

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

CONTACT PERSON: _____ TELEPHONE: _____ EMAIL ADDRESS: _____ ON BEHALF OF: _____ NAME: <u>Dale Bruggeman</u> TITLE: <u>Chair SAPWG</u> AFFILIATION: <u>Ohio Department of Insurance</u> ADDRESS: <u>50W. Town St., 3rd Fl., Ste. 300</u> <u>Columbus, OH 43215</u>	DATE: <u>02/25/2021</u>	FOR NAIC USE ONLY
	Agenda Item # <u>2021-04BWG MOD</u> Year <u>2021</u> Changes to Existing Reporting [X] New Reporting Requirement []	REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT
	No Impact [X] Modifies Required Disclosure []	DISPOSITION
	[] Rejected For Public Comment [] Referred To Another NAIC Group [] Received For Public Comment [X] Adopted Date <u>05/26/2021</u> [] Rejected Date _____ [] Deferred Date _____ [] Other (Specify) _____	

BLANK(S) TO WHICH PROPOSAL APPLIES

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|-----------------------------------------------------------------------|---------------------------------------------------|-------------------------------------------|
| <input checked="" type="checkbox"/> ANNUAL STATEMENT | <input checked="" type="checkbox"/> INSTRUCTIONS | <input type="checkbox"/> CROSSCHECKS |
| <input type="checkbox"/> QUARTERLY STATEMENT | <input checked="" type="checkbox"/> BLANK | |
| <input checked="" type="checkbox"/> Life, Accident & Health/Fraternal | <input type="checkbox"/> Separate Accounts | <input checked="" type="checkbox"/> Title |
| <input checked="" type="checkbox"/> Property/Casualty | <input type="checkbox"/> Protected Cell | <input type="checkbox"/> Other _____ |
| <input checked="" type="checkbox"/> Health | <input type="checkbox"/> Health (Life Supplement) | |

Anticipated Effective Date: Annual 2021

IDENTIFICATION OF ITEM(S) TO CHANGE

Add interrogatory questions 24.1 and 24.2 to the General Interrogatories, Part 1 and renumber those below them. Renumber the questions and question references in the General Interrogatories, Part 1 to match the renumbering on the blank page.

REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE**

During the Statutory Accounting Principles (E) Working Group's ongoing discussion of agenda item #2019-24: Levelized and Persistency Commissions, regulators expressed the desire for a GI to identify certain scenarios in which an insurer utilizes third parties to pay commission expenses.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

** This section must be completed on all forms.

ANNUAL STATEMENT BLANK – LIFE\FRATERNAL, HEALTH, PROPERTY AND TITLE

GENERAL INTERROGATORIES

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Detail Eliminated to Conserve Space

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FINANCIAL

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23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes No
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ _____

24.1 Does the insurer utilize third parties to pay agent commissions in which the amounts advanced by the third parties are not settled in full within 90 days? Yes No

24.2 If the response to 24.1 is yes, identify the third-party that pays the agents and whether they are a related party.

Name of Third-Party	Is the Third-Party Agent a Related Party (Yes/No)

INVESTMENT

2425.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 2425.03) Yes No

2425.02 If no, give full and complete information, relating thereto.....

2425.03 For securities lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)

2425.04 For the reporting entity's securities lending program, report amount of collateral for conforming programs as outlined in the Risk-Based Capital Instructions. \$ _____

2425.05 For the reporting entity's securities lending program, report amount of collateral for other programs. \$ _____

2425.06 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes No N/A

2425.07 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes No N/A

2425.08 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes No N/A

GENERAL INTERROGATORIES

2425.09 For the reporting entity's securities lending program, state the amount of the following as of December 31 of the current year:

- 2425.091 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ _____
- 2425.092 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ _____
- 2425.093 Total payable for securities lending reported on the liability page \$ _____

2526.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 242224.1 and 2425.03). Yes No

- 2526.2 If yes, state the amount thereof at December 31 of the current year:
- 2526.21 Subject to repurchase agreements \$ _____
 - 2526.22 Subject to reverse repurchase agreements \$ _____
 - 2526.23 Subject to dollar repurchase agreements \$ _____
 - 2526.24 Subject to reverse dollar repurchase agreements \$ _____
 - 2526.25 Placed under option agreements \$ _____
 - 2526.26 Letter stock or securities restricted as to sale – excluding FHLB Capital Stock \$ _____
 - 2526.27 FHLB Capital Stock \$ _____
 - 2526.28 On deposit with states \$ _____
 - 2526.29 On deposit with other regulatory bodies \$ _____
 - 2526.30 Pledged as collateral – excluding collateral pledged to an FHLB \$ _____
 - 2526.31 Pledged as collateral to FHLB – including assets backing funding agreements \$ _____
 - 2526.32 Other \$ _____

2526.3 For category (2526.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 2627.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No
- 2627.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No N/A
If no, attach a description with this statement.

LINES 2627.3 through 2627.5: FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:

- 2627.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a result of interest rate? Yes No
- 2627.4 If the response to 2627.3 is YES, does the reporting entity utilize:
- 2627.41 Special accounting provision of SSAP No. 108 Yes No
 - 2627.42 Permitted accounting practice Yes No
 - 2627.43 Other accounting guidance Yes No

2627.5 By responding YES to 2627.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following:

-
he reporting entity has obtained explicit approval from the domiciliary state.
-
hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
-
ctuarial certification has been obtained which indicates that the hedging strategy is incorporated within the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guideline Conditional Tail Expectation Amount.
-
inancial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and that the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts.

2728.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes No

2728.2 If yes, state the amount thereof at December 31 of the current year. \$ _____

2829. Excluding items in Schedule E- Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? Yes No

2829.01 For agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian's Address

GENERAL INTERROGATORIES

2829.02 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

2829.03 Have there been any changes, including name changes, in the custodian(s) identified in 2829.01 during the current year?

Yes No

2829.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

2829.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. [“...that have access to the investment accounts”; “...handle securities”]

1 Name of Firm or Individual	2 Affiliation

2829.0597 For those firms/individuals listed in the table for Question 2829.05, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) manage more than 10% of the reporting entity’s invested assets?

Yes No

2829.0598 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) listed in the table for Question 2829.05, does the total assets under management aggregate to more than 50% of the reporting entity’s invested assets?

Yes No

2829.06 For those firms or individuals listed in the table for 2829.05 with an affiliation code of “A” (affiliated) or “U” (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed

2930.1 Does the reporting entity have any diversified mutual funds reported in Schedule D – Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes No

2930.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
<u>2930.2999</u>	TOTAL	

2930.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund’s Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

GENERAL INTERROGATORIES

3031. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
3031.1 Bonds			
3031.2 Preferred Stocks			
3031.3 Totals			

3031.4 Describe the sources or methods utilized in determining the fair values:

.....

.....

3432.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No []

3432.2 If the answer to 3432.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []

3432.3 If the answer to 3432.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

.....

.....

3233.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [] No []

3233.2 If no, list exceptions:

.....

3334. By self-designating 5GI securities, the reporting entity is certifying the following elements of each self-designated 5GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5GI securities? Yes [] No []

3435. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:

- a. The security was purchased prior to January 1, 2018.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
- d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities? Yes [] No []

3536. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:

- a. The shares were purchased prior to January 1, 2019.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
- d. The fund only or predominantly holds bonds in its portfolio.
- e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
- f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria? Yes [] No []

3637. By rolling/renewing short-term or cash equivalent investments with continued reporting on Schedule DA, Part 1 or Schedule E Part 2 (identified through a code (%) in those investment schedules), the reporting entity is certifying to the following:

- a. The investment is a liquid asset that can be terminated by the reporting entity on the current maturity date.
- b. If the investment is with a nonrelated party or nonaffiliate, then it reflects an arms-length transaction with renewal completed at the discretion of all involved parties.
- c. If the investment is with a related party or affiliate, then the reporting entity has completed robust re-underwriting of the transaction for which documentation is available for regulator review.
- d. Short-term and cash equivalent investments that have been renewed/rolled from the prior period that do not meet the criteria in 3637.a -3637.c are reported as long-term investments.

Has the reporting entity rolled/renewed short-term or cash equivalent investments in accordance with these criteria? Yes [] No [] N/A []

GENERAL INTERROGATORIES

OTHER

3738.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ _____

3738.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations, and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$
	\$

3839.1 Amount of payments for legal expenses, if any? \$ _____

3839.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$
	\$

3940.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers, or departments of government, if any? \$ _____

3940.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers, or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$
	\$

ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL, HEALTH, PROPERTY AND TITLE

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

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FINANCIAL

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INVESTMENT

| 2425. For the purposes of this interrogatory, “exclusive control” means that the company has the exclusive right to dispose of the investment at will, without the necessity of making a substitution thereof. For purposes of this interrogatory, securities in transit and awaiting collection, held by a custodian pursuant to a custody arrangement or securities issued subject to a book entry system are considered to be in actual possession of the company.

If bonds, stocks and other securities owned December 31 of the current year, over which the company has exclusive control are: (1) securities purchased for delayed settlement, or (2) loaned to others, the company should respond “NO” to 2425.01 and “YES” to 2526.1.

| 2425.03 Describe the company’s securities lending program, including value for collateral and amount of loaned securities, and whether the collateral is held on- or off-balance sheet. Note 17 of Notes to Financial Statement provides a full description of the program.

| 2425.04 Report amount of collateral for conforming programs as outlined in the Risk-Based Capital Instructions.

| 2425.05 Report amount of collateral for other programs.

| 2425.091 The fair value amount reported should equal the grand total of Schedule DL, Part 1, Column 5 plus Schedule DL, Part 2, Column 5.

The fair value amount reported amount should also equal the fair value amount reported in Note 5E(5)a1(m).

| 2425.092 The book adjusted/carrying value amount reported should equal the grand total of Schedule DL, Part 1, Column 6 plus Schedule DL, Part 2, Column 6.

| 2425.093 The payable for securities lending amount reported should equal current year column for payable for securities lending line on the liability page.

| 2526. Disclose the statement value of investments that are not under the exclusive control of the reporting entity within the categories listed in 2526.2.

2728. The purpose for this General Interrogatory is to capture the statement value for securities reported in Schedule D, Part 1, Bonds or Schedule D, Part 2, Section 1, Preferred Stock that are mandatorily convertible into equity, or at the option of the issuer, are convertible into equity. This disclosure will facilitate the application of the equity factors to the statement value of such securities for purposes of RBC.

2829. The question, regarding whether items are held in accordance with the *Financial Condition Examiners Handbook*, must be answered.

2829.01 If the answer to 28-29 is “YES,” then list all of the agreements in 2829.01. If the answer is “NO,” but one or more of the agreements do comply with the *Financial Condition Examiners Handbook*, then list the agreements that do comply in 2829.01.

2829.02 If the answer to 28-29 is “NO,” then list all agreements that do not comply with the *Financial Condition Examiners Handbook*. Provide a complete explanation of why each custodial agreement does not include the characteristics outlined in the *Financial Condition Examiners Handbook* (Section 1 (III) (F), Outsourcing of Critical Functions, Custodial or Safekeeping Agreements), available at the NAIC website:

www.naic.org/documents/committees_e_examover_fehtg_Custodial_or_Safekeeping_Agreements.doc

2829.03 This question, regarding changes in custodian, must be answered.

2829.04 If the answer to 2829.03 is “YES,” list the change(s).

2829.05 Identify all investment advisors, investment managers and broker/dealers, including individuals who have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such.

Name of Firm or Individual:

Should be name of firm or individual that is party to the Investment Management Agreement

Affiliation:

Note if firm or individual is affiliated, unaffiliated or an employee by using the following codes:

A Investment management is handled by firms/individuals affiliated with the reporting entity.

U Investment management is handled by firms/individuals unaffiliated with the reporting entity.

I Investment management is handled internally by individuals that are employees of the reporting entity.

2829.0597 If the total assets under management of any the firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) listed in the table for Question 2829.05 are greater than 10% of the reporting entity’s invested assets (Line 12 of the Asset page), answer “YES” to Question 2829.0597.

2829.0598 If the total assets under management of all the firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) listed in the table for Question 2829.05 are greater than 50% of the reporting entity’s invested assets (Line 12 of the Asset page), answer “YES” to Question 2829.0598. When determining the aggregate total of assets under management, include all firms/individuals unaffiliated with the reporting entity not just those who manage more than 10% of the reporting entity’s assets.

2829.06 For assets managed by an affiliated or unaffiliated firm or individual, provide for each firm or individual the Central Registration Depository Number, Legal Entity Identifier (LEI), who they are registered with and if an Investment Management Agreement has been filed for each firm or individual.

Name of Firm or Individual:

Should be name of firm or individual provided for 2829.05

Central Registration Depository Number

The Central Registration Depository (CRD) number is a number issued by the Financial Industry Regulatory Authority (FINRA) to brokers, dealers or individuals when licensed, and can be verified against their database *www.finra.org*. These brokers, dealers or individuals would be those contracted to manage some of the reporting entity's investments or funds and invest them for the reporting entity. The brokers, dealers or individuals can be affiliated or unaffiliated with the reporting entity. The reporting entity must list all brokers, dealers or individuals who have the authority to make investments on behalf of the reporting entity.

Legal Entity Identifier (LEI)

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

Registered With:

If a Registered Investment Advisor, specify if registered with Securities Exchange Commission or state securities authority. Note if not a Registered Investment Advisor.

Investment Management Agreement (IMA) Filed:

Indicate if a current Investment Management Agreement (IMA) has been filed with the state of domicile or the insurance department in another state(s). Use one of the codes below to indicate if the IMA has been filed and with whom it was filed.

- DS If the current IMA has been filed with the state of domicile regardless if it was also filed with another state.
- OS If the current IMA has been filed with a state(s) other than the state of domicile but not the state of domicile
- NO If the current IMA has not been filed with any state

2930. This interrogatory is applicable to Property/Casualty and Health entities only.

2930.2 The diversified mutual funds (diversified according to the U.S. Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)]) that are excluded from the Asset Concentration Factor section of the risk-based capital filing are to be disclosed in this interrogatory.

2930.3 "Significant Holding" means the top five largest holdings of the mutual fund. For each diversified mutual fund disclosed in Interrogatory 2930.2, the top largest holdings of the mutual fund must be disclosed in this interrogatory.

The "Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding" should be based upon the fund's latest available valuation as of year-end (e.g., fiscal year-end or latest periodic valuation available prior to year-end).

The "Date of Valuation" should be the date of the valuation amount provided in the Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding column.

~~3031.~~ Include bonds reported as cash equivalents in Schedule E, Part 2.

~~3233.~~ This interrogatory applies to any investment required to be filed with the SVO (or that would have been required if not exempted in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*), whether in the general account or separate accounts.

The existence of Z securities does not mean that a reporting entity is not complying with the procedures. As long as the entity has filed its Z securities with the SVO within 120 days of purchase, compliance with the procedures has been met. If an entity wishes to provide the counts of Z securities, include those counts in the explanation lines. An explanation is only expected if the answer to the compliance question is NO.

OTHER

~~3738.~~ The purpose of this General Interrogatory is to capture information about payments to any trade association, service organization, and statistical or rating bureau. A “service organization” is defined as every person, partnership, association or corporation that formulates rules, establishes standards, or assists in the making of rates or standards for the information or benefit of insurers or rating organizations.

~~3839.~~ The purpose of this General Interrogatory is to capture information about legal expenses paid during the year. These expenses include all fees or retainers for legal services or expenses, including those in connection with matters before administrative or legislative bodies. It excludes salaries and expenses of company personnel, legal expenses in connection with investigation, litigation and settlement of policy claims, and legal fees associated with real estate transactions, including mortgage loans on real estate. Do not include amounts reported in General Interrogatories No. ~~3738~~ and No. ~~3940~~.

~~3940.~~ The purpose of this General Interrogatory is to capture information about expenditures in connection with matters before legislative bodies, officers or departments of government paid during the year. These expenses are related to general legislative lobbying and direct lobbying of pending and proposed statutes or regulations before legislative bodies and/or officers or departments of government. Do not include amounts reported in General Interrogatories No. ~~3738~~ and No. ~~3839~~.

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