

2020 NAIC QUARTERLY STATEMENT INSTRUCTIONS – TITLE

MAY 2020 REVISIONS

PAGE 184:

Schedule DB, Part A, Section 1

Revision: Modify the instruction for Column 32.

Reason: Match line reference for forwards to the annual instructions.

EDITOR'S NOTE:

The above changes are highlighted within the attached instructions that follow this page.

Recent Blanks Working Group Agenda Items (Exposure Drafts) may be viewed in detail at the following web site:
www.naic.org/cmt_e_app_blanks.htm.

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**** Columns 24 through 32 will be electronic only. ****

Column 24 – Method Used to Obtain Fair Value Code

Whenever possible, fair value should represent the amount of money the reporting entity would receive (pay) in order to close the derivative position at the market price. Fair value should only be determined analytically when the market price-based value cannot be obtained.

Insert the code for the method used by the insurer to determine the Fair Value. Following is a listing of the valid method codes:

- “a” – For derivatives where the fair value is determined by a pricing service.
- “b” – For derivatives where the fair value is determined by a stock exchange.
- “c” – For derivatives where the fair value is determined by a broker or the reporting entity’s custodian. To use this method 1) the broker must be approved by the reporting entity as a derivative counterparty; and 2) the reporting entity shall obtain and retain the pricing policy of the broker or custodian that provided the quotations.
- “d” – For derivatives where the fair value is determined by the reporting entity. The reporting entity is required to maintain a record of the pricing methodology used.

Column 25 – Source Used to Obtain Fair Value

For Method Code “a,” identify the specific pricing service used.

For Method Code “b,” identify the specific stock exchange used.

The listing of most **stock exchange codes can be found in the Investment Schedules General Instructions or the following Website:**

www.fixprotocol.org/specifications/exchanges.shtml

For Method Code “c,” identify the specific broker or custodian used.

For Method Code “d,” leave blank.

Column 26 – Method of Clearing (C or U)

Indicate whether derivative transaction is cleared through a centralized clearinghouse with a “C” or not cleared through a centralized clearinghouse with a “U.”

Column 27 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for counterparty as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

****Columns 28 through 32 are for derivatives with financing premiums****

Column 28 – Total Undiscounted Premium Cost

Report the total, undiscounted (contractual) cost to acquire/enter into the derivative.

Column 29 – Unpaid Undiscounted Premium Cost

Report the undiscounted (contractual) cost to acquire/enter into the derivative unpaid by the reporting entity.

Column 30 – Fair Value of Derivative, Excluding Impact of Financing Premiums

Reflect the fair value of the derivative adjusted to exclude the impact of discounted future settled premiums. For example, if the fair value of the derivative reported in Column 16 has been reduced due to expected cash outflows representing the reporting entity's future payment of financing premiums, the consideration of those future premium cash outflows shall be removed from the reported fair value of the derivative captured in this column.

(At acquisition, a derivative may be reported with a net zero fair value in Column 16 as the value of the derivative and the net present value of future financing premiums owed from the acquisition of the derivative may offset. The fair value reported in Column 30 shall reflect the fair value of the derivative without an offset for the future financing premiums.)

Column 31 – Unrealized Valuation Increase/Decrease, Excluding Impact of Financing Premiums

Reflect the unrealized gain or unrealized loss reported for the derivative adjusted to exclude the impact from discounted future settled premiums. For example, if the valuation increase/valuation decrease reported in Column 17 includes "losses" to recognize the net present value of the financing cost owed by the reporting entity, those "losses" shall be removed from the unrealized valuation increase/decrease reflected in this column.

Column 32 – CDHS Identifier

Provide a unique identifier for each Clearly Defined Hedging Strategy (CDHS) reported on this schedule (e.g., 001, 002, etc.). This identifier will also be used for reporting of the CDHS in Column 1 of Schedule DB, Part E.

This column should only be used for the following line numbers:

Purchased Options	Lines 008999999 through 013999999
Written Options	Lines 057999999 through 062999999
Swaps	Lines 105999999 through 109999999
Forwards	Lines 142999999