PAGE 413: SCHEDULE D, PART 2, SECTION 1

Revision: Modify the instructions for Column 8, Book/Adjusted Carrying Value, to require perpetual preferred stocks at fair value not to exceed the call price regardless of whether AVR is maintained or not.


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.
Column 3 – Code

Enter “^^” in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

If preferred stocks are not under the exclusive control of the company as shown in the General Interrogatories, they are to be identified by placing one of the codes identified in the Investment Schedules General Instructions in this column.

Separate Account Filing Only:

If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the “^^” should appear first, immediately followed by the appropriate code (identified in the Investment Schedules General Instructions).

Column 4 – Foreign

Insert the appropriate code in the column based on the list provided in the Investment Schedules General Instructions.

Column 7 – Rate Per Share

Insert the market rate for preferred stocks not in good standing.

Column 8 – Book/Adjusted Carrying Value

The chart below details the appropriate valuation method for this column. The Purposes & Procedures Manual of the NAIC Investment Analysis Office and SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities may allow other valuation methods for preferred stock investments in Subsidiary, Controlled or Affiliated (SCA) companies.

Deduct: Cash dividends paid on Payment In Kind stock during the stock dividend period.

A direct write-down for a decline in the fair value of a stock that is other-than-temporary.

For reporting entities maintaining an AVR:

Redeemable Preferred

<table>
<thead>
<tr>
<th>NAIC Designation 1 – 3</th>
<th>Enter book value.</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAIC Designation 4 – 6</td>
<td>Enter the lower of book value or fair value.</td>
</tr>
</tbody>
</table>

Perpetual Preferred

<table>
<thead>
<tr>
<th>NAIC Designation 1 – 6</th>
<th>Enter fair value not to exceed any currently effective call price.</th>
</tr>
</thead>
</table>

For reporting entities not maintaining an AVR:

Redeemable Preferred

<table>
<thead>
<tr>
<th>NAIC Designation 1 – 2</th>
<th>Enter book value.</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAIC Designation 3 – 6</td>
<td>Enter the lower of book value or fair value.</td>
</tr>
</tbody>
</table>

Perpetual Preferred

| NAIC Designations 1 – 6 | Enter fair value not to exceed any currently effective call price. |