PAGE 211: NOTES TO FINANCIAL STATEMENTS
Revision: Modify the instructions for Note 17
Reason: Made changes to 17C per SAPWG 12/15/2020 memo.

EDITOR'S NOTE:
The above changes are highlighted on the revised pages that follow.

Recent Blanks (E) Working Group agenda items (exposure drafts) may be viewed in detail at the following website: www.naic.org/cmte_e_app_blanks.htm.
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C. Wash Sales

A reporting entity shall disclose the following information for wash sales, as defined in SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities for all affiliated investment transactions (including items originally classified as cash equivalents and short-term investments) and for non-affiliated investment transactions with an NAIC designation of 3 or below, or that do not have an NAIC designation. For non-affiliated investments, all cash equivalents, derivative instruments and short-term investments with credit assessments equivalent to an NAIC 1 or 2 designation are excluded from this disclosure. This disclosure shall be included in the financial statements for when the investment was initially sold. For example, if the investment was sold and is only applicable for sales and purchases that cross quarter-end or year-end reporting periods on Dec. 20, 2020, and reacquired on Jan. 10, 2021, the transaction shall be captured in the wash sale disclosure included in the year-end 2020 financial statements, while an investment sold on May 1, 2020 and reacquired on May 20, 2020 would not be required to be disclosed. (The disclosures shall be made for the current quarter in the quarterly statement, and for the year in the annual statement.)

1. A description of the reporting entity’s objectives regarding these transactions; and

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

Include:

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

Illustration:

A. Transfers of Receivables Reported as Sales

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

2. The company realized a loss of $_______ as a result of the sale.

C. Wash Sales

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

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

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

<table>
<thead>
<tr>
<th>Description</th>
<th>NAIC Designation</th>
<th>Number of Transactions</th>
<th>Book Value of Securities Sold</th>
<th>Cost of Securities Repurchased</th>
<th>Gain (Loss)</th>
</tr>
</thead>
<tbody>
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</tr>
</tbody>
</table>

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

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

For those transactions for securities that would not have been reported with an NAIC Designation if still owned at the end of the reporting period (e.g., real estate mortgage loans and common stocks), leave the column blank.
18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

Title Companies should not complete this Note, not applicable.

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

Title Companies should not complete this Note, not applicable.

20. Fair Value Measurements

Instruction:

A. The objective of the disclosure requirements is to provide information about assets and liabilities measured at fair value in the financial statements as well as fair value amounts disclosed in the Notes to Financial Statements or reporting schedules:

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

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

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

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

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

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