

**REVISIONS TO
2022 NAIC QUARTERLY STATEMENT INSTRUCTIONS – TITLE**

March 2022

PAGE 65&66:	NOTES TO FINANCIAL STATEMENTS
Revision:	Correct years in illustration for 8A and 8B.
Reason:	Years were not updated between 2021 and 2022 instructions.

EDITOR’S NOTE:

The above changes are highlighted on the revised pages that follow.

Recent Blanks (E) Working Group agenda items (exposure drafts) may be viewed in detail on the BWG web page at https://content.naic.org/cmte_e_app_blanks.htm.

8. Derivative Instruments

Instruction:

A. Derivatives under *SSAP No. 86—Derivatives*

- (8) Disclose the aggregate, non-discounted total premium cost for these contracts and the premium cost due in each of the following four years, and thereafter. Also disclose the aggregate fair value of derivative instruments with financing premiums excluding the impact of the deferred or financing premiums.

B. Derivatives under *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees (Life/Fraternal Only)*

- (2) Recognition of gains/losses and deferred assets and liabilities

Provide the following:

Schedule showing the current period amortization, including any accelerated amortization elected by the reporting entity, and the future scheduled amortization of the deferred assets and deferred liabilities.

Information on derivative instruments that were originally captured in SSAP No. 108 and repurposed to be within scope of SSAP No. 86 (or vice versa). If the reporting entity has repurposed derivatives, information on the derivative to reconcile the fair value (realized/unrealize gains or losses) is required. (These disclosures should only be included if open derivatives were reclassified between SSAP No. 86 and SSAP No. 108. It is expected to be uncommon.)

The amortization of deferred assets and liabilities shall be completed on an annual basis only. Quarterly changes (resulting in new amortization projections) from the recognition of new deferred assets/liabilities shall be shown in the quarterly completion of Schedule DB, Part E.

Illustration:

A. Derivatives under *SSAP No. 86—Derivatives*

- (8)

a.

	<u>Fiscal Year</u>	<u>Derivative Premium Payments Due</u>
1.	<u>2022</u>	\$
2.	<u>2023</u>
3.	<u>2024</u>
4.	<u>2025</u>
5.	Thereafter
6.	Total Future Settled Premiums	\$

b.

	<u>Undiscounted Future Premium Commitments</u>	<u>Derivative Fair Value with Premium Commitments (Reported on DB)</u>	<u>Derivative Fair Value Excluding Impact of Future Settled Premiums</u>
1. Prior Year	\$	\$	\$
2. Current Year	\$	\$	\$

B. Derivatives under SSAP No. 108—Derivative Hedging Variable Annuity Guarantees

(2) Recognition of gains/losses and deferred assets and liabilities

a. Scheduled Amortization

Amortization Year	Deferred Assets	Deferred Liabilities
1. 2022
2. 2023
3. 2024
4. 2025
5. 2026
6. 2027
7. 2028
8. 2029
9. 2030
10. 2031
11. Total

b. Total Deferred Balance *

* Should agree to Column 19 of Schedule DB, Part E

c. Reconciliation of Amortization:

1. Prior Year Total Deferred Balance	\$
2. Current Year Amortization	\$
3. Current Year Deferred Recognition	\$
4. Ending Deferred Balance [1-(2+3)]	\$

11. Debt

Instruction:

B. For FHLB (Federal Home Loan Bank) agreements, the following information shall be disclosed for the current year and prior year-end. (The information in the disclosures shall be presented gross even if a right to offset per SSAP No. 64—Offsetting and Netting of Assets and Liabilities, exists.)

(1) General description with information on the nature of the agreement, type of borrowing (advances, lines of credit, borrowed money, etc.) and use of the funding.

(2) FHLB Capital Stock

a. Amount of FHLB capital stock held, in aggregate, and classified as follows:

- Membership stock (separated by Class A and Class B)
- Activity Stock
- Excess Stock
- Aggregate Total
- The actual or estimated maximum borrowing capacity as determined by the insurer

Also provide a description of how the borrowing capacity was determined.