutual is one of the largest life insurers in the United States, with over \$1.5 trillion of life insurance in force, total assets over \$238 billion, and over 4 million policy owners with over 96% persistency. As a mutual, the company is owned by its policy owners who share in any surplus that is not retained by the company for ensuring solvency and financial strength.

We appreciate the opportunity to comment on the liquidity element of the NAIC's recently launched Macro Prudential Initiative (MPI). Starting with an inventory and gap analysis of life insurer liquidity information available to state insurance regulators will put the NAIC and industry in a better position to make full use of the tools already available, avoiding duplicate requirements and unnecessary cost.

We make the following observations and suggestions with respect to the NAIC staff inventory and positions exposed by the NAIC's Liquidity Assessment (EX) Subgroup for comment:

1. While the inventory looks to be largely complete, it could be improved by making more specific reference to the detailed liquidity inquiries embedded in the NAIC Financial Condition Examiners Handbook. Once these elements (which were derived from the liquidity reviews performed by the New York DFS) are taken into consideration, one gets a more robust sense of the information that may be made available to regulators on life insurer liquidity risk – from both asset and liability perspectives. These include:
  - Details on whether the company maintains a liquidity plan and, if so, its components.
  - Information on yield-enhancing activity (securities lending, e.g.) that may introduce liquidity risk.
  - Relevant reinsurance arrangements (including ratings downgrade triggers)
  - Details on illiquid assets, including information on how such assets are used to support liabilities with potential material cash demands.
  - Information on potential large and institutional cash demands.
  - Information on relevant potential holding company cash demands.
  - General account guarantees of market value separate accounts.
  - Information on GICs, funding agreements, or similar instruments.
  - Information on COLI and BOLI business.

2. Once the Subgroup is satisfied that it has a complete inventory of existing sources of life insurer liquidity information, we suggest that it take a holistic approach to identify areas where additional information may be helpful. In doing so, we suggest the Subgroup be guided in part by the risk management practices that life insurers use to manage their own liquidity risks. As part of that review, we suggest the following should be taken into consideration:
  - Consideration should be given to all types of liabilities that have been demonstrated or are likely to generate a liquidity need because of loss of confidence in the firm. We suggest the Subgroup take under advisement the approach to categorizing life insurer liabilities described in a 2012 article published by staff of the Federal Reserve Bank of Chicago (Chicago Fed Letter No. 302, September 2012).
  - The implications to life insurers of requirements to post collateral to support derivatives contracts should be addressed. Derivatives serve important risk-mitigating roles for life insurers. But, with certain types of derivatives transactions (e.g., foreign currency swaps and interest rate swaps), swings in reference market values can rapidly change collateral requirements.
  - The implications of ratings downgrade triggers and covenants in the financial arrangements of the life insurer should be fully known and understood.
  - Consideration should be given to metrics currently used within the life insurance industry to measure liquidity.
3. Lastly, as the Subgroup proceeds to develop its recommendations, we suggest that they be grounded in the empirical experience of the stable liability structure of traditional life insurance products and practices. Life insurer “runs” are extremely rare for reasons that go beyond the terms of the insurance contract, and proposals to categorize life insurer products according to liquidity risk must reflect all relevant factors. As the Chicago Fed Letter referenced above recognizes, to understand the liquidity risk of a life insurance product one should analyze the combination of “information about a product’s contractual liquidity with information about a policyholder’s cost of withdrawing funds.” Among the attributes that reduce the liquidity risk of traditional cash value life insurance products are: the long-term financial security purpose for which the policyholder purchases the policy; individual policyholder tax consequences of surrendering the policy; and the economic cost of loss of insurance and product guarantees, including the loss of insurability and the burdens associated with purchasing new insurance.

Thank you for the opportunity to offer these comments.

Sincerely,



Walter M. Givler  
Vice President – Solvency Policy

**NAIC BLANKS (E) WORKING GROUP**

**Blanks Agenda Item Submission Form**

<p style="text-align: right;">DATE: _____</p> <p>CONTACT PERSON: <u>Todd Sells</u></p> <p>TELEPHONE: _____</p> <p>EMAIL ADDRESS: _____</p> <p>ON BEHALF OF: <u>Liquidity Assessment (EX) Subgroup</u></p> <p>NAME: _____</p> <p>TITLE: _____</p> <p>AFFILIATION: _____</p> <p>ADDRESS: _____</p>	<p style="text-align: center;"><b><u>FOR NAIC USE ONLY</u></b></p> <p>Agenda Item # _____</p> <p>Year _____</p> <p>Changes to Existing Reporting [ ]</p> <p>New Reporting Requirement [ ]</p> <p style="text-align: center;"><b><u>REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</u></b></p> <p>No Impact [ ]</p> <p>Modifies Required Disclosure [ ]</p> <p style="text-align: center;"><b><u>DISPOSITION</u></b></p> <p>[ ] Rejected For Public Comment</p> <p>[ ] Referred To Another NAIC Group</p> <p>[ ] Received For Public Comment</p> <p>[ ] Adopted Date _____</p> <p>[ ] Rejected Date _____</p> <p>[ ] Deferred Date _____</p> <p>[ ] Other (Specify) _____</p>
--	---

**BLANK(S) TO WHICH PROPOSAL APPLIES**

- |  |   |   |
|--|---|---|
| <input checked="" type="checkbox"/> ANNUAL STATEMENT           | <input type="checkbox"/> QUARTERLY STATEMENT    |   |
| <input checked="" type="checkbox"/> INSTRUCTIONS               | <input checked="" type="checkbox"/> CROSSCHECKS | <input checked="" type="checkbox"/> BLANK |
| <input checked="" type="checkbox"/> Life and Accident & Health | <input type="checkbox"/> Property/Casualty      | <input type="checkbox"/> Health           |
| <input type="checkbox"/> Separate Accounts                     | <input checked="" type="checkbox"/> Fraternal   | <input type="checkbox"/> Title            |
| <input type="checkbox"/> Other Specify                         |   |   |

Anticipated Effective Date: Annual 2018

**IDENTIFICATION OF ITEM(S) TO CHANGE**

Add columns to Life and Fraternal State Pages for types of life insurance; separate into individual life, group life, individual annuities and group annuities; update columns on Accident and Health Insurance table to coincide with information from Health Statement. Add lines for direct losses incurred and paid to Accident and Health table. Number sequentially between tables. Coordinate columns between various schedules by adding columns or validations to map data. Delete Interest Sensitive Supplement and Annuities Supplements. Add new appendix for Definitions of Lines of Business and move expense allocation instructions from Analysis of Operations to appendices. Renumber all subsequent pages.

**REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE\*\***

This proposes to obtain more detail by state on the types of policies being sold by jurisdiction as requested by regulators. It will also make the State Page uniform between the life and fraternal blanks. This will coordinate product lines between schedules and eliminate duplication, where possible. The life and annuity categories are found in SSAP No. 50—*Classifications of Insurance or Managed Care Contracts* and the *Uniform Life, Accident & Health, Annuity and Credit Product Coding Matrix*. The changes to the health table are consistent with the Health Statement State Page, which will allow for more accurate comparisons and more meaningful aggregate data.

**NAIC STAFF COMMENTS**

Comment on Effective Reporting Date: \_\_\_\_\_

Other Comments:

\*\* This section must be completed on all forms.

Revised 6/13/2009

**Proposed deletions:**

Interest Sensitive Life Insurance Products Report	Supp39 (2016)
Analysis of Operations by Lines of Business	Supp40 (2016)
Analysis of Increase in Reserves During the Year	Supp41 (2016)
Analysis of Annuity Operations By Lines of Business	Supp56 (2016)
Analysis of Increase in Annuity Reserves During the Year	Supp58 (2016)

Variable Annuities Supplement (Supp12 in 2017)

**Miscellaneous Revisions:**

Exhibit 5 – Aggregate Reserve for Life Contracts    Change heading of column 4 from Ordinary to Individual.

**Add to Summary of Operations instructions:**

Summary of Operations, column 1, by line should agree with the sums of Analysis of Operations by Lines of Business-Individual Life Insurance, column 1 plus Analysis of Operations by Lines of Business-Group Life Insurance, column 1 plus Analysis of Operations by Lines of Business-Individual Annuities, column 1 plus Analysis of Operations by Lines of Business-Group Annuities, column 1 plus Analysis of Operations by Lines of Business – Accident and Health, column 1.

**Add to Schedule T Instructions:**

Schedule T, column 2 by state should agree with line 1 of States Pages: Life Insurance – Individual plus Life Insurance – Group.  
Schedule T, column 3 plus column 7 by state should agree with states pages: Annuities and Deposit-Type Contracts – Individual plus Annuities and Deposit-Type Contracts – Group.  
Schedule T, Column 5, should agree with line 2 of States Pages Life Insurance – Individual plus Life Insurance – Group.

**New or Updated Pages:**

Analysis of Operations by Lines of Business – Individual Life Insurance .....	6
Analysis of Operations by Lines of Business – Group Life Insurance.....	7
Analysis of Operations by Lines of Business – Individual Annuities .....	8
Analysis of Operations by Lines of Business – Group Annuities .....	9
Analysis of Operations by Lines of Business – Accident and Health .....	10
Analysis of Increase in Reserves During The Year – Individual Life Insurance .....	11
Analysis of Increase in Reserves During The Year – Group Life Insurance.....	12
Analysis of Increase in Reserves During The Year – Individual Annuities .....	13
Analysis of Increase in Reserves During The Year – Group Annuities .....	14

**Renumber remaining pages:**

Exhibit of Net Investment Income .....	15
Exhibit of Capital Gains (Losses) .....	15
Exhibit 1 – Part 1 – Premiums and Annuity Considerations for Life and Accident and Health Contracts .....	16
Exhibit 1 – Part 2 – Dividends and Coupons Applied, Reinsurance Commissions and Expense.....	17
Exhibit 2 – General Expenses .....	18
Exhibit 3 – Taxes, Licenses and Fees (Excluding Federal Income Taxes) .....	18
Exhibit 4 – Dividends or Refunds.....	18
Exhibit 5 – Aggregate Reserve for Life Contracts .....	19
Exhibit 5 – Interrogatories .....	20
Exhibit 5A – Changes in Bases of Valuation During The Year .....	20
<u>Exhibit 6 – Aggregate Reserves for Accident and Health Contracts.....</u>	<u>21</u>
Exhibit 7 – Deposit-Type Contracts.....	22
Exhibit 8 – Part 1 – Claims for Life and Accident and Health Contracts.....	23
Exhibit 8 – Part 2 – Claims for Life and Accident and Health Contracts.....	24
Exhibit of Nonadmitted Assets .....	25
Notes to Financial Statements.....	26
General Interrogatories .....	27
Five-Year Historical Data .....	28
<u>Individual Life Insurance (State Page).....</u>	<u>29</u>
<u>Group Life Insurance (State Page).....</u>	<u>30</u>
<u>Individual Annuities (State Page).....</u>	<u>31</u>
<u>Group Annuities (State Page).....</u>	<u>31</u>
<u>Accident and Health (State Page).....</u>	<u>32</u>



Exhibit of Life Insurance.....	33		Deleted: 30
Exhibit of Number of Policies, Contracts, Certificates, Income Payable and Account Values.....	35		Deleted: 31
Form for Calculating the Interest Maintenance Reserve (IMR).....	36		Deleted: 32
Asset Valuation Reserve.....	37		Deleted: 33
Asset Valuation Reserve Default Component.....	38		Deleted: 34
Asset Valuation Reserve Equity and Other Invested Asset Component.....	39		Deleted: 35
Asset Valuation Reserve Replications (Synthetic) Assets.....	42		Deleted: 38
Schedule F.....	43		Deleted: 39
Schedule H – Part 1 – Accident and Health Exhibit.....	44		Deleted: 40
Schedule H – Part 2, Part 3 and Part 4.....	45		Deleted: 41
Schedule H – Part 5 – Health Claims.....	46		Deleted: 42
Schedule S – Part 1 – Section 1.....	47		Deleted: 43
Schedule S – Part 1 – Section 2.....	48		Deleted: 44
Schedule S – Part 2.....	49		Deleted: 45
Schedule S – Part 3 – Section 1.....	50		Deleted: 46
Schedule S – Part 3 – Section 2.....	51		Deleted: 47
Schedule S – Part 4.....	52		Deleted: 48
Schedule S – Part 5.....	53		Deleted: 49
Schedule S – Part 6.....	54		Deleted: 50
Schedule S – Part 7.....	55		Deleted: 51
Schedule T – Premiums and Annuity Considerations.....	56		Deleted: 52
Schedule T – Part 2 Interstate Compact.....	57		Deleted: 53
Schedule Y – Part 1 – Information Concerning Activities of Insurer Members of a Holding Company Group.....	58		Deleted: 54
Schedule Y – Part 1A – Detail of Insurance Holding Company System.....	59		Deleted: 55
Schedule Y – Part 2 – Summary of Insurer’s Transactions With Any Affiliates.....	60		Deleted: 56
Supplemental Exhibits and Schedules Interrogatories.....	61		Deleted: 57
Overflow Page for Write-Ins.....	62		Deleted: 58
<b>ANNUAL SUPPLEMENTS</b>			
Supplemental Compensation Exhibit.....	Supp1		Deleted: 51
Life, Health & Annuity Guaranty Association Model Act Assessment Base Reconciliation Exhibit.....	Supp2		Deleted: 52
Adjustments to the Life, Health & Annuity Guaranty Association Model Act.....	Supp4		Deleted: 53
Supplemental Investment Risks Interrogatories.....	Supp6		Deleted: 54
Variable Annuities Supplement.....	Supp12		Deleted: 55
Schedule SIS.....	Supp14		Deleted: 56
Medicare Supplement Insurance Experience Exhibit.....	Supp18		Deleted: 57
Trusteed Surplus Statement.....	Supp19		Deleted: 58
Workers’ Compensation Carve-Out Supplement.....	Supp23		
Schedule O Supplement.....	Supp29		
Medicare Part D Coverage Supplement.....	Supp33		
VM-20 Reserves Supplement.....	Supp34		
Long-Term Care Experience Reporting Form 1.....	Supp36		
Long-Term Care Experience Reporting Form 2.....	Supp37		
Long-Term Care Experience Reporting Form 3.....	Supp38		
Long-Term Care Experience Reporting Form 4.....	Supp41		
Long-Term Care Experience Reporting Form 5.....	Supp42		
Credit Insurance Experience Exhibit.....	Supp47		Deleted: Interest Sensitive Life Insurance Products Report - Supp43¶
Accident and Health Policy Experience Exhibit for Year.....	Supp56		
Supplemental Health Care Exhibit – Part 1.....	Supp63		Deleted: Analysis of Annuity Operations by Lines of Business - Supp60¶ Analysis of Increase in Annuity Reserves During the Year - Supp62¶
Supplemental Health Care Exhibit’s Expense Allocation Report.....	Supp69		
Supplemental Term and Universal Life Insurance Reinsurance Exhibit.....	Supp70		

**MAPPING**

This directs where various types of contracts are expected to be included within summary exhibits.

Reported on State Page as:	Include in	
<b>Individual Life</b>		
Industrial Life (Individual/Ordinary)	Exhibits 1 & 8, Col. 2: Industrial Life	Schedule T, Col. 2
Whole Life (Individual/Ordinary)	Exhibits 1 & 8, Col. 3: Ordinary Life Insurance	Schedule T, Col. 2
Term Life (Individual/Ordinary)	Exhibits 1 & 8, Col. 3: Ordinary Life Insurance	Schedule T, Col. 2
Indexed Life (Individual/Ordinary)	Exhibits 1 & 8: Ordinary Life or Annuities	Schedule T, Col. 2
Universal Life (Individual/Ordinary)	Exhibits 1 & 8: Ordinary Life or Annuities	Schedule T, Col. 2
Universal Life with Secondary Benefits (Individual/Ordinary)	Exhibits 1 & 8: Ordinary Life or Annuities	Schedule T, Col. 2
Variable Life (Individual/Ordinary)	Exhibits 1 & 8: Ordinary Life or Annuities	Schedule T, Col. 2
Universal Variable Life (Individual/Ordinary)	Exhibits 1 & 8: Ordinary Life or Annuities	Schedule T, Col. 2
Supplementary Contracts (Individual/Ordinary)	Exhibits 1 & 8: Col. 3	Schedule T, Col. 2
Credit Life (Individual/Ordinary)	Exhibits 1 & 8: Credit Life (Group and Individual)	Schedule T, Col. 2
Other Individual Life Insurance (Individual/Ordinary)	Exhibits 1 & 8: various	Schedule T, Col. 2
<b>Group Life</b>		
Whole Life (Group)	Exhibits 1 & 8: Group Life Insurance	Schedule T, Col. 2
Term Life (Group)	Exhibits 1 & 8: Group Life Insurance	Schedule T, Col. 2
Variable Life (Group)	Exhibits 1 & 8: Group Life or Annuities	Schedule T, Col. 2
Flexible Premium Adjustable (Group)	Exhibits 1 & 8: Group Life or Annuities	Schedule T, Col. 2
Credit Life (Group)	Exhibits 1 & 8: Credit Life (Group and Individual)	Schedule T, Col. 2
Other Group Life Insurance (Group)	Exhibits 1 & 8:, Col 6 or 11	Schedule T, Col. 2
<b>Annuities – Individual or Group</b>		
Fixed Annuities (Deferred)	Exhibits 1 & 8, Col. 4 or 7	Schedule T, Col. 3
Indexed Annuities (Deferred)	Exhibits 1 & 8, Col. 4 or 7	Schedule T, Col. 3
Variable Annuities (Deferred)	Exhibits 1 & 8, Col. 4 or 7	Schedule T, Col. 3
Guaranteed Interest Contracts (Deferred)	Exhibits 1 & 8, Col. 4 or 7	Schedule T, Col. 3
Certain Period Only (Payout – Immediate and Annuityizations)	Exhibits 1 & 8, Col. 4 or 7	Schedule T, Col. 3
Life Contingent (Payout – Immediate and Annuityizations)	Exhibits 1 & 8, Col. 4 or 7	Schedule T, Col. 3
All Other	Exhibits 1 & 8, Col. 4 or 7	Schedule T, Col. 3
<b>Health **</b>		
Individual (Comprehensive – Hospital and Medical)	Exhibits 1 & 8, Col. 10	Schedule T, Col. 4
Group (Comprehensive – Hospital and Medical)	Exhibits 1 & 8, Col. 8	Schedule T, Col. 4
Medicare Supplement	Exhibits 1 & 8, Col. 8 or 10	Schedule T, Col. 4
Vision Only	Exhibits 1 & 8, Col. 8 or 10	Schedule T, Col. 4
Dental Only	Exhibits 1 & 8, Col. 8 or 10	Schedule T, Col. 4
Federal Employees Health Benefits	Exhibits 1 & 8, Col. 8	Schedule T, Col. 4

Reported on State Page as:	Include in	
Plan		
Title XVIII Medicare	Exhibits 1 & 8, Col. 8 or 10	Schedule T, Col. 4
Title XIX Medicaid	Exhibits 1 & 8, Col. 8 or 10	Schedule T, Col. 4
Credit	Exhibits 1 & 8, Col. 9	Schedule T, Col. 4
Other	Exhibits 1 & 8, Col. 10	Schedule T, Col. 4

\*\* Number of life companies writing certain health business: Medicare Supplement – 138, Dental – 51, Medicare – 11, Medicaid – 1. Vision is included in Other column of A&H Policy Experience Exhibit, therefore, unable to determine how many Life companies write this business.

LIFE

**STATE PAGE**

Schedules 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.

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Unless domiciliary state regulations differ, use Definitions of Lines of Business located in the Appendix to this manual.

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.

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.

**Life Insurance – Individual (Ordinary):**

Column 1 – Total

By line, sum of columns 2 through 12.

Column 2 – Industrial Life

Include: premiums which are meant to be collected by the agent at the policyholder's home or business.

Column 3 – Whole Life

Include: May have cash surrender values.

Column 4 – Term Life

Include: No cash value.

Column 5 – Indexed Life

Include:

Column 6 – Universal Life

Include:

May have cash surrender values.

Column 7 – Universal Life Insurance with Secondary Benefits

Column 8 – Variable Life

Include: Life insurance whose face value and/or duration varies depending upon the value of underlying securities.

Column 9 – Universal Variable Life

Include:

Column 10 – Supplementary Contracts

Include: \_\_\_\_\_

Column 11 – Credit Life

Include: Business not exceeding 120 months duration.

Column 12 – Other Individual Life Insurance

Include: Any individual life business not included in other categories.

Line 1 – Direct Premiums for Life Contracts Excluding Reinsurance Assumed and Without Deduction of Reinsurance Ceded

Should equal Schedule T, Column 2 by State, in part.

Line 2 – Other Considerations

Include: Other premiums that incorporate any mortality or morbidity risk and are not reported on Line 1. The amounts reported should be consistent with those reported on Schedule T, Column 5, in part.

Line 4 – Life Insurance Direct Dividends/Refunds to Policyholders/Members Excluding Reinsurance Assumed and Without Deduction of Reinsurance Ceded

Report dividends paid or left on deposit, dividends applied to pay premiums, or applied to provide paid-up additions. Also report dividends used to shorten the endowment or premium paying period.

Line 8 – Aggregate Write-ins for Miscellaneous Direct Claims and Benefits Paid

Enter the total of the write-ins listed in schedule Detail of Write-ins Aggregated at Line 8 for Miscellaneous Direct Claims and Benefits Paid.

Lines 15 through 18 – Policy Exhibit

Enter the aggregate number of policies and face amount of coverage for each category of life insurance in order to track from the prior year-end to the current year-end.

Lines 19 – Cash Surrender Value

Enter the total cash surrender values for each category.

Footnote (b) – Enter required information for corporate owned life insurance where cash surrender value is reported as a write-in on the Assets page, regardless of the wording used on the Assets page. This includes COLI/BOLI, cash surrender value, company/corporate/business-owned life insurance, split life, officers, key man, executive, rabbi trusts, SERP, and other variations.

**Life Insurance – Group (N/A Fraternal):**

Column 1 – Total

By line, sum of columns 2 through 12.

Column 2 – Whole Life

Include: provides coverage for entire lifetime of policyholder.

Column 3 – Term Life

**Deleted:** 2

**Deleted:** (Group and Individual)

**Deleted:** ¶

**Deleted:**

**Deleted:** Column 5 . . . Total ¶

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Line 2 . . . Direct Annuity Considerations for Life Contracts Excluding Reinsurance Assumed and Without Deduction of Reinsurance Ceded

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**Deleted:** and 3,

**Deleted:** ¶  
Line 3 . . . Deposit-type Contract Funds ¶  
Report all deposits, and other amounts received for contracts without any mortality and morbidity risk and not reported on Line 1, Line 2 or Line 4. The amounts reported should be consistent with those reported on Schedule T, Column 7. ¶

**Deleted:** 4

**Deleted:**

**Deleted:** Unallocated annuity considerations and other

**Deleted:** unallocated deposits

**Deleted:** . . .  
Line 2 or Line 3.

**Moved down [1]:** See the instructions to the Life, Health & Annuity Guaranty Association Model Act Assessment Base Reconciliation Exhibit and Adjustments to the Life, Health & Annuity Guaranty Association Model Act Assessment Base Reconciliation Exhibit for allocated and unallocated annuities. Report allocated annuities in Line 2.

**Deleted:** 6

**Deleted:** . . . and ¶  
Line 7 . . . Annuity Direct Dividends to Policyholders Excluding Reinsurance Assumed and Without Deduction of Reinsurance Ceded

**Deleted:** or considerations

**Deleted:** or annuities

**Deleted:** 13

**Deleted:** 13

- Include: \_\_\_\_\_ provides protection for a specified period of time.
- Column 4 – Variable Life
- Include: \_\_\_\_\_ Life insurance whose face value and/or duration varies depending upon the value of underlying securities.
- Column 5 – Flexible Premium Adjustable Life
- Include: \_\_\_\_\_
- Column 6 – Credit Life
- Include: \_\_\_\_\_ Business not exceeding 120 months duration.
- Column 7 – Other Group Life Insurance
- Include: \_\_\_\_\_ Business not included in other categories.
- Line 20 – Direct Premiums for Life Contracts Excluding Reinsurance Assumed and Without Deduction of Reinsurance Ceded
- Should equal Schedule T, Column 2 by State, in part.
- Lines 21 – Other Considerations
- Include: \_\_\_\_\_ Other premiums that incorporate any mortality or morbidity risk and are not reported on Line 1 The amounts reported should be consistent with those reported on Schedule T, Column 5, in part.
- Lines 23 – Life Insurance Direct Dividends/Refunds to Policyholders/Members Excluding Reinsurance Assumed and Without Deduction of Reinsurance Ceded
- Report dividends paid or left on deposit, dividends applied to pay premiums or considerations, or applied to provide paid-up additions or annuities. Also report dividends used to shorten the endowment or premium paying period.
- Lines 27 – Aggregate Write-ins for Miscellaneous Direct Claims and Benefits Paid
- Enter the total of the write-ins listed in schedule Detail of Write-ins Aggregated at Line 8 for Miscellaneous Direct Claims and Benefits Paid.
- Lines 34 through 37 – Policy Exhibit
- Enter the aggregate number of policies and face amount of coverage for each category of life insurance in order to track from the prior year-end to the current year-end.
- Lines 38 – Cash Surrender Value
- Enter the total cash surrender values for each category.
- Footnote (b) – Enter required information for corporate owned life insurance where cash surrender value is reported as a write-in on the Assets page, regardless of the wording used on the Assets page. This includes COLI/BOLI, cash surrender value, company/corporate/business-owned life insurance, split life, officers, key man, executive, rabbi trusts, SERP, and other variations.

**Annuities and Deposit-Type Contracts – Individual**

Once a deferred annuity begins its payout phase, record as a surrender; then record that amount as premium within the appropriate Payout column.

Column 1 – Total

Sum of Columns 2 through 8.

Column 2 – Fixed Annuities (Deferred)

Include:

Column 3 – Indexed Annuities (Deferred)

Include:

Column 4 – Variable Annuities (Deferred)

Include:

Column 5 – Guaranteed Interest Contracts (GICs) (Deferred)

Include: Funding agreements that are treated as deposit-type contracts in the state of domicile.

Exclude: Funding agreements that are treated as insurance in the state of domicile. These are to be included in Other Life Insurance column.

Column 6 – Certain Period Only (Payout – Immediate and Annuity Considerations)

Include:

Column 7 – Life Contingent (Payout – Immediate and Annuity Considerations)

Include:

Column 8 – All Other

Include: Funding agreements that are treated as insurance in the state of domicile.

Exclude: Funding agreements that are treated as deposit-type contracts in the state of domicile. These are to be included in Guaranteed Interest Contracts (GICs) column.

Lines 39 – Annuity Considerations (Direct Annuity Considerations)

Include: Direct Annuity Considerations for Life Contracts Excluding Reinsurance Assumed and Without Deduction of Reinsurance Ceded

Should equal Schedule T, Column 3 by State, in part.

Lines 40 – Deposit-type Contract Considerations

Report all deposits and other amounts received for contracts without any mortality and morbidity risk and not reported on Line 39 or Line 55. The amounts reported should be consistent with those reported on Schedule T, Column 7, in part.

Lines 51 – Policy Exhibit

**Deleted: ¶**  
 See the instructions to the Life, Health & Annuity Guaranty Association Model Act Assessment Base Reconciliation Exhibit and Adjustments to the Life, Health & Annuity Guaranty Association Model Act Assessment Base Reconciliation Exhibit for allocated and unallocated annuities. Report allocated annuities in Line 2.

**Moved (insertion) [1]**

through 54

Enter the aggregate number of policies and face amount of coverage for each category of annuities and deposit-type contracts in order to track from the prior year-end to the current year-end.

Lines 55 – Cash Surrender Value

Enter the total cash surrender values for each category.

**Annuities and Deposit-Type Contracts – Group**

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Once a deferred annuity begins its payout phase, record as a surrender; then record that amount as premium within the appropriate Payout column.

Column 1 – Total

Sum of Columns 2 through 8.

Column 2 – Fixed Annuities (Deferred)

Include:

Column 3 – Indexed Annuities (Deferred)

Include:

Column 4 – Variable Annuities (Deferred)

Include:

Column 5 – Guaranteed Interest Contracts (GICs) (Deferred)

Include: Funding agreements that are treated as deposit-type contracts in the state of domicile.

Exclude: Funding agreements that are treated as insurance in the state of domicile. These are to be included in Other Life Insurance column.

Column 6 – Certain Period Only (Payout – Immediate and Annuitizations)

Include:

Column 7 – Life Contingent (Payout – Immediate and Annuitizations)

Include:

Column 8 – All Other

Include: Funding agreements that are treated as insurance in the state of domicile.

Exclude: Funding agreements that are treated as deposit-type contracts in the state of domicile. These are to be included in Guaranteed Interest Contracts (GICs) column.

Lines 56 – Annuity Considerations (Direct Annuity Considerations)

Include: Direct Annuity Considerations for Life Contracts Excluding Reinsurance Assumed and Without Deduction of Reinsurance Ceded

Should equal Schedule T, Column 3 by State, in part.



Lines 57 – Deposit-type Contract Considerations

Report all deposits, and other amounts received for contracts without any mortality and morbidity risk and not reported on Line 39 or Line 55. The amounts reported should be consistent with those reported on Schedule T, Column 7, in part.

Lines 68 – Policy Exhibit through 71

Enter the aggregate number of policies and face amount of coverage for each category of annuities and deposit-type contracts in order to track from the prior year-end to the current year-end.

Lines 72 – Cash Surrender Value

Enter the total cash surrender values for each category.

**Accident and Health Insurance:**

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

Column 1 – Total

Include: All members.

Line 82 should agree with Schedule H, column 4 by state.

Deleted: T

Columns 2 – Lines of Business through 11

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

Deleted: 10

Deleted: and Product Lines

Column 4 – Medicare Supplement

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

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

Column 8 – Title XVIII Medicare

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

Column 10 – Credit Accident and Health

Include: Business not exceeding 120 months duration.

Column <u>11</u> – Other	Deleted: 10
Include: Policies providing stand-alone Medicare Part D Prescription Drug Coverage.	
Line <u>71</u> – Total Members at End of Prior Year	Deleted: 1
A member is a person who has been enrolled as a subscriber, or an eligible dependent of a subscriber, and for whom the reporting entity has accepted the responsibility for the provision of basic health services as provided by contract.	
Line <u>72</u> – Total Members at End of First Quarter	Deleted: 2
Show total members (cumulative) at the end of the quarter.	
Line <u>73</u> – Total Members at End of Second Quarter	Deleted: 3
Show total members (cumulative) at the end of the quarter.	
Line <u>74</u> – Total Members at End of Third Quarter	Deleted: <span style="border: 1px solid black; padding: 0 5px;">Page Break</span>
Show total members (cumulative) at the end of the quarter.	Deleted: 4
Line <u>75</u> – Total Members at End of Current Year	Deleted: 5
Show total members at the end of the year.	
Line <u>76</u> – Current Year Member Months	Deleted: 6
A member month is equivalent to one member for whom the reporting entity has recognized premium revenue for one month. Where the revenue is recognized for only part of a month (or other relevant time period) for a given individual, a pro-rated partial member month may be counted. Accumulate member months for the period.	
Lines <u>77</u> through <u>79</u> – Ambulatory Encounters	Deleted: 7
The accrued ambulatory encounters experienced by the total membership during the time period. “Ambulatory Encounters” are further defined as follows:	Deleted: 9
Ambulatory Services	
Health services provided to reporting entity members who are not confined to a health care institution. Ambulatory services are often referred to as “outpatient” services, as distinct from “inpatient” services.	
Encounter	
Contact between a reporting entity member and a provider of health care services who exercises independent judgment in the care and provision of health service(s) to the member. The term “independent” is used synonymously with self-reliant, to distinguish between providers who assume major responsibility for the care of individual members and all other personnel who assist in providing that care.	
Line <u>77</u> – Physician	Deleted: 7
Encounters provided by physicians only.	
Line <u>78</u> – Non-Physician	Deleted: 8
Encounters provided by other health professionals.	

Line 80 – Total Hospital Patient Days Incurred

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

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

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

Deleted: 10

Lines 82 to 83 – Premiums

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

Line 82 – Health Premiums Written

Include: Direct premiums written Amount should agree with Schedule H, Part 1, Column 1, Line 9.

Line 83 – Health Premiums Earned

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

Sum of General Interrogatories Part 2, Lines 1.61, 1.64, 1.71 and 1.74 should equal Column 4, of Accident and Health Insurance.

Line 84 – Amount Paid for Provision of Health Care Services

Report direct medical expense payments.

- Include:
- Capitation payments
  - Fee-for-service payments
  - Contractual fee payments
  - Bonus/withhold arrangements
  - Non-contingent salaries
  - Aggregate cost arrangements
  - All other payments

Line 85 – Amount Incurred for Provision of Health Care Services

General Interrogatories Part 2, Line 1.5 should equal Column 4, of Accident and Health Insurance.

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

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Deleted: Underwriting and Investment Exhibit,

Deleted: Line 13 -- Life Premiums Direct¶

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

¶ Line 14 -- Property/Casualty Premiums Written¶

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

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Deleted: Grand Total Exhibit of Premiums, Enrollment and Utilization

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Deleted: Line 16 -- Property/Casualty Premiums Earned¶

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

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

Deleted: 18

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

Deleted: ,

Deleted: Grand Total Exhibit of Premiums, Enrollment and Utilization page

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

**Summary of All Direct Premiums:**

To support state insurance regulators and other state officials regarding total direct premiums written by state, this summary section pulls in totals from the prior State Page sections.

Column 1 – Totals

Line 88, Total Direct Life Insurance Premiums Written, is the sum of:

Line 1, Column 1, of the State Page, Life Insurance – Individual section, and

Line 20, Column 1, of the State Page, Life Insurance – Group section.

Line 89, Total Annuity Considerations, is the sum of:

Line 39, Column 1, of the State Page, Annuities and Deposit-Type Contracts – Individual section, and

Line 55, Column 1, of the State Page, Annuities and Deposit-Type Contracts – Group section.

Line 90, Total Accident and Health Insurance, should equal Line 82, Column 1, of the State Page, Accident and Health section.

Line 91, Total Other Considerations, is the sum of:

Line 2, Column 1, of the State Page, Life Insurance – Individual section, and

Line 21, Column 1, of the State Page, Life Insurance – Group section.

Line 92, Subtotal Before Deposit-Type Contracts, is the sum of Lines 88 through 91.

Line 93, Total Deposit-Type Contracts, is the sum of:

Line 40, Column 1, of the State Page, Annuities and Deposit-Type Contracts – Individual section, and

Line 56, Column 1, of the State Page, Annuities and Deposit-Type Contracts – Group section.

Line 94, Total, is the sum of Lines 92 and 93.

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**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.

Deleted: ¶

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.

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.

Deleted:

Column 11 – Credit Life

Include: Business not exceeding 120 months.

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Deleted: (Group and Individual) and

Deleted: Column 10 - - Accident and Health Credit (Group and Individual)¶

Column 12 – Other Individual Life Insurance

Include: All individual life insurance not included elsewhere.

Deleted: 11

Deleted: Accident and Health

Column 13 – Aggregate of All Other Lines of Business

A company that is engaged in one or more insurance businesses (other than life business, e.g., workers' compensation, aviation reinsurance) that cannot be reported in Columns 2 through 12 on Page 6 shall add the amounts for each additional line of business and shall enter the total in Column 13.

Deleted: 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.

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

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Deleted: 11

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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

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Include: Gross amount of fees and charges from separate accounts.

<p>Line 8.2 – Aggregate Write-Ins for Miscellaneous Income</p> <p>Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 8.2 for Miscellaneous Income.</p>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p><b>Deleted:</b> Line 8.2 - - Charges and Fees for Deposit-type Contracts¶</p> <p>Include: . All charges and fees for deposit-type contracts. The amount should agree with the Exhibit 7, Deposit-type Contracts, Lines 5 and 6, Column 1.¶</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p><b>Deleted:</b> 3</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p><b>Deleted:</b> 3</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p><b>Deleted:</b> 16</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p><b>Deleted:</b> .</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p><b>Deleted:</b> Annuity Considerations and Deposit-type Contract Funds</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p><b>Deleted:</b> 2,</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p><b>Deleted:</b> , 11</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p><b>Deleted:</b> s</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p><b>Deleted:</b> 2 through 11 respectively</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p><b>Deleted:</b> Column 9 should agree with Schedule H, Part 1, Line 4 plus Line 8, Column 3.¶</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p>Column 10 should agree with Schedule H, Part 1, Line 4 plus Line 8, Column 5.¶</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p>Column 11 should agree with Schedule H, Part 1, Line 4 plus Line 8, Columns 7, 9, 11, 13, 15 and 17.¶</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p><b>Deleted:</b> Column 9 should agree with Schedule H, Part 1, Line 9, Column 3.¶</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p>Column 10 should agree with Schedule H, Part 1, Line 9, Column 5.¶</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p>Column 11 should agree with Schedule H, Part 1, Line 9, Columns 7, 9, 11, 13, 15 and 17.¶</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p><b>Deleted:</b> Column 9 should agree with Schedule H, Part 1, Line 13, Column 3.¶</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p>Column 10 should agree with Schedule H, Part 1, Line 13, Column 5.¶</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p>Column 11 should agree with Schedule H, Part 1, Line 13, Columns 7, 9, 11, 13, 15 and 17.¶</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p style="text-align: right;">—Page Break—</p> </div> <div style="border: 1px solid black; padding: 5px;"> <p><b>Deleted:</b> 3</p> </div>
<p>Line 14 – Group Conversions</p> <p>Include: The customary charges, in the appropriate columns, to cover the excess cost arising from group conversions.</p>	
<p>Line 21 – Commissions on Premiums (Direct Business Only)</p> <p>Column 2 should agree with Exhibit 1 Part 2, Line 31, Column 2. Columns 3, 4, 5, 6, 7, 8, 9, 10, and 12 should agree with Exhibit 1 Part 2, Line 31, Column 3, Column 11 plus Analysis of Operations – Group Life Insurance. column 6, line 21 should agree with Exhibit 1 Part 2, Line 31, Column 5. Column 13 should agree with Exhibit 1 Part 2, Line 31, Column 11.</p>	
<p>Line 23 – General Insurance Expenses</p>	
<p>Line 24 – Insurance Taxes, Licenses and Fees, Excluding Federal Income Taxes</p>	
<p>Line 27 – Aggregate Write-ins for Deductions</p> <p>Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 27 for Deductions.</p>	
<p>Line 30 – Dividends to Policyholders</p>	
<p>Details of Write-ins Aggregated at Line 8.2 for Miscellaneous Income</p> <p>List separately each category of miscellaneous income for which there is no pre-printed line on Analysis of Operations by Lines of Business-<u>Individual</u>.</p>	
<p>Details of Write-ins Aggregated at Line 27 for Deductions</p> <p>List separately each category of deductions for which there is no pre-printed line on Analysis of Operations by Lines of Business-<u>Individual</u>.</p> <p>Include: The amount from the Form for Calculating the Interest Maintenance Reserve, Line 3, <u>in part</u>.</p>	

**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.

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 – group, 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.

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

Include: Business not exceeding 120 months.

Column 7 – Other Group Life Insurance

Include: All group life insurance 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.

Summary of Operations, column 1, line 4 should agree with the sums of Analysis of Operations by Lines of Business-Individual Life Insurance, column 1, line 4 plus Analysis of Operations by Lines of Business-Group Life Insurance, column 1, line 4 plus Analysis of Operations by Lines of Business-Individual Annuities, column 1, line 4 plus Analysis of Operations by Lines of Business-Group Annuities, column 1, line 4.

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 – Aggregate Write-Ins for Miscellaneous Income

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 8.2 for Miscellaneous Income.

Line 16 – Group Conversions

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

Line 21 – Commissions on Premiums (Direct Business Only)

Columns 2, 3, 4, 5 and 7 should agree with Exhibit 1 Part 2, Line 31, Column 6.  
Note: Column 6 is included in Exhibit 1 Part 2, Line 31, column 5 with individual credit life business.

Line 23 – General Insurance Expenses

Line 24 – Insurance Taxes, Licenses and Fees, Excluding Federal Income Taxes

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

Details of Write-ins Aggregated at Line 8.2 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 – INDIVIDUAL ANNUITIES  
AND DEPOSIT-TYPE CONTRACTS**

These exhibits show Lines 1 through 33 of the Summary of Operations by Line of Business.

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.

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 – Guaranteed Interest Contracts

Include: Funding agreements that are treated as deposit-type contracts in the state of domicile.

Exclude: Funding agreements that are treated as insurance in the state of domicile. These are to be included in Other Life Insurance column.

Column 8 – Other

Include: Funding agreements that are treated as insurance in the state of domicile.

Exclude: Funding agreements that are treated as deposit-type contracts in the state of domicile. These are to be included in Guaranteed Interest Contracts (GICs) column.

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.

Summary of Operations, column 1, line 4 should agree with the sums of Analysis of Operations by Lines of Business-Individual Life Insurance, column 1, line 4 plus Analysis of Operations by Lines of Business-Group Life Insurance, column 1, line 4 plus Analysis of Operations by Lines of Business-Individual Annuities, column 1, line 4 plus Analysis of Operations by Lines of Business-Group Annuities, column 1, line 4.

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

**Deleted: INSTRUCTIONS FOR ALLOCATION OF RECEIPTS AND EXPENSES¶**

**SECTION A – PURPOSE¶**

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

¶ The primary objective of these instructions is to establish principles (i.e., standards) for allocation of receipts and expenses by reporting entities. It is recognized that the choice of methods employed by any reporting 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 and for other collateral purposes, including the allocation of receipts and expenses by lines of business.¶

**SECTION B – DEFINITIONS¶**

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

**LINE OF BUSINESS¶**

¶ Has the meaning assigned to it by Section C.¶

**DEPARTMENT¶**

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

**OPERATING DEPARTMENT¶**

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

**SERVICE DEPARTMENT¶**

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

**ACTIVITY¶**

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

**COST¶**

¶

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 amount 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.

Line 21 – Commissions on Annuity Considerations and Deposit-Type Contracts (Direct Business Only)

Columns 2, 3, 4, 5, 6, 7 and 8 should agree with Exhibit 1 Part 2, Line 31, Column 4.

Line 23 – General Insurance Expenses

Line 24 – Insurance Taxes, Licenses and Fees, Excluding Federal Income Taxes

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

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 ANNUITIES  
AND DEPOSIT-TYPE CONTRACTS**

These exhibits show Lines 1 through 33 of the Summary of Operations by Line of Business.

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.

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 – Guaranteed Interest Contracts

Include: Funding agreements that are treated as deposit-type contracts in the state of domicile.

Exclude: Funding agreements that are treated as insurance in the state of domicile. These are to be included in Other Life Insurance column.

Column 8 – Other

Include: Funding agreements that are treated as insurance in the state of domicile.

Exclude: Funding agreements that are treated as deposit-type contracts in the state of domicile. These are to be included in Guaranteed Interest Contracts (GICs) column.

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.

Summary of Operations, column 1, line 4 should agree with the sums of Analysis of Operations by Lines of Business-Individual Life Insurance, column 1, line 4 plus Analysis of Operations by Lines of Business-Group Life Insurance, column 1, line 4 plus Analysis of Operations by Lines of Business-Individual Annuities, column 1, line 4 plus Analysis of Operations by Lines of Business-Group Annuities, column 1, line 4.

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 amount should agree with the Exhibit 7, Deposit-type Contracts, Lines 5 and 6, Column 1.

Line 8.3 – Aggregate Write-Ins for Miscellaneous Income

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

Line 16 – Group Conversions

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

Line 21 – Commissions on Annuity Considerations and Deposit-Type Contracts (Direct Business Only)

Columns 2, 3, 4, 5, 6, 7 and 8 should agree with Exhibit 1 Part 2, Line 31, Column 7.

Line 23 – General Insurance Expenses

Line 24 – Insurance Taxes, Licenses and Fees, Excluding Federal Income Taxes

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

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 – 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.

Column 1 – Total

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 – 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 6 – 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 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 Accident and Health

Include: Business not exceeding 120 months.

Column 11 – Other Health

Include: Other health coverages such as stop loss, disability income, long-term care 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.

Line 1 – Net Premium Income

Should equal direct written premiums plus reinsurance assumed less reinsurance ceded.

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 Credit

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 7 – 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 8 – 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 9 – 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 10 – 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 11 – 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 7.

Line 12 – Aggregate Write-ins for Other Hospital and Medical

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 12 for Other Medical and Hospital.

Line 13 – 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 15 – Net Reinsurance Recoveries

Amounts recovered and recoverable from reinsurers on paid losses.

Include: Amounts related to assumed and ceded business.

Line 17 – 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.

**Deleted:** in the Underwriting and Investment Exhibit, Part 3, Analysis of Expenses.

Line 18 – 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 19 – Increase in Reserves for Accident and Health Contracts

Include: Increase in policy reserves.

Change in premium deficiency reserve.

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.

Details of Write-ins Aggregated at Line 12 for Other Hospital and Medical

Include: Other hospital and medical expenses not covered in the other claims accounts.

**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 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.

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 11 – Credit Life

Include: Business not exceeding 120 months.

Line 1 – Reserve December 31 of Prior Year

Enter applicable individual reserves from the Life Insurance Section, and the Supplementary Contracts with Life Contingencies Section through the Miscellaneous Reserves Section of Exhibit 5.

Include: Both active and disabled life reserves on Ordinary Life in Column 3.

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 3 and 7 corresponding to the gross premiums included in Analysis of Operations by Line of Business, Line 1, Columns 3 and 7.

Line 3 – Present Value of Disability Claims Incurred

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

- Deleted: ordinary
- Deleted: or group
- Deleted: 3
- Deleted: .
- Deleted: 7
- Deleted:

- Deleted: 6
- Deleted: (Group and Individual)

Deleted: Total (Net)

Deleted: and on Ordinary Annuities in Column 4

- 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)	_____
		Total deductions	_____
Line 7	-	Other increases net	_____
		Total deductions	_____
		Balance (T-A+I)	_____

Tabular Interest:

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

Tabular Less Actual Reserve Released:

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

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

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

Deduct:

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

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

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

Column 11 – 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.

- 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.

**Deleted:** Column 4 . . . 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.¶

**Deleted:** 5

**Deleted:** 6

**Deleted:** Column 7 . . . 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.¶

Column 8 . . . Use Formula 2 for Group Annuity contracts valued on a "with life contingencies" basis. Companies that include active life disability reserve under Group Annuity contracts in this column should use Formula 1 for such. Use Formula 3 for group annuity contracts valued on a "without life contingencies" basis if they are included in Exhibit 8.¶

- 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 – 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.

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

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

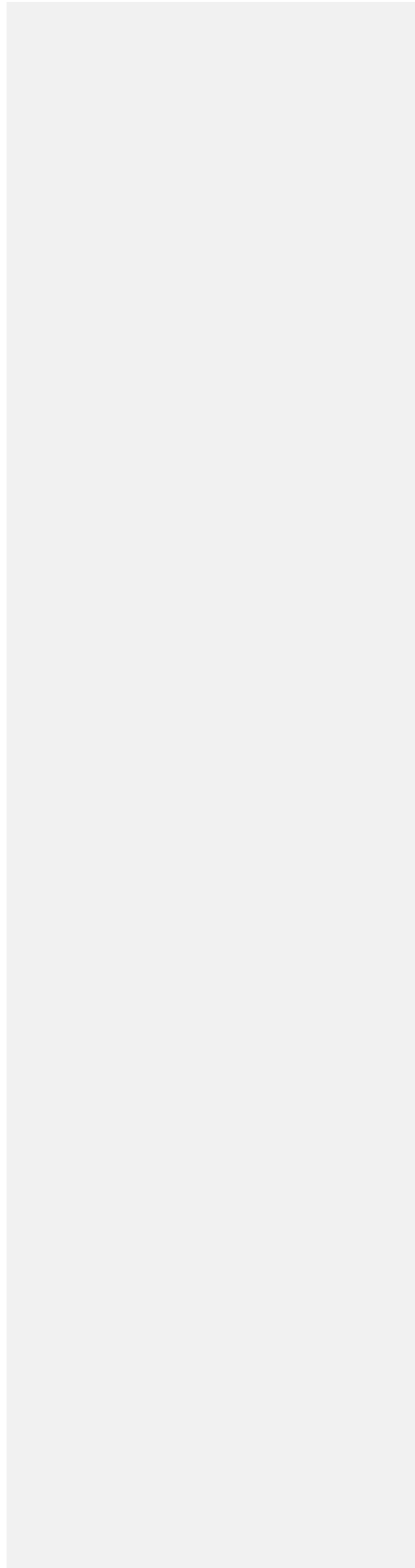
The balancing item for annuity, supplementary contracts with life contingencies, and disabled life reserves is tabular less actual reserve released. This item reflects the relationship between the mortality and claim termination rates used for the reserves and the corresponding company experience. The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

**Cash Surrender Value and Other Amounts Available for Withdrawal:**

- Line 16 – Report cash surrender values (CSV) for prior year end by category.
- Line 17 – Increases in CSV value during year
- Line 18 – Decreases in CSV value during year
- Line 19 – Ending CSV balance December 31, current year
- Line 20 – Report the current year balance of policy loans and other contractual amounts available for withdrawal by category.

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**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 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 group variable life insurance business of the company, excluding separate accounts items, shall be included in Column 4.

This analysis applies to items reported in Exhibit 5.

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

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

Column 6 – Credit Life

Include: Business not exceeding 120 months.

Line 1 – Reserve December 31 of Prior Year

Enter applicable group reserves from the Life Insurance Section, and the Supplementary Contracts with Life Contingencies Section through 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 3 and 7 corresponding to the gross premiums included in Analysis of Operations by Line of Business, Line 1, Columns 3 and 7.

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

<u>Line 1</u>	-	<u>Mean reserve Dec. 31 of prior year</u>	
<u>Line 2</u>	-	<u>Tabular premiums</u>	
<u>Line 7</u>	-	<u>Other increases</u>	
		<u>Total</u>	

Deduct:

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

Tabular Interest:

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

Tabular Cost:

<u>C-I</u>	
<u>Add I</u>	
<u>Total equals tabular cost</u>	

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

<u>Line 15</u>	-	<u>Mean reserve Dec. 31 of current year</u>	
<u>Line 12</u>	-	<u>Benefits payable during year</u>	
		<u>Total</u>	

Deduct:

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

Tabular Interest:

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

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 5 – 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 6 – 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 7 – 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 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.

	<u>Exclude</u>	<u>Deterministic/Stochastic Reserves from the reporting of Reserves Released by Death</u>
<u>Line 11</u>	–	<u>Reserves Released by Other Terminations (Net)</u>
		<u>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.</u>
	<u>Exclude</u>	<u>Deterministic/Stochastic Reserves from the reporting of Reserves Released by Other Terminations (Net)</u>
<u>Line 12</u>	–	<u>Annuity, Supplementary Contract, Disability Payments Involving Life Contingencies</u>
	<u>Include:</u>	<u>Surrender payments on annuities and supplementary contracts with life contingencies.</u>
<u>Line 13</u>	–	<u>Net Transfers to or (From) Separate Accounts</u>
	<u>Include:</u>	<u>Net transfers to or (from) separate accounts of net premiums, considerations.</u>
<u>Line 15</u>	–	<u>Reserve December 31 of Current Year</u>
		<u>Line 8 minus Line 14. Amounts reported should equal (net) reserves by lines of business from Exhibit 5.</u>

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

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

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

**Cash Surrender Value and Other Amounts Available for Withdrawal:**

<u>Line 16</u>	–	<u>Report cash surrender values (CSV) for prior year end by category.</u>
<u>Line 17</u>	–	<u>Increases in CSV value during year</u>
<u>Line 18</u>	–	<u>Decreases in CSV value during year</u>
<u>Line 19</u>	–	<u>Ending CSV balance December 31, current year</u>
<u>Line 20</u>	–	<u>Report the current year balance of policy loans and other contractual amounts available for withdrawal by category.</u>

**ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR – INDIVIDUAL ANNUITIES AND DEPOSIT-  
TYPE CONTRACTS**

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.

This analysis applies to items reported in Exhibit 5.

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

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

Column 11 – Credit Life

Include: Business not exceeding 120 months.

Line 1 – Reserve December 31 of Prior Year

Enter individual annuity reserves from the Annuities Section of Exhibit 5.

Line 2 – Tabular Net Considerations

Enter tabular net considerations as determined by valuation bases employed.

Include: The full variable life insurance net premiums in Columns 3 and 7 corresponding to the gross premiums included in Analysis of Operations by Line of Business, Line 1, Columns 3 and 7.

**Deleted:** Tabular premiums on Industrial business should be increased by one-half year's interest thereon.

Line 3 – Present Value of Disability Claims Incurred

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

<u>Line 4</u>	-	Tabular Interest	}
<u>Line 5</u>	-	Tabular Less Actual Reserve Released and	
<u>Line 9</u>	-	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

<u>Line 1</u>	-	Mean reserve Dec. 31 of prior year	
<u>Line 2</u>	-	Tabular premiums	
<u>Line 7</u>	-	Other increases	
		Total	

Deduct:

<u>Line 15</u>	-	Mean reserve Dec. 31 of current year	
<u>Line 10</u>	-	Terminal reserves released by death	
<u>Line 11</u>	-	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

<u>Line 15</u>	-	Mean reserve Dec. 31 of current year	
<u>Line 12</u>	-	Benefits payable during year	
		Total	

Deduct:

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



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 – 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 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:**

Line 16 – Report cash surrender values (CSV) for prior year end by category.

Line 17 – Increases in CSV value during year

Line 18 – Decreases in CSV value during year

Line 19 – Ending CSV balance December 31, current year

**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:

**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.

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 11 – Credit Life

Include: Business not exceeding 120 months.

Line 1 – Reserve December 31 of Prior Year

Enter group annuity reserves from the Annuities 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 3 and 7 corresponding to the gross premiums included in Analysis of Operations by Line of Business, Line 1, Columns 3 and 7.

Line 3 – Present Value of Disability Claims Incurred

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



<u>Line 4</u>	-	Tabular Interest	}
<u>Line 5</u>	-	Tabular Less Actual Reserve Released and	
<u>Line 9</u>	-	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

<u>Line 1</u>	-	Mean reserve Dec. 31 of prior year	
<u>Line 2</u>	-	Tabular premiums	
<u>Line 7</u>	-	Other increases	
		Total	

Deduct:

<u>Line 15</u>	-	Mean reserve Dec. 31 of current year	
<u>Line 10</u>	-	Terminal reserves released by death	
<u>Line 11</u>	-	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

<u>Line 15</u>	-	Mean reserve Dec. 31 of current year	
<u>Line 12</u>	-	Benefits payable during year	
		Total	

Deduct:

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



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 – 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 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:**

Line 16 – Report cash surrender values (CSV) for prior year end by category.

Line 17 – Increases in CSV value during year

Line 18 – Decreases in CSV value during year

Line 19 – Ending CSV balance December 31, current year

**ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR –ACCIDENT AND HEALTH**

Use existing Exhibit 6 – location If moved, Relabel to be consistent with life and annuities reserves tables  
 Exhibit 6 in Life almost same as U&I Part 2D in Health. See examples:

**Exhibit 6**

<b>ACTIVE LIFE RESERVE</b>	
1.	Unearned premium reserves.....
2.	Additional contract reserves (a) .....
3.	Additional actuarial reserves - Asset/Liability analysis ..
4.	Reserve for future contingent benefits.....
5.	Reserve for rate credits .....
6.	Aggregate write-ins for reserves .....
7.	Totals (Gross).....
8.	Reinsurance ceded.....
9.	Totals (Net)
<b>CLAIM RESERVE</b>	
10.	Present value of amounts not yet due on claims .....
11.	Additional actuarial reserves-Asset/Liability analysis ....
12.	Reserve for future contingent benefits.....
13.	Aggregate write-ins for reserves .....
14.	Totals (Gross).....
15.	Reinsurance ceded.....
16.	Totals (Net)
17.	<b>TOTAL (Net)</b>
18.	<b>TABULAR FUND INTEREST</b>

**U&I Part 2D in Health**

1.	Unearned premium reserves.....
2.	Additional policy reserves (a) .....
3.	Reserve for future contingent benefits.....
4.	Reserve for rate credits or experience rating refunds (including \$..... for investment income) .....
5.	Aggregate write-ins for other policy reserves .....
6.	Totals (gross).....
7.	Reinsurance ceded .....
8.	Totals (Net) (Page 3, Line 4).....
9.	Present value of amounts not yet due on claims .....
10.	Reserve for future contingent benefits.....
11.	Aggregate write-ins for other claim reserves .....
12.	Totals (gross).....
13.	Reinsurance ceded .....
14.	Totals (Net) (Page 3, Line 7)

New Appendix to Life and Fraternal (To be formatted like Health section when finalized)

Deleted: ¶

**DEFINITIONS OF LINES OF BUSINESS**

From Accounting Practices and Procedures Manual, SSAP No. 50— Classifications of Insurance or Managed Care Contracts:

- Life Insurance – The primary purpose is to provide financial assistance to a beneficiary at the insured’s death.
  - Ordinary life insurance is 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.
  - Industrial life insurance, also called “debit” insurance, is 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.
  - Whole life contracts provide 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.
  - Term life contracts provide 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.
  - Supplementary contracts with life contingencies are 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.
  - Group life contracts are insurance on the lives of a group of persons under a single master contract.
  - Universal life and variable life contracts include those contracts which 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.
  - 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.

From Accounting Practices and Procedures Manual, Appendix A-585—Universal Life Insurance:

“Fixed premium universal life insurance policy” means a universal life insurance policy other than a flexible premium universal life insurance policy.

“Flexible premium universal life insurance policy” means a universal life insurance policy which permits the policyowner to vary, independently of each other, the amount or timing of one or more premium payments or the amount of insurance.

“Interest-indexed universal life insurance policy” means any universal life insurance policy where the interest credits are linked to an external referent.

“Net cash surrender value” means the maximum amount payable to the policyowner upon surrender.

“Policy value” means the amount to which separately identified interest credits and mortality, expense, or other charges are made under a universal life insurance policy.

“Universal life insurance policy” means 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.

“Credit life insurance” means 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.

From Contingent Deferred Annuity (CDA) Working Group of the Life Insurance and Annuities (A) Committee:

A Contingent Deferred Annuity (CDA) 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. 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.

From Uniform Life, Accident and Health, Annuity and Credit Product Coding Matrix:

**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.

From NY

**Supplementary Contract** – An agreement between a life insurance company and a policyowner or beneficiary in which the company retains at least part of the cash sum payable under an insurance policy and makes payment in accordance with the settlement option chosen.

([https://www.allbusiness.com/barrons\\_dictionary/dictionary-supplementary-contract-4956062-1.html](https://www.allbusiness.com/barrons_dictionary/dictionary-supplementary-contract-4956062-1.html))

Terms of a settlement of a life insurance or annuity contract under which monies are currently payable or used at least in part by the beneficiary to fund a new insurance policy. Supplementary contracts are a balance sheet liability for a life company. They represent money held for policyholders that will eventually be paid out. But because the contract no longer involves insurance on a life, it is not included in the company's policy reserves.

**Flexible Premium Adjustable Life:** A group life insurance that provides a face amount that is adjustable to the certificate holder and allows the certificate holder to vary the modal premium that is paid or to skip a payment so long as the certificate value is sufficient to keep the certificate 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 while providing minimum guaranteed values.

From Accounting Practices and Procedures Manual:

Appendix A-235, **interest-indexed annuity contract** means any annuity contract where the interest credits are linked to an external reference.

Appendix A-250, **variable annuity** means 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.

Unallocated annuity considerations and other unallocated deposits that incorporate any mortality or morbidity risk and are not reported on Line 1, Line 2 or Line 3. See the instructions to the Life, Health & Annuity Guaranty Association Model Act Assessment Base Reconciliation Exhibit and Adjustments to the Life, Health & Annuity Guaranty Association Model Act Assessment Base Reconciliation Exhibit for allocated and unallocated annuities.

#### **DEFINITIONS SPECIFICLY 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 & Medical):**

Business that provides for medical coverage including hospital, surgical, & 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 & Medicaid programs, and dental only business.

**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 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. 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 & Medicaid programs.

**Medicare Cost:**

Contracts with the Centers for Medicare & 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 Centers for Medicare & 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 Centers for Medicare & Medicaid Services (CMS) but only covers part of the Medicare Benefit package. HCPP's do not cover Medicare Part A services (inpatient hospital care, skilled nursing, hospice and some home health care).

Medicare +Choice –Contracts with the Centers for Medicare & 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 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 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 their 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.

**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.

**Dental (Only):**

Entity providing Dental coverage in addition to health care coverage. Can also be a rider offered by the insuring company but covered by the dental insurer.

**Vision (Only):**

Entity providing Vision coverage in addition to health coverage provided by health care company.

**Other (Specify):**

Coverage provided by entities that do not fall within any of the other categories, including stop loss, disability and long-term care. Indemnity plans where the insured person is reimbursed for covered expenses would fall within this area.

**Miscellaneous Definitions:**

**Encounter:**

A contact between a member and a provider of health care services who exercise 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.

**New Appendix:**

**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 and for other collateral purposes, including the allocation of receipts and expenses by lines of business.

**SECTION B – DEFINITIONS**

Wherever used in these instructions, the following terms shall have the respective 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**

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

**OPERATING DEPARTMENT**

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

**SERVICE DEPARTMENT**

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

**ACTIVITY**

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

**COST**

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

**TIME RATIOS**

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

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

#### 3. Net Investment Income

The cost of granting and servicing 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 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.

LIFE and FRATERNAL

Affix Bar Code Above

DIRECT BUSINESS IN THE STATE OF

DURING THE YEAR

LIFE INSURANCE - INDIVIDUAL  
(Ordinary)

NAIC Group Code: NAIC Company Code:

	1		2		3		4		5		6		7		8		9		10		11		12																										
	Total	Industrial Life	Whole Life Insurance	Term Life Insurance	Indexed Life	Universal Life Insurance	Universal Life Insurance With Secondary Benefits	Variable Life Insurance	Universal Variable Life Insurance	Supplementary Contracts	Credit Life N/A Fraternal	Other Individual Life Insurance																																					
<b>DIRECT PREMIUMS</b>																																																	
1.	Life insurance premiums																																																
2.	Other considerations																																																
Totals (Sum of Lines 1 to 2)																																																	
<b>DIRECT DIVIDENDS/REFUNDS TO POLICYHOLDERS/MEMBERS</b>																																																	
3.1	Paid in cash or left on deposit																																																
3.2	Applied to pay renewal premiums																																																
3.3	Applied to provide paid-up additions or shorten the endowment or premium-paying period																																																
3.4	Other																																																
Totals (Sum of Lines 3.1 to 3.4)																																																	
<b>DIRECT CLAIMS AND BENEFITS PAID</b>																																																	
4.1	Death benefits																																																
4.2	Matured endowments																																																
4.3	Surrender values and withdrawals for life contracts																																																
4.4	Aggregate write-ins for miscellaneous direct claims and benefits paid																																																
4.5	All other benefits, except accident and health																																																
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<b>DETAILS OF WRITE-INS</b>																																																	
5.1																																																	
5.2																																																	
5.3																																																	
5.4	Summary of remaining write-ins for Line 4, from overflow page																																																
Total (Lines 5.1 through 5.4) (Line 4 above)																																																	
<b>DIRECT DEATH BENEFITS AND MATURED ENDOWMENTS INCURRED</b>																																																	
		1		2		3		4		5		6		7		8		9		10		11		12		13		14		15		16		17		18		19		20		21		22		23		24	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount				
6.1	Unpaid December 31, prior year																																																
6.2	Incurred during current year																																																
<b>Settled during current year:</b>																																																	
6.3.1	By payment in full																																																
6.3.2	By payment on compromised claims																																																
Totals paid																																																	
6.4	Reduction by compromise																																																
6.5	Amount rejected																																																
Total settlements																																																	
Unpaid Dec. 31, current year (Lines 6.1 - 6.5)																																																	
<b>POLICY EXHIBIT</b>																																																	
7.1	In force December 31, prior year																																																
7.2	Issued during year																																																
7.3	Other changes to in force (Net)																																																
7.4	In force December 31 of current year (b)																																																
7.5	Cash Surrender Value																																																

(a) Includes Credit Life Insurance Loans less than or equal to 60 months at issue prior year \$ current year \$  
Loans greater than 60 months at issue BUT NOT GREATER THAN 120 MONTHS prior year \$ current year \$  
(b) Corporate Owned Life Insurance (COLI) 1) Number of policies 2) covering number of lives 3) face amount

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DIRECT BUSINESS IN THE STATE OF \_\_\_\_\_ DURING THE YEAR \_\_\_\_\_

NAIC Group Code \_\_\_\_\_ **LIFE INSURANCE - GROUP** NAIC Company Code \_\_\_\_\_  
 (N/A to Fraternal)

	1 Total		2 Whole Life Insurance		3 Term Life Insurance		4 Variable Life Insurance		5 Flexible Premium Adjustable Life		6 Credit Life N/A Fraternal		7 Other Group Life Insurance																																																																																																																																																																																																			
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21	Other considerations																																																																																																																																																																																																															
22	Totals (Sum of Lines 20 to 21)																																																																																																																																																																																																															
<b>DIRECT DIVIDENDS/REFUNDS TO POLICYHOLDERS/MEMBERS</b>																																																																																																																																																																																																																
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<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Total</th> <th colspan="2">Whole Life Insurance</th> <th colspan="2">Term Life Insurance</th> <th colspan="2">Variable Life Insurance</th> <th colspan="2">Flexible Premium Adjustable Life</th> <th colspan="2">Credit Life N/A Fraternal</th> <th colspan="2">Other Group Life Insurance</th> </tr> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>6</th> <th>7</th> <th>8</th> <th>9</th> <th>10</th> <th>11</th> <th>12</th> <th>13</th> <th>14</th> </tr> <tr> <th></th> <th>No.</th> <th>Amount</th> <th>No.</th> <th>Amount</th> <th>No.</th> <th>Amount</th> <th>No.</th> <th>Amount</th> <th>No.</th> <th>Amount</th> <th>No. of Cert.</th> <th>Amount</th> <th>No.</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>30</td> <td colspan="2">Unpaid December 31, prior year</td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> </tr> <tr> <td>31</td> <td colspan="2">Incurred during current year</td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> </tr> <tr> <td colspan="15"><b>Settled during current year:</b></td> </tr> <tr> <td>32.1</td> <td colspan="2">By payment in full</td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> </tr> <tr> <td>32.2</td> <td colspan="2">By payment on compromised claims</td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> </tr> <tr> <td>32.3</td> <td colspan="2">Totals paid</td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> </tr> <tr> <td>32.4</td> <td colspan="2">Reduction by compromise</td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> </tr> <tr> <td>32.5</td> <td colspan="2">Amount rejected</td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> </tr> <tr> <td>32.6</td> <td colspan="2">Total settlements</td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> </tr> <tr> <td>33</td> <td colspan="2">Unpaid Dec. 31, current year (Lines 12 + 13 - 14.6)</td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> <td colspan="2"></td> </tr> </tbody> </table>																Total		Whole Life Insurance		Term Life Insurance		Variable Life Insurance		Flexible Premium Adjustable Life		Credit Life N/A Fraternal		Other Group Life Insurance		1	2	3	4	5	6	7	8	9	10	11	12	13	14		No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No. of Cert.	Amount	No.	Amount	30	Unpaid December 31, prior year														31	Incurred during current year														<b>Settled during current year:</b>															32.1	By payment in full														32.2	By payment on compromised claims														32.3	Totals paid														32.4	Reduction by compromise														32.5	Amount rejected														32.6	Total settlements														33	Unpaid Dec. 31, current year (Lines 12 + 13 - 14.6)													
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34	In force December 31, prior year										No. of Policies																																																																																																																																																																																																					
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36	Other changes to in force (Net)										(a)																																																																																																																																																																																																					
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(a) Includes Credit Life Insurance Loans less than or equal to 60 months at issue prior year \$ \_\_\_\_\_ current year \$ \_\_\_\_\_  
 Loans greater than 60 months at issue BUT NOT GREATER THAN 120 MONTHS prior year \$ \_\_\_\_\_ current year \$ \_\_\_\_\_



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 Affix Bar Code Above

DIRECT BUSINESS IN THE STATE OF \_\_\_\_\_ DURING THE YEAR \_\_\_\_\_

NAIC Group Code: \_\_\_\_\_ NAIC Company Code: \_\_\_\_\_

**ANNUITIES AND DEPOSIT-TYPE CONTRACTS – INDIVIDUAL**

DIRECT ANNUITY AND DEPOSIT-TYPE CONTRACT CONSIDERATIONS	1 Total	Deferred				Payout (Immediate and Annuityizations)		
		2 Fixed Annuities	3 Indexed Annuities	4 Variable Annuities	5 Guaranteed Investment Contracts	6 Certain Period Only	7 Life Contingent	8 All Other
39. Annuity considerations								
40. Deposit-type contract considerations								
41. Total (Sum of Lines 39 to 40)								
<b>DIRECT DIVIDENDS TO POLICYHOLDERS</b>								
42.1. Paid in cash or left on deposit								
42.2. Applied to provide paid-up annuities								
42.3. Other								
42.4. Totals (Sum of Lines 42.1 to 42.3)								
<b>DIRECT CLAIMS AND BENEFITS PAID</b>								
43. Death benefits								
44. Matured endowments (excluding guaranteed annual pure endowments)								
45. Full surrender payments								
46. Partial withdrawal payments								
47. Coupons, guaranteed annual pure endowments and similar benefits								
48. Group conversions								
49. Interest and adjustments on contract or deposit-type contract funds								
50. Totals (Sum of Lines 43 to 49)								

POLICY EXHIBIT	Deferred										Payout (Immediate and Annuityizations)					
	Total		Fixed Annuities		Indexed Annuities		Variable Annuities		Guaranteed Investment Contracts		Certain Period Only		Life Contingent		All Other	
	1 No.	2 Amount	3 No.	4 Amount	5 No.	6 Amount	7 No.	8 Amount	9 No.	10 Amount	11 No.	12 Amount	13 No.	14 Amount	15 No.	16 Amount
51. In force December 31, prior year												(a)				
52. Issued during year												(a)				
53. Other changes to in force (Net)												(a)				
54. In force December 31 of current year												(a)				
55. Cash Surrender Value	XXX		XXX		XXX		XXX		XXX		XXX		XXX		XXX	

Affix Bar Code Above

DIRECT BUSINESS IN THE STATE OF \_\_\_\_\_ DURING THE YEAR \_\_\_\_\_

**ANNUITIES AND DEPOSIT-TYPE CONTRACTS – GROUP**

NAIC Group Code			Deferred				Payout (Immediate and Annuityizations)				NAIC Company Code			
DIRECT ANNUITY AND DEPOSIT-TYPE CONTRACT CONSIDERATIONS	1 Total	2 Fixed Annuities		3 Indexed Annuities		4 Variable Annuities		5 Guaranteed Investment Contracts		6 Certain Period Only		7 Life Contingent		8 All Other
55. Annuity considerations (a)														
56. Deposit-type contract considerations														
57. Total														
<b>DIRECT DIVIDENDS TO POLICYHOLDERS</b>														
58.1. Paid in cash or left on deposit														
58.2. Applied to provide paid-up annuities														
58.3. Other														
58.4. Totals (Sum of Lines 57.1 to 57.3)														
<b>DIRECT CLAIMS AND BENEFITS PAID</b>														
59. Death benefits														
60. Matured endowments (excluding guaranteed annual pure endowments)														
61. Full surrender payments														
62. Partial withdrawal payments														
63. Coupons, guaranteed annual pure endowments and similar benefits														
64. Group conversions														
65. Interest and adjustments on contract or deposit-type contract funds														
66. Totals (Lines 58 to 64)														

	Deferred								Payout (Immediate and Annuityizations)							
	Total		Fixed Annuities		Indexed Annuities		Variable Annuities		Guaranteed Investment Contracts		Certain Period Only		Life Contingent		All Other	
	1 No.	2 Amount	3 No.	4 Amount	5 No.	6 Amount	7 No.	8 Amount	9 No.	10 Amount	11 No.	12 Amount	13 No.	14 Amount	15 No.	16 Amount
<b>POLICY EXHIBIT</b>																
67. In force December 31, prior year																
68. Issued during year																
69. Other changes to in force (Net)																
70. In force December 31 of current year																
71. Cash Surrender Value	XXX		XXX		XXX		XXX		XXX		XXX		XXX		XXX	

Affix Bar Code Above

DIRECT BUSINESS IN THE STATE OF \_\_\_\_\_ DURING THE YEAR \_\_\_\_\_

NAIC Group Code: \_\_\_\_\_

**ACCIDENT AND HEALTH INSURANCE <sup>(a)</sup>**

NAIC Company Code: \_\_\_\_\_

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefits Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Credit A&H	11 Other
		2 Individual	3 Group								
Total Members at end of:											
71. Prior Year											
72. First Quarter											
73. Second Quarter											
74. Third Quarter											
75. Current Year											
76. Current Year Member Months											
Total Member Ambulatory Encounters for Year:											
77. Physician											
78. Non-Physician											
79. Total											
80. Hospital Patient Days Incurred											
81. Number of Inpatient Admissions											
82. Health Premiums Written (b)											
83. Health Premiums Earned											
84. Amount Paid for Provision of Health Care Services											
85. Amount Incurred for Provision of Health Care Services											
86. Direct Losses Paid											
87. Direct Losses Incurred											

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 Direct . . 14. . Property/Casualty Premiums  
 Written .  
 Deleted: . 16. . Property/Casualty Premiums  
 Earned

(a) For health business: number of persons insured under PPO managed care products \_\_\_\_\_ and number of persons insured under indemnity only products \_\_\_\_\_

(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ \_\_\_\_\_

Affix Bar Code Above

DIRECT BUSINESS IN THE STATE OF \_\_\_\_\_ DURING THE YEAR \_\_\_\_\_

NAIC Group Code: \_\_\_\_\_ **SUMMARY OF ALL DIRECT PREMIUMS** \_\_\_\_\_ NAIC Company Code: \_\_\_\_\_

<u>DIRECT PREMIUMS</u>	<u>1</u> <u>Totals</u>
88. Total Direct Life Insurance Premiums Written .....	.....
89. Total Annuity Considerations .....	.....
90. Total Accident and Health Insurance .....	.....
91. Total Other Considerations .....	.....
92. Subtotal Before Deposit-Type Contracts (Sum of Lines 88 thru 91) .....	.....
93. Total Deposit-Type Contracts .....	.....
94. Total (Sum of Lines 92 and 93)	.....

Deleted: .



**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS – GROUP LIFE INSURANCE  
(N/A Fraternal)**

	1	2	3	4	5	6	7
	Total	Whole Life	Term Life Insurance	Variable Life	Flexible Premium Adjustable Life	Credit Life	Other Group Life Insurance (a)
1. Premiums for life contracts.....	.....	.....	.....	.....	.....	.....	.....
2. Considerations for supplementary contracts with life contingencies.....	.....	.....	.....	.....	.....	.....	.....
3. Net investment income.....	.....	.....	.....	.....	.....	.....	.....
4. Amortization of Interest Maintenance Reserve (IMR).....	.....	.....	.....	.....	.....	.....	.....
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....	.....	.....	.....	.....	.....	.....	.....
6. Commissions and expense allowances on reinsurance ceded.....	.....	.....	.....	.....	.....	.....	.....
7. Reserve adjustments on reinsurance ceded.....	.....	.....	.....	.....	.....	.....	.....
8. Miscellaneous Income:							
8.1 Fees associated with income from investment management, administration and contract guarantees from Separate Accounts.....	.....	.....	.....	.....	.....	.....	.....
8.2 Aggregate write-ins for miscellaneous income.....	.....	.....	.....	.....	.....	.....	.....
9. Totals (Lines 1 to 8.2).....	.....	.....	.....	.....	.....	.....	.....
10. Death benefits.....	.....	.....	.....	.....	.....	.....	.....
11. Matured endowments (excluding guaranteed annual pure endowments).....	.....	.....	.....	.....	.....	.....	.....
12. Disability benefits and benefits under accident and health contracts.....	.....	.....	.....	.....	.....	.....	.....
13. Coupons, guaranteed annual pure endowments and similar benefits.....	.....	.....	.....	.....	.....	.....	.....
14. Surrender benefits and withdrawals for life contracts.....	.....	.....	.....	.....	.....	.....	.....
15. Group conversions.....	.....	.....	.....	.....	.....	.....	.....
16. Payments on supplementary contracts with life contingencies.....	.....	.....	.....	.....	.....	.....	.....
17. Increase in aggregate reserves.....	.....	.....	.....	.....	.....	.....	.....
18. Totals (Lines 10 to 17).....	.....	.....	.....	.....	.....	.....	.....
19. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....	.....	.....	.....	.....	.....	.....	.....
20. Commissions and expense allowances on reinsurance assumed.....	.....	.....	.....	.....	.....	.....	.....
21. General insurance expenses.....	.....	.....	.....	.....	.....	.....	.....
22. Insurance taxes, licenses and fees, excluding federal income taxes.....	.....	.....	.....	.....	.....	.....	.....
23. Increase in loading on deferred and uncollected premiums.....	.....	.....	.....	.....	.....	.....	.....
24. Net transfers to or (from) Separate Accounts net of reinsurance.....	.....	.....	.....	.....	.....	.....	.....
25. Aggregate write-ins for deductions.....	.....	.....	.....	.....	.....	.....	.....
26. Totals (Lines 18 to 25).....	.....	.....	.....	.....	.....	.....	.....
27. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 26).....	.....	.....	.....	.....	.....	.....	.....
28. Dividends to policyholders.....	.....	.....	.....	.....	.....	.....	.....
29. Net gain from operations after dividends to policyholders and before federal income taxes (Line 27 minus Line 28).....	.....	.....	.....	.....	.....	.....	.....
30. Federal income taxes incurred (excluding tax on capital gains).....	.....	.....	.....	.....	.....	.....	.....
31. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or losses (Line 29 minus Line 30).....	.....	.....	.....	.....	.....	.....	.....
<b>DETAILS OF WRITE-INS</b>							
08.201.....	.....	.....	.....	.....	.....	.....	.....
08.202.....	.....	.....	.....	.....	.....	.....	.....
08.203.....	.....	.....	.....	.....	.....	.....	.....
08.298. Summary of remaining write-ins for Line 8.2 from overflow page.....	.....	.....	.....	.....	.....	.....	.....
08.299. Total (Lines 08.201 through 08.203 plus 08.298) (Line 8.2 above).....	.....	.....	.....	.....	.....	.....	.....
2501.....	.....	.....	.....	.....	.....	.....	.....
2502.....	.....	.....	.....	.....	.....	.....	.....
2503.....	.....	.....	.....	.....	.....	.....	.....
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.....	.....	.....	.....	.....	.....	.....
2599. Total (Lines 2501 through 2503 plus 2598) (Line 25 above).....	.....	.....	.....	.....	.....	.....	.....

(a) Includes the following amounts for FEGLI/SGLI: Line 1..... Line 10..... Line 16..... Line 23..... Line 24.....

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

	Deferred					Payout (Immediate and Amortizations)		8 Other
	1 Total	2 Fixed Annuities	3 Indexed Annuities	4 Variable Annuities	5 Guaranteed Investment Contracts	6 Certain Period Only	7 Life Contingent	
1. Annuity considerations for individual life contracts.....	.....	.....	.....	.....	.....	.....	.....	.....
2. Considerations for supplementary contracts with life contingencies.....	.....	.....	.....	.....	.....	.....	.....	.....
3. Net investment income.....	.....	.....	.....	.....	.....	.....	.....	.....
4. Amortization of Interest Maintenance Reserve (IMR).....	.....	.....	.....	.....	.....	.....	.....	.....
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....	.....	.....	.....	.....	.....	.....	.....	.....
6. Commissions and expense allowances on reinsurance ceded.....	.....	.....	.....	.....	.....	.....	.....	.....
7. Reserve adjustments on reinsurance ceded.....	.....	.....	.....	.....	.....	.....	.....	.....
8. Miscellaneous Income:								
8.1 Fees associated with income from investment management, administration and contract guarantees from Separate Accounts.....	.....	.....	.....	.....	.....	.....	.....	.....
8.2 Charges and fees for deposit-type contracts.....	.....	.....	.....	.....	.....	.....	.....	.....
8.3 Aggregate write-ins for miscellaneous income.....	.....	.....	.....	.....	.....	.....	.....	.....
9. Totals (Lines 1 to 8.3).....	.....	.....	.....	.....	.....	.....	.....	.....
10. Death benefits.....	.....	.....	.....	.....	.....	.....	.....	.....
11. Matured endowments (excluding guaranteed annual pure endowments).....	.....	.....	.....	.....	.....	.....	.....	.....
12. Annuity benefits.....	.....	.....	.....	.....	.....	.....	.....	.....
13. Disability benefits and benefits under accident and health contracts.....	.....	.....	.....	.....	.....	.....	.....	.....
14. Coupons, guaranteed annual pure endowments and similar benefits.....	.....	.....	.....	.....	.....	.....	.....	.....
15. Surrender benefits and withdrawals for life contracts.....	.....	.....	.....	.....	.....	.....	.....	.....
16. Group conversions.....	.....	.....	.....	.....	.....	.....	.....	.....
17. Interest and adjustments on contract or deposit-type contract funds.....	.....	.....	.....	.....	.....	.....	.....	.....
18. Payments on supplementary contracts with life contingencies.....	.....	.....	.....	.....	.....	.....	.....	.....
19. Increase in aggregate reserves.....	.....	.....	.....	.....	.....	.....	.....	.....
20. Totals (Lines 10 to 19).....	.....	.....	.....	.....	.....	.....	.....	.....
21. Commissions on annuity considerations and deposit-type contract funds (direct business only).....	.....	.....	.....	.....	.....	.....	.....	.....
22. Commissions and expense allowances on reinsurance assumed.....	.....	.....	.....	.....	.....	.....	.....	.....
23. General insurance expenses.....	.....	.....	.....	.....	.....	.....	.....	.....
24. Insurance taxes, licenses and fees, excluding federal income taxes.....	.....	.....	.....	.....	.....	.....	.....	.....
25. Increase in loading on deferred and uncollected premiums.....	.....	.....	.....	.....	.....	.....	.....	.....
26. Net transfers to or (from) Separate Accounts net of reinsurance.....	.....	.....	.....	.....	.....	.....	.....	.....
27. Aggregate write-ins for deductions.....	.....	.....	.....	.....	.....	.....	.....	.....
28. Totals (Lines 20 to 27).....	.....	.....	.....	.....	.....	.....	.....	.....
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	.....	.....	.....	.....	.....	.....	.....	.....
30. Dividends to policyholders.....	.....	.....	.....	.....	.....	.....	.....	.....
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	.....	.....	.....	.....	.....	.....	.....	.....
32. Federal income taxes incurred (excluding tax on capital gains).....	.....	.....	.....	.....	.....	.....	.....	.....
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32).....	.....	.....	.....	.....	.....	.....	.....	.....
34. Policies/certificates in force end of year.....	.....	.....	.....	.....	.....	.....	.....	.....
<b>DETAILS OF WRITE-INS</b>								
08.301.....	.....	.....	.....	.....	.....	.....	.....	.....
08.302.....	.....	.....	.....	.....	.....	.....	.....	.....
08.303.....	.....	.....	.....	.....	.....	.....	.....	.....
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	.....	.....	.....	.....	.....	.....	.....	.....
08.399. Total (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above).....	.....	.....	.....	.....	.....	.....	.....	.....
2701.....	.....	.....	.....	.....	.....	.....	.....	.....
2702.....	.....	.....	.....	.....	.....	.....	.....	.....
2703.....	.....	.....	.....	.....	.....	.....	.....	.....
2798. Summary of remaining write-ins for Line 27 from overflow page.....	.....	.....	.....	.....	.....	.....	.....	.....
2799. Total (Lines 2701 through 2703 plus 2798) (Line 27 above).....	.....	.....	.....	.....	.....	.....	.....	.....

(a) Premiums and annuity considerations includes \$ \_\_\_\_\_ for individual variable annuities not associated with guarantees, \$ \_\_\_\_\_ for individual variable annuities associated with guarantees.

(b) Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) includes \$ \_\_\_\_\_ for individual variable annuities not associated with guarantees, \$ \_\_\_\_\_ for individual variable annuities associated with guarantees.

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

	Defered					Payout (Immediate and Annuities)		8 Other
	1 Total	2 Fixed Annuities	3 Indexed Annuities	4 Variable Annuities	5 Guaranteed Investment Contracts	6 Certain Period Only	7 Life Contingent	
1. Annuity considerations for group life contracts.....	.....	.....	.....	.....	.....	.....	.....	.....
2. Considerations for supplementary contracts with life contingencies.....	.....	.....	.....	.....	.....	.....	.....	.....
3. Net investment income.....	.....	.....	.....	.....	.....	.....	.....	.....
4. Amortization of Interest Maintenance Reserve (IMR).....	.....	.....	.....	.....	.....	.....	.....	.....
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....	.....	.....	.....	.....	.....	.....	.....	.....
6. Commissions and expense allowances on reinsurance ceded.....	.....	.....	.....	.....	.....	.....	.....	.....
7. Reserve adjustments on reinsurance ceded.....	.....	.....	.....	.....	.....	.....	.....	.....
8. Miscellaneous Income:								
8.1 Fees associated with income from investment management, administration and contract guarantees from Separate Accounts.....	.....	.....	.....	.....	.....	.....	.....	.....
8.2 Charges and fees for deposit-type contracts.....	.....	.....	.....	.....	.....	.....	.....	.....
8.3 Aggregate write-ins for miscellaneous income.....	.....	.....	.....	.....	.....	.....	.....	.....
9. Totals (Lines 1 to 8.3).....	.....	.....	.....	.....	.....	.....	.....	.....
10. Death benefits.....	.....	.....	.....	.....	.....	.....	.....	.....
11. Matured endowments (excluding guaranteed annual pure endowments).....	.....	.....	.....	.....	.....	.....	.....	.....
12. Annuity benefits.....	.....	.....	.....	.....	.....	.....	.....	.....
13. Disability benefits and benefits under accident and health contracts.....	.....	.....	.....	.....	.....	.....	.....	.....
14. Coupons, guaranteed annual pure endowments and similar benefits.....	.....	.....	.....	.....	.....	.....	.....	.....
15. Surrender benefits and withdrawals for life contracts.....	.....	.....	.....	.....	.....	.....	.....	.....
16. Group conversions.....	.....	.....	.....	.....	.....	.....	.....	.....
17. Interest and adjustments on contract or deposit-type contract funds.....	.....	.....	.....	.....	.....	.....	.....	.....
18. Payments on supplementary contracts with life contingencies.....	.....	.....	.....	.....	.....	.....	.....	.....
19. Increase in aggregate reserves.....	.....	.....	.....	.....	.....	.....	.....	.....
20. Totals (Lines 10 to 19).....	.....	.....	.....	.....	.....	.....	.....	.....
21. Commissions on annuity considerations and deposit-type contract funds (direct business only).....	.....	.....	.....	.....	.....	.....	.....	.....
22. Commissions and expense allowances on reinsurance assumed.....	.....	.....	.....	.....	.....	.....	.....	.....
23. General insurance expenses.....	.....	.....	.....	.....	.....	.....	.....	.....
24. Insurance taxes, licenses and fees, excluding federal income taxes.....	.....	.....	.....	.....	.....	.....	.....	.....
25. Increase in loading on deferred and uncollected premiums.....	.....	.....	.....	.....	.....	.....	.....	.....
26. Net transfers to or (from) Separate Accounts net of reinsurance.....	.....	.....	.....	.....	.....	.....	.....	.....
27. Aggregate write-ins for deductions.....	.....	.....	.....	.....	.....	.....	.....	.....
28. Totals (Lines 20 to 27).....	.....	.....	.....	.....	.....	.....	.....	.....
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	.....	.....	.....	.....	.....	.....	.....	.....
30. Dividends to policyholders.....	.....	.....	.....	.....	.....	.....	.....	.....
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	.....	.....	.....	.....	.....	.....	.....	.....
32. Federal income taxes incurred (excluding tax on capital gains).....	.....	.....	.....	.....	.....	.....	.....	.....
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32).....	.....	.....	.....	.....	.....	.....	.....	.....
34. Policies/certificates in force end of year.....	.....	.....	.....	.....	.....	.....	.....	.....
<b>DETAILS OF WRITE-INS</b>								
08.301.....	.....	.....	.....	.....	.....	.....	.....	.....
08.302.....	.....	.....	.....	.....	.....	.....	.....	.....
08.303.....	.....	.....	.....	.....	.....	.....	.....	.....
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	.....	.....	.....	.....	.....	.....	.....	.....
08.399. Total (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above).....	.....	.....	.....	.....	.....	.....	.....	.....
2701.....	.....	.....	.....	.....	.....	.....	.....	.....
2702.....	.....	.....	.....	.....	.....	.....	.....	.....
2703.....	.....	.....	.....	.....	.....	.....	.....	.....
2798. Summary of remaining write-ins for Line 27 from overflow page.....	.....	.....	.....	.....	.....	.....	.....	.....
2799. Total (Lines 2701 through 2703 plus 2798) (Line 27 above).....	.....	.....	.....	.....	.....	.....	.....	.....

(a) Premiums and annuity considerations includes \$ \_\_\_\_\_ for group variable annuities not associated with guarantees, and \$ \_\_\_\_\_ for group variable annuities associated with guarantees.  
 (c) Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) includes \$ \_\_\_\_\_ for group variable annuities not associated with guarantees, and \$ \_\_\_\_\_ for group variable annuities associated with guarantees.



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

	1	Comprehensive		4	5	6	7	8	9	10	11
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Credit A&H	Other Health
1. Net premium income.....											
2. Change in unearned premium reserves and reserve for rate credit.....											
3. Fee-for-service (net of \$..... medical expenses).....											
4. Risk revenue.....											
5. Aggregate write-ins for other health care related revenues.....											
6. Total revenues (Lines 1 to 5).....											
7. Hospital/medical benefits.....											
8. Other professional services.....											
9. Outside referrals.....											
10. Emergency room and out-of-area.....											
11. Prescription drugs.....											
12. Aggregate write-ins for other hospital and medical.....											
13. Incentive pool, withhold adjustments and bonus amounts.....											
14. Subtotal (Lines 7 to 13).....											
15. Net reinsurance recoveries.....											
16. Total hospital and medical (Lines 14 minus 15).....											
17. Claims adjustment expenses including \$..... cost containment expenses.....											
18. General administrative expenses.....											
19. Increase in reserves for accident and health contracts.....											
20. Total underwriting deductions (Lines 16 to 19).....											
21. Net underwriting gain or (loss) (Line 6 minus Line 20).....											
<b>DETAILS OF WRITE-INS</b>											
0501.....											
0502.....											
0503.....											
0598. Summary of remaining write-ins for Line 5 from overflow page.....											
0599. Total (Lines 0501 through 0503 plus 0598) (Line 5 above).....											
1201.....											
1202.....											
1203.....											
1298. Summary of remaining write-ins for Line 12 from overflow page.....											
1299. Total (Lines 1201 through 1203 plus 1298) (Line 12 above).....											

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

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Industrial Life	Whole Life Insurance	Term Life Insurance	Indexed Life	Universal Life	Universal Life Insurance with Secondary Benefits	Variable Life Insurance	Universal Variable Life Insurance	Supplementary Contracts	Credit Life N/A Fraternal	Other Individual Life Insurance
<b>Involving Life or Disability Contingencies (Reserves)</b> (Net of Reinsurance Ceded)												
1. Reserve December 31, prior year .....												
2. Tabular net premiums or considerations .....												
3. Present value of disability claims incurred .....					XXX							
4. Tabular interest .....												
5. Tabular less actual reserve released .....												
6. Increase in reserve on account of change in valuation basis .....												
6.1 Change in excess of VM-20 deterministic/stochastic reserve over net premium reserve .....		XXX		XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
7. Other increases (net) .....												
8. Totals (Lines 1 to 7) .....												
9. Tabular cost .....												
10. Reserves released by death .....				XXX	XXX			XXX	XXX		XXX	XXX
11. Reserves released by other terminations (net) .....												
12. Supplementary contract, and disability payments involving life contingencies .....												
13. Net transfers to or (from) Separate Accounts .....												
14. Total deductions (Lines 9 to 13) .....												
15. Reserve December 31, current year .....												
<b>Cash Surrender Value and Other Amounts Available for Withdrawal</b>												
16. CSV Ending balance December 31, prior year .....												
17. CSV Increases in value during year .....												
18. CSV Decreases in value during year .....												
19. CSV Ending balance December 31, current year .....												
20. Policy Loan and Other Contractual Withdrawal Amounts Available												

- Deleted: Ordinary
- Deleted: Group
- Deleted: 3
- Deleted: 4¶ Individual¶ Annuities
- Deleted: 5¶ Supplementary ¶ Contracts
- Deleted: Credit Life¶ (Group and¶ Individual)
- Deleted: 7
- Deleted: 8¶ ¶
- Deleted: Annuities
- Deleted: ¶
- Deleted: ¶
- Deleted: Annuity, s

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

	1	2	3	4	5	6	7
	Total	Whole Life Insurance	Term Life Insurance	Variable Life Insurance	Flexible Premium Adjustable Life	Credit Life N/A Fraternal	Other Group Life Insurance
<b><u>Involving Life or Disability Contingencies (Reserves)</u></b> (Net of Reinsurance Ceded)							
1. Reserve December 31, prior year .....	.....	.....	.....	.....	.....	.....	.....
2. Tabular net premiums or considerations .....	.....	.....	.....	.....	.....	.....	.....
3. Present value of disability claims incurred .....	.....	.....	.....	.....	XXX	.....	.....
4. Tabular interest .....	.....	.....	.....	.....	.....	.....	.....
5. Tabular less actual reserve released .....	.....	.....	.....	.....	.....	.....	.....
6. Increase in reserve on account of change in valuation basis .....	.....	.....	.....	.....	.....	.....	.....
6.1 Change in excess of VM-20 deterministic/stochastic reserve over net premium reserve .....	.....	XXX	.....	XXX	XXX	XXX	XXX
7. Other increases (net) .....	.....	.....	.....	.....	.....	.....	.....
8. Totals (Lines 1 to 7) .....	.....	.....	.....	.....	.....	.....	.....
9. Tabular cost .....	.....	.....	.....	.....	XXX	.....	.....
10. Reserves released by death .....	.....	.....	.....	XXX	XXX	.....	.....
11. Reserves released by other terminations (net) .....	.....	.....	.....	.....	.....	.....	.....
12. Supplementary contract, and disability payments involving life contingencies .....	.....	.....	.....	.....	.....	.....	.....
13. Net transfers to or (from) Separate Accounts .....	.....	.....	.....	.....	.....	.....	.....
14. Total deductions (Lines 9 to 13) .....	.....	.....	.....	.....	.....	.....	.....
15. Reserve December 31, current year .....	.....	.....	.....	.....	.....	.....	.....
<b><u>Cash Surrender Value and Other Amounts Available for Withdrawal</u></b>							
16. CSV Ending balance December 31, prior year .....	.....	.....	.....	.....	.....	.....	.....
17. CSV Increases in value during year .....	.....	.....	.....	.....	.....	.....	.....
18. CSV Decreases in value during year .....	.....	.....	.....	.....	.....	.....	.....
19. CSV Ending balance December 31, current year .....	.....	.....	.....	.....	.....	.....	.....
20. Policy Loan and Other Contractual Withdrawal Amounts Available .....	.....	.....	.....	.....	.....	.....	.....

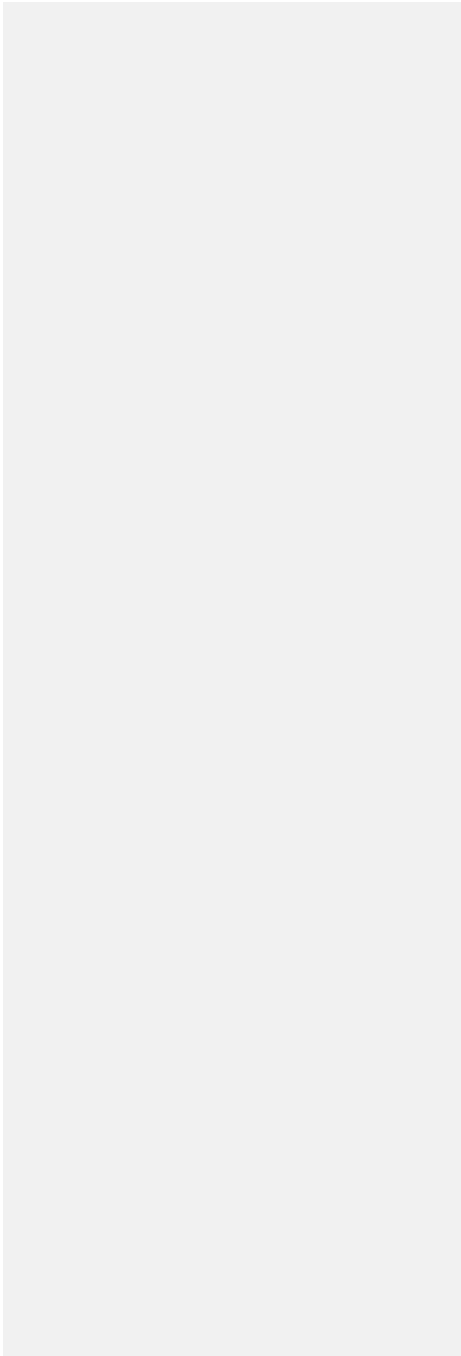
**ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR – INDIVIDUAL ANNUITIES**

	Deferred					Payout (Immediate and Annuityizations)		8 Other
	1 Total	2 Fixed Annuities	3 Indexed Annuities	4 Variable Annuities	5 Guaranteed Investment Contracts	6 Certain Period Only	7 Life Contingent	
<b>Involving Life or Disability Contingencies (Reserves)</b>								
(Net of Reinsurance Ceded)								
1. Reserve December 31, prior year .....	.....	.....	.....	.....	.....	.....	.....	.....
2. Tabular net premiums or considerations.....	.....	.....	.....	.....	.....	.....	.....	.....
3. Present value of disability claims incurred.....	.....	.....	.....	.....	XXX	.....	.....	.....
4. Tabular interest.....	.....	.....	.....	.....	.....	.....	.....	.....
5. Tabular less actual reserve released .....	.....	.....	.....	.....	.....	.....	.....	.....
6. Increase in reserve on account of change in valuation basis.....	.....	.....	.....	.....	.....	.....	.....	.....
6.1 Change in excess of VM-20 deterministic/stochastic reserve over net premium reserve .....	.....	XXX	.....	XXX	XXX	XXX	XXX	XXX
7. Other increases (net).....	.....	.....	.....	.....	.....	.....	.....	.....
8. Totals (Lines 1 to 7).....	.....	.....	.....	XXX	XXX XXX	.....	.....	.....
9. Tabular cost.....	.....	.....	.....	.....	XXX	.....	.....	.....
10. Reserves released by death.....	.....	.....	.....	.....	.....	.....	.....	.....
11. Reserves released by other terminations (net).....	.....	.....	.....	.....	.....	.....	.....	.....
12. Annuity, supplementary contract, and disability payments involving life contingencies .....	.....	.....	.....	.....	.....	.....	.....	.....
13. Net transfers to or (from) Separate Accounts .....	.....	.....	.....	.....	.....	.....	.....	.....
14. Total deductions (Lines 9 to 13).....	.....	.....	.....	.....	.....	.....	.....	.....
15. Reserve December 31, current year .....	.....	.....	.....	.....	.....	.....	.....	.....
<b>Cash Surrender Value</b>								
16. Ending balance December 31, prior year .....	.....	.....	.....	.....	.....	.....	.....	.....
17. Increases in value during year.....	.....	.....	.....	.....	.....	.....	.....	.....
18. Decreases in value during year .....	.....	.....	.....	.....	.....	.....	.....	.....
19. Ending balance December 31, current year .....	.....	.....	.....	.....	.....	.....	.....	.....
20. Policy Loan and Other Contractual Withdrawal Amounts Available .....	.....	.....	.....	.....	.....	.....	.....	.....

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

	Deferred					Payout (Immediate and Annuityizations)		8 Other
	1 Total	2 Fixed Annuities	3 Indexed Annuities	4 Variable Annuities	5 Guaranteed Investment Contracts	6 Certain Period Only	7 Life Contingent	
<b>Involving Life or Disability Contingencies (Reserves)</b>								
(Net of Reinsurance Ceded)								
1. Reserve December 31, prior year .....	.....	.....	.....	.....	.....	.....	.....	.....
2. Tabular net premiums or considerations.....	.....	.....	.....	.....	.....	.....	.....	.....
3. Present value of disability claims incurred.....	.....	.....	.....	.....	XXX	.....	.....	.....
4. Tabular interest.....	.....	.....	.....	.....	.....	.....	.....	.....
5. Tabular less actual reserve released .....	.....	.....	.....	.....	.....	.....	.....	.....
6. Increase in reserve on account of change in valuation basis.....	.....	.....	.....	.....	.....	.....	.....	.....
6.1 Change in excess of VM-20 deterministic/stochastic reserve over net premium reserve .....	.....	XXX	.....	XXX	XXX	XXX	XXX	XXX
7. Other increases (net).....	.....	.....	.....	.....	.....	.....	.....	.....
8. Totals (Lines 1 to 7).....	.....	.....	.....	XXX	XXX XXX	.....	.....	.....
9. Tabular cost.....	.....	.....	.....	.....	XXX	.....	.....	.....
10. Reserves released by death.....	.....	.....	.....	.....	.....	.....	.....	.....
11. Reserves released by other terminations (net).....	.....	.....	.....	.....	.....	.....	.....	.....
12. Annuity, supplementary contract, and disability payments involving life contingencies .....	.....	.....	.....	.....	.....	.....	.....	.....
13. Net transfers to or (from) Separate Accounts .....	.....	.....	.....	.....	.....	.....	.....	.....
14. Total deductions (Lines 9 to 13).....	.....	.....	.....	.....	.....	.....	.....	.....
15. Reserve December 31, current year .....	.....	.....	.....	.....	.....	.....	.....	.....
<b>Cash Surrender Value</b>								
16. Ending balance December 31, prior year .....	.....	.....	.....	.....	.....	.....	.....	.....
17. Increases in value during year.....	.....	.....	.....	.....	.....	.....	.....	.....
18. Decreases in value during year .....	.....	.....	.....	.....	.....	.....	.....	.....

19. Ending balance December 31, current year									
20. Policy Loan and Other Contractual Withdrawal Amounts Available									



**NAIC BLANKS (E) WORKING GROUP**

**Blanks Agenda Item Submission Form**

<p style="text-align: right;">DATE: <u>Oct. 2017</u></p> <p>CONTACT PERSON: <u>Larry Bruning</u></p> <p>TELEPHONE: <u>816-783-8231</u></p> <p>EMAIL ADDRESS: <u>LBruning@naic.org</u></p> <p>ON BEHALF OF: <u>Liquidity Assessment (EX) Subgroup</u></p> <p>NAME: _____</p> <p>TITLE: _____</p> <p>AFFILIATION: _____</p> <p>ADDRESS: _____</p>	<p style="text-align: center;"><b>FOR NAIC USE ONLY</b></p> <p>Agenda Item # _____</p> <p>Year _____</p> <p>Changes to Existing Reporting [ ]</p> <p>New Reporting Requirement [ ]</p> <p style="text-align: center;"><b>REVIEWED FOR ACCOUNTING                  PRACTICES AND PROCEDURES IMPACT</b></p> <p>No Impact [ ]</p> <p>Modifies Required Disclosure [ ]</p> <p style="text-align: center;"><b>DISPOSITION</b></p> <p>[ ] Rejected For Public Comment</p> <p>[ ] Referred To Another NAIC Group</p> <p>[ ] Received For Public Comment</p> <p>[ ] Adopted Date _____</p> <p>[ ] Rejected Date _____</p> <p>[ ] Deferred Date _____</p> <p>[ ] Other (Specify) _____</p>
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**BLANK(S) TO WHICH PROPOSAL APPLIES**

- |  |   |                                 |
|--|---|---------------------------------|
| <input checked="" type="checkbox"/> ANNUAL STATEMENT           | <input type="checkbox"/> QUARTERLY STATEMENT    |                                 |
| <input checked="" type="checkbox"/> INSTRUCTIONS               | <input checked="" type="checkbox"/> CROSSCHECKS | <input type="checkbox"/> BLANK  |
| <input checked="" type="checkbox"/> Life and Accident & Health | <input type="checkbox"/> Property/Casualty      | <input type="checkbox"/> Health |
| <input type="checkbox"/> Separate Accounts                     | <input checked="" type="checkbox"/> Fraternal   | <input type="checkbox"/> Title  |
| <input type="checkbox"/> Other Specify                         |   |                                 |

Anticipated Effective Date: Annual 2018

**IDENTIFICATION OF ITEM(S) TO CHANGE**

Add new line to Note 32, Analysis of Annuity Actuarial Reserves and Deposit Type Liabilities by Withdrawal Characteristics that identifies surrender charges over 5% in the current year that will be less than 5% in the subsequent year. Add new Note 33, Analysis of Life Actuarial Reserves and Deposit Type Liabilities by Withdrawal Characteristics. These are to be data captured. Renumber subsequent notes.

**REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE\*\***

This proposal will capture additional information that will be beneficial to regulators' analysis for these types of products.

**NAIC STAFF COMMENTS**

Comment on Effective Reporting Date: \_\_\_\_\_

Other Comments:

\*\* This section must be completed on all forms.

32. Analysis of Annuity Actuarial Reserves and Deposit Type Liabilities by Withdrawal Characteristics

Instruction:

Disclose the amount of annuity actuarial reserves and deposit-type contract funds and other liabilities without life or disability contingencies by withdrawal characteristics as follows:

For A through F below, disclose the general account and separate account with guarantees, separate account nonguaranteed amounts, as well as the total (% column is not required for F).

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A. Subject to discretionary withdrawal:

- (1) With market value adjustment, where withdrawal of funds is payable at all times, or prior to specified maturity dates where such dates are more than one year after the statement date and:
  - a. In a lump sum with adjustments to reflect general changes in interest rates or asset values since receipt of funds by the reporting entity; or
  - b. In installments over five years or more, with or without a reduction in the interest rate during the installment period.
- (2) At book value less current surrender charge, where the withdrawal of funds is payable at all times, or at any time within one year from the statement date in a lump sum subject to a current fixed surrender charge of 5% or more and it does not contain a meaningful bail out rate as described in subparagraph A5 (d) below.
- (3) At fair value, where the withdrawal of funds is payable at current fair value of the assets supporting the liabilities, the assets are stated at current fair value and the liabilities are stated at the current fair value or per unit value of the assets supporting the liabilities. These liabilities are for contracts where the customer bears the entire investment risk.
- (4) Total with market value adjustment or at fair value.
- (5) At book value without adjustment (minimal or no charge or adjustment) where the withdrawal of funds is either payable at all times or at any time (including a withdrawal on a scheduled payment date) within one year from the statement date and:
  - a. In a lump sum without adjustment;
  - b. In installments over less than five years, with or without a reduction in interest rate during the installment period;
  - c. In a lump sum subject to a fixed surrender charge of less than 5%;
  - d. In a lump sum subject to surrender charge, but such charge is waived if the credited rate falls below a specified "bail out" rate and the "bail out" rate is more than the maximum statutory valuation rate for life insurance policies for more than 20 years for new issues;
  - e. All others.

B. Not subject to discretionary withdrawal.

C. Total (Gross: Direct + Assumed).

D. Reinsurance ceded.

E. Total (net) (C) – (D).

F. Amount with current surrender charge of 5% or more included in A.(2) in the current year that will have less than a 5% surrender charge (and thus be reported in A.(5) in the year subsequent to the balance sheet year.

G. Reconcile total annuity reserves and deposit fund liabilities amount disclosed to the appropriate sections of the Aggregate Reserves for Life Policies and Contracts Exhibit and the Deposit Funds and Other Liabilities without Life or Disability Contingencies Exhibit, of the Life, Accident and Health Annual Statement and the corresponding lines in the Separate Accounts Statement.

Illustration:

Withdrawal Characteristics of Annuity Actuarial Reserves and Deposit-Type Contract Funds and Other Liabilities Without Life or Disability Contingencies

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

	General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
A. Subject to discretionary withdrawal:					
(1) With market value adjustment	\$ _____	\$ _____	\$ _____	\$ _____	_____ %
(2) At book value less current surrender charge of 5% or more	_____	_____	_____	_____	_____
(3) At fair value	_____	_____	_____	_____	_____
(4) Total with market value adjustment or at fair value (total of 1 through 3)	_____	_____	_____	_____	_____
(5) At book value without adjustment (minimal or no charge or adjustment)	_____	_____	_____	_____	_____
B. Not subject to discretionary withdrawal	_____	_____	_____	_____	_____
C. Total (gross: direct + assumed)	_____	_____	_____	_____	100%
D. Reinsurance ceded	_____	_____	_____	_____	_____
E. Total (net)* (C) – (D)	\$ _____	\$ _____	\$ _____	\$ _____	_____
<u>F. Amount included in A.(2) above that will move to A.(5) in the year after the statement date:</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	_____

\* Reconciliation of total annuity actuarial reserves and deposit fund liabilities.

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

<u>G.</u>	Amount
Life & Accident & Health Annual Statement:	
(1) Exhibit 5, Annuities Section, Total (net)	\$ _____
(2) Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net)	_____
(3) Exhibit 7, Deposit-Type Contracts, Line 14, Column 1	_____
(4) Subtotal	_____
Separate Accounts Annual Statement:	
(5) Exhibit 3, Line 0299999, Column 2	_____
(6) Exhibit 3, Line 0399999, Column 2	_____

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(7)	Policyholder dividend and coupon accumulations	_____
(8)	Policyholder premiums	_____
(9)	Guaranteed interest contracts	_____
(10)	Other contract deposit funds	_____
(11)	Subtotal	=====
(12)	Combined Total	\$ _____

**NEW NOTE 33. Analysis of Life Actuarial Reserves and Deposit Type Liabilities by Withdrawal Characteristics**  
(Renumber subsequent notes)

Deleted: #

Instruction:

Disclose the amounts of account value, cash value and reserve for the breakouts of life insurance and deposit-type contract funds and other liabilities by withdrawal characteristics, separately for General Account products and Separate Account Nonguaranteed products, as follows:

A. Subject to discretionary withdrawal.

- (1) Universal Life
- (2) Universal Life with Secondary Guarantees
- (3) Indexed Universal Life
- (4) Indexed Universal Life with Secondary Guarantees
- (5) Indexed Life
- (6) Other Permanent Cash Value Life Insurance
- (7) Variable Life
- (8) Variable Universal Life

B. Not subject to discretionary withdrawal or no cash value.

- (1) Term
- (2) Accidental Death Benefits
- (3) Disability - Active Lives
- (4) Disability - Disabled Lives
- (5) Miscellaneous Reserves

C. Total (Gross: Direct + Assumed).

D. Reinsurance ceded.

E. Total (net) (C) - (D).

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.**

	General Account			Separate Account - Nonguaranteed		
	Account Value	Cash Value	Reserve	Account Value	Cash Value	Reserve
<u>A. Subject to discretionary withdrawal:</u>						
(1)	<u>Universal Life</u>					
(2)	<u>Universal Life with Secondary Guarantees</u>					
(3)	<u>Indexed Universal Life</u>					
(4)	<u>Indexed Universal Life with Secondary Guarantees</u>					
(5)	<u>Indexed Life</u>					
(6)	<u>Other Permanent Cash Value Life Insurance</u>					
(7)	<u>Variable Life</u>					
(8)	<u>Variable Universal Life</u>					
<u>B. Not subject to discretionary withdrawal or no cash values</u>						
(1)	<u>Term</u>					
(2)	<u>Accidental Death Benefits</u>					
(3)	<u>Disability - Active Lives</u>					
(4)	<u>Disability - Disabled Lives</u>					
(5)	<u>Miscellaneous Reserves</u>					
<u>C. Total (gross: direct + assumed)</u>						
<u>D. Reinsurance Ceded</u>						
<u>E. Total (net) (C) - (D)</u>						