**Reporting Proposal**

**Schedule D-1-1 & Schedule D-1-2**

**Revision Summary**

Revisions to reflect the prior interested party comments are shown as tracked changes and include the following:

1. Page 10 – Revisions include example references to the retrospective and prospective methods instead of defining the two approaches in the instructions.
2. Page 11 – Revisions rearrange the description of ‘Interest Received During Year” to move the statement that the column should reflect the combined total of all interest (cash and PIK) received for each reported investment during the year to the start of the paragraph. (This is a placement change.)
3. Page 12 - Modifies “Acquisition Balloon Payment” to “Origination Balloon Payment”.
4. Page 12 – Revisions delete investment characteristic #8 that identifies whether an asset is bifurcated between an insulated and non-insulated separate account as it is used by a very small number of investments.
5. Page 16 – Revisions limit the “Current Overcollateralization Percentage” column to specific ABS (financial ABS that are not self-liquidating and non-financial ABS that require a full analysis).
6. Page 17 – Modifies “Acquisition Overcollateralization Percentage” to “Origination Overcollateralization Percentage”.
7. Page 17 – Revisions to the description of PIK Interest Due and Accrued to reflect the cumulative amount of PIK interest included in the current principal balance.

**REPORTING PROPOSAL**

**Issuer Credit Obligations and Asset Backed Securities**

**2022 Fall NM for Exposure – Updated to Reflect Prior IP Comments**

Under this reporting option, there are two separate schedules, with Schedule D, Part 1, Section 1 detailing issuer credit obligation (items captured in scope of SSAP No. 26R) and with Schedule D, Part 1, Section 2 detailing asset-backed securities (items captured in scope of SSAP No. 43R). With this approach, separate columns and instructions can be considered for the different broad investment classifications. A variety of schedule and instruction changes are proposed for each schedule.

For Schedule D-1-1 – Issuer Credit Obligations, proposed reporting lines:

(Note: Lines for which affiliated investments are proposed to be captured are identified as “unaffiliated / affiliated.” Comments are requested on these lines for affiliate reporting.)

Issuer Credit Obligations:

U.S. Government Obligations

Other U.S. Government Securities

Non-U.S. Sovereign Jurisdiction Securities

Municipal Bonds – General Obligations

Municipal Bonds – Special Revenue

Project Finance Bonds Issued by Operating Entities (Unaffiliated / Affiliated)

Corporate Bonds (Unaffiliated / Affiliated)

Mandatory Convertible Bonds (Unaffiliated / Affiliated)

Single Entity Backed Obligations (Unaffiliated / Affiliated)

SVO-Identified Bond Exchange Traded Funds – Fair Value

SVO-Identified Bond Exchange Traded Funds – Systematic Value

Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Unaffiliated / Affiliated)

Bank Loans – Issued (Unaffiliated / Affiliated)

Bank Loans – Acquired (Unaffiliated / Affiliated)

Mortgages Loans that Qualify as SVO-Identified Credit Tenant Loans (Unaffiliated / Affiliated)

Certificates of Deposit

Other Issuer Credit Obligations (Unaffiliated / Affiliated)

**Total Issuer Credit Obligations (Unaffiliated & Affiliated)**

**Total Affiliated Issuer Credit Obligations**

For Schedule D-1-2 – Asset-Backed Securities, proposed reporting lines:

**Financial Asset-Backed Securities – Self-Liquidating**

Agency Residential Mortgage-Backed Securities - Guaranteed

Agency Commercial Mortgage-Backed Securities - Guaranteed

Agency Residential Mortgage-Backed Securities – Not Guaranteed

Agency Commercial Mortgage-Backed Securities – Not Guaranteed

Non-Agency Residential Mortgage-Backed Securities (Unaffiliated / Affiliated)

Non-Agency Commercial Mortgage-Backed Securities (Unaffiliated / Affiliated)

Non-Agency – CLOs / CBOs / CDOs (Unaffiliated / Affiliated)

Other Financial Asset-Backed Securities - Self-Liquidating (Unaffiliated / Affiliated)

**Total Financial Asset-Backed Securities -** Self-Liquidating **(Unaffiliated / Affiliated)**

**Financial Asset-Backed Securities – Not Self-Liquidating**

Equity Backed Securities (Unaffiliated / Affiliated)

Other Financial Asset Backed Securities – Not Self-Liquidating (Unaffiliated / Affiliated)

**Total Financial Asset-Backed Securities – Not Self Liquidating (Unaffiliated / Affiliated)**

**Non-Financial Asset Backed Securities - Practical Expedient**

Lease-Backed Securities – Practical Expedient (Unaffiliated / Affiliated)

Other Non-Financial Asset-Backed Securities – Practical Expedient (Unaffiliated / Affiliated)

**Total Non-Financial Asset-Backed Securities – Practical Expedient (Unaffiliated / Affiliated)**

**Non-Financial Asset-Backed – Full Analysis**

Lease-Backed Securities – Full Analysis (Unaffiliated / Affiliated)

Other Non-Financial Asset-Backed Securities – Full Analysis (Unaffiliated / Affiliated)

**Total Non-Financial Asset-Backed Securities – Full Analysis (Unaffiliated / Affiliated)**

**Total Asset-Backed Securities**

**Total Affiliated Asset-Backed Securities**

**Total Long-Term Bonds (Issuer Credit Obligations & Asset Backed Securities)**

**Total Affiliated Long-Term Bonds (Issuer Credit Obligations & Asset Backed Securities)**

**Schedule D-1 Proposed Columns:**

For both proposed schedules, the foreign code and the characteristic code are proposed to move to electronic only. The ‘code’ column is proposed to be ‘restricted asset code.’ The column for ‘rate used to obtain fair value’ is proposed to be deleted. Also, par value and fair value are proposed to switch locations for easier comparisons of fair value and BACV. LEI is proposed to be deleted, but regulator discussion is requested. Lastly, various changes to instructions are suggested. (Call date, call price and effective date of maturity are in blue to identify them limited to issuer credit obligations.)

For ABS, new columns on the pdf reflect payment due at maturity and balloon payment percentage determined at acquisition. New electronic only columns include original & current overcollateralization, current expected payoff date, aggregate deferred interest, PIK interest due and accrued and payoff date determined at acquisition. Information on call dates / prices are proposed to be deleted for ABS.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Issuer Credit Obligations** |  | **Asset-Backed Securities** |
|  | *PDF Columns* |  | *PDF Columns* |
| 1 | CUSIP Identification | 1 | CUSIP Identification |
| 2 | Description | 2 | Description |
| 3 | Restricted Asset Code | 3 | Restricted Asset Code |
| 4 | NAIC Designation, Modifier and Symbol | 4 | NAIC Designation, Modifier and Symbol |
| 5 | Actual Cost | 5 | Actual Cost |
|  |  |  |  |
| 6 | Par Value | 6 | Par Value |
| 7 | Fair Value *(Moved after par value)* | 7 | Fair Value *(Moved after par value)* |
| 8 | Book / Adjusted Carrying Value | 8 | Book / Adjusted Carrying Value |
| 9 | Unrealized Valuation Increase / (Decrease) | 9 | Unrealized Valuation Increase / (Decrease) |
| 10 | Current Year’s (Amortization) / Accretion | 10 | Current Year’s (Amortization) / Accretion |
| 11 | Current Year Realized OTTI | 11 | Current Year Realized OTTI |
| 12 | Total Foreign Exchange in BACV | 12 | Total Foreign Exchange in BACV |
| 13 | Stated Rate of Interest | 13 | Stated Rate of Interest |
| 14 | Effective Rate of Interest | 14 | Effective Rate of Interest |
| 15 | When Interest is Paid | 15 | When Interest is Paid |
| 16 | Interest Due & Accrued | 16 | Interest Due & Accrued |
| 17 | Interest Received During Year | 17 | Interest Received During Year |
| 18 | Date Acquired | 18 | Date Acquired |
| 19 | Stated Contractual Maturity Date | 19 | Stated Contractual Maturity Date |
| 20 | Payment Due at Maturity | 20 | Payment Due at Maturity |
|  |  | 21 | Origination Balloon Payment % |
|  |  |  |  |
|  | *Electronic-Only Columns* |  | *Electronic-Only Columns* |
|  | Investment Involves Related Party |  | Investment Involves Related Party |
|  | Investment Characteristic Code (Moved to Electronic) |  | Investment Characteristic Code (Moved to Electronic) |
|  | Foreign Code (Moved to Electronic) |  | Foreign Code (Moved to Electronic) |
|  | Agency, Sovereign Jurisdiction or State Abbreviation |  | Agency, Sovereign Jurisdiction or State Abbreviation |
|  | Fair Value Hierarchy and Method to Obtain Fair Value |  | Fair Value Hierarchy and Method to Obtain |
|  | Source Used to Obtain Fair Value |  | Source Used to Obtain Fair Value |
|  | Collateral Type |  | Collateral Type |
|  | Call Date |  | Current Overcollateralization |
|  | Call Price |  | Current Expected Payoff Date |
|  | Effective Date of Maturity |  | Origination Overcollateralization |
|  | Aggregate Deferred Interest |  | Acquisition Expected Payoff Date |
|  | PIK Interest Due and Accrued |  | Aggregate Deferred Interest |
|  | Issuer |  | PIK Interest Due and Accrued |
|  | Issue |  | Issuer |
|  | ISIN Identification |  | Issue |
|  | Capital Structure Code |  | ISIN Identification |
|  |  |  | Capital Structure Code |
|  |  |  |  |

Only investments that qualify in scope of SSAP No. 26R (or SSAP No. 43R for D-1-2) are permitted to be reported on this schedule. Bonds are to be grouped as listed below and each category arranged alphabetically.

Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance related to foreign currency transactions and translations.

Short Sales:

Selling a security short is an action by a reporting entity that results with the reporting entity recognizing proceeds from the sale and an obligation to deliver the sold security. For statutory accounting purposes, obligations to deliver securities resulting from short sales shall be reported as contra-assets (negative assets) in the investment schedule, with an investment code in the code column detailing the item as a short sale. The obligation (negative asset) shall be initially reflected at fair value, with changes in fair value recognized as unrealized gains and losses. These unrealized gains and losses shall be realized upon settlement of the short sale obligation. Interest on short sale positions shall be accrued periodically and reported as interest expense.

If a reporting entity has any detail lines reported for any of the following required **categories or subcategories described in the Investment Schedules General Instructions**, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre‑printed total or grand total line and number:

**NOTE: See the Investment Schedules General Instructions for the following:**

* **Category definitions for bonds and stocks.**
* **Foreign column code list.**
* **Code column list of codes and definitions for securities not under the exclusive control of the reporting entity.**
* **List of stock exchange names and abbreviations.**

List all securities in scope of SSAP No. 26R in Schedule D, Part 1, Section 1 owned December 31, of current year, except securities in scope of SSAP No. 26R that qualify as cash equivalents or short-term investments pursuant to *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments*.

For Schedule D-1-2: List all asset-backed securities in scope of SSAP No. 43R in Schedule D, Part 1, Section 2 owned December 31, of current year. Securities in scope of SSAP No. 43R are not permitted to be reported as cash equivalents or short-term investments.

The security identifier reported (Column 1 for CUSIP, CINS, PPN or Column 33 for ISIN) must be the same as the identifier used when filing securities with the NAIC pursuant to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* instructions.

Column 1 – CUSIP Identification

CUSIP numbers for all purchased publicly issued securities are available from the broker’s confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor’s CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor’s CUSIP Bureau:[*www.cusip.com/cusip/index.htm*](http://www.cusip.com/cusip/index.htm).

If no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column 33.

Column 2 – Description

Give a description of all investments owned. As appropriate, the reporting entity is encouraged to include data consistent with that reported in Column 31, Issuer and Column 32, Issue. This does not preclude the company from including additional detail to provide a complete and accurate description. Abbreviations may be used as needed.

For SVO-Identified Bond Exchange Traded Funds, enter the name of the fund as it appears on the NAIC SVO-Identified Bonds ETF listing as of Dec. 31 of the current year. ETFs not included on the NAIC list as of Dec. 31 of the current year are required to be reported on Schedule D, Part 2, Section 2.

For Certificate of Deposit Account Registry Service (CDARs) or other similar services that have a maturity of greater than one year, individually list the various banking institutions that are financially responsible for honoring certificates of deposit. As appropriate, the name of the banking institutions should follow from the registry of the Federal Financial Institutions Examination Council (FFIEC) (*www.ffiec.gov/nicpubweb/nicweb/SearchForm.aspx*).

For ABS reported as CLOs (Collateralized Loan Obligations), CDOs (Collateralized Debt Obligations) or CBOs (Collateralized Bond Obligations), indicate what the CLO/CDO/CBO collateral is, such as high-yield bonds, corporate loans, etc. If the collateral is of mixed type, indicate “Mix,” in addition to the largest type of collateral in the mix. If the collateral is derived synthetically, indicate “synthetic.”

Column 3 – Restricted Asset Code

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

Column 4 – NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol

Provide the appropriate NAIC Designation (1 through 6), NAIC Designation Modifier (A through G) and SVO Administrative Symbol combination for each security. The list of valid SVO Administrative Symbols is shown below.

The listing of valid NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol combinations can be found on the NAIC’s website for the Securities Valuation Office ([*www.naic.org/svo.htm*](http://www.naic.org/svo.htm)).

The NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol will be shown as one column on the printed schedule but will be three sub-columns in the data table.

* NAIC Designation Column 6A
* NAIC Designation Modifier Column 6B
* SVO Administrative Symbol Column 6C

On the printed page the sub-columns should be displayed with a “.” between the NAIC Designation and the NAIC Designation Modifier with a space between the NAIC Designation Modifier and the SVO Administrative Symbol (e.g., “1.A YE”).

NAIC Designation Modifier:

The NAIC Designation Modifier should only be used for bonds eligible to receive one, as defined in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual), otherwise, the field should be left blank.

As defined in the P&P Manual, there is not an NAIC Designation Modifier for investments reporting an NAIC Designation 6, therefore, the NAIC Designation Modifier field should be left blank.

Refer to the P&P Manual for the application of these modifiers.

SVO Administrative Symbol:

Following are valid SVO Administrative Symbols for bonds. Refer to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* for the application of these symbols.

S Additional or other non-payment risk

SYE Additional or other non-payment risk - Year-end carry over

FE Filing Exempt

FM Financially Modeled RMBS/CMBS subject to SSAP 43R

YE Year-end carry over

IF Initial filing

PL Private Letter Rating

PLGI Private Letter Rating – reported on General Interrogatory

RT Regulatory Transaction

RTS Regulatory Transaction - SVO Reviewed

RTIF Regulatory Transaction - Initial Filing Submitted to SVO

RTSYE Regulatory Transaction - SVO Reviewed - Year-end carry over

GI General Interrogatory

F Sub-paragraph D Company – insurer self-designated

Z Insurer self-designated

\* Limited to NAIC Designation 6

Z\* Regulatory review initiated by either the SVO Director, Financial Condition (E) Committee, Executive (EX) Committee or VOSTF.

ND\* Regulatory review for an assessment of regulatory policy for the investment or regulatory reporting instructions to implement applicable policy.

The NAIC Designation Category is the combination of NAIC Designation and NAIC Designation Modifier. Valid combinations of NAIC Designation and NAIC Designation Modifier for NAIC Designation Category are shown below:

|  |  |  |
| --- | --- | --- |
| NAIC Designation | NAIC Designation Modifier | NAIC Designation Category |
| 1 | A | 1A |
|  | B | 1B |
|  | C | 1C |
|  | D | 1D |
|  | E | 1E |
|  | F | 1F |
|  | G | 1G |
| 2 | A | 2A |
|  | B | 2B |
|  | C | 2C |
| 3 | A | 3A |
|  | B | 3B |
|  | C | 3C |
| 4 | A | 4A |
|  | B | 4B |
|  | C | 4C |
| 5 | A | 5A |
|  | B | 5B |
|  | C | 5C |
| 6 |  | 6 |

Column 5 – Actual Cost

This column should contain the actual consideration paid to purchase the security. The Actual Cost column amount should be adjusted for: pay downs and partial sales (both reported in Schedule D,   
Part 4) and subsequent acquisitions of the same issue (reported in Schedule D, Part 3). Actual cost will need to be adjusted due to “other-than-temporary impairments” recognized, for use when determining realized gain/(loss) at disposition.

Include: Brokerage and other related fees, to the extent they do not exceed the fair value at the date of acquisition.

Cost of acquiring the bond or stock including broker’s commission and incidental expenses of effecting delivery, transaction fees on re-pooling of securities, and reductions for origination fees intended to compensate the reporting entity for interest rate risks (i.e., points).

Exclude: Accrued interest.

All other costs, including internal costs or costs paid to an affiliated reporting entity related to origination, purchase or commitment to purchase bonds, are charged to expense when incurred.

For SVO Identified Bond Exchange Traded Funds), enter the original cost of the shares purchased, including brokerage and other related fees.

For a bond received as a property dividend or capital contribution, enter the initial recognized value. See *SSAP No. 26R—Bonds* for guidance.

Column 6 – Par Value

Enter the par value of the issuer credit obligations owned adjusted for repayment of principal.

For asset-backed securities, enter the par amount of principal to which the reporting entity has a claim.

For interest only investments without a principal amount on which the reporting entity has a claim, use a zero value.

For SVO Identified Bond Exchange Traded Funds), enter Zero (0).

Column 7 – Fair Value

Fair value shall be determined pursuant to *SSAP No. 100R—Fair Value*.

Column 8 – Book/Adjusted Carrying Value

Securities excluding SVO Identified Bond Exchange Traded Funds and mandatory convertible bonds:

This should be the amortized value or the lower of amortized value or fair value, depending upon the NAIC designation of the bond (and adjusted for any other-than-temporary impairment), as of the end of the current reporting year.

Include: The original cost of acquiring the bond, including brokerage and other related fees.

Amortization of premium or accrual of discount, but not including any accrued interest paid thereon.

Amortization of deferred origination and commitment fees.

For asset-backed securities, a reporting entity’s use of the retrospective method to reflect changes in expected cash flows adjusts the amortized cost basis.

Deduct: A direct write-down for a decline in the fair value of an investment that is other‑than‑temporary or to reflect fair value when the investment is reported at lower of amortized cost or fair value.

Exclude: All other costs, including internal costs or costs paid to an affiliated reporting entity related to origination, purchase or commitment to purchase bonds, are charged to expense when incurred. Cost should also be reduced by payments attributed to the recovery of cost.

Accrued interest.

The amount reported in this column should equal:

Book/Adjusted Carrying Value reported in the Prior Year statement

(or Actual Cost for newly acquired securities)

plus “Current Year’s (Amortization)/Accretion”

plus “Unrealized Valuation Increase/(Decrease)Total in Book/Adjusted Carrying Value”

minus “Current Year’s Other-Than-Temporary Impairment Recognized”

plus “Total Foreign Exchange Change in Book/Adjusted Carrying Value”

plus Changes due to amounts reported in Schedule D, Parts 3, 4 and 5

Refer to *SSAP No. 26R—Bonds* and *SSAP No. 43R—Asset-Backed Securities*.

For reporting entities maintaining an AVR:

NAIC Designation 1 – 5 Enter amortized cost

NAIC Designation 6 Enter the lower of fair value or amortized cost

For reporting entities not maintaining an AVR:

NAIC Designations 1 – 2 Enter amortized cost

NAIC Designations 3 – 6 Enter the lower of fair value or amortized cost

NOTE: An exception exists for Treasury Inflation Adjusted Securities where the book/adjusted carrying value may include an unrealized gain. See *INT 01-25, Accounting for U.S. Treasury Inflation-Indexed Securities*, for accounting guidance.

Mandatory Convertible Bonds:

The amount should be the lower of amortized cost or fair value during the period prior to conversion.

SVO Identified Funds:

The amount should be fair value unless the reporting entity has designated a qualifying security for systematic value. The election of using systematic value is irrevocable. Guidance in *SSAP No. 26R—Bonds* details the requirements for use of systematic value.

Column 9 – Unrealized Valuation Increase/(Decrease)

The total unrealized valuation increase/(decrease) for a specific security will be the change in Book/Adjusted Carrying Value that is due to carrying or having carried (in the previous year) the security at Fair Value. Thus, this amount could be:

The difference due to changing from Amortized Cost in the previous year to Fair Value in the current year’s Book/Adjusted Carrying Value column (calculated as **current year** Fair Value minus **current year** Amortized Value);

The difference of moving from Fair Value in the previous year to Amortized Cost in the current year’s Book/Adjusted Carrying Value column (calculate as **prior year** Amortized Value minus **prior year** Fair Value); or

The difference between the Fair Value in the previous year and the Fair Value in the current year’s Book/Adjusted Carrying Value column (calculate as **current year** Fair Value minus **prior year** Fair Value minus **current year** Accrual of Discount/(Amortization of Premium)).

Include: For SVO-identified Bond Exchange Traded Funds, the change from the prior reported BACV to fair value/net asset value. If an SVO-identified Bond Exchange Traded Fund no longer qualifies for systematic value, the difference from systematic value in prior year to fair value/net asset value in current year.

These amounts are to be reported as unrealized capital gains or (losses) in the Exhibit of Capital Gains/(Losses) and in the Capital and Surplus Account (Page 4).

Column 10 – Current Year’s (Amortization)/Accretion

This amount should equal the current reporting year’s amortization of premium or accrual of discount (regardless of whether or not the security is currently carried at Amortized Cost). The accrual of discount amounts in this column are to be reported as increases to investment income in the Exhibit of Net Investment Income, while the amortization of premium amounts are to be reported as decreases to investment income. (For investments reported at the lower of amortized cost or fair value, the amortization/accretion occurs first, and then any unrealized valuation change necessary to reflect the lower fair value is reflected. This results with recognition of both investment income and an unrealized capital loss.)

Include: The (Amortization)/Accretion of SVO Identified Bond Exchange Traded Funds designated for reporting at systematic value.

Column 11 – Current Year’s Other-Than-Temporary Impairment Recognized

If the security has been identified with an “other-than-temporary impairment,” report the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains/(Losses) and in the calculation of Net Income.

Column 12 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

This is a positive or negative amount that is defined as the portion of the total change in Book/Adjusted Carrying Value for the year that is attributable to foreign exchange differences for a particular security. The amounts reported in this column should be included as net unrealized foreign exchange capital gain/(loss) in the Capital and Surplus Account (Page 4).

Column 13 – Stated Rate of Interest

Show rate of interest as stated on the face of the bond. Where the original stated rate has been renegotiated, show the latest modified rate. For bonds and asset-backed securities with a variable rate of interest, use the last rate of interest. All information reported in this field must be a numeric value.

For SVO Identified Bond Exchange Traded Funds), Principal STRIP Bonds or other zero-coupon bonds, enter numeric zero (0).

Column 14 – Effective Rate of Interest

For issuer credit obligations, include the effective rate at which the purchase was made.

For asset-backed securities, report the effective yield as of Dec. 31 of the current year. The Effective Yield calculation should be updated pursuant to SSAP No. 43R (e.g., utilize either the Prospective Method or Retrospective Method, accordingly).

For SVO Identified Bond Exchange Traded Funds), enter Zero (0).

Column 15 – Interest – When Paid

For securities that pay interest annually, provide the first 3 letters of the month in which the interest is paid (e.g., JUN for June). For securities that pay interest semi-annually or quarterly, provide the first letter of each month in which interest is received (e.g., JD for June and December, and MJSD for March, June, September and December). For securities that pay interest on a monthly basis, include “MON” for monthly. Finally, for securities that pay interest at maturity, include “MAT” for maturity.

For SVO Identified Bond Exchange Traded Funds) and Principal STRIP Bonds or other zero-coupon bonds, enter N/A.

Column 16 – Interest Income Due and Accrued

Report interest income earned and legally due to be paid to the reporting entity as of the reporting date (interest due) plus interest income earned as of the reporting date but not legally due to be paid to the reporting entity until subsequent to the reporting date (interest accrued). Refer to *SSAP No. 34—Investment Income Due and Accrued*. The amount reported in this column should be the collectible amount of the interest income due and accrued regardless of admitted/nonadmitted determination. Items probable of collection, but nonadmitted pursuant to SSAP No. 34, shall be captured in this reporting column, with the nonadmittance shown in column 2 of the balance sheet and detailed in the notes to the financial statements.

Column 17 – Interest Received During Year

Amount reported should reflect the combined total of all interest (cash and PIK) received for each reported investment during the year. Report actual amount of cash interest received. For paid-in-kind (PIK) interest received, report the fair value of the asset at the time the asset was received.

For SVO Identified Bond Exchange Traded Funds) enter the amount of distributions received in cash or reinvested in additional shares.

Include: The proportionate share of interest directly related to the securities reported in this schedule.

Report amounts net of foreign withholding tax.

Column 18 – Acquired Date

For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of issuer credit obligations acquired at public offerings on more than one date may be totaled on one line and the date of last acquisition inserted. All asset-backed securities shall be separately reported (no aggregation of separate acquisitions).

For SVO Identified Bond Exchange Traded Funds, enter date of last purchase.

Column 19 – Stated Contractual Maturity Date

For SVO Identified Bonds Exchange Traded Funds), leave blank.

For perpetual bonds, enter 01/01/9999.

For mandatory convertible bonds use the conversion date.

Column 20 – Payment Due at Maturity

Report payment due at maturity. Include the final principal payment (including balloon payments) as well as interest to be paid at maturity.

Column 21 – Origination Balloon Payment % (ABS Only)

For ABS, include the percentage of balloon payment due at maturity based on the original outstanding principal amount. For example, if the original security had principal repayment of $100 and $80 is scheduled to be paid at maturity, the balloon payment percentage at origination is 80%. The balloon percentage shall not be adjusted subsequent to origination regardless of principal reduction or payments in advance of maturity that reduce the outstanding balloon.

**\*\* Columns 23 through 34 will be electronic only. \*\***

**(Note – All Columns will be Renumbered Accordingly. Prior references have been retained. Column numbers will be different between ICO and ABS)**

Column 4 – Foreign

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

Column 5 – Investment Characteristics (Note –Proposed to be substantially different from current info.)

If an investment has one or more of the following characteristics, then list the appropriate number(s) separated by commas. If none of the characteristics apply, then leave the column blank.

1. Investment terms permit interest to be received in a form other than cash.
2. Investment terms permit payment of interest to be deferred without being considered past due.
3. Interest due and accrued has been written off as uncollectible and/or nonadmitted.
4. Investment has a current year or prior year recognized other than temporary impairment.
5. Investment is an interest-only strip
6. Investment is a principal-only strip
7. Investment reflects a To-Be-Announced (TBA) security that will qualify as an issuer credit obligation or asset-backed security at the time the reporting entity takes possession of the issued security.

Column 23 – Agency, Sovereign Jurisdiction or State Abbreviation

Applies to:

Issuer Credit Obligations:

U.S. Government Obligations

Other U.S. Government Securities

Non-U.S. Sovereign Jurisdiction Securities

Municipal Bonds – General Obligations

Municipal Bonds – Special Revenue

For items captured as U.S. government or Other U.S. government, report “US” for treasury-issued items and for non-treasury items, report the abbreviation for the agency issuer captured within these categories. (Agency abbreviations are detailed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* in the listing of agencies approved for these categories.)

For Non-US, report the country abbreviation detailed in the Annual Statement Instructions Appendix.

For Municipal bonds, include the abbreviation for the state where the security is issued (e.g., “MO” for Missouri). For federal issuances, report the abbreviation for the agency issuer.

Asset-Backed Securities:

Agency Residential Mortgage-Backed Securities - Guaranteed

Agency Commercial Mortgage-Backed Securities - Guaranteed

Agency Residential Mortgage-Backed Securities – Not Guaranteed

Agency Commercial Mortgage-Backed Securities – Not Guaranteed

For agency ABS, report the abbreviation for the agency issuing the ABS.

Column 24 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code

Report the fair value level that represents the inputs used to determine fair value. Whenever possible, the reported fair value shall reflect level 1 (quoted prices in active market), followed by level 2 (other observable inputs that do not qualify as level 1), and then level 3 (unobservable inputs). In all situations fair value shall be determined in accordance with *SSAP No. 100R—Fair Value*.

The following is a listing of valid fair value level indicators to show the fair value hierarchy level.

“1” for Level 1

“2” for Level 2

“3” for Level 3

The following is a listing of the valid method indicators for bonds to show the method used by the reporting entity to determine the Rate Used to Obtain Fair Value.

“a” for securities where the rate is determined by a pricing service.

“b” for securities where the rate is determined by a stock exchange.

“c” for securities where the rate is determined by a broker or custodian. The reporting entity should obtain and maintain the pricing policy for any broker or custodian used as a pricing source. In addition, the broker must either be approved by the reporting entity as a counterparty for buying and selling securities or be an underwriter of the security being valued.

“d” for securities where the rate is determined by the reporting entity. The reporting entity is required to maintain a record of the pricing methodology used.

“e” for securities where the rate is determined by the unit price published in the NAIC *Valuation of Securities*.

Enter a combination of hierarchy and method indicator. The fair value hierarchy level indicator would be listed first and the method used to determine fair value indicator would be listed next. For example, use “1b” to report Level 1 for the fair value hierarchy level and stock exchange for the method used to determine fair value.

The guidance in *SSAP No. 100R—Fair Value* allows the use of net asset value per share (NAV) instead of fair value for certain investments. If NAV is used instead of fair value, leave blank.

Column 25 – Source Used to Obtain Fair Value

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

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

The listing of most **stock exchange codes can be found in the Investment Schedules General Instructions.**

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

For Method Code “d,” leave blank.

For Method Code “e,” leave blank.

If net asset value (NAV) is used instead of fair value, the reporting entity should use “NAV” to indicate net asset value used instead of fair value.

Column 26 – Collateral Type (Discuss applicable lines and desired categories)

Use only for securities included in the following subtotal lines.

*Issuer Credit Obligations:*

Single Entity Backed Obligations (Unaffiliated / Affiliated)

*Asset-Backed Securities:*

Other Financial Asset-Backed Securities - Self-Liquidating (Unaffiliated / Affiliated)

Other Financial Asset Backed Securities – Not Self-Liquidating (Unaffiliated / Affiliated)

Lease-Backed Transactions – Practical Expedient (Unaffiliated / Affiliated)

Other Non-Financial Asset-Backed Securities – Practical Expedient (Unaffiliated / Affiliated)

Lease-Backed Transactions – Full Analysis (Unaffiliated / Affiliated)

Other Non-Financial ABS – Full Analysis (Unaffiliated / Affiliated)

For issuer credit obligations reported as single entity backed obligations, report one of the following codes that most appropriately reflects the structure:

* ETC – Equipment Trust Certificate
* EETC – Enhanced Equipment Trust Certificate
* GLF – Ground Lease Financing
* CTL – Credit Tenant Loan (security structure)
* FABN – Funding Agreement Backed Note
* Other – Other Single Entity Backed

For asset-backed securities on the noted reporting lines, enter one of the following codes to indicate collateral type. Pick exactly one collateral type for each reported security. For securities that fit in more than one type, pick the predominant one.

1. Non-Standard Home Loan Equity

Include all home equity loans and/or home equity lines of credit as collateral. These are not first liens and are deemed loans to individuals. Asset-backed securities that are collateralized by home equity loans/lines of credit are considered asset-backed securities (ABS) rather than RMBS. This also includes manufactured housing loans and mobile home loans as collateral. These are not typical residential mortgage loans, and when they are securitized, they are considered ABS rather than RMBS.

2 Individual Obligations – Credit Card, Auto, Personal Loans, Student Loans and Recreational Vehicles, etc.

Include asset-backed securities collateralized by individual obligations. Do not include individual obligations that reflect a security interest in real estate.

3 Corporate/Industrial Obligations – Tax Receivables, Utility Receivables, Trade Receivables, Small Business Loans, Commercial Paper, etc.

Include asset-backed securities collateralized by corporate or industrial obligations (sometimes referred to as commercial obligations). This category shall only be used for ABS that meet the definition of financial assets where there is no further performance obligation. ABS that are collateralized by rights to future revenue streams shall be captured as “cash flows rights” detailed in code 6.

4. Real Estate Leases

Include all lease structures backed by real estate, including investments that resemble credit tenant loans, ground lease finance, and project finance real estate structures that do not represent issuer credit obligations.

5. Other Leases

Include all lease-backed structures not backed by real estate that do not represent issuer credit obligations. This includes auto, aircraft, equipment, etc.

6. Cash Flow Rights

Include all ABS structures that securitize rights to future cash flows. Examples of collateral to include in this category includes royalties, licensing fees, servicing rights, mineral rights, other revenue rights such as those common in whole business securitizations.

7 Other

Include other collateral types that do not fit into the above categories.

Column 27 – Call Date (ICO)

Report the next call date. If there is no call date, leave blank.

If the item is subject to a make whole call provision and it is not known that the issuer is expected to invoke the provision enter “MW”. If information is known that the issuer expects to invoke the make whole provision, then the expected call date of the make whole call provision shall be reported.

Column 28 – Call Price (ICO)

Report the call price used to calculate the Effective Date of Maturity. If call price does not affect the Effective Date of Maturity field but exists, report the next call price. If there is no call price, leave blank.

If the item is subject to a make whole call provisions and it is known that the issuer expects to invoke the provision, enter the expected call price. Otherwise, for make whole call provisions, leave blank.

Column 29 – Effective Date of Maturity

On bonds purchased at a premium, the maturity date producing the lowest amortized value should be used. See *SSAP No. 26R—Bonds*. For loaned-backed and structured securities, include the effective date of maturity that results from the estimated cash flows, incorporating appropriate prepayment assumptions. If call data does not affect the Effective Date of Maturity field, leave blank. For ABS, include the date determined at security acquisition that the reporting entity expected to receive final payment of all amounts due, including both principal and interest.

Column XX – Current Overcollateralization Percentage (ABS)

Use only for ABS reported in the following categories:

* Financial Asset-Backed Securities – Not Self-Liquidating
* Non-Financial Asset-Backed Securities – Full Analysis

For ABS reported in the noted categories, report the overcollateralization ratio that reflects the value of the assets backing the debt issuance in comparison to the tranche held and all tranches senior as of the reporting date.

The ratio shall reflect the total unimpaired assets backing the debt issuance over the specific tranche held and all the tranches senior to the held tranche. For example, if the assets / expected cash flows supporting the debt issuance has declined to $88, and there is still $75 in issued senior debt and $15 in issued mezzanine debt, a reporting entity holding senior tranche would report 117% (88/75) and a reporting entity holding the mezzanine debt shall report 98% (88/90).

The original overcollateralization ratio shall be based on supporting investment documentation.

Column XX – Current Expected Payoff Date (ABS)

For ABS, report the current expected pay-off date resulting from estimated cash flows and prepayment assumptions.

Column XX – Origination Overcollateralization Percentage (ABS)

For ABS, report the overcollateralization ratio that reflects the value of the assets backing the debt issuance in comparison to the tranche held and all tranches senior at the time of origination.

The ratio shall reflect the total unimpaired assets backing the debt issuance over the specific tranche held and all the tranches senior to the held tranche. For example, with $100 in assets backing the debt issuance and $75 in issued senior debt, $15 in issued mezzanine debt, and $10 in residual assets, a reporting entity holding senior tranche would report 133% (100/75) and a reporting entity holding the mezzanine debt shall report 111% (100/90).

The original overcollateralization ratio shall be based on supporting investment documentation.

Column XX – Acquisition Expected Payoff Date (ABS)

For ABS, report the expected pay-off date at the time of original acquisition. (This field should remain unchanged for as long as the security is held.)

Column XX – Aggregate Deferred Interest

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

Column XX – PIK Interest Due and Accrued

Include the amount of reported interest due and accrued in which the terms of the investment permit payment “in kind” instead of cash.

The amount captured shall reflect the cumulative amount of PIK interest included in the current principal balance.

Column 31 – Issuer

Issuer Definition:

The name of the legal entity that develops, registers and sells securities for the purpose of financing its operations and may be domestic or foreign governments, corporations or investment trusts. The issuer is legally responsible for the obligations of the issue and for reporting financial conditions, material developments and any other operational activities as required by the regulations of their jurisdictions.

The reporting entity is encouraged to use the following sources:

* Bloomberg
* Interactive Data Corporation (IDC)
* Thomson Reuters
* S&P/CUSIP
* Name used in either the relevant SEC filing or legal documentation for the transaction. Issuer is the name of the legal entity that can be found on documents such as SEC Form 424B2, Note Agreements, Prospectuses and Indentures, as appropriate. The name used should be as complete and detailed as possible to enable others to differentiate the legal entity issuing the security from another legal entity with a similar name.

Do not report ticker symbols, either internal or otherwise.

Column 32 – Issue

Issue information provides detailed data as to the type of security being reported (e.g., coupon, description of security, etc.). Below are examples of what could be provided, but additional information should be provided as appropriate for the security.

6% Senior 2018

7% Subordinated Debenture 03/15/2022

3% NY Housing Authority Debenture 2035

The reporting entity is encouraged to use the following sources:

* Bloomberg
* Interactive Data Corporation (IDC)
* Thomson Reuters
* S&P/CUSIP
* Descriptions used in either the relevant SEC filing or legal documentation for the transaction.

Do not report ticker symbols, either internal or otherwise. Include tranche information.

Column 33 – ISIN Identification

The [International Securities Identification Numbering](http://www.investopedia.com/terms/i/isin.asp) (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as [stock](http://www.investopedia.com/terms/s/stock.asp)s, [bonds](http://www.investopedia.com/terms/b/bond.asp), [options](http://www.investopedia.com/terms/o/option.asp) and [futures](http://www.investopedia.com/terms/f/futures.asp). ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

Column 34 – Capital Structure Code

Please identify the capital structure of the security using the following codes consistent with the SVO Notching Guidelines in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*:

Capital structure is sometimes referred to as rank or payment priority and can be found in feeds from the sources listed in the Issue and Issuer column.

As a general rule, a security is senior unsecured debt unless legal terms of the security indicate another position in the capital structure. Securities are senior or subordinated and are secured or unsecured. Municipal bonds, Federal National Mortgage Association securities (FNMA or Fannie Mae) and Federal Home Loan Mortgage Corporation securities (FHLMC or Freddie Mac) generally are senior debt, though there are examples of subordinated debt issued by Fannie and Freddie. 1st Lien is a type of security interest and not capital structure but could be used to determine which capital structure designation the security should be reported under. The capital structure of “Other” should rarely be used.

Capital structure includes securities subject to *SSAP No. 26R—Bonds* and *SSAP No. 43R—Loan-Backed and Structured Securities*.

1. Senior Secured Debt

Senior secured is paid first in the event of a [default](http://glossary.reuters.com/index.php?title=Default) and also has a priority above other senior debt with respect to pledged assets.

2. Senior Unsecured Debt

Senior unsecured securities have priority ahead of [subordinated debt](http://glossary.reuters.com/index.php?title=Subordinated_Debt) for payment in the event of [default](http://glossary.reuters.com/index.php?title=Default).

3. Subordinated Debt

Subordinated is secondary in its rights to receive its principal and interest payments from the borrower to the rights of the holders of senior debt (e.g., for loan-backed and structured securities, this would include mezzanine tranches).

(Subordinated means noting or designating a debt obligation whose holder is placed in precedence below secured and general unsecured creditors e.g., another debtholder could block payments to that holder or prevent that holder of that subordinated debt from taking any action.)

4. Not Applicable

Securities where the capital structure 1 through 3 above do not apply (e.g., Line 6099999 Exchange Traded Funds – as Identified by the SVO).

NAIC Designation Category Footnote:

Provide the total book/adjusted carrying value amount by NAIC Designation Category that represents the amount reported in Column 11.

The sum of the amounts reported for each NAIC Designation Category in the footnote should equal Line 8399999.

https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2022/Fall - December/Meeting/K2 - 11-22-22 - 43R - Schedule D.docx