Statutory Accounting Principles (E) Working Group

**Maintenance Agenda Submission Form**

**Form A**

## **Issue:** Reporting of Funds Withheld and Modco Assets

**Check (applicable entity):**

P/C Life Health

Modification of Existing SSAP

New Issue or SSAP

Interpretation

Description of Issue: During 2023, as a result of rising interest rates, the Statutory Accounting Principles (E) Working Group addressed the issue of net negative (disallowed) interest maintenance reserve for statutory accounting with *Interpretation (INT) 23-01 Net Negative (Disallowed) Interest Maintenance Reserve*, as a short-term solution. Later in 2023, the IMR Ad Hoc Group was formed to find a more permanent solution to address IMR for statutory accounting. During the IMR Ad Hoc Group’s review process and discussions, it was noted that there were issues with identifying assets that are subject to funds withheld or modified coinsurance (modco) arrangements within the financial statements and reporting schedules. The intent of this agenda item is to make it easier to identify assets that are subject to a funds withheld or modco arrangements through updated reporting in the financials. This agenda item does not intend to change statutory accounting for these arrangements.

Funds withheld and modco arrangements are defined in the glossary to *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance*:

* Funds withheld assets - “*Assets that would normally be paid over to a reinsurer but are withheld by the ceding entity to permit statutory credit for nonadmitted reinsurance, to reduce a potential credit risk, or to retain control over investments. Under certain conditions, the reinsurer may withhold funds from the ceding entity*.”
* Modco arrangements - “*Indemnity life insurance that differs from coinsurance only in that the reserves are retained by the ceding entity, which represents a prepayment of all or a portion of the reinsurer’s future obligation. Periodically an adjustment is made to the mean reserve on deposit with the ceding entity. This is usually done quarterly but may be done more frequently. If the reserve increases, the increase in mean reserve less interest on the mean reserve held at the end of the previous accounting period is paid by the reinsurer to the ceding entity. If the mean reserve decreases, the decrease and interest are paid by the ceding entity to the reinsurer. The appropriate interest rate is defined in the treaty*.”

Although this issue of clarity of reporting of funds withheld and modco assets was raised as part of the IMR project, which is focused on life insurance, funds withheld also exist for property/casualty insurance, so this agenda item proposes to add this updated reporting to all the annual statement blanks.

The initial recommendation is to add a new part to the reinsurance Schedule S in the Life/Fraternal and Health annual statement blanks and Schedule F in the Property/Casualty and Title annual statement blanks. The new part would be similar in structure to Schedule DL and would include all assets held under a funds withheld arrangement and would include a separate signifier for modco assets.

Existing Authoritative Literature:

Funds withheld and modco arrangements are noted in *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance*. Funds withheld are also discussed in *SSAP No. 62R—Property and Casualty Reinsurance* and Appendix A-785 Credit for Reinsurance.

Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups): None

**Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group:**

None

**Convergence with International Financial Reporting Standards (IFRS):** None

Staff Recommendation:

NAIC staff recommend that the Working Group move this item to the active listing of the maintenance agenda categorized as a SAP clarification and expose the recommendation to add a new part to the reinsurance Schedule S in the Life/Fraternal and Health annual statement blanks and Schedule F in the Property/Casualty and Title annual statement blanks, that is similar in structure to Schedule DL and would include all assets held under a funds withheld arrangement and would include a separate signifier for modco assets.

Staff Review Completed by: Jake Stultz, NAIC Staff—February 2024

Status:

On March 16, 2024, the Statutory Accounting Principles (E) Working Group exposed a project which proposes to add a new part to the reinsurance Schedule S in the Life/Fraternal and Health annual statement blanks and Schedule F in the Property/Casualty (P/C) and Title annual statement blanks, which is similar in structure to Schedule DL and would include all assets held under a funds withheld arrangement and would include a separate signifier for modified coinsurance assets.

**Summer 2024 Updated Staff Recommendation:**

**NAIC staff recommend that the Working Group expose the draft of the new reporting schedules (included in Exhibit 1 of this Form A), which add a new part to the reinsurance Schedule S in the Life/Fraternal and Health annual statement blanks and Schedule F in the Property/Casualty and Title annual statement blanks and direct NAIC staff to continue working with interest parties on this proposal.**

**The Life RBC formula reflects a reduction in RBC charges for modco and funds withheld assets. This reduction is by asset type and often by asset designation. The fair value of the assets withheld is also reported in the reinsurance Schedules S and F as collateral. Accordingly, to accomplish both things, asset-by-asset identification is necessary. Therefore, some of the submitted comments regarding not being able to identify assets withheld which are not held in trust would indicate a disconnect. Comments are requested regarding if the assets cannot be identified, then how are the numbers determined for the life risk-based capital charge reductions reported and the collateral fair value.**

https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2024/08-13-24 Summer National Meeting/Hearing/16 - 24-07 - Modco Reporting.docx

**Exhibit 1, Draft Schedule S, Part 8 and Schedule F, Part 7, Instructions and Blanks**

**Life/Fraternal & Health Instructions**

**SCHEDULE S – PART 8**

**FUNDS WITHHELD AS OF DECEMBER 31, CURRENT YEAR**

This section should include data on all modified coinsurance (MODCO) and other reinsurance transactions with funds withheld as of December 31, current year.

If a reporting entity’s detail lines report any of the following required categories, it shall report the subtotal amount of the corresponding category, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number:

Category Line Number

General Account

Issuer Credit Obligations

NAIC Designation 1 0199999

NAIC Designation 2 0299999

NAIC Designation 3 0399999

NAIC Designation 4 0499999

NAIC Designation 5 0599999

NAIC Designation 6 0699999

Asset-Backed Securities

NAIC Designation 1 0799999

NAIC Designation 2 0899999

NAIC Designation 3 0999999

NAIC Designation 4 1099999

NAIC Designation 5 1199999

NAIC Designation 6 1299999

Unaffiliated Preferred Stock

NAIC Designation 1 1399999

NAIC Designation 2 1499999

NAIC Designation 3 1599999

NAIC Designation 4 1699999

NAIC Designation 5 1799999

NAIC Designation 6 1899999

Unaffiliated Common Stock 1999999

Mortgages 2099999

Real Estate 2199999

Other Long-Term Investments 2299999

Total General Account 2599999

Separate Account

Issuer Credit Obligations

NAIC Designation 1 2199999

NAIC Designation 2 2299999

NAIC Designation 3 2399999

NAIC Designation 4 2499999

NAIC Designation 5 2599999

NAIC Designation 6 2699999

Asset-Backed Securities

NAIC Designation 1 2799999

NAIC Designation 2 2899999

NAIC Designation 3 2999999

NAIC Designation 4 3099999

NAIC Designation 5 3199999

NAIC Designation 6 3299999

Unaffiliated Preferred Stock

NAIC Designation 1 3399999

NAIC Designation 2 3499999

NAIC Designation 3 3599999

NAIC Designation 4 3699999

NAIC Designation 5 3799999

NAIC Designation 6 3899999

Unaffiliated Common Stock 3999999

Mortgages 4099999

Real Estate 4199999

Other Long-Term Investments 4299999

Total General Account 4599999

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).

For Lines 0199999 through 2699999, 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 11).

The CUSIP reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through 2509999999 Schedule D, Part 1, Column 1

Lines 4019999999 through 4509999999 Schedule D, Part 2, Section 1, Column 1

Lines 5019999999 through 5989999999 Schedule D, Part 2, Section 2, Column 1

Line 9409999999 Schedule BA, Part 1, Column 1

Line 9709999999 Schedule E, Part 2, Column 1

The CUSIP number should be zero-filled for the following lines:

Real Estate (Schedule A type) 9209999999

Mortgage Loans on Real Estate (Schedule B type) 9309999999

Short-Term Invested Assets (Schedule DA, Part 1 type) 9509999999

Cash (Schedule E, Part 1 type) 9609999999

Other Assets 9809999999

Column 2 – Description

Give a complete and accurate description of all bonds and preferred and common stocks as listed in the *Valuations of Securities*.

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 December 31 of the current year.

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.

Column 3 – MODCO (Yes/No)

If the funds withheld include Modified Coinsurance (MODCO) enter Yes.

Column 4 – Restricted Asset Code

If assets 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 5 – NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol

The NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through 0509999999 Schedule D, Part 1, Section 1, Column 4

Lines 1019999999 through 1909999999 Schedule D, Part 1, Section 2, Column 4

Lines 4019999999 through 4509999999 Schedule D, Part 2, Section 1, Column 19

Lines 5019999999 through 5989999999 Schedule D, Part 2, Section 2, Column 17

Line 9409999999 Schedule BA, Part 1, Column 7

Line 9509999999 Schedule DA, Part 1, Column 22

Line 9709999999 Schedule E, Part 2, Column 11

For Lines 9209999999, 9309999999, 9609999999 and 9809999999, the column should be left blank.

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

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”).

Column 6 – Fair Value

The value reported for this column should be determined in a manner consistent with the fair value column instructions of other schedules for the lines shown below:

Lines 0019999999 through 0509999999 Schedule D, Part 1, Section 1, Column 7

Lines 1019999999 through 1909999999 Schedule D, Part 1, Section 2, Column 7

Lines 4019999999 through 4509999999 Schedule D, Part 2, Section 1, Column 9

Lines 5019999999 through 5989999999 Schedule D, Part 2, Section 2, Column 7

Line 9209999999 Schedule A, Part 1, Column 10

Line 9309999999 FV of the underlying collateral Schedule B, Part 1

Line 9409999999 Schedule BA, Part 1, Column 11

For those lines where the same type of investment is reported on other schedules but do not have a fair value column, report the amount consistent with instructions for the following:

Line 9509999999 Report B/ACV, Schedule DA, Part 1, Column 6

Line 9609999999 Report Balance, Schedule E Part 1, Column 6

Line 9709999999 Report B/ACV, Schedule E Part 2, Column 7

Column 7 – Book/Adjusted Carrying Value

The value reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through 0509999999 Schedule D, Part 1, Section 1, Column 8

Lines 1019999999 through 1909999999 Schedule D, Part 1, Section 2, Column 8

Lines 4019999999 through 4509999999 Schedule D, Part 2, Section 1, Column 7

Lines 5019999999 through 5989999999 Schedule D, Part 2, Section 2, Column 5

Line 9209999999 Schedule A, Part 1, Column 9

Line 9309999999 Schedule B, Part 1, Column 8

Line 9409999999 Schedule BA, Part 1, Column 12

Line 9509999999 Schedule DA, Part 1, Column 6

Line 9609999999 Report Balance, Schedule E, Part 1, Column 6

Line 9709999999 Schedule E, Part 2, Column 7

Column 8 – Modified Coinsurance (MODCO)

Report the modified coinsurance funds withheld amount.

**\*\* Columns 9 through 13 will be electronic only. \*\***

Column 9 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

The code reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through 0509999999 Schedule D, Part 1, Section 1, Column 21

Lines 1019999999 through 1909999999 Schedule D, Part 1, Section 2, Column 22

Lines 4019999999 through 4509999999 Schedule D, Part 2, Section 1, Column 21

Lines 5019999999 through 5989999999 Schedule D, Part 2, Section 2, Column 18

Line 9309999999 Schedule B, Part 1, Column 16

Line 9409999999 Schedule BA, Part 1, Column 21

Line 9509999999 Schedule DA, Part 1, Column 20

Line 9709999999 Schedule E, Part 2, Column 10

The column should be left blank for the following lines:

Real Estate (Schedule A type) 9209999999

Cash (Schedule E, Part 1 type) 9609999999

Other Assets 9809999999

Column 10 – Investment Characteristics

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 11 – Maturity Date

The maturity date reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through 0509999999 Schedule D, Part 1, Column 19

Lines 1019999999 through 1909999999 Schedule D, Part 2, Column 19

Line 9509999999 Schedule DA, Part 1, Column 5

Line 9709999999 Schedule E, Part 2, Column 6

The following lines are considered assets with no maturity date and should be left blank:

4019999999 through 4509999999 Preferred Stock (Schedule D, Part 2, Section 1 type)

5019999999 through 5989999999 Common Stock (Schedule D, Part 2, Section 2 type)

9209999999 Real Estate (Schedule A type)

9309999999 Mortgage Loans on Real Estate (Schedule B type)

9409999999 Other Invested Assets (Schedule BA type)

9809999999 Other Assets

Column 12 – 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, followed by Level 2, and then Level 3. 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 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 or a third party contracted 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 13 – 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 14 – 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.

The ISIN reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through 0509999999 Schedule D, Part 1, Section 1, Column 35

Lines 1019999999 through 1909999999 Schedule D, Part 1, Section 2, Column 37

Lines 4019999999 through 4509999999 Schedule D, Part 2, Section 1, Column 27

Lines 5019999999 through 5989999999 Schedule D, Part 2, Section 2, Column 25

The ISIN number should be zero-filled for the following lines:

Real Estate (Schedule A type) 9209999999

Mortgage Loans on Real Estate (Schedule B type) 9309999999

Other Invested Assets (Schedule BA type) 9409999999

Short-Term Invested Assets (Schedule DA, Part 1 type) 9509999999

Cash (Schedule E, Part 1 type) 9609999999

Cash Equivalents (Schedule E, Part 2 type) 9709999999

Other Assets 9809999999

**Property/Casualty Instructions**

**SCHEDULE F – PART 7**

**FUNDS WITHHELD AS OF DECEMBER 31, CURRENT YEAR**

This section should include data on all modified coinsurance (MODCO) and other reinsurance transactions with funds withheld as of December 31, current year.

If a reporting entity’s detail lines report any of the following required categories, it shall report the subtotal amount of the corresponding category, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number:

Category Line Number

General Account

Issuer Credit Obligations

NAIC Designation 1 0199999

NAIC Designation 2 0299999

NAIC Designation 3 0399999

NAIC Designation 4 0499999

NAIC Designation 5 0599999

NAIC Designation 6 0699999

Asset-Backed Securities

NAIC Designation 1 0799999

NAIC Designation 2 0899999

NAIC Designation 3 0999999

NAIC Designation 4 1099999

NAIC Designation 5 1199999

NAIC Designation 6 1299999

Unaffiliated Preferred Stock

NAIC Designation 1 1399999

NAIC Designation 2 1499999

NAIC Designation 3 1599999

NAIC Designation 4 1699999

NAIC Designation 5 1799999

NAIC Designation 6 1899999

Unaffiliated Common Stock 1999999

Mortgages 2099999

Real Estate 2199999

Other Long-Term Investments 2299999

Total General Account 2599999

Separate Account

Issuer Credit Obligations

NAIC Designation 1 2199999

NAIC Designation 2 2299999

NAIC Designation 3 2399999

NAIC Designation 4 2499999

NAIC Designation 5 2599999

NAIC Designation 6 2699999

Asset-Backed Securities

NAIC Designation 1 2799999

NAIC Designation 2 2899999

NAIC Designation 3 2999999

NAIC Designation 4 3099999

NAIC Designation 5 3199999

NAIC Designation 6 3299999

Unaffiliated Preferred Stock

NAIC Designation 1 3399999

NAIC Designation 2 3499999

NAIC Designation 3 3599999

NAIC Designation 4 3699999

NAIC Designation 5 3799999

NAIC Designation 6 3899999

Unaffiliated Common Stock 3999999

Mortgages 4099999

Real Estate 4199999

Other Long-Term Investments 4299999

Total General Account 4599999

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).

For Lines 0199999 through 2699999, 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 11).

The CUSIP reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through 2509999999 Schedule D, Part 1, Column 1

Lines 4019999999 through 4509999999 Schedule D, Part 2, Section 1, Column 1

Lines 5019999999 through 5989999999 Schedule D, Part 2, Section 2, Column 1

Line 9409999999 Schedule BA, Part 1, Column 1

Line 9709999999 Schedule E, Part 2, Column 1

The CUSIP number should be zero-filled for the following lines:

Real Estate (Schedule A type) 9209999999

Mortgage Loans on Real Estate (Schedule B type) 9309999999

Short-Term Invested Assets (Schedule DA, Part 1 type) 9509999999

Cash (Schedule E, Part 1 type) 9609999999

Other Assets 9809999999

Column 2 – Description

Give a complete and accurate description of all bonds and preferred and common stocks as listed in the *Valuations of Securities*.

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 December 31 of the current year.

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.

Column 3 – MODCO (Yes/No)

If the funds withheld include Modified Coinsurance (MODCO) enter Yes.

Column 4 – Restricted Asset Code

If assets 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 5 – NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol

The NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through 0509999999 Schedule D, Part 1, Section 1, Column 4

Lines 1019999999 through 1909999999 Schedule D, Part 1, Section 2, Column 4

Lines 4019999999 through 4509999999 Schedule D, Part 2, Section 1, Column 19

Lines 5019999999 through 5989999999 Schedule D, Part 2, Section 2, Column 17

Line 9409999999 Schedule BA, Part 1, Column 7

Line 9509999999 Schedule DA, Part 1, Column 22

Line 9709999999 Schedule E, Part 2, Column 11

For Lines 9209999999, 9309999999, 9609999999 and 9809999999, the column should be left blank.

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

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”).

Column 6 – Fair Value

The value reported for this column should be determined in a manner consistent with the fair value column instructions of other schedules for the lines shown below:

Lines 0019999999 through 0509999999 Schedule D, Part 1, Section 1, Column 7

Lines 1019999999 through 1909999999 Schedule D, Part 1, Section 2, Column 7

Lines 4019999999 through 4509999999 Schedule D, Part 2, Section 1, Column 9

Lines 5019999999 through 5989999999 Schedule D, Part 2, Section 2, Column 7

Line 9209999999 Schedule A, Part 1, Column 10

Line 9309999999 FV of the underlying collateral Schedule B, Part 1

Line 9409999999 Schedule BA, Part 1, Column 11

For those lines where the same type of investment is reported on other schedules but do not have a fair value column, report the amount consistent with instructions for the following:

Line 9509999999 Report B/ACV, Schedule DA, Part 1, Column 6

Line 9609999999 Report Balance, Schedule E Part 1, Column 6

Line 9709999999 Report B/ACV, Schedule E Part 2, Column 7

Column 7 – Book/Adjusted Carrying Value

The value reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through 0509999999 Schedule D, Part 1, Section 1, Column 8

Lines 1019999999 through 1909999999 Schedule D, Part 1, Section 2, Column 8

Lines 4019999999 through 4509999999 Schedule D, Part 2, Section 1, Column 7

Lines 5019999999 through 5989999999 Schedule D, Part 2, Section 2, Column 5

Line 9209999999 Schedule A, Part 1, Column 9

Line 9309999999 Schedule B, Part 1, Column 8

Line 9409999999 Schedule BA, Part 1, Column 12

Line 9509999999 Schedule DA, Part 1, Column 6

Line 9609999999 Report Balance, Schedule E, Part 1, Column 6

Line 9709999999 Schedule E, Part 2, Column 7

Column 8 – Modified Coinsurance (MODCO)

Report the modified coinsurance funds withheld amount.

**\*\* Columns 9 through 13 will be electronic only. \*\***

Column 9 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

The code reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through 0509999999 Schedule D, Part 1, Section 1, Column 21

Lines 1019999999 through 1909999999 Schedule D, Part 1, Section 2, Column 22

Lines 4019999999 through 4509999999 Schedule D, Part 2, Section 1, Column 21

Lines 5019999999 through 5989999999 Schedule D, Part 2, Section 2, Column 18

Line 9309999999 Schedule B, Part 1, Column 16

Line 9409999999 Schedule BA, Part 1, Column 21

Line 9509999999 Schedule DA, Part 1, Column 20

Line 9709999999 Schedule E, Part 2, Column 10

The column should be left blank for the following lines:

Real Estate (Schedule A type) 9209999999

Cash (Schedule E, Part 1 type) 9609999999

Other Assets 9809999999

Column 10 – Investment Characteristics

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 11 – Maturity Date

The maturity date reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through 0509999999 Schedule D, Part 1, Column 19

Lines 1019999999 through 1909999999 Schedule D, Part 2, Column 19

Line 9509999999 Schedule DA, Part 1, Column 5

Line 9709999999 Schedule E, Part 2, Column 6

The following lines are considered assets with no maturity date and should be left blank:

4019999999 through 4509999999 Preferred Stock (Schedule D, Part 2, Section 1 type)

5019999999 through 5989999999 Common Stock (Schedule D, Part 2, Section 2 type)

9209999999 Real Estate (Schedule A type)

9309999999 Mortgage Loans on Real Estate (Schedule B type)

9409999999 Other Invested Assets (Schedule BA type)

9809999999 Other Assets

Column 12 – 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, followed by Level 2, and then Level 3. 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 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 or a third party contracted 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 13 – 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 14 – 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.

The ISIN reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through 0509999999 Schedule D, Part 1, Section 1, Column 35

Lines 1019999999 through 1909999999 Schedule D, Part 1, Section 2, Column 37

Lines 4019999999 through 4509999999 Schedule D, Part 2, Section 1, Column 27

Lines 5019999999 through 5989999999 Schedule D, Part 2, Section 2, Column 25

The ISIN number should be zero-filled for the following lines:

Real Estate (Schedule A type) 9209999999

Mortgage Loans on Real Estate (Schedule B type) 9309999999

Other Invested Assets (Schedule BA type) 9409999999

Short-Term Invested Assets (Schedule DA, Part 1 type) 9509999999

Cash (Schedule E, Part 1 type) 9609999999

Cash Equivalents (Schedule E, Part 2 type) 9709999999

Other Assets 9809999999

**LIFE/FRATERNAL & HEALTH BLANKS**

**SCHEDULE S – PART 8**

Funds Withheld as of December 31 Current Year

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| --- | --- | --- | --- | --- | --- | --- | --- |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| CUSIP  Identification | Description | MODCO (Yes/No) | Restricted  Asset Code | NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol | Fair Value | Book/Adjusted  Carrying Value | Modified Coinsurance (MODCO) |
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**PROPERTY/CASUALTY BLANK**

**SCHEDULE F – PART 7**

Funds Withheld as of December 31 Current Year

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| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| CUSIP  Identification | Description | MODCO (Yes/No) | Restricted  Asset Code | NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol | Fair Value | Book/Adjusted  Carrying Value | Modified Coinsurance (MODCO) |
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| 9999999999 Totals | |  |  |  |  |  | XXX |